

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

RECOMMENDED TAKEOVER OFFER

ULTRACLEAN MARINE LIMITED
ACN 615 222 163
(UCM)

Bidder's Statement

**in relation to the Takeover Offer by UCM to acquire
ALL of your ordinary shares in**

ULTRACLEAN FUEL LIMITED
ACN 111 212 983
(UCF)

ACCEPT

For every 1 UCF Share you own, you will receive 8.4 new UCM Shares

THE UCF IBC AND THE UCF VOTING DIRECTORS RECOMMEND THAT YOU ACCEPT THE TAKEOVER OFFER IN THE ABSENCE OF A SUPERIOR PROPOSAL. THE UCF NON-VOTING DIRECTORS HAVE NOT PROVIDED A RECOMMENDATION ON THE TAKEOVER OFFER

Legal Adviser to UCM

GrilloHiggins
Lawyers

KEY DATES

INDICATIVE TIMETABLE*

Execution of the Bid Implementation Agreement	4 th January 2021
Announcement of the Takeover Offer	5 th January 2021
Date of this Bidder's Statement	5 th January 2021
Date that this Bidder's Statement was lodged with ASIC	5 th January 2021
Takeover Offer opens (date of Takeover Offer)	12 th January 2021
Takeover Offer closes (unless otherwise extended or withdrawn)**	16 th February 2021

* The above dates are indicative only and may change without notice, subject to compliance with the Corporations Act.

** The closing date for the Takeover Offer may change as permitted by the Corporations Act.

TAKEOVER OFFER INFORMATION LINE

If you have any questions about this Bidder's Statement or the Takeover Offer, you should contact Andrew McFadden on +61 2 8188 8913.

IMPORTANT INFORMATION

Bidder's Statement

This document is a bidder's statement (**Bidder's Statement**), dated the 5th January 2021, issued by Ultraclean Marine Limited (ACN 615 222 163) under Part 6.5 of the Corporations Act in relation to an off-market takeover offer by UCM to acquire UCF Shares and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on the 5th January 2021. Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement or the merits of the Takeover Offer.

Investment Risks

There are a number of risks that may have a material impact on the value of the Takeover Offer, the future performance of the Combined Group and the value of UCM Shares that will be issued if the Takeover Offer is successful.

Some of these risks are described in Section 9 of this Bidder's Statement.

Foreign Jurisdictions

The distribution of this Bidder's Statement and the making of the Takeover Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement must observe these restrictions.

The Takeover Offer is not being made, directly or indirectly, in or into, and will not be capable of acceptance from within any jurisdiction, if to do so would not comply with the laws of that jurisdiction.

No action has been taken to register or qualify UCM or to otherwise permit the offering of UCM Shares outside Australia and its external territories.

This Bidder's Statement has been prepared having regard to Australian legal disclosure requirements. These disclosure requirements may differ from those of other countries.

Disclaimer Regarding Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on UCM's current expectations

and predictions about future events including UCM's intentions (which include those set out in Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of UCM, UCF and the Combined Group to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 9.

None of UCM, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements, except to the extent required by law. The forward-looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Value of Consideration

As UCM is an unlisted public company and UCM Shares do not trade on a securities exchange, UCM has engaged Pitcher Partners to provide an independent perspective regarding the relative values of UCM, UCF and the Consideration. As UCM's engagement of Pitcher Partners is not required under the Corporations Act, a formal report was not prepared in accordance with the requirements of ASIC RG 111 Content of Expert Reports.

As you are being offered UCM Shares as consideration for your UCF Shares, the implied value of the Takeover Offer will vary with the price of UCM's Shares.

Further information on the implied value of the Takeover Offer is contained in this Bidder's Statement. Before accepting the Takeover Offer, UCF Shareholders may wish to obtain advice from their stockbroker, financial adviser, or otherwise.

All references to the implied value of the Takeover Offer set out within this Bidder's Statement are subject to the effects of rounding.

Investment Advice

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each UCF Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Takeover Offer.

Privacy

UCM has collected your information from the registers of UCF for the purposes of making the Takeover Offer and administering your acceptance of the Takeover Offer. UCM and its share registry may use your personal information in the course of making and implementing the Takeover Offer. UCM and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like information about UCM Shares and your holding if you accept the Takeover Offer, please contact UCM at the address set out in the Corporate Directory.

Responsibility for Information

The information on UCF, the UCF Group and UCF's securities contained in this Bidder's Statement should not be considered to be comprehensive and has been prepared using publicly available information and information made available to UCM by UCF. The information on the UCF Group (including information in respect of its assets and liabilities, financial position and performance, profits and losses and securities) has not been independently verified by UCM. Accordingly, UCM does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The information on the Combined Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on UCF and the UCF Group, has also been prepared using publicly available information and information

made available by UCF. Accordingly, information in relation to the Combined Group is subject to the foregoing disclaimer to that extent.

Further information relating to UCF's business may be included in UCF's Target's Statement.

UCM and its respective advisers do not assume any responsibility for the accuracy or completeness of the information set out in Section 8.

Defined Terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 12.

Internet Sites

UCM and UCF each maintain internet sites. The URL location for UCM is www.ultracleanmarine.com and for UCF is www.ultracleanfuel.net.

Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement are for information purposes only.

Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by UCM's management. Management estimates reflect, and are based on, views as at the date of this Bidder's Statement, and

actual facts or outcomes may materially differ from those estimates, assumptions or views.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "\$", "A\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of UCM or UCF in respect of which different exchange rates may have been, or may be, used.

Queries

If you have any enquires about the Takeover Offer or are unsure about how to deal with this Bidder's Statement, please contact Andrew McFadden on +61 2 8188 8913 or your legal, financial or professional adviser.

Dear UCF Shareholders

On behalf of the Directors of Ultraclean Marine Limited (**UCM**), I am pleased to present you with this opportunity to be part of a company group with strong growth prospects.

I am pleased to enclose our Takeover Offer for all of your shares in Ultraclean Fuel Limited (**UCF**) (**Takeover Offer**). By accepting the Takeover Offer you will, subject to the terms and conditions set out in this Bidder's Statement, receive 8.4 new UCM Shares for every one of your UCF Shares. As UCM and UCF are not listed, UCM has engaged Pitcher Partners to assist it in valuing UCM, UCF and the Consideration under the Takeover Offer. As UCM's engagement of Pitcher Partners is not required under the Corporations Act, a formal report was not prepared in accordance with the requirements of ASIC RG 111 Content of Expert Reports.

The UCF IBC and the UCF Voting Directors recommend that UCF Shareholders accept the Takeover Offer in the absence of a Superior Proposal. The UCF Non-voting Directors have not provided a recommendation on the Takeover Offer. All of the UCF Directors intend to accept, or procure the acceptance of, the Takeover Offer in respect of any UCF Shares that they own or control, in the absence of a Superior Proposal.

The UCM Directors own or control 3,795,106 UCF Shares representing 37.3% of UCF Shares on issue at the date of this Bidder's Statement. As at the date of this Bidder's Statement, UCM is not aware of any Superior Proposal having been received by UCF and UCF has not made UCM aware of any party having expressed an intention to make such a proposal.

As each Director of UCM has a relevant interest in UCF Shares, the UCM Board has established an independent board committee (**UCM IBC**) to consider, advise on and manage the Takeover Offer on UCM's behalf. The UCM IBC comprises three members, being Curtis Samford, Non-Executive Director, Mr Andrew McFadden, UCM Chief Financial Officer and Company Secretary, and Mr Alfonso Grillo, a partner of GrilloHiggins Lawyers, UCM's Legal Adviser.

This Bidder's Statement sets out the key reasons for accepting the Takeover Offer. These include, but are not limited to, UCF Shareholders having the opportunity to participate in the benefits of a merged group operating in the oil refining industry with a more diverse research and development portfolio while retaining their exposure to UCF (**Combined Group**), and that the Combined Group will eliminate any confusion in the marketplace and as amongst common shareholders of UCM and UCF as to the corporate identity and operations of each of UCM and UCF. In addition to this attractive value, you may also be entitled to full or partial Australian capital gains tax rollover relief. You will also continue to benefit from the expertise of the UCF Board and management team who will continue to form part of UCM's board and management team following completion of the Takeover Offer.

To accept the Takeover Offer, please follow the instructions on the accompanying Acceptance Form. The Takeover Offer is open for your acceptance until 5:00 pm (Sydney Time) on the 16th February 2021, unless extended.

I encourage you to read this important document carefully. If you have any questions about the Takeover Offer, please contact Andrew McFadden on +61 2 8188 8913, or your legal, financial or professional adviser.

Yours sincerely

Curtis M. Samford

Curtis Samford
Chair of the Independent Board Committee
Ultraclean Marine Limited

TABLE OF CONTENTS

1.	INVESTMENT OVERVIEW	9
2.	WHY YOU SHOULD ACCEPT THE TAKEOVER OFFER	16
3.	PROFILE OF UCM	19
4.	INFORMATION ABOUT UCM SECURITIES	26
5.	PROFILE OF UCF	29
6.	INTENTIONS OF UCM	35
7.	EFFECT OF THE TAKEOVER OFFER ON UCM AND PROFILE OF THE COMBINED GROUP	38
8.	AUSTRALIAN TAX CONSIDERATIONS	42
9.	RISK FACTORS	48
10.	ADDITIONAL INFORMATION	55
11.	TERMS OF THE TAKEOVER OFFER	65
12.	DEFINITIONS AND INTERPRETATION	80
13.	BOARD AUTHORISATION	86
14.	CORPORATE DIRECTORY	87

1. INVESTMENT OVERVIEW

This Section is intended to provide an overview of UCM, the Takeover Offer that UCM is making for your UCF Shares and the key risks that you should consider.

This Investment Overview is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.

You should read this Bidder's Statement and the Target's Statement in full before deciding how to deal with your UCF Shares. The detailed terms of the Takeover Offer (including the Conditions) are set out in Section 11.

The information in this Section is set out by way of response to a series of questions. UCM believes this is the most effective way to provide the information. Each answer has, where appropriate, cross-references to other questions in this Investment Overview and other Sections of this Bidder's Statement, including the Annexure, which contain additional relevant information.

Part A of this Investment Overview deals with the Takeover Offer. **Part B** deals with UCM, its business and assets and UCM Securities. **Part C** deals with risks relating to UCM, UCF, the Combined Group and the Takeover Offer. **Part D** deals with other relevant questions.

If you have any questions about the Takeover Offer, please contact Andrew McFadden on +61 2 8188 8913 or your legal, financial or professional adviser. Calls to this number may be recorded.

Part A – Overview of the Takeover Offer

Question	Answer	Further information
What is UCM offering to buy?	UCM is offering to acquire all of the issued UCF Shares, on the terms set out in this Bidder's Statement. UCM does not currently own any UCF Shares.	Section 11 contains the full terms of the Takeover Offer including the Conditions.
Why should I accept the Takeover Offer?	UCM considers there are a number of reasons why UCF Shareholders should accept the Takeover Offer, which are detailed in Section 2. In summary, the key reasons why you should accept the Takeover Offer are: (a) You will receive attractive value for your UCF Shares. (b) If the Takeover Offer is successful, you will become a shareholder in UCM and have the opportunity to benefit from market, operating and cost synergies in the Combined Group. (c) You will have the opportunity to benefit from the enhanced funding capability of the Combined Group. (d) The UCF IBC and the UCF Voting Directors recommend that UCF Shareholders accept the Takeover Offer in the absence of a Superior Proposal. The UCF Non-voting Directors have not provided a	Section 2

Question	Answer	Further information
	<p>recommendation on the Takeover Offer. All of the UCF Directors intend to accept, or procure the acceptance of, the Takeover Offer in respect of any UCF Shares that they own or control, in the absence of a Superior Proposal.</p> <p>(e) Potential access to CGT scrip for scrip rollover relief.</p>	
What will I receive if I accept the Takeover Offer?	Subject to the Conditions, if you accept the Takeover Offer, you will receive 8.4 new UCM Shares for every one of your UCF Shares .	Section 11 contains full terms of the Takeover Offer including the Conditions.
How long will the Takeover Offer remain open?	The Takeover Offer opens on the 12 th January 2021. Unless withdrawn or extended in accordance with the Corporations Act, the Takeover Offer is scheduled to close at 5:00 pm (Sydney Time) on the 16 th February 2021.	Section 11.2
Can the Takeover Offer Period be extended?	The Takeover Offer Period can be extended in accordance with the Corporations Act, for up to a maximum period of 12 months after the opening date of the Takeover Offer Period. UCF Shareholders will be provided with written notice of any extension.	The Key Dates Section provides an indicative timetable for the Takeover Offer.
What choices do I have as a UCF Shareholder?	As a UCF Shareholder, you have the following choices in respect of your UCF Shares: <ul style="list-style-type: none"> (a) accept the Takeover Offer; (b) sell all or some of your UCF Shares outside of the Takeover Offer in accordance with the terms of UCF's constitution; or (c) do nothing. 	
How do I accept the Takeover Offer?	To accept the Takeover Offer, you should follow the instructions set out in this Bidder's Statement and in the enclosed Acceptance Form.	See your Acceptance Form enclosed with this Bidder's Statement and Section 11.
Can I accept the Takeover Offer for part of my holding?	No, in order to accept the Takeover Offer, you must agree to sell all of your UCF Shares.	Section 11.4(a)(i)
If I accept the Takeover Offer can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Takeover Offer, UCM varies the Takeover Offer in a way that postpones for more than one month the time that UCM has to meet its obligations under the Takeover Offer (for example, if UCM extends the Takeover Offer Period for more than one month while the Takeover Offer remain subject to any of the Conditions).	Section 11.6
What happens if I do not accept the Takeover Offer?	The Takeover Offer is subject to a 90% minimum acceptance condition (Minimum Acceptance Condition). If you do not accept the Takeover	Section 6

Question	Answer	Further information
	<p>Offer and UCM acquires a Relevant Interest in at least 90% of UCF Shares and the other Conditions are satisfied or waived, UCM will proceed to compulsorily acquire the outstanding UCF Shares in relation to which offers have not been accepted.</p> <p>Assuming all Conditions are satisfied or waived, if you accept the Takeover Offer prior to compulsory acquisition, you will receive your Consideration sooner than if you wait to have your UCF Shares compulsorily acquired.</p> <p>UCM will not waive the Minimum Acceptance Condition.</p>	
<p>What happens if UCM improves the Consideration?</p>	<p>If UCM improves the Consideration, all the UCF Shareholders who accept the Takeover Offer (whether or not they have accepted the Takeover Offer before or after such improvement) will be entitled to the benefit of the improved Consideration, should the Takeover Offer become or be declared unconditional.</p>	<p>This is a requirement of the Corporations Act.</p>
<p>Are there conditions to the Takeover Offer?</p>	<p>The Takeover Offer is subject to the Conditions set out in Section 11.8, which include:</p> <ul style="list-style-type: none"> (a) UCM acquiring a Relevant Interest in the number of UCF Shares on issue that represents at least 90% of the aggregate of all of the UCF Shares on issue (on a fully-diluted basis), thereby becoming entitled to compulsorily acquire all of the outstanding UCF Shares under Part 6A.1 of the Corporations Act; (b) compliance with certain restrictions on the conduct of the UCF Group's business; (c) no material adverse change occurring in relation to the UCF Group's business; and (d) no Prescribed Occurrences occurring. <p>As at the date of this Bidder's Statement, UCM is not aware of any act, omission, event of fact that would result in any of the Conditions to the Takeover Offer not being satisfied.</p>	<p>Section 11.8</p>
<p>What if the Conditions are not satisfied or waived?</p>	<p>If the Takeover Offer closes and the Conditions are not satisfied or otherwise waived, the Takeover Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your UCF Shares (unless you otherwise sell them).</p> <p>UCM will announce whether the Conditions have been satisfied or waived during the Takeover Offer Period in accordance with its obligations under the Corporations Act.</p>	<p>Section 11.10</p>

Question	Answer	Further information
What fees are payable to advisers of UCM in relation to the Takeover Offer?	UCM estimates it will incur fees for services provided in connection with the Takeover Offer and associated transactions and documentation, including for legal, taxation, financial advisers, share register and other professional fees, in the amount of approximately \$150,000.	Section 10.10

Part B – Overview of UCM

Question	Answer	Further information
Who is UCM?	<p>UCM is a public company of which the main business activity involves conducting research and development for the commercialisation of an oxidation desulphurisation process for marine fuels using the patented Ultrex® Process under its exclusive world-wide licence from UCF.</p> <p>Following successful completion of the acquisition, UCM intends to continue its research and development and commercialisation activities which support the business which is currently conducted by UCF.</p>	Section 4
What rights and liabilities will attach to my new UCM Shares?	The new UCM Shares issued under the Takeover Offer will be fully paid ordinary shares and will, from the time of issue, rank equally with existing UCM Shares.	Section 4.2
Who are the UCM Directors and what experience do they have?	<p>As at the date of this Bidder's Statement, the Directors of UCM are:</p> <ol style="list-style-type: none"> David Hancock – Executive Director; Grant Gargano - Executive Director; Randal Jitts – Non-Executive Director; John Montgomerie – Non-Executive Director; and Curtis Samford – Non-Executive Director. <p>Details of the relevant experience of each Director of UCM is set out in Section 3.4. The Directors listed in (a) to (d) above are also directors of UCF.</p> <p>Upon completion of the Takeover Offer, the following Directors will remain on the UCM Board:</p> <ul style="list-style-type: none"> David Hancock – Executive Director; Curtis Samford – Non-Executive Director; Randal Jitts – Non- Executive Director; and Grant Gargano – Executive Director. <p>UCM is considering its and the Combined Group's board composition, and is in the process of appointing a new director to its board. It is anticipated that the new director will be an independent non-executive director.</p>	Sections 3.4 and 3.5
Do the UCM	As at the date of this Bidder's Statement, the	Section 10.8

Question	Answer	Further information														
<p>Directors have any securities in, or potential conflicts of interest in relation to, UCF?</p>	<p>following Directors of UCM have an interest in UCF Shares.</p> <table border="1" data-bbox="568 309 1091 645"> <thead> <tr> <th data-bbox="568 309 855 353">Director</th> <th data-bbox="855 309 1091 353">Shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 353 855 405">Grant Gargano</td> <td data-bbox="855 353 1091 405">2,239,309</td> </tr> <tr> <td data-bbox="568 405 855 454">David Hancock</td> <td data-bbox="855 405 1091 454">1,071,616</td> </tr> <tr> <td data-bbox="568 454 855 504">John Montgomerie</td> <td data-bbox="855 454 1091 504">258,107</td> </tr> <tr> <td data-bbox="568 504 855 553">Curtis Samford</td> <td data-bbox="855 504 1091 553">225,332</td> </tr> <tr> <td data-bbox="568 553 855 602">Randal Jitts</td> <td data-bbox="855 553 1091 602">742</td> </tr> <tr> <td data-bbox="568 602 855 645">Total</td> <td data-bbox="855 602 1091 645">3,795,106</td> </tr> </tbody> </table> <p>Further details regarding UCM Directors' interest in UCF Shares is set out in Section 10.8.</p>	Director	Shares	Grant Gargano	2,239,309	David Hancock	1,071,616	John Montgomerie	258,107	Curtis Samford	225,332	Randal Jitts	742	Total	3,795,106	
Director	Shares															
Grant Gargano	2,239,309															
David Hancock	1,071,616															
John Montgomerie	258,107															
Curtis Samford	225,332															
Randal Jitts	742															
Total	3,795,106															
<p>Do the UCM Directors have any interest in UCM securities?</p>	<p>As at the date of this Bidder's Statement, each of the Directors of UCM has an interest in UCM Shares. Their respective interest in UCM Shares is set out below.</p> <table border="1" data-bbox="568 871 1080 1207"> <thead> <tr> <th data-bbox="568 871 849 916">Director</th> <th data-bbox="849 871 1080 916">Shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 916 849 967">Grant Gargano</td> <td data-bbox="849 916 1080 967">1,639,904</td> </tr> <tr> <td data-bbox="568 967 849 1016">David Hancock</td> <td data-bbox="849 967 1080 1016">1,177,205</td> </tr> <tr> <td data-bbox="568 1016 849 1066">John Montgomerie</td> <td data-bbox="849 1016 1080 1066">290,242</td> </tr> <tr> <td data-bbox="568 1066 849 1115">Curtis Samford</td> <td data-bbox="849 1066 1080 1115">225,332</td> </tr> <tr> <td data-bbox="568 1115 849 1164">Randal Jitts</td> <td data-bbox="849 1115 1080 1164">742</td> </tr> <tr> <td data-bbox="568 1164 849 1207">Total</td> <td data-bbox="849 1164 1080 1207">3,333,425</td> </tr> </tbody> </table> <p>Further detail regarding UCM Directors' interest in UCF Shares is set out in Section 10.8.</p>	Director	Shares	Grant Gargano	1,639,904	David Hancock	1,177,205	John Montgomerie	290,242	Curtis Samford	225,332	Randal Jitts	742	Total	3,333,425	Section 10.8
Director	Shares															
Grant Gargano	1,639,904															
David Hancock	1,177,205															
John Montgomerie	290,242															
Curtis Samford	225,332															
Randal Jitts	742															
Total	3,333,425															
<p>What is the UCM IBC?</p>	<p>The UCM IBC is a committee of the UCM Board which was established to consider, advise on and manage the Takeover Offer on UCM's behalf.</p> <p>The UCM IBC comprises three members, being Mr Curtis Samford, Non-Executive Director of UCM, Mr Andrew McFadden, UCM Chief Financial Officer and Company Secretary, and Mr Alfonso Grillo, a partner of GrilloHiggins Lawyers, UCM's Legal Adviser. The UCM IBC operates in accordance with protocols adopted by the UCM Board.</p> <p>Further details regarding the UCM IBC and UCM IBC protocols are set out in Section 3.6.</p>	Section 3.6														

Part C – Overview of Risks

Question	Answer	Further information
Are there risks if I accept the Takeover Offer?	<p>If you accept the Takeover Offer and it becomes unconditional or the Conditions are satisfied or waived (as applicable), you will be issued with new UCM Shares and UCM will acquire the UCF Shares that you hold. There are risks in holding UCM Shares.</p> <p>Section 9 provides a summary of these risks. Specifically, it deals with:</p> <ul style="list-style-type: none"> (a) risks relating to the Takeover Offer; (a) risks that relate to the Combined Group; and (b) general and industry risks. 	Section 9
Are there any risks in respect of the Takeover Offer not proceeding?	<p>In the event that the Takeover Offer does not proceed, UCF Shareholders will not achieve the benefits of the Takeover Offer as described in Section 2.</p> <p>In the event that the Takeover Offer does not proceed and UCF is in material breach of the Bid Implementation Agreement or, where material in the context of the Takeover Offer, changes its recommendation or breaches its exclusivity obligations (among others) UCF will be required to pay UCM a sum of \$100,000 as a reimbursement for the costs incurred by UCM in respect of the Takeover Offer.</p>	Section 9

Part D – Other relevant questions

Question	Answer	Further information
When will you receive your Consideration?	<p>Subject to all the Conditions being either satisfied or waived, if you accept the Takeover Offer, UCM intends to issue your new UCM Shares on or before the earlier of:</p> <ul style="list-style-type: none"> (a) one month after you have validly accepted the Takeover Offer or the contract resulting from its acceptance has become unconditional (whichever is later); and (b) 21 days after the end of the Takeover Offer Period, <p>provided that you have returned all of the documents required for acceptance of the Takeover Offer with your acceptance.</p>	Section 11.7
Will I need to pay any transaction costs if I accept the Takeover Offer?	<p>You will not incur any brokerage fees or be obliged to pay stamp duty or GST in connection with your acceptance of the Takeover Offer.</p>	Section 11.14

Question	Answer	Further information
<p>What are the tax implications of accepting the Takeover Offer?</p>	<p>A general summary of the Australian tax consequences for UCF Shareholders who accept the Takeover Offer is set out in Section 8. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. UCF Shareholders should seek their own taxation advice in relation to the Takeover Offer.</p>	<p>Section 8</p>

2. WHY YOU SHOULD ACCEPT THE TAKEOVER OFFER

The UCM Board believes you should ACCEPT the Takeover Offer for the following reasons:

1.	You will receive attractive value for your UCF Shares
2.	You will have the opportunity to benefit from market, operating and cost synergies in the Combined Group
3.	You will have the opportunity to benefit from the enhanced funding capability of the Combined Group
4.	The UCF IBC and the UCF Voting Directors recommend that UCF Shareholders accept the Takeover Offer in the absence of a Superior Proposal. The UCF Non-voting Directors have not provided a recommendation on the Takeover Offer
5.	Potential access to CGT scrip for scrip rollover relief

If you wish to accept the Takeover Offer, you must return the signed accompanying Acceptance Form by **5:00pm (Sydney Time) on the 16th February 2021**, unless extended in accordance with the Corporations Act.

The above is only a headline summary of some of the reasons why you should accept the Takeover Offer. Each of these reasons is explained in more detail below.

(a) **You will receive attractive value for your UCF Shares**

If you accept the Takeover Offer made to you and the Takeover Offer becomes or is declared unconditional, you will receive 8.4 new UCM Shares for every one of your UCF Shares.

As UCM is an unlisted public company and UCM Shares do not trade on a securities exchange, UCM has engaged Pitcher Partners to assist it in valuing UCM, UCF and the Consideration.

Following this assessment, UCM believes the Consideration presents an attractive value for UCF Shares.

(b) **You will have the opportunity to benefit from market in the Combined Group if the Takeover Offer is successful**

If the Takeover Offer is successful, UCF Shareholders who accept the Takeover Offers will become part of a larger group operating in the oil refining industry with a more diverse research and development portfolio while retaining their exposure to UCF.

UCF holds a patent for the Ultrex® Process, a patented technology for the removal of sulphur from diesel. UCF has successfully demonstrated the ability of the Ultrex® Process to remove sulphur from Transmix on a commercial scale. UCF is currently pursuing business opportunities for commercial application of the Ultrex® Process for the desulphurisation of Transmix, diesel and used motor oil.

Under an exclusive licence from UCF, UCM has conducted extensive laboratory tests and recently demonstrated that the Ultrex® Process can also be applied to remove sulphur from a range of heavy marine fuel oils. Given the size of the fuel oil market and current trend for governments around the world to focus on reducing the permissible level of sulphur in Fuel Oil, UCM believes there are additional business opportunities for wider commercial application of the Ultrex® Process.

(c) **You will have the opportunity to benefit from operating and cost synergies in, and the enhanced funding capability of, the Combined Group**

It is anticipated that pre-tax costs synergies of approximately \$100,000 per annum may be realised by the Combined Group through removing duplication of costs across the operations of the Combined Group, including such areas as head office, board, senior executive, technology, audit, compliance and corporate services. The above anticipated synergies are based on estimates by UCM. UCM has not confirmed its analysis of the identified synergies with the UCF Board or management and a detailed integration plan has not yet been developed to achieve the synergies.

The Combined Group will also have a significantly larger balance sheet than UCF on a standalone basis which will enhance its ability to attract partners and funding for its current and future growth opportunities.

The extent and timing of the benefit of the potential synergies is currently uncertain and will depend on, amongst other things, the results of the operational review that UCM intends to conduct following the conclusion of the Takeover Offer, as referred to in Section 6.

(d) **The UCF IBC and the UCF Voting Directors recommend that UCF Shareholders accept the Takeover Offer in the absence of a Superior Proposal**

The UCF IBC and the UCF Voting Directors recommend that UCF Shareholders accept the Takeover Offer in the absence of a Superior Proposal. The UCF Non-voting Directors have not provided a recommendation on the Takeover Offer. All of the UCF Directors intend to accept, or procure the acceptance of, the Takeover Offer in respect of any UCF Shares that they own or control, in the absence of a Superior Proposal.

As there are common directors of UCM and UCF, the UCF Board is required under the Corporations Act to appoint an independent expert to provide a report as to whether or not the Takeover Offer is fair and reasonable to UCF Shareholders, and will provide a copy of this report to UCF Shareholders with the Target's Statement.

The UCF Directors own or control 3,795,106 UCF Shares representing 37.3% of UCF Shares on issue at the date of this Bidder's Statement.

As at the date of this Bidder's Statement, UCM is not aware of any Superior Proposal having been received by UCF and UCF has not made UCM aware of any party having an intention to make such a proposal.

(e) **Potential access to CGT scrip for scrip rollover relief**

UCF Shareholders may benefit from CGT scrip for scrip rollover relief if they accept the Takeover Offer. Please refer to Section 8 for more information.

3. PROFILE OF UCM

3.1 Overview of UCM

UCM (previously known as Ultraclean Fuel (Marine) Limited) is an Australian public company that was incorporated on 7 October 2016.

3.2 Corporate Information

The corporate structure of UCM is shown in the diagram below:

Ultraclean Marine Limited
(ACN 615 222 163)

3.3 Overview of UCM's Activities

UCM's principal activities include conducting research and development for the commercialisation of an oxidation desulphurisation process for Fuel Oil using the patented Ultrex® Process under its exclusive world-wide licence from UCF.

UCM was effectively created as a spin off entity from UCF with the goal to apply the Ultrex Process to heavier Marine Fuel Oils by converting high-sulphur fuel oil (**HSFO**) into low sulphur fuel oil (**LSFO**).

UCM has been granted a royalty-free, perpetual licence by UCF to apply the patented Ultrex® Process to the de-sulphurisation of Marine Fuel Oils.

During the 2019-2020 financial year, through extensive laboratory testing, UCM demonstrated that the Ultrex® Process can be successfully applied to oxidise sulphur containing compounds into their respective sulphones in a range of heavy hydrocarbon fuels that are blended into Fuel Oil.

The COVID-19 pandemic has created upheaval in global marine fuel markets. Pandemic-related movement restrictions have stopped people from commuting and traveling, which has had the effect of drastically reducing oil usage. Refiners have redirected diesel and jet output that would normally have been consumed by on-road and air transport, into blending for the marine market. And where possible, refiners have also been altering their processes to reduce the production of HSFO and increase production of very LSFO.

This has had the combined effect of reducing the LSFO-HSFO spread. This spread is effectively the margin that UCM and its prospective customers have to determine purchase and sale decisions in determining when HSFO is put through the Ultrex desulphurisation process and on-sold as LSFO.

In the lead up to the International Maritime Organisation's (**IMO**) regulation mandating a reduction in the sulphur content of marine fuels from 3.50% to 0.50% or below coming into effect in January 2020, the spread was between US\$200 – 300 per metric tonne. The combined impact of ample supplies of LSFO, and a significant drop in international trade due to COVID-19, has seen the LSFO-HSFO spread drop to as low as US\$40 per metric tonne. It has improved slightly and is currently approximately \$70 - \$90 per metric tonne for 10,000ppm No.6 fuel oil.

When the impact of COVID-19 subsides and the demand for on-road diesel and straight run kerosene (usually processed into jet fuel) returns, these fuels should once again become a less attractive option for blending into marine fuels. This should see the LSFO-HSFO spread rebound further. However, making any definitive forward-looking projections for the LSFO-HSFO spread is very difficult at this time given the ongoing uncertainty created by the pandemic.

However, IMO mandated reduction and the resulting growth in the use of LSFO medium-term still presents a significant opportunity for UCM in the medium-term.

In 2019, UCM entered into a Memorandum of Understanding with Cepsa, a global oil and gas refining company based in Spain, to explore and evaluate the commercial viability of applying the Ultrex® Process to light cycle oil. Unfortunately, in October 2020 Cepsa advised UCM that due to the ongoing impact of COVID-19 in Spain, all capital projects are on hold until further notice.

UCM intends to perform further laboratory and scale-up testing work over the 2021 year to:

- (a) identify and evaluate the most commercially viable solvent stripping process to remove the sulphones produced in the oxidation process; and
- (b) continue to reduce the overall operating and capex costs of the solution to improve its commercial viability.

It is intended that following completion of the Takeover Offer, the Board of UCM will undertake an analysis of UCM and UCF's businesses and further explore the potential synergies.

UCM maintains a website, www.ultracleanmarine.com.

3.4 Directors of UCM

As at the date of this Bidder's Statement, the Directors of UCM are:

David Hancock — Executive Director and Chairman (Appointed 7 October 2016)

Mr Hancock has extensive experience in both the credit and commercial sectors of industry in both listed and unlisted companies.

Mr Hancock has been a founding member and director of listed companies and as a financier in the funding of major chemical company projects in China.

Curtis Samford – Non-Executive Director (Appointed 25 November 2020)

Mr Samford is Chairman and Chief Executive Officer of AFG Holdings Inc (a United States company). Upon his promotion from Chief Operating Officer in June 2015, he oversaw the restructuring of AFG Holdings and has led the enterprise since that time.

Prior to joining AFG Holdings, Mr Samford held positions at Shell Oil Company, Alcoa, and most recently as Executive Vice President - Energy

Products for Precision Castparts (PCC). Mr Samford began his career with Dresser Atlas as a field engineer.

Mr Samford holds a Bachelor of Science degree in Geophysics from Texas A&M University.

Mr Samford was a founding member of UCF.

Randal Jitts — Non-Executive Director (Appointed 6 August 2018)

Mr Jitts brings international and local managerial experience of managing large scale engineering and maintenance teams on major capital projects from multi-national companies. Mr Jitts's experience as an Asset and Project manager includes the management and maintenance on large scale power stations, the construction, commissioning and operation of plants including a biodiesel plant to the management of Supervisory Control and Data Acquisition (SCADA) companies inclusive of their product development sales, marketing and project engineering service teams.

Grant Gargano — Executive Director (Appointed 25 February 2020)

Mr Gargano has over 16 years' experience in international business and a background in business development. Mr Gargano has an MA in Management (MGSM) and is a member of the Australian Institute of Company Directors.

Prior to joining UCM, Mr Gargano held various positions with Alfa Laval Aalborg Pty Ltd (previously known as Gosfern Pty Ltd) and has worked as a consultant on various renewable energy projects.

Mr Gargano has initiated contracts and agreements with companies in the USA, South America, Europe and Australia in various energy related projects. Mr Gargano headed Gosfern's petroleum division where he successfully oversaw the development and commercialisation of Gosfern's proprietary MERU technology.

John Montgomerie — Non-Executive Director (Appointed 7 October 2016)

Mr Montgomerie is a Chartered Accountant with experience as a partner in a national firm of Chartered Accountants William Buck. Mr Montgomerie also has extensive commercial experience and has been involved in various listed and unlisted companies including as a director, shareholder and founder.

3.5 UCM Board

It is proposed that the board of directors of the Combined Group will comprise of:

Mr David Hancock – Executive Director and Chairman;

Mr Curtis Samford – Non-Executive Director;

Mr Randal Jitts - Non-Executive Director; and

Mr Grant Gargano - Executive Director

It is intended that John Montgomerie, a current director of each of UCM and UCF, will resign at the Annual General Meetings for the 2020 financial year for each of UCM and UCF.

3.6 Independent Board Committees

The UCM Board established the UCM IBC to consider, advise on and manage the Takeover Offer on UCM's behalf. The UCM IBC comprises three members, being Mr Curtis Samford, Non-Executive Director of UCM, Mr Andrew McFadden, UCM Chief Financial Officer and Company Secretary, and Mr Alfonso Grillo, a partner of GrilloHiggins Lawyers, UCM's Legal Adviser.

Mr John Montgomerie, Mr David Hancock, Mr Randal Jitts and Mr Grant Gargano are also directors of UCF and each has an interest in UCF Shares as set out in Section 10.8. Mr Edgell is not a director of UCF.

Mr Samford is not a director of UCF. However, Mr Curtis Samford has interests in both UCF and UCM shares, with the following holdings:

- (a) 225,332 UCF Shares (2.2% of the total UCF Shares on issue); and
- (b) 225,332 UCM shares (1.9% of the total UCM shares on issue).

The UCM Board considers that the interests outlined above should not prevent Mr Samford from acting as a member of the UCM IBC.

3.7 The UCM Board has adopted protocols to govern the operation of the UCM IBC. These protocols address conflicts that may arise in relation to the Takeover Offer and the overlap of the UCM Board and the UCF Board. Historical Financial Information

(a) Basis of Presentation of Historical Financial Information

The historical financial information below relates to UCM on a stand-alone basis and accordingly does not reflect any impact of the Takeover Offer. It is a summary only and the full financial accounts of UCM for the financial periods described below, which includes the notes to the accounts, can be found in UCM's Annual Reports for those periods. Copies of these Annual Reports can be obtained by contacting Andrew McFadden on +61 2 8188 8913.

(b) Historical Financial Information of UCM

(i) Consolidated Statement of Financial Position

The consolidated statements of financial position of UCM are set out below and have been extracted from the audited consolidated statement of financial position for the financial years ended 30 June 2019 and 30 June 2020, being the last two audited financial statements prior to the date of this Bidder's Statement.

UCM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AUDITED 30 JUNE 2020 \$	AUDITED 30 JUNE 2019 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,115,325	2,259,767

	AUDITED 30 JUNE 2020 \$	AUDITED 30 JUNE 2019 \$
Trade and other receivables	56,561	40,473
Total Current Assets	2,170,886	2,300,240
NON CURRENT ASSETS		
Right of use assets	710,680	-
Plant and equipment	324,674	54,966
Intangible assets	1,029	1,092
Total Non-Current Assets	1,036,383	56,058
Total Assets	3,207,269	2,356,298
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	84,087	380,884
Borrowings	-	229
Employee benefits	21,441	-
Lease liabilities	111,905	-
Total Current Liabilities	217,433	381,113
NON-CURRENT LIABILITIES		
Lease liability	614,763	-
Total Non-Current Liabilities	614,763	-
Total Liabilities	832,196	381,113
Net Assets	2,375,073	1,975,185
EQUITY		
Issued capital	4,403,314	2,348,186
Accumulated losses	(2,028,241)	(373,001)
Total Equity	2,375,073	1,975,185

(ii) **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

The consolidated statements of profit or loss and other comprehensive income of UCM are set out below and have been extracted from the audited consolidated statements of income and other comprehensive income for the financial years ended 30 June 2019 and 30 June 2020, being the last two audited financial statements prior to the date of this Bidder's Statement.

**UCM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	AUDITED 30 JUNE 2020 \$	AUDITED 30 JUNE 2019 \$
Revenue	146,989	693
Less: Expenses		
Employee benefit expenses	371,385	-
Service fees paid to Ultraclean Fuel Limited	344,000	330,000
Contractor fees	180,000	-
Testing expenses	149,567	18,281
Consultancy fees	144,582	-
Depreciation and amortisation expense	117,740	1,108
Legal fees	105,941	-
Travel expenses	103,930	-
Agents fees	79,664	-
Rental expenses	66,505	-
Subscription expenses	40,950	-
Accounting fees	33,192	-
Advertising expenses	31,674	-
Audit Fees	7,000	12,500
Other professional fees	6,695	-
Lease interest expenses	4,583	-
Other expenses	14,821	7,038
Loss before income tax	(1,655,240)	(371,413)
Income tax expense	-	-
Total comprehensive income for the year	(1,655,240)	(371,413)

(c) Management Commentary on Historical results

UCM's loss for the financial year ended 30 June 2020 was \$1,655,240 (2019: \$371,413). Total operating expense for this financial year was \$1,802,229 (2019: \$372,106). The year on year increase essentially reflects the fact that the 2020 year represents a full year of operation as compared to 2019.

During the financial year ended 30 June 2020, UCM incurred a capital investment of \$345,809 (2019: \$58,525) in the fit out of its warehouse and

office facilities at 17 Lucca Road, Wyong, New South Wales. This was necessary to establish a laboratory testing facility to allow UCM to conduct required research and development.

Early in the financial year, UCM recognised that it required a phase transfer catalyst specialist to assist its research and development team. In this respect, the company was fortunate to secure the services of one of the world's leading specialists in this field who lectures around the world and has written many books on phase transfer catalysts. UCM also secured a very experienced hands on chemical process engineer who has significant experience in the refinery industry specializing in distillation.

Full discussion and commentary relating to historical financial results is contained in UCM's annual report lodged with ASIC, a copy of which can be obtained by contacting Andrew McFadden on +61 2 8188 8913.

3.8 Forecast Information

UCM's future financial performance is dependent on a range of factors, many of which are beyond UCM's control. Accordingly, UCM's Directors have concluded that forecast financial information could be misleading to provide as a reasonable basis, and does not exist, for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.

4. INFORMATION ABOUT UCM SECURITIES

4.1 Information about UCM Securities

UCM's issued securities consist of the securities set out in the following table:

UCM Securities	Shares	Options
Current	11,972,902	996,473

Below are further details regarding the UCM Options that have been issued:

UCM Options	Number of Options
UCM Options exercisable at \$0.25 on or before 28 September 2023	50,000
UCM Options exercisable at \$0.25 on or before 13 October 2023	60,000
UCM Options exercisable at \$0.25 on or before 2 March 2025	576,473
UCM Options exercisable at \$0.25 on or before 4 June 2025	100,000
UCM Options exercisable at \$0.25 on or before 13 July 2025	110,000
UCM Options exercisable at \$0.25 on or before 4 December 2025	100,000
TOTAL	996,473

4.2 Rights and Liabilities of UCM Shares

The UCM Shares offered to UCF Shareholders under the Takeover Offer are fully paid ordinary shares in the capital of UCM, and from the date of their issue will rank equally with existing UCM Shares and will have the same rights and liabilities attaching to them.

The following is a summary of the more significant rights and liabilities attaching to UCM Shares being offered pursuant to the Takeover Offer. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of UCM Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to UCM Shares are set out in UCM's constitution, a copy of which is available for inspection at UCM's registered office during normal business hours.

The rights, privileges and restrictions attaching to UCM Shares can be summarised as follows:

(a) **General meetings**

UCM Shareholders are entitled to attend and vote at general meetings of UCM, in person, or by proxy, attorney or representative.

UCM Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution of UCM.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of UCM Shareholders or a class of UCM Shareholders:

- (i) on a show of hands, every person present who is a UCM Shareholder or a proxy, attorney or representative of a UCM Shareholder has one vote; and
- (ii) on a poll, every person present who is a UCM Shareholder or a proxy, attorney or representative of a UCM Shareholder shall, in respect of each fully paid UCM Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the UCM Share.

(c) **Dividend rights**

The UCM Board may from time to time determine a dividend is payable and fix the amount, the time for payment and the method of payment (which may be the payment of cash, the issue of UCM Shares, the grant of UCM Options or the transfer of specific assets) or any other method of payment considered to be appropriate by the UCM Board..

No dividend shall carry interest as against UCM. The UCM Board may set aside out of the profits of UCM any amounts that they may determine as reserves, to be applied at the discretion of the UCM Board, for any purpose for which the profits of UCM may be properly applied.

(d) **Winding-up**

If UCM is wound up, the liquidator may, with the authority of a special resolution of UCM, divide among the UCM Shareholders in kind the whole or any part of the property of UCM, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the UCM Shareholders or different classes of UCM Shareholders.

The liquidator may, with the authority of a special resolution of UCM, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no UCM Shareholder is compelled to accept any UCM Shares or other securities in respect of which there is any liability.

(e) **UCM Shareholder liability**

As the UCM Shares offered by the Bidder's Statement are fully paid ordinary shares, they are not subject to any calls for money by UCM and will therefore not become liable for forfeiture.

(f) **Transfer of UCM Shares**

Generally, UCM Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act.

(g) **Variation of rights**

Unless the terms of a class of UCM Shares provide otherwise, the rights attaching to any class of UCM Shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of UCM Shareholders or with the written consent of holders of at least 75% of the UCM Shares on issue of the class affected. A special resolution is passed only where approved by at least 75% of all votes cast (and entitled to be cast) on the resolution at the meeting of UCM Shareholders who hold UCM Shares of that class.

4.3 Substantial Shareholders of UCM

The following persons have a substantial holding of 5%, or more, of UCM Shares.

	Shareholder	Number of Shares	% of UCM Shares
1.	Grant Gargano's associates ¹	1,639,904	13.7%
2.	David Hancock and associates ²	1,177,205	9.8%
3.	Ocarina Investment Limited	1,080,730	9.0%

Notes:

1. Groova Pty Limited A/C GCG Trust, Sybil Creek Pty Limited A/C Gargano Family Superannuation Fund, Toolooa Pty Ltd as trustee for the GDG Trust and NR Tec Pty Ltd
2. David Paul Investments Pty Ltd A/C Hancock Superannuation Fund

4.4 Directors' Interests in UCM Securities

As at the date of this Bidder's Statement, David Hancock, Curtis Samford, Randal Jitts, Grant Gargano and John Montgomerie each has an interest in UCM Shares.

Refer to Section 10.8 for further details of all UCM Securities held by each Director, and Section 10.9 for details of the fees and benefits received by each Director in the past two financial years.

4.5 Dividend History

UCM has not previously and does not currently pay dividends.

4.6 Corporate Governance

The UCM Board seeks, where appropriate, to provide accountability levels that meet or exceed the level commonly adopted by Australian public companies.

Details on UCM's corporate governance procedures, policies and practices can be obtained from Andrew McFadden on +61 2 8188 8913.

4.7 Further Information

UCM is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by UCM may be obtained from ASIC.

On request to UCM and free of charge, UCF Shareholders may obtain a copy of the Annual Report of UCM for the year ended 30 June 2020 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC).

5. PROFILE OF UCF

5.1 Disclaimer

This overview of the UCF Group and all financial information concerning the UCF Group contained in this Bidder's Statement has been prepared by UCM using publicly available information.

The information in this Bidder's Statement concerning UCF has not been independently verified by UCM. Accordingly, UCM does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on UCF set out in this Bidder's Statement is not considered to be comprehensive.

UCF Shareholders **should not** rely on the information contained in the Bidder's Statement as a true and correct summary of UCF or any of UCF's business activities. The UCM Board recommends that UCF Shareholders refer to the Target's Statement for information on UCF and its business operations.

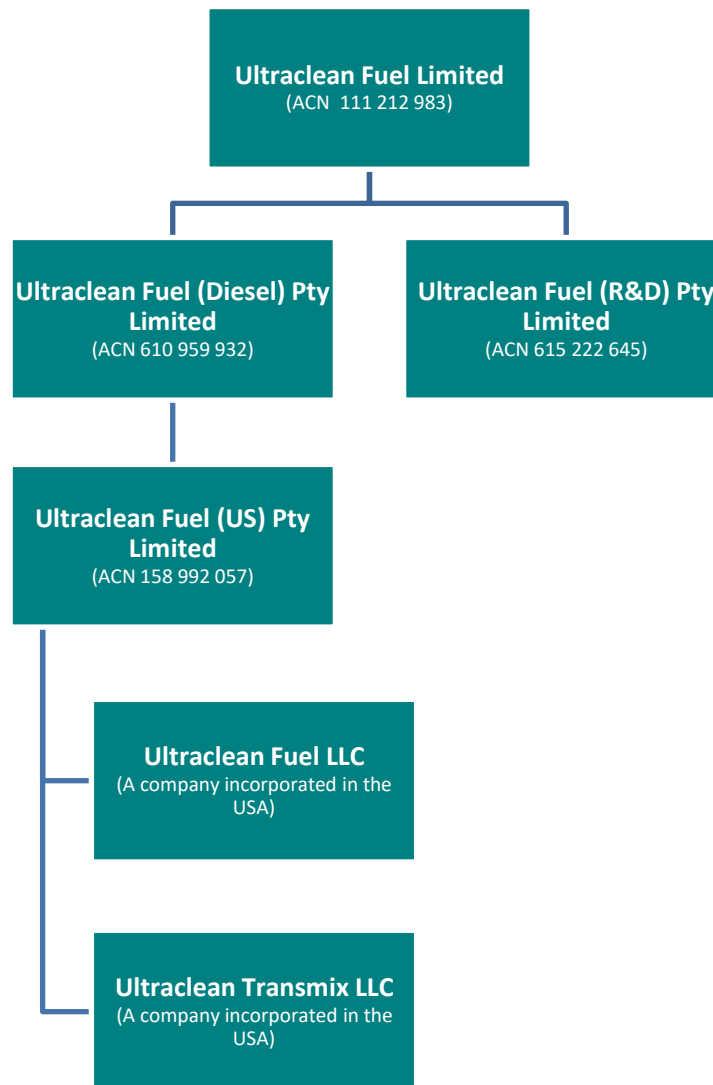
5.2 Overview of UCF

UCF was incorporated in New South Wales on 1 October 2004 as a proprietary company limited by shares ('Ultraclean Fuel Pty Limited'). UCF subsequently changed its name and converted to an unlisted public company limited by shares on 26 June 2015.

UCF has developed a proprietary process for the reduction of sulphur in diesel and other hydrocarbon fuels.

5.3 Corporate Structure

The corporate structure of UCF is set out below.



5.4 UCF Board of Directors

As at the date of this Bidder's Statement, the directors of UCF are:

- (a) Randal Jitts – Non-Executive Director and Chairman;
- (b) David Hancock – Executive Director
- (c) Grant Gargano – Executive Director;
- (d) John Montgomerie – Non-Executive Director; and
- (e) Mark Mackrell – Non-Executive Director.

5.5 Overview of UCF's Business and Operations

5.5.1 Overview of UCF's Business

Over a period of 15 years, UCF has developed and commercialised the Ultrex® Process for the reduction of sulphur in diesel and other hydrocarbon fuels.

UCF is the registered holder of several patents and trademarks issued by the United States Patent and Trademark Office, including:

- the Ultrex® Process;

- the Ultra C® Chemical;
- the Process to remove Sulphur Liquid from Hydrocarbons; and
- the Process to remove Sulphur Compounds from Hydrocarbons.

As sulphur level specifications globally continue to require lower sulphur content, refineries unable to remove sulphur to new standards will find it increasingly difficult to find markets for high sulphur products.

UCF's Ultrex® solution represents an attractive alternative for refineries and tank farms with no hydrotreating capacity; or where cost of upgrading is prohibitive; or where there are limitations on hydrogen (H₂) capacity (Ultrex® does not require H₂).

UCF also targets locations with stranded diesel feedstock, where the cost of transport to a refinery for its upgrade to ULSD is not financially viable.

UCF's strategy is to leverage the significant benefits of the Ultrex® Process to upgrade orphaned, stranded, and/or devalued hydrocarbons into higher value products.

UCF's business delivery models include:

- License the Ultrex® Process to customers, permitting the customer to build and operate their own Ultrex® units. UCF will receive a licence fee for the use of the Ultrex® Process together with payment for the ongoing supply by UCF of its proprietary catalyst;
- Joint Venture with private equity and/or trading/broking groups to acquire any of high sulphur diesel or UMO feedstocks; build, own and operate units; remove sulphur to required standard and sell the upgraded products to capture the uplift in economic value; or
- Joint Venture with private equity and/or trading/broking groups to build, own and operate units; and charge clients a tolling fee for the removal of sulphur to agreed standards.

In 2018 UCF successfully commissioned its first 1,000 barrel per day (bpd) Ultrex® unit in New Mexico, to produce ULSD.

Unfortunately, in the second half of 2019 operations on site were halted as the site owner was required to perform extensive soil contamination remediation work (historical contamination not directly related to the Ultrex® unit). Operations were then further hampered due to the COVID-19 pandemic.

UCF management have now advised that operations will not recommence on the site and that opportunities to relocate the unit are being actively pursued. However, given the current uncertainty surrounding the ability of the unit to generate income going forward, its book value has been significantly written down.

UCF management have also advised that UCF is continuing to actively pursue business opportunities. Non-disclosure agreements are in place with several parties (spanning North America, the middle east, South America, and

Australasia) to explore the application of the Ultrex® technology for the desulphurisation of transmix, diesel and used motor oil.

UCF and UCM are parties to the UCF Marine Licence Agreement dated 31 October 2016, pursuant to which UCF grants UCM a perpetual and royalty free licence to use UCF's patents, trademarks and other intellectual property rights in the Ultrex® Process for the purposes of researching and developing a process for the desulphurisation of marine fuel oils and commercialisation of any process resulting therefrom.

5.6 Information about UCF Securities

As at the date of this Bidder's Statement, UCF has a total of 10,171,535 Shares on issue.

5.7 Substantial Shareholders of UCF

As at the date of this Bidder's Statement, each of the following persons has disclosed they have a substantial holding of 5%, or more in the issued ordinary share capital of UCF:

UCF Shareholder	Number of UCF Shares	% of UCF Shares ¹
Grant Gargano's associates ²	2,239,309	22.0%
David Hancock and associates ³	1,071,616	10.5%
Ocarina Investments Limited	940,689	9.2%
Boyne Investments Pty Limited as trustee for the Boathouse Superannuation Fund	533,524	5.2%

Notes:

1. Calculated using the number of UCF Shares on issue as at the date of this Bidder's Statement, as set out in Section 5.6.
2. Groova Pty Limited A/C GCG Trust, Sybil Creek Pty Limited A/C Gargano Family Superannuation Fund, Toolooa Pty Ltd as trustee for the GDG Trust and Cleaning Super Pty Ltd aff Luca Gargano Trust
3. David Paul Investments Pty Ltd A/C Hancock Superannuation Fund

5.8 Historical Financial Information

The historical financial information below relates to UCF. It is a summary only and the full financial accounts of UCF for the financial period described below, which includes the notes to the accounts, can be found in UCF's Annual Reports for those periods.

(a) Consolidated Statement of Financial Position

The consolidated statements of financial position UCF are set out below and have been extracted from the audited consolidated statement of financial position for the financial years ended 30 June 2019 and 30 June 2020, being the last two audited financial statements prior to the date of this Bidder's Statement.

UCF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AUDITED 30 JUNE 2020 \$	AUDITED 30 JUNE 2019 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	505,363	1,202,908
Trade and other receivables	21,594	379,921
Other assets	311	-
Total Current Assets	527,268	1,582,829
NON CURRENT ASSETS		
Plant and equipment	1,516,521	10,914,077
Intangible assets	398,491	372,731
Total Non-Current Assets	1,915,012	11,286,808
Total Assets	2,442,280	12,869,637
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	129,425	110,130
Employee benefits	86,087	73,389
Total Current Liabilities	214,512	183,519
NON-CURRENT LIABILITIES		
Trade and other payables	124,005	124,005
Total Non-Current Liabilities	124,005	124,005
Total Liabilities	338,517	307,524
Net Assets	2,103,763	12,562,113
EQUITY		
Issued capital	38,846,806	38,846,806
Accumulated losses	(36,743,043)	(26,284,693)
Total Equity	2,103,763	12,562,113

(b) **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

The consolidated statements of profit or loss and other comprehensive income of UCF are set out below and have been extracted from the audited consolidated statements of income and other comprehensive income for the financial years ended 30 June 2019 and 30 June 2020,

being the last two audited financial statements prior to the date of this Bidder's Statement.

**UCF CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	AUDITED 30 JUNE 2020 \$	AUDITED 30 JUNE 2019 \$
Revenue	386,324	399,256
Other income	544,248	326,561
Employee benefit expenses	(618,186)	(686,158)
Depreciation and amortisation expense	(1,178,866)	(704,879)
Rent	(68,390)	(88,099)
Management fees	(185,000)	(551,710)
Domestic & Overseas travel	(126,226)	(282,230)
Assets written down	(8,194,912)	(899,753)
Repairs and Maintenance	(389,459)	-
Legal fees	(125,000)	(75,000)
Other operating expenses	(501,113)	(465,565)
Finance costs	-	(108,006)
Loss before income tax	(10,458,350)	(3,135,583)
Income tax expense	-	-
Loss for the year	(10,458,350)	(3,135,583)
Other comprehensive income, net of income tax	-	-
Total comprehensive loss for the year	(10,458,350)	(3,135,583)

5.9 Further Information

UCF maintains a website, www.ultracleanfuel.net, which contains further information about UCF and its operations.

UCF is an unlisted public company and, as such, is subject to regular financial reporting obligations under the Corporations Act. UCF is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by UCF on may be obtained from ASIC.

Further information about UCF will be contained in its Target's Statement.

6. INTENTIONS OF UCM

6.1 Disclaimer Regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on UCM's current expectations and predictions about future events including UCM's intentions (which include those set out in this Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of UCM, UCF and the Combined Group to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 9 of this Bidder's Statement.

None of UCM, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

6.2 Intentions upon acquisition of 90% or more of UCF

This Section 6.2 describes UCM's intentions if UCM acquires a Relevant Interest in 90% or more of the UCF Shares so as to become entitled to proceed to compulsory acquisition of the outstanding UCF Shares in accordance with Part 6A.1 of the Corporations Act. UCM intends (based on the information currently available to it) to implement its strategy for the Combined Group as set out below.

(a) Strategic review

Subject to what is disclosed elsewhere in this Section 6, UCM intends to undertake a detailed review of UCF and UCM's activities, assets and liabilities to evaluate their prospects, strategic relevance, funding requirements and financial performance. This may lead to modification of some of UCF and/or UCM's existing business operations. This strategic review will provide the main platform for UCM to identify and assess the specific areas that may provide benefits to UCM and the expected costs and time frames.

(b) Development of the UCF Business

UCM intends to use the funds of the Combined Group to grow and develop the business of UCF as set out in Section 2.

(c) **Corporate matters**

UCM intends to:

- (i) if entitled to do so, proceed with the compulsory acquisition of any UCF Shares not acquired under the Takeover Offer in accordance with Part 6A.1 of the Corporations Act; and
- (ii) amend UCF's constitution to reflect UCF's status as a wholly owned subsidiary of UCM and seek to convert UCF from a public company to a proprietary company.

(d) **Composition of the boards of UCF and the Combined Group**

The board of the Combined Group will comprise of the following directors:

- (i) David Hancock – Executive Director and Chairman;
- (ii) Curtis Samford - Non-Executive Director;
- (iii) Randal Jitts – Non-Executive Director; and
- (iv) Grant Gargano –Executive Director;

UCM is considering its and the Combined Group's board composition, and is in the process of appointing a new director to its board. It is anticipated that the new director will be an independent non-executive director.

It is UCM's current intention, in the event that the Takeover Offer is successful, to seek to reflect in the organisation structure of the Combined Group, personnel from UCF whose skills are highly regarded and who have extensive knowledge of UCF's operations.

(e) **Corporate office and employees**

Subject to the strategic review, UCM intends to continue to conduct UCF's business in its current manner. It is proposed that administrative functions such as company secretarial, financial management and accounting functions will be centralised. It is intended that the corporate head office of the Combined Group be located in Wyong, New South Wales.

(f) **General business integration**

As part of the strategic review, UCM intends to undertake a specific review of:

- (i) UCF's assets and liabilities; and
- (ii) the possible synergies and benefits between UCM and UCF.

UCM intends to prepare a business integration plan and implement that plan.

(g) **Accounting policy**

UCM intends to conduct a review of UCF's accounting policies. It is expected that this review will result in the adoption of UCM's accounting policies.

6.3 No intentions to acquire less than 90% of UCF Shares

UCM will not declare the Takeover Offer free from the Minimum Acceptance Condition.

6.4 Other Intentions

Subject to the matters described above in this Section 6, it is the present intention of UCM (based on the information presently available to it) to:

- (a) substantially continue to conduct UCF's business in its current manner;
- (b) subject to the strategic review, not make any major changes to the business or assets of UCF and not redeploy any of the fixed assets of UCF; and
- (c) continue the employment of the present employees of UCF.

7. EFFECT OF THE TAKEOVER OFFER ON UCM AND PROFILE OF THE COMBINED GROUP

7.1 Approach

This Section 7 provides an overview of UCM and its subsidiaries following the acquisition by UCM of all, or a portion of the UCF Shares on issue, in various scenarios following the Takeover Offer, and the effect of the Takeover Offer on UCM and UCF if the Takeover Offer is successful.

7.2 Disclaimer Regarding the UCF Group and the Combined Group Information

In preparing the information relating to UCF and the Combined Group contained in this Bidder's Statement, UCM has relied on publicly available information relating to UCF which has not been independently verified by UCM or the UCM Directors. Risks may exist in relation to UCF (which may affect the Combined Group) of which UCM and the UCM Directors are unaware.

Accordingly, subject to any applicable laws, UCM makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

UCF Shareholders **should not** rely on the information contained in the Bidder's Statement as a true and correct summary of UCF or any of its operations. The UCM Board recommends that UCF Shareholders refer to the Target's Statement for information on UCF and its operations.

7.3 Profile of the Combined Group

If the Takeover Offer is successful, UCF Shareholders will receive UCM Shares in exchange for their UCF Shares. If UCM is successful in obtaining effective control of UCF, all of the UCM Shareholders (including UCF Shareholders who have received UCM Shares pursuant to the Takeover Offer) will be shareholders in the Combined Group.

7.4 Effect of completion of the Takeover Offer

There are a range of factors that may impact the number of UCM Shares that will be on issue following completion of the Takeover Offer, including the number of acceptances of the Takeover Offer and the number of UCM Shares otherwise issued by UCM during the Takeover Offer Period (if any).

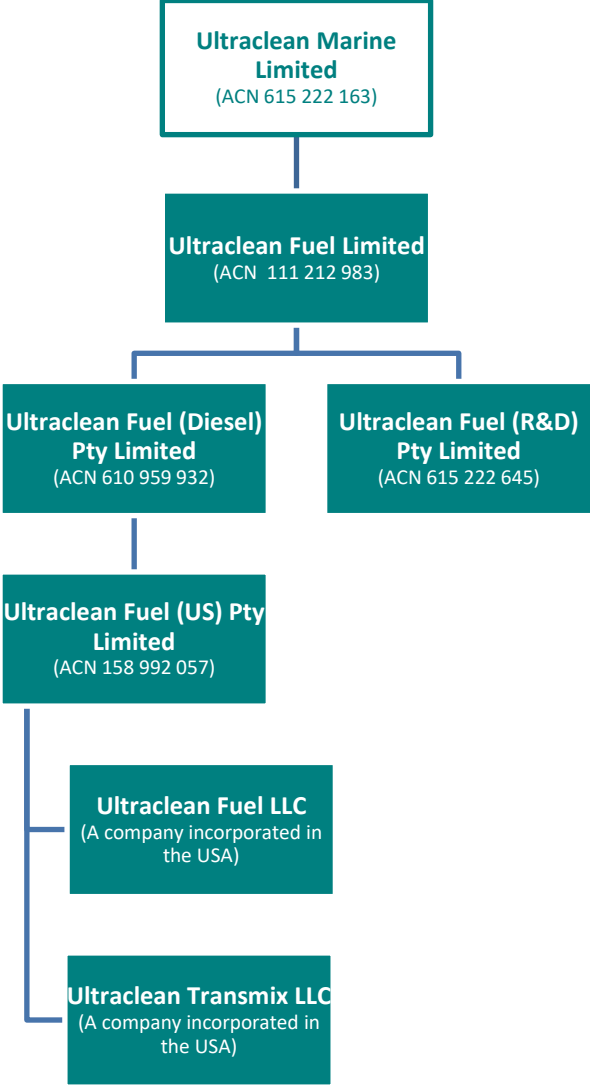
	UCM Shares	UCM Options
Existing UCM Shareholders	11,972,902	996,473
UCM Shares offered to UCF Shareholders under the Takeover Offer	85,440,894 ¹	-
TOTAL	97,413,796¹	996,473

¹ These amounts are subject to rounding

The above scenario is an example only and is not the only scenario that may eventuate.

7.5 Corporate Structure of the Combined Group

If the Takeover Offer is successful and UCM acquires all UCF Shares on issue, the corporate structure of the Combined Group will be as shown in the diagram.



7.6 Basis for Preparation of the Pro Forma Financial Information

The pro forma balance sheet as at 30 June 2020 set out below (**Pro Forma Balance Sheet**) has been prepared for illustrative purposes only and on the assumption that the acquisition of the ownership interest in UCF occurred on one day, that is, there are no staged acquisitions.

The Pro Forma Balance Sheet has been prepared assuming that UCM acquires 100% of UCF.

The Pro Forma Balance Sheet has been prepared in accordance with the measurement and recognition principles of International Financial Reporting Standards.

The Pro Forma Balance Sheet is indicative only. UCM has drawn its own conclusions based on the known facts and other publicly available information.

This Section should be read in conjunction with the underlying financial information from which it was extracted, and the accounting policies of UCM and UCF as disclosed in their most recent financial reports.

	UCM 30 June 2020 (Audited) \$	UCF 30 June 2020 (Audited) \$	Merger and Key Subsequent Event Adjustments ¹ \$	Pro Forma Combined Group \$
Assets				
Current Assets				
Cash and Cash Equivalents	2,115,325	505,363	(150,000)	2,470,688
Trade and Other Receivables	55,561	21,594	-	77,155
Other Current Assets	-	311	-	311
Total Current Assets	2,170,886	527,268	(150,000)	2,548,154
Non-Current Assets				
Right of use assets	710,680	-	-	710,680
Property, Plant and Equipment	324,674	1,516,521	-	1,841,195
Intangible assets	1,029	398,491	-	399,520
Total Non-Current Assets	1,036,383	1,915,012	-	2,951,395
Total Assets	3,207,269	2,442,280	(150,000)	5,499,549
Liabilities				
Current Liabilities				
Trade and Other Payables	84,087	129,425	-	213,512
Borrowings	-	-	-	-
Employee benefits	21,441	85,087	-	106,528
Lease Liability	111,905	-	-	111,905
Total Current Liabilities	217,433	214,512	-	431,945
Non-Current Liabilities				
Lease Liability	614,763	-	-	614,763
Trade and other payables	-	124,005	-	124,005
Total Non-Current Liabilities	614,763	124,005	-	738,768
Total Liabilities	832,196	338,517	-	1,170,713
Net Assets	2,375,073	2,103,763	(150,000)	4,328,836
Equity				

	UCM 30 June 2020 (Audited) \$	UCF 30 June 2020 (Audited) \$	Merger and Key Subsequent Event Adjustments ¹ \$	Pro Forma Combined Group \$
Issued capital	4,403,314	38,846,806	-	43,250,120
Accumulated Losses	(2,028,241)	(36,743,043)	(150,000)	(38,921,284)
Total Equity	2,375,073	2,103,763	(150,000)	4,328,836

1. Adjustment relating to estimated fees for services provided in connection with the Takeover Offer and associated transactions and documentation, including for legal, taxation, financial advisers, share register and other professional fees.

7.7 Outlook for the Combined Group

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to UCM, UCF or the Combined Group.

UCM has given careful consideration as to whether there is a reasonable basis to produce reliable and meaningful forecast financial information for the Combined Group. However, the UCM Directors have concluded that as at the date of this Bidder's Statement, the inclusion of financial forecasts for the Combined Group would be speculative and potentially misleading.

8. AUSTRALIAN TAX CONSIDERATIONS

8.1 Disclaimer and general use restriction

This is a general summary of the Australian taxation consequences of the Takeover Offer for UCF Shareholders that hold their UCF Shares on capital account and are Australian tax residents for Australian income tax purposes. This Section 8 is based on Australian income tax legislation and relevant Australian Taxation office (**ATO**) guidance material as at the date of this Bidder's Statement.

The category of UCF Shareholders considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships. This summary **does not** consider the consequences for UCF Shareholders who:

- (a) hold their existing UCF Shares in a business of share trading, dealing in securities or otherwise hold their existing UCF Shares on revenue account or as trading stock;
- (b) acquired their existing UCF Shares under an employee share or option scheme;
- (c) are taken for capital gains tax (CGT) purposes to have acquired their UCF Shares before 20 September 1985;
- (d) are subject to the 'Taxation of Financial Arrangements' (TOFA) provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to their holding of UCF Shares; or
- (e) are tax residents of any jurisdiction other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes).

The information contained in this summary is of a general nature and is not intended to address the specific circumstances of any particular individual or entity.

This summary is based upon the legislation and established interpretation of legislation as at the date of this Bidder's Statement, but is not intended to be an authoritative or complete statement of the law as relevant to the circumstances of each UCF Shareholder.

As the taxation implications associated with accepting the Takeover Offer will depend upon each UCF Shareholder's particular circumstances, each UCF Shareholder should seek and rely upon their own independent professional taxation advice before concluding on the particular taxation treatment that will apply to them.

UCF Shareholders that are subject to tax in a jurisdiction outside Australia may be subject to tax consequences in that jurisdiction that are not covered by this summary. Such individuals or entities should seek and rely upon their own independent professional taxation advice in relation to the taxation implications associated with accepting the Takeover Offer in any jurisdictions that are relevant to them.

Neither UCM nor any of its officers or employees, nor its taxation or other advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences associated with accepting the Takeover Offer.

8.2 Taxation Consequences for UCF Shareholders

(a) **UCF Shareholders holding UCF Shares on Capital Account – Australian residents**

With reference to the disclaimer above, this Section 8.2(a) applies to UCF Shareholders that are residents of Australia for Australian income tax purposes.

(i) **Disposal of UCF Shares - CGT event**

The disposal of UCF Shares by UCF Shareholders pursuant to the Takeover Offer will constitute a 'CGT event'. The CGT event will happen at the earlier time of acceptance of the Takeover Offer, or when the UCF Shares are disposed of under the Takeover Offer. However, as discussed further below, CGT 'scrip-for-scrip roll-over' relief may be available for a UCF Shareholder to disregard a capital gain which arises from this CGT event.

In the absence of CGT scrip-for-scrip roll-over relief, a capital gain or capital loss may arise as a consequence of this CGT event. A UCF Shareholder will make a capital gain if the capital proceeds for the disposal of the shares exceed the UCF Shareholder's CGT cost base for the UCF Shares. A capital loss will arise if the capital proceeds are less than the UCF Shareholder's reduced cost base for the UCF Shares.

A UCF Shareholder's capital proceeds should generally be equal to the Australian Dollar market value of the UCM Shares received by the UCF Shareholder in exchange for their UCF Shares.

A UCF Shareholder's cost base (and reduced cost base) in the UCF Shares should generally include the historical amount paid by the UCF Shareholder to acquire the UCF Shares plus any incidental costs of acquisition and disposal (e.g. brokerage fees and stamp duty) and costs of owing the UCF Shares (e.g. interest on money borrowed to acquire the UCF Shares) that are not deductible to the UCF Shareholder.

(ii) **CGT scrip-for-scrip roll-over relief**

A UCF Shareholder who acquired their UCF Shares on or after 20 September 1985 and makes a capital gain from the disposal of their UCF Shares may be able to obtain CGT scrip-for-scrip roll-over relief.

Broadly, roll-over relief may be available to UCF Shareholders who exchange their shares in one company for shares in another company (or an 'interest' in one company for a 'like' interest in another company), provided that certain conditions are satisfied.

The key conditions for roll-over relief are that UCM must make an offer (i.e. the Takeover Offer), as part of a takeover bid (within the meaning of the Corporations Act), that allows all UCF Shareholders to participate in the arrangement on substantially the same terms, and that UCM must become the owner of at

least 80% of the voting shares in UCF as a consequence of the Takeover Offer.

If the qualifying conditions are satisfied (including those not specifically mentioned above) and a UCF Shareholder chooses for roll-over relief to apply, roll-over relief should be available.

Roll-over relief enables a UCF Shareholder to choose to disregard the capital gain they make from disposing of their UCF Shares in exchange for UCM Shares. If a capital loss arises, no CGT scrip-for-scrip roll-over relief is available.

The CGT roll-over choice must be made before you lodge your income tax return for the income year in which the CGT event happens. A UCF Shareholder does not need to notify the ATO or document their choice to claim CGT scrip-for-scrip roll-over relief other than to complete their income tax return in a manner consistent with their choice.

The general consequences to a UCF Shareholder of choosing to obtain CGT scrip-for-scrip roll-over relief, as well as the consequences if CGT scrip-for-scrip roll-over relief is not chosen (or is not available) are outlined below.

Further, UCM will not make a choice pursuant to section 124-795(4) of the *Income Tax Assessment Act 1997* (Cth) such that UCF Shareholders are unable to obtain CGT scrip-for-scrip roll-over relief.

(iii) **Consequences if CGT scrip-for-scrip roll-over relief is available and is chosen**

If a UCF Shareholder chooses CGT scrip-for-scrip roll-over relief, the following general treatment should apply.

(A) Capital gain is disregarded

If a UCF Shareholder chooses CGT scrip-for-scrip roll-over relief, the capital gain arising on the disposal of their UCF Shares in exchange for UCM Shares should be disregarded.

(B) Cost base and reduced cost base of UCM Shares

If a UCF Shareholder chooses to obtain CGT scrip-for-scrip roll-over relief, the first element of the cost base of the UCM Shares is worked out by attributing, on a reasonable basis, the existing cost base of the UCF Shares that were exchanged for the UCM Shares, to the UCM Shares. The first element of the reduced cost base is worked out similarly.

(C) Acquisition date of UCM Shares

If a UCF Shareholder chooses to obtain CGT scrip-for-scrip roll-over relief, the acquisition date of the UCM Shares for CGT purposes is taken to be the date when the UCF Shareholder originally acquired the

corresponding UCF Shares that were exchanged for the UCM Shares.

This acquisition date will be relevant for the purposes of determining whether any entitlement to the CGT discount is available in respect of any future disposal of the UCM Shares (refer below).

(iv) **Consequences if CGT scrip-for-scrip roll-over relief is not chosen or is not available**

UCF Shareholders that do not qualify for CGT scrip-for-scrip roll-over relief, or choose not to apply the roll-over relief, should include the full amount of the capital gain realised on disposal of their UCF shares in their net capital gains calculation for the income year in which the disposal occurs.

The following general treatment should apply.

(A) General CGT Discount

If a UCF Shareholder has held, or is taken to have held, its UCF Shares for at least 12 months at the time of the disposal of its UCF Shares, the general CGT discount provisions may apply. The discount is 50 per cent for individuals and trusts, and 33 1/3 per cent for complying superannuation entities. Companies are not entitled to a CGT discount.

If a UCF Shareholder makes a discount capital gain, any available capital losses must be applied to reduce the undiscounted capital gain before the discount is applied. The resulting amount is then included in the UCF Shareholder's net capital gain for the income year.

In relation to trusts or partnerships including limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries or partners, subject to certain requirements being satisfied. Such UCF Shareholders should seek separate independent professional advice.

(B) Capital loss

If a UCF Shareholder makes a capital loss from the disposal of their UCF Shares, this may be used to offset capital gains they derive in the same or subsequent years of income (subject to satisfying certain conditions), but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years.

(C) Cost base and reduced cost base of UCM Shares

The first element of the cost base (and reduced cost base) of the UCM Shares received by a UCF Shareholder

should be equal to the Australian Dollar market value of the UCF Shares it exchanges for the UCM Shares.

In the absence of any contrary indication of the market value of the UCF Shares, their market value could be taken to be equal to the market value of the UCM Shares on the date the UCM Shares are issued.

(D) **Acquisition date of UCM Shares**

The acquisition date of the UCM Shares for UCF Shareholders for CGT discount purposes should be the earlier of when the Takeover Offer is accepted or the date of implementation of the Takeover Offer.

This means a UCF Shareholder who is an individual, complying superannuation entity or trust will need to hold the UCM Shares for at least 12 months after that date before the CGT discount (described above) may apply on a subsequent disposal of the UCM Shares.

(v) **Ongoing ownership of UCM Shares**

The UCM Shares should constitute CGT assets for CGT purposes.

Dividends or other distributions paid to UCM Shareholders in relation to their UCM Shares should generally be subject to the same income tax treatment as dividends and other distributions paid in respect of their former UCF Shares when held in the same circumstances.

Any future sale of the UCM Shares will generally result in Australian CGT implications as described above. These will differ depending upon whether or not, and the extent to which, scrip-for-scrip roll-over relief was chosen on disposal of the UCF Shares pursuant to the Takeover Offer.

Australian tax residents who hold their UCM Shares on revenue account, as trading stock, are subject to the rules in Division 230 ITAA97 concerning the taxation of financial arrangements or acquired their existing UCF Shares under an employee share or option scheme; should seek separate independent professional tax advice.

(vi) **Provision of Tax File Number (TFN) or Australian Business Number (ABN)**

Australian tax legislation imposes withholding tax at the highest marginal rate (currently 45% plus Medicare levy of 2%) on the payment of distributions on certain types of investments, such as the unfranked part of any dividend, where no TFN or ABN (if applicable) has been provided and no exemption applies. Australian tax residents may be able to claim a tax credit/refund (as applicable) in respect of any tax withheld in their income tax returns.

UCF Shareholders that wish to accept the Takeover Offer should also ensure that they provide their TFN or ABN (if applicable) to

UCM in due course to ensure that withholding tax is not deducted from any future distribution payable to them.

A UCM Shareholder is not obliged to provide their TFN, or where relevant, ABN to UCM.

8.3 Other Australian taxes

Goods and services tax (**GST**) and transfer duty should generally not be payable in relation to the disposal of UCF Shares under the Takeover Offer, the issue of UCM Shares under the Takeover Offer, or any subsequent disposal of UCM Shares.

UCF Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in UCM or UCF. This will depend on each UCF Shareholder's particular circumstances and as such, each UCF Shareholder should seek their own professional tax advice prior to making any claim.

9. RISK FACTORS

9.1 Overview

The risk factors included below in respect to the business of UCF have been prepared by UCM using information provided to UCM by UCF, as well as publicly available information. The information concerning UCF has not been independently verified. UCM does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on UCF is not considered to be comprehensive.

The business activities of UCM and the Combined Group are subject to various risks that may impact on the future performance of UCM and the Combined Group. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of UCM and the Combined Group and cannot be mitigated.

If the Takeover Offer becomes unconditional, UCF Shareholders who accept the Takeover Offer will become UCM Shareholders. In those circumstances, UCF Shareholders will:

- (a) continue to be exposed to the risks associated to the investment in UCF as a result of their indirect interest in UCF through UCM;
- (b) be exposed to the risks which are specific to an investment in UCM; and
- (c) be exposed to additional risks relating to the Takeover Offer and the Combined Group.

The risks outlined in this Section 9 are not necessarily exhaustive. UCF Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Takeover Offer. By accepting the Takeover Offer, UCF Shareholders will be investing in UCM.

Accordingly, an investment in the Combined Group carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following:

9.2 Risks Relating to the Takeover Offer

(a) Sale of UCM Shares

If the Takeover Offer is successful, UCM will issue a significant number of new UCM Shares. Some holders of UCM Shares may not intend to continue to hold their UCM Shares and may wish to sell them. However, as UCM is not listed on a securities exchange, there may not be a liquid market for those UCM Shares which may adversely impact on the price for UCM Shares.

(b) Transaction and other costs

Transaction and other cash costs incurred (or which are expected to be incurred by UCM) in relation to the successful implementation of the Takeover Offer are currently estimated at approximately \$150,000 (exclusive of GST), comprising adviser, legal, accounting, expert fees, and various other costs.

(c) **Change in Control Risk**

As the Takeover Offer will, if successful, result in a change in control of UCF, there may be adverse consequences for the Combined Group. For example, the terms of the contracts to which UCF is a party may entitle the other party to the contract to terminate the contract or revise its terms in the event of a change of control of UCF.

(d) **Merger Integration**

The integration of UCM and UCF may produce some risks, including the integration of management, information systems and work practices. There is no guarantee that any synergy benefits or costs savings will be achieved on time or at all.

(e) **Stamp Duty and Government Charges**

Stamp duty and other government charges may be payable by UCM in relation to the Takeover Offer. The amount of these duties and charges may be material.

(f) **Forward Looking Information**

Certain information in this Bidder's Statement constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Combined Group to be different from the expectations expressed or implied in this Bidder's Statement.

(g) **Due Diligence**

In preparing the information relating to UCF contained in this Bidder's Statement, UCM has relied on publicly available information relating to UCF and information provided by UCF. Risks may exist in relation to the UCF (which will affect the Combined Group) of which UCM is unaware.

9.3 **Specific Risks Relating to the Combined Group**

(a) **Marine Fuel Oil market factors and commercialisation**

The COVID-19 pandemic has created upheaval in global marine fuel markets. Pandemic-related movement restrictions have stopped people from commuting and traveling, which has had the effect of drastically reducing oil usage. Refiners have redirected diesel and jet output that would normally have been consumed by on-road and air transport, into blending for the marine market. And where possible, refiners have also been altering their processes to reduce the production of HSFO and increase production of very LSFO.

This has had the combined effect of reducing the LSFO-HSFO spread. This spread is effectively the margin that UCM and its prospective customers have to play with when HSFO is put through the Ultrex desulphurisation process and on-sold as LSFO.

In the lead up to the International Maritime Organisation's (IMO) regulation mandating a reduction in the sulphur content of marine fuels from 3.50% to 0.50% or below coming into effect in January 2020, the spread was between US\$200 – 300 per metric tonne. The combined

impact of ample supplies of LSFO, and a significant drop in international trade due to COVID-19, has seen the spread drop to as low as US\$40 per metric tonne. It has improved somewhat in recent months and in mid-December was sitting at approximately US\$70 - \$90 per metric tonne for 10,000ppm No.6 fuel oil.

When COVID-19 passes and the demand for on-road diesel and straight run kerosene (usually processed into jet fuel) returns, these fuels should once again become a less attractive option for blending into marine fuels. This should see the LSFO-HSFO spread rebound further. However, making any definitive forward-looking projections for the LSFO-HSFO spread is very difficult at this time given the ongoing uncertainty being created by the pandemic.

Whilst extensive laboratory testing performed in the last year has demonstrated that the Ultraclean solution can be successfully applied to oxidise sulphur containing compounds into their respective sulphones in a range of heavy hydrocarbon fuels that are blended into marine fuels, further optimisation work will need to be performed over the coming year to (a) Identify and evaluate the most commercially viable solvent stripping process to remove the sulphones produced in the oxidation process; and (b) continue to reduce the overall operating and capex costs of the solution, because at the current LSFO-HSFO spread the solution is not commercially viable.

(b) **Unsuccessful Research and Development and Commercialisation**

A principal component of the Combined Group's business involves continuing research and development into the desulphurisation of Fuel Oil and other types of fuel. It is possible that the research and development activities of the Combined Group will not produce a positive result. There is also a risk that, even though the research and development may be successful, the Combined Group is unable to commercialise the results of that success.

(c) **Additional Requirements for Capital**

The Combined Group may need to raise additional funds in the future to fund business, operational and research and development costs to effectively implement its business and operations plans, for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Combined Group may incur.

The Combined Group may seek to raise further funds through equity, debt or other means. There is no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Combined Group and might involve substantial dilution to shareholders of the Combined Group.

Loan agreements and other financing arrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Combined Group may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Combined Group would be able to repay such loans in the event of an acceleration. Enforcement of any security

granted by the Combined Group or default under a finance lease could also result in the loss of assets.

(d) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Combined Group depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Combined Group if one or more of these employees cease their employment.

(e) **The pro forma consolidated financial statements of the Combined Group are presented for illustrative purposes only and may not be an indication of the Combined Group's financial conditions or results of operations following the Takeover Offer**

The Combined Group's pro forma consolidated financial statements contained in this Bidder's Statement are presented for illustrative purposes only as of their respective dates and may not be an indication of the financial condition or results of operations of the Combined Group following the Takeover Offer for several reasons. For example, the pro forma consolidated financial statements have been derived from the respective consolidated historical financial statements of UCM and UCF, and certain adjustments and assumptions made as of the dates indicated therein have been made to give effect to the Takeover Offer and the other relevant transactions. The information upon which these adjustments and assumptions have been made is preliminary and these kinds of adjustments and assumptions are difficult to make with complete accuracy.

(f) **The Combined Group may not be able to effectively manage its growth and operations, which could materially and adversely affect its business**

The Combined Group may, in the future, experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, proper integration and continued development of the Combined Group's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. Failure to successfully manage its possible growth and development could have a material adverse effect on the Combined Group's business and the value of the shares of the Combined Group.

(g) **Coronavirus Risk**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. There has been a significant reduction in global demand for oil and diesel, which is having a negative impact on the investment appetite in the oil and fuel sector. Additionally, governmental or industry measures taken in response to COVID-19 may also adversely impact the Combined Group's operations and are likely to be beyond the control of the Combined Group.

The long-term impacts from COVID-19 on general economic and industry conditions remain uncertain at this time and may adversely impact the financial and operational performance of the Combined Group and the delivery of its growth strategies in the future.

The UCM Directors are monitoring the situation closely and have considered the impact of COVID-19 on UCM's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

(h) **Regulation and Environmental Risks**

The operations and proposed activities of the Combined Group are subject to state and federal laws and regulations concerning the environment. As with most businesses that deal with oil and fuels, the Combined Group's activities are expected to have an impact on the environment. As such, there is a risk that environmental laws and regulations may have a material adverse impact on the business of the Combined Group. In addition, significant liabilities could be imposed on the Combined Group for damages, clean-up costs or penalties if there is non-compliance with environmental laws or regulations.

The disposal of by-products of materials used in the process of fuel refining is under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Combined Group's operations more expensive.

(i) **Trading Price of Shares**

The Combined Group's credit quality, operating results, economic and financial prospects and other factors may affect the trading price of the shares of the Combined Group. In addition, the price of UCM Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the Australian dollar performance on world markets, commodity price fluctuations, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the shares of the Combined Group. No assurances can be made that the Combined Group's market performance will not be adversely affected by any such market fluctuations or factors.

(j) **Potential acquisitions**

As part of its business strategy, the Combined Group may make acquisitions of, or significant investments in, companies or assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(k) **Climate Change**

There are a number of climate-related factors that may affect the operations and proposed activities of the Combined Group. The climate change risks particularly attributable to the Combined Group include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Combined Group may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or

environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Combined Group and its profitability. While the Combined Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Combined Group will not be impacted by these occurrences; and

- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Combined Group, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Combined Group operates.

(l) **Taxation Risk**

Future changes in taxation law in Australia, including changes in interpretation or application of the law by courts or taxation authorities in Australia, may affect taxation treatment of an investment in the Combined Group, or the holding or disposal of shares of the Combined Group. Further changes in taxation law, or the way in which the Combined Group operates, may impact the Combined Group's future tax liabilities and may affect the Combined Group's ability to provide returns to shareholders and/or alter the post-tax returns to shareholders.

9.4 General Risks Relating to the Combined Group

(a) **Competition Risk**

The industry in which the Combined Group is involved is subject to domestic and global competition. Although UCM considers that it undertakes all reasonable due diligence in its business decisions and operations, UCM has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Combined Group's business and operations following completion of the Takeover Offer.

(b) **Economic Risk**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Combined Group's business and operations, as well as on its ability to fund those operations.

(c) **Regulatory Risk**

UCM and the UCF Group are based in Australia and is subject to Australian laws and regulations. For example, UCM and the UCF Group are currently and will, after completion of the Takeover Offer, continue to be required to comply with the Corporations Act. Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in the countries in which the Combined Group operates, and may operate, may adversely affect the financial performance of the Combined Group.

(d) **Force Majeure**

The Combined Group's operations now or in the future may be adversely affected by risks outside the control of the Combined Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, pandemics or quarantine restrictions.

(e) **Litigation Risks**

The Combined Group will be exposed to possible litigation risks including environmental claims, occupational health and safety claims and employee claims. Further, the Combined Group may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Combined Group's operations, financial performance and financial position. UCM is not currently engaged in any litigation.

As set out in Note 17 of UCF's Consolidated Financial Statements for the year ended 30 June 2020, the UCF Group has been advised of a potential legal claim relating to alleged soil contamination on a customer's site. The UCF Group has denied liability and intends to defend any claims raised. At this point the potential claim is difficult to quantify. In the UCF Directors' view any potential claim is likely to be met by the UCF Group's insurer. However, there is a risk that a successful claim may not be met by the UCF Group's insurer which may impact adversely on the Combined Group's operations, financial performance and financial position.

10. ADDITIONAL INFORMATION

10.1 Bid Implementation Agreement

On the 4th January 2021, UCM and UCF entered into a bid implementation agreement, which sets out the terms and conditions on which UCM will offer to acquire all of the UCF Shares via an off-market takeover offer (**Bid Implementation Agreement**).

A summary of the material terms of the Bid Implementation Agreement is set out below.

Recommendation of UCF Directors	<p>UCF represents and warrants that:</p> <ul style="list-style-type: none">(a) the UCF Board has met and considered the possibility of UCM making the Takeover Offer;(b) the UCF Board has determined that:<ul style="list-style-type: none">(i) the UCF Voting Directors do not have a material personal interest or other actual or potential conflict of interest in respect of the Takeover Offer; and(ii) the UCF Non-voting Directors have a material personal interest or other actual or potential conflict of interest in respect of the Takeover Offer;(c) the UCF Voting Directors have informed UCF that, if UCM proceeds with the Takeover Offer in accordance with the Bid Implementation Agreement, they will recommend that UCF Shareholders accept an offer under the Takeover Offer, subject to there being no Superior Proposal;(d) the UCF Non-voting Directors have informed UCF that they will abstain from providing a recommendation on the Takeover Offer due to their material personal interest in UCF Shares; and(e) the members of the UCF Board have informed UCF that, if UCM proceeds with the Takeover Offer in accordance with the Bid Implementation Agreement, they intend to accept (or procure the acceptance of) the Takeover Offer in respect of all UCF Shares in which they have a relevant interest, subject to there being no Superior Proposal.
Exclusivity	<p>The Bid Implementation Agreement contains certain exclusivity arrangements in favour of UCM, which are in line with market practice. During the Exclusivity Period, UCF must not, and must not authorise, permit or require any of its associates, agents or advisers to:</p> <p>Non-solicitation</p> <ul style="list-style-type: none">(a) directly or indirectly solicit, invite, or facilitate, encourage or initiate any enquiries, negotiations, discussions or proposal; or(b) communicate to any person any intention to do any of these things, <p>in relation to, or which may reasonably be expected to lead to, a Competing Proposal.</p>

	<p>No talk</p> <ul style="list-style-type: none"> (a) directly or indirectly participate in any discussions or negotiations; (b) enter into any agreement, arrangement or understanding; or (c) communicate any intention to do any of these things, with another person in relation to, or which might reasonably be expected to lead to, a Competing Proposal. <p>However, nothing above prevents UCF or the UCF Board from doing or not doing anything with respect to a Competing Proposal in relation to any person if:</p> <ul style="list-style-type: none"> (d) the UCF Board has determined (in good faith and acting reasonably), after receiving written legal advice from its external legal counsel that to do so, or not to do so, as the case may be, would constitute or would be likely to constitute a breach of any fiduciary or statutory duty of the members of the UCF Board; and (e) the Competing Proposal is or can reasonably be considered to become a Superior Proposal, <p>provided that the Competing Proposal has not arisen as a consequence of a breach of the non-solicitation described above.</p>
Competing Proposal	<p>UCF must give UCM notice immediately upon:</p> <ul style="list-style-type: none"> (a) becoming aware of any: <ul style="list-style-type: none"> (i) negotiations or discussions; (ii) approach or attempt to initiate any negotiations or discussions; (iii) intention to make such an approach or attempt to initiate any negotiations or discussions; or (iv) any request for information relating to UCF or the business or assets of UCF or any request for access to UCF's books and records, which UCF reasonably believes is made, <p>in respect of any expressions of interest, offer or proposal that may lead to any Competing Proposal;</p> <ul style="list-style-type: none"> (b) the UCF Board determining that it must do or not do anything in relation to a Competing Proposal to comply with any fiduciary or statutory duty of the members of its board; and (c) the UCF Board determining that the Competing Proposal is or can reasonably be considered to become a Superior Proposal.
Matching Right	<p>If at any time prior to completion of the Takeover Offer UCF receives a Superior Proposal, the following provisions apply:</p> <ul style="list-style-type: none"> (a) UCF must immediately give UCM notice in writing of that fact and that notice must provide all material details of the Superior Proposal, including details of the proposed acquirer; (b) if UCF gives UCM the above notice:

	<ul style="list-style-type: none"> (i) UCF agrees that it will not, until the end of the fifth Business Day following the receipt of that notice by UCM, enter into any legally binding agreement with respect to the Superior Proposal; (ii) UCM agrees that the notice and its contents are to be kept confidential; (iii) UCM will have the right, but not the obligation, at any time until the end of the fifth Business Day following receipt of the notice to: <ul style="list-style-type: none"> (A) offer to amend the terms of the Takeover Offer; or (B) propose any other transaction (each a Counterproposal), and if UCM does so, the UCF Board must review the Counterproposal in good faith and in such a manner that the UCF Board considers is required to comply with its fiduciary and statutory duties, to determine whether the Counterproposal is more favourable to UCF Shareholders than the Superior Proposal; <p>(c) if the UCF Board determines, in good faith and in order to satisfy what the UCF Board considers to be its fiduciary and statutory duties, that the Counterproposal is more favourable to UCF Shareholders than the Superior Proposal, then:</p> <ul style="list-style-type: none"> (i) if the Counterproposal contemplates an amendment to the Takeover Offer, the parties must enter into a document amending the Bid Implementation Agreement in relation to the Takeover Offer and reflecting the Counterproposal; and (ii) if the Counterproposal contemplates any transaction other than an amendment to the Takeover Offer, UCF must make a public announcement as soon as reasonably practicable recommending the Counterproposal, in the absence of a more favourable proposal, and the parties must pursue the implementation of the Counterproposal in good faith; and <p>(d) for the purposes of the above, each successive material modification of any Competing Proposal in relation to a Superior Proposal will be deemed to constitute a new proposal and the provisions of this clause will apply to each such new proposal.</p>
Termination	Termination by UCM or UCF Either party may terminate the Bid Implementation Agreement by giving written notice to the other party at any time: <ul style="list-style-type: none"> (a) if the other party is in material breach of any provision, including a warranty, of the Bid Implementation Agreement provided that:

- (i) it has given written notice to the other party setting out the relevant circumstance and stating its intention to terminate; and
- (ii) if the relevant circumstance continues to exist for 10 Business Days (or any shorter period ending at 5.00pm on the day before the Takeover Offer Date) after the notice is given; or
- (b) if UCM withdraws the Takeover Offer or the Takeover Offer lapses for any reason, including for non-satisfaction of a Condition; or
- (c) the UCF Board withdraws its support for the Takeover Offer (or any Counterproposal, if applicable) due to the existence of a Superior Proposal.

Termination by UCM

UCM may terminate the Bid Implementation Agreement by giving written notice to UCF at any time if:

- (a) a Condition is not fulfilled; or
- (b) a Competing Proposal is made and:
 - (i) the maker of the Competing Proposal (together with its associates) acquires a relevant interest in more than 10% of the UCF Shares; and
 - (ii) the Competing Proposal becomes unconditional; or
- (c) the UCF Board fails to recommend the Takeover Offer (or any Counterproposal, if applicable) or makes a public statement that it no longer supports the Takeover Offer (or any Counterproposal, if applicable), or any member of the UCF Board withdraws a recommendation previously made.

Costs

Payment of costs incurred by UCM

- (a) Provided that UCM has not failed to perform any material covenant required to be performed by UCM under the Bid Implementation Agreement, or has remedied any such failure, and no UCM Representation and Warranty is untrue in any material respect, if:
 - (i) a Competing Proposal is made and:
 - (A) the maker of the Competing Proposal (together with its associates) acquires a relevant interest in more than 10% of the UCF Shares; and
 - (B) the Competing Proposal becomes unconditional; or
 - (ii) the UCF Board fails to recommend the Takeover Offer (or any Counterproposal, if applicable) or makes a public statement that it no longer supports the Takeover Offer (or any Counterproposal, if applicable), or any member of the UCF Board withdraws a recommendation previously made; or

	<p>(iii) UCM validly terminates the Bid Implementation Agreement,</p> <p>then UCF must reimburse UCM for the costs and expenses incurred, the time invested by UCM and the opportunity costs incurred by UCM as a result of pursuing the transactions contemplated by the Bid Implementation Agreement by paying the Break Fee to UCM.</p> <p>(b) UCF must pay UCM the amount claimed above within 5 Business Days of receipt by UCF of a demand for payment by UCM.</p> <p>(c) Notwithstanding the occurrence of any of the events set out in above, the amount set out in that clause is not payable by UCF if:</p> <p>(i) the Takeover Offer becomes unconditional; or</p> <p>(ii) UCF validly terminates the Bid Implementation Agreement.</p> <p>Payment of costs incurred by UCF</p> <p>(a) Provided that UCF has not failed to perform any material covenant required to be performed by UCF, or has remedied any such failure, and no UCF representation and warranty is untrue in any material respect, if UCM fails to proceed with the Takeover Offer, except as a result of:</p> <p>(i) the occurrence of an event or circumstance which would entitle UCM to payment of the Break Fee; or</p> <p>(ii) the termination of the Bid Implementation Agreement by UCM,</p> <p>then UCM must reimburse UCF for the costs and expenses incurred, the time invested by UCF and the opportunity costs incurred by UCF as a result of pursuing the transactions contemplated by the Bid Implementation Agreement by paying the Break Fee to UCF.</p> <p>(b) UCM must pay UCF the amount claimed within five Business Days of receipt by UCM of a demand for payment by UCF.</p>
--	---

A full copy of the Bid Implementation Agreement can be obtained by contacting Andrew McFadden on +61 2 8188 8913.

10.2 Loan Agreement

On 21 December 2020, UCM (as lender) and UCF (as borrower) entered into a loan agreement pursuant to which UCM will loan up to \$200,000 to UCF accruing an interest rate of 8.95% per annum (**Loan Agreement**). The loan is repayable on the earlier of:

- (a) a change of control of UCF occurring, other than where UCM becomes the controller; or

- (b) immediately on and from 1 July 2021;
- (c) where the Loan Agreement is terminated; or
- (d) 19 December 2021.

The loan is unsecured. The Loan Agreement is on standard arm's length terms for an agreement such as this.

10.3 Acquisitions of UCF Shares by UCM and its Associates

Neither UCM nor any Associate of UCM has provided, or agreed to provide, consideration for UCF Shares under any purchase or agreement during the four months before the date of this Bidder's Statement and the period from the date of this Bidder's Statement to the date before the date of the Takeover Offer.

10.4 No Escalation Agreements

Neither UCM nor any Associate of UCM has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

10.5 Collateral Benefits

During the period of four months before the date of this Bidder's Statement, neither UCM nor any Associate of UCM gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Takeover Offer; or
- (b) dispose of their UCF Shares,

and which is not offered to all holders of UCF Shares under the Takeover Offer.

10.6 Disclosure of Information

Due to the fact that UCM is offering UCM Shares as consideration for the acquisition of UCF Shares under the Takeover Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for a Takeover Offer of UCM Shares under sections 710 to 713 of the Corporations Act. UCM is of the view that it has included in this Bidder's Statement sufficient information to meet the above statutory requirement.

10.7 Interests and Benefits Relating to the Takeover Offer

10.7.1 Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) Director or proposed Director of UCM;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (c) promoter of UCM; or

- (d) broker or underwriter in relation to the issue of UCM Shares pursuant to the Takeover Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of UCM Shares,

(together, the **Interested Persons**) has, or had within two years before the date of this Bidder's Statement, any interest in:

- (e) the formation or promotion of UCM;
- (f) any property acquired or proposed to be acquired by UCM in connection with its formation or promotion or in connection with the offer of UCM Securities under the Takeover Offer; or
- (g) the offer of UCM Securities under the Takeover Offer.

10.7.2 Disclosure of Fees and Benefits Received by Certain Persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a Director or proposed Director of UCM to induce them to become, or to qualify as, a Director of UCM; or
- (b) for services provided by an Interested Person in connection with the formation or promotion of UCM or the offer of UCM Securities under the Takeover Offer.

GrilloHiggins Lawyers

GrilloHiggins Lawyers has agreed to act as Australian legal adviser to UCM in relation to the Takeover Offer and will be entitled to receive professional fees in accordance with its normal time-based charges. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, UCM has paid or agreed to pay GrilloHiggins Lawyers approximately \$100,000 for services in respect of the Takeover Offer.

Pitcher Partners

UCM has entered into an agreement with Pitcher Partners under which UCM has appointed Pitcher Partners as its independent valuer in relation to the Takeover Offer. In consideration for the services provided by Pitcher Partners under this agreement, Pitcher Partners will be entitled to receive professional fees in accordance with its normal time-based charges. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, UCM has paid

or agreed to pay Pitcher Partners approximately \$14,000 for services in respect of the Takeover Offer.

10.8 Disclosure of Interests of UCM Directors

Interest in UCM Securities

The UCM Directors have the following interests in UCM Securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

UCM Director	UCM Shares	%
Grant Gargano	1,639,904	13.7%
David Hancock	1,177,205	9.8%
John Montgomerie	290,242	2.4%
Curtis Samford	225,332	1.9%
Randal Jitts	742	0.0062%
TOTAL	3,333,425	27.8%

Interest in UCF Shares

The UCM Directors have the following interests in UCF Shares (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

UCM Director	UCF Shares	%
Grant Gargano	2,239,309	22.0%
David Hancock	1,071,616	10.5%
John Montgomerie	258,107	2.5%
Curtis Samford	225,332	2.2%
Randal Jitts	742	0.0073%
TOTAL	3,795,106	37.3%

10.9 Fees and Benefits of Directors

The constitution of UCM provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by UCM in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The annual emoluments (inclusive of superannuation and otherwise as set out in the notes below) of the UCM Directors for the last two financial years and the proposed remuneration of the UCM Directors for the current financial year is as follows:

Director	Proposed Remuneration for the Financial Year ending 30 June 2021	Remuneration for the Financial Year ended 30 June 2020	Remuneration for the Financial Year ended 30 June 2019
----------	--	--	--

UCM Directors			
Grant Gargano	\$-	\$-	\$-
David Hancock	\$-	\$-	\$-
John Montgomerie	\$-	\$-	\$-
Randal Jitts	\$-	\$-	\$-
Curtis Samford ¹	\$-	\$-	\$-

Notes:

1. Appointed on 25 November 2020

Directors, companies associated with the Directors or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of UCM and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by UCM. The figures for the 2021 Financial Year are current as at the date of this Bidder's Statement.

10.10 Expenses of the Takeover Offer

The total amount of cash that UCM may become obliged to pay to satisfy all expenses incurred by UCM in relation to the Takeover Offer will be provided from UCM's existing cash balances.

UCM estimates it will incur fees for services provided in connection with the Takeover Offer, including for legal, taxation, financial advisers, share register and other professional fees, in the amount of approximately \$150,000 (excluding GST).

10.11 Material Litigation

UCM is not aware of any litigation or threatened, or other legal proceedings in relation to UCM.

10.12 Status of Conditions

The Conditions of the Takeover Offer are set out in Section 11.8. UCM will endeavour to ensure the Conditions are satisfied as soon as practicable after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, UCM is not aware of any events which would result in a breach or inability to satisfy the Conditions.

UCM will give a notice of the status of the Conditions in accordance with the Corporations Act on the 9th February 2021 (subject to extension if the Takeover Offer Period is extended).

10.13 Consents

Each of the parties referred to in this Section:

- to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section; and
- has not caused or authorised the issue of this Bidder's Statement.

Pitcher Partners has given its consent to be named in the Bidder's Statement as independent valuer to UCM in relation to the Takeover Offer. Other than as set out above, Pitcher Partners has not made any statement that is included in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based.

GrilloHiggins Lawyers has given its consent to be named in the Bidder's Statement as Australian legal advisers to UCM in relation to the Takeover Offer. GrilloHiggins Lawyers has not made any statement that is included in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based.

Each person named in this Section 10.13 has given, and before the time of lodgement of this Bidder's Statement with ASIC, has not withdrawn, their consent to being named in this Bidder's Statement in the capacity indicated next to their name.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC. Under ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact Andrew McFadden on +61 2 8188 8913.

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication.

10.14 ASIC Modifications and Exemptions

UCM has not obtained from ASIC any modifications to, or exemptions from, the Corporations Act in relation to the Takeover Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons including UCM (including those referred to in Section 10.14 of this Bidder's Statement).

10.15 Other Material Information

There is no other information material to the making of a decision by a holder of UCF Shares whether or not to accept the Takeover Offer being information that is known to UCM and which has not previously been disclosed to UCF Shareholders other than as is contained elsewhere in this Bidder's Statement.

10.16 Expiry Date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

10.17 Date for Determining Holders

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

11. TERMS OF THE TAKEOVER OFFER

11.1 Takeover Offer

- (a) UCM offers to acquire all of your UCF Shares, together with all Rights attached to them, on and subject to the terms and conditions set out in this Section 11.
- (b) The consideration being offered by UCM for the acquisition of all of your UCF Shares is 8.4 new UCM Shares for every one of your UCF Shares. If this calculation results in an entitlement to a fraction of a UCM Share, that fraction will be rounded to the nearest whole number of UCM Shares.
- (c) The UCM Shares to be issued pursuant to the Takeover Offer will be fully paid and, from their date of issue, rank equally in all respects with existing UCM Shares currently on issue and have the rights summarised in Section 4.2.
- (d) By accepting this Takeover Offer, you undertake to transfer to UCM not only the UCF Shares to which the Takeover Offer relates, but also all Rights attached to those UCF Shares.
- (e) The Takeover Offer is dated 5th January 2021.

11.2 Takeover Offer Period

- (a) Unless extended or withdrawn, the Takeover Offer will remain open for acceptance during the period commencing on the date of the Takeover Offer (being the 5th January 2021) and ending at 5:00 pm (Sydney Time) on the later of:
 - (i) the 16th February 2021; or
 - (ii) any date to which the Takeover Offer Period is extended.
- (b) UCM reserves the right, exercisable in its sole discretion, to extend the Takeover Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven days of the Takeover Offer Period, either of the following events occurs:
 - (i) the Takeover Offer is varied to improve the consideration offered; or
 - (ii) the voting power of UCM in UCF increases to more than 50%.

then the Takeover Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with section 624(2) of the Corporations Act.

11.3 Who May Accept the Takeover Offer

- (a) The Takeover Offer is being made to each person registered as a holder of UCF Shares on UCF's register of members as at the Record Date.
- (b) A person who:

- (i) is able, during the Takeover Offer Period, to give good title to a parcel of UCF Shares; and
- (ii) has not already accepted the Takeover Offer in relation to those UCF Shares,

may accept as if a Takeover Offer from UCM on terms identical with the Takeover Offer had been made to that person in relation to those UCF Shares.

- (c) If, at the time the Takeover Offer is made to you, or at any time during the Takeover Offer Period, another person is registered or is entitled to be registered as the holder of some or all of your UCF Shares, then:

- (i) a corresponding Takeover Offer on the same terms and conditions as this Takeover Offer will be deemed to have been made to that other person in respect of those UCF Shares; and
- (ii) a corresponding Takeover Offer on the same terms and conditions as this Takeover Offer will be deemed to have been made to you in respect of any other UCF Shares you hold to which the Takeover Offer relates; and
- (iii) this Takeover Offer will be deemed to have been withdrawn immediately at that time.

- (d) If at any time during the Takeover Offer Period you are registered or entitled to be registered as the holder of one or more parcels of UCF Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct Takeover Offer on the same terms and conditions as this Takeover Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Takeover Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act and provide UCM with a notice stating the following:

- (i) either that the parcel is held in your own right or, if the parcel is held for a beneficiary, the name and address of each beneficiary;
- (ii) if the parcel is held in your own right, the date of the transaction through which you acquired a legal interest in the parcel; and
- (iii) if the parcel is held for one or more beneficiaries, the date on which each beneficiary acquired a beneficial interest in that parcel (or, if unknown, the date that the beneficiary is reasonably believed to have acquired a beneficial interest in that parcel).

If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Andrew McFadden on +61 2 8188 8913 to request those additional copies.

- (e) The Takeover Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC).

- (f) If your UCF Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Takeover Offer.

11.4 How to Accept the Takeover Offer

(a) General

- (i) You may only accept the Takeover Offer in respect of all (and not a lesser number) of your UCF Shares.
- (ii) You may accept the Takeover Offer at any time during the Takeover Offer Period.
- (iii) To accept the Takeover Offer for UCF Shares held in your name, you must:
 - (A) complete and sign the Acceptance Form in accordance with the terms of the Takeover Offer and the instructions on the Acceptance Form; and
 - (B) ensure that the Acceptance Form (including any documents required by the terms of the Takeover Offer and the instructions on the Acceptance Form which includes original share certificates you hold in respect of your UCF Shares) is received before the end of the Takeover Offer Period, at the address shown on the Acceptance Form.

11.4.2 Acceptance Form and Other Documents

- (a) The Acceptance Form forms part of this Takeover Offer. The requirements on the Acceptance Form must be observed in accepting the Takeover Offer.
- (b) For your acceptance to be valid you must ensure that your Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for it to be received by UCM at the address shown on the Acceptance Form before the end of the Takeover Offer Period. You may only return your Acceptance Form by facsimile with the prior approval of UCM.
- (c) The postage and transmission of the Acceptance Form and other documents is at your own risk.
- (d) When accepting the Takeover Offer, you must also forward for inspection:
 - (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
 - (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased UCF Shareholder, the relevant grant of probate or letters of administration.

11.5 Validity of Acceptances

- (a) Subject to this Section 11.5, your acceptance of this Takeover Offer will not be valid unless it is made in accordance with the procedures set out in Section 11.4.
- (b) UCM will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept this Takeover Offer and time of receipt of an acceptance of this Takeover Offer. UCM is not required to communicate with you prior to making this determination. The determination of UCM will be final and binding on all parties.
- (c) Notwithstanding Section 11.3, UCM may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your UCM Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with this Takeover Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by UCM.
- (d) UCM will provide the Consideration to you in accordance with Section 11.7, in respect of any acceptance determined by UCM to be valid.

11.6 The Effect of Acceptance

- (a) Once you have accepted this Takeover Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw that acceptance or otherwise dispose of your UCF Shares to which this Takeover Offer relates, except as follows:
 - (i) if the Conditions in Section 11.8 have not been fulfilled or freed by:
 - (A) in the case of the Condition in Section 11.8(b), at the end of the third Business Day after the end of the Takeover Offer Period; or
 - (B) in relation to all other Conditions, the end of the Takeover Offer Period, this Takeover Offer will automatically terminate and your UCF Shares the subject of your acceptance will be returned to you; or
 - (ii) if the Takeover Offer Period is varied in a way that postpones the obligations of UCM to deliver the consideration for more than one month and, at the time, this Takeover Offer remains subject to one or more of the Conditions contained in Section 11.8, you may be able to withdraw your acceptance in relation to your UCF Shares in accordance with section 650E of the Corporations Act. Should such rights arise, a notice will be sent to you at the relevant time explaining your rights in this regard.
- (b) By following the procedure described in Section 11.3 to accept this Takeover Offer, you will be deemed to have:

- (i) accepted this Takeover Offer (and any variation to it, subject to section 650E of the Corporations Act) in respect of the UCF Shares registered in your name to which this Takeover Offer relates, regardless of the number of UCF Shares specified in the Acceptance Form, subject to Sections 11.3(a) and 11.3(c);
- (ii) agreed to accept the UCM Shares to which you become entitled by accepting this Takeover Offer, subject to UCM's constitution and the terms of issue of the UCM Shares and to have authorised UCM to place your name on its register of shareholders as the holder of the UCM Shares issued to you under the Takeover Offer;
- (iii) agreed to the terms of the Takeover Offer and, subject to the Conditions contained in Section 11.8 being fulfilled or waived, agreed to transfer to UCM all of your UCF Shares (including all of the Rights attached to those UCF Shares);
- (iv) irrevocably authorised UCM (and any Director, secretary, nominee or agent of UCM) to alter the Acceptance Form on your behalf by inserting correct details of your UCF Shares, filling in any blanks and correcting any errors in or omissions from the Acceptance Form as may be considered necessary by UCM to make the Acceptance Form an effective acceptance of this Takeover Offer or to enable registration of the transfer to UCM of your UCF Shares;
- (v) represented and warranted to UCM that as a fundamental condition going to the root of the contract resulting from your acceptance that, at the time of acceptance, and the time the transfer of your UCF Shares (including any Rights) to UCM is registered:
 - (A) UCM will acquire good title to and beneficial ownership of all of your UCF Shares free from all security interests, mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or equitable) and free from restrictions on transfer of any nature (whether legal or otherwise) and other third-party interests of any kind;
 - (B) you have paid UCF all amounts which are due in respect of your UCF Shares;
 - (C) all of your UCF Shares are fully paid; and
 - (D) you have full power and capacity to accept the Takeover Offer and to sell and transfer the legal and beneficial ownership of your UCF Shares (including all Rights attached to them) to UCF;
- (vi) irrevocably authorised and directed UCF to pay to UCM or to account to UCM for all Rights which are declared, paid or which arise or accrue after the Announcement Date in respect of your UCF Shares (subject to UCM accounting to you for any Rights received by it if your acceptance of this Takeover Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);

- (vii) irrevocably authorised UCM to notify UCF on your behalf that your place of address for the purpose of serving notices upon you in respect of your UCF Shares is the address specified by UCM in the notification;
- (viii) represented and warranted to UCM that, unless you have notified UCM in accordance with Section 11.3(d), your UCF Shares do not consist of separate parcels of UCF Shares;
- (ix) if you reside outside of Australia, represented and warranted to UCM that the making by UCM to you, and your acceptance, of this Takeover Offer is lawful under any law of a country other than Australia which apply to you to the making of this Takeover Offer and to your acceptance of this Takeover Offer;
- (x) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes or is declared unconditional, appointed (and agreed not to revoke that appointment) UCM and each of its Directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your UCF Shares or in exercise of any right or power derived from the holding of your UCF Shares including, without limitation the power to:
 - (A) attend and vote in respect of your UCF Shares at any and all meetings of the members of UCF;
 - (B) requisition or join with other holders of UCF Shares in requisitioning and/or convening a meeting of the members of UCF;
 - (C) demand a poll for any vote to be taken at any meeting of the members of UCF;
 - (D) propose or second any resolutions to be considered at any, and all meetings of UCF Shareholders;
 - (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of UCM as a proxy in respect of all or any of your UCF Shares and a transfer form for your UCF Shares), proxies, consents, agreements and resolutions relating to your UCF Shares;
 - (F) request UCF to register in the name of UCM all of your UCF Shares; and
 - (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of UCM as the beneficial owner and intended registered holder of your UCF Shares and to have further agreed to do all such acts, matters and things that UCM may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this Section which complies in all respects with the requirements of

the constitution of UCF) if requested by UCM. This appointment is irrevocable and terminates upon the earlier of registration of a transfer to UCM of your UCF Shares, withdrawal of your acceptance of the Takeover Offer in accordance with section 650E of the Corporations Act and withdrawal of the Takeover Offer by UCM in accordance with section 652A of the Corporations Act;

- (xi) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes or is declared unconditional, agreed not to vote in person, by proxy or otherwise at any general meeting of UCF or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on UCM and the UCM Directors, secretaries and other officers of UCM by Section 11.6(b);
 - (xii) agreed to do all such acts, matters and things that UCM may require to give effect to the matters the subject of this Section 11.6(b) (including the execution of a written form of proxy to the same effect as this Section 11.6(b) which complies in all respects with the requirements of the constitution of UCF) if requested by UCM; and
 - (xiii) agreed, subject to the Conditions of this Takeover Offer in Section 11.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that UCM may consider necessary or desirable to convey your UCF Shares registered in your name and Rights to UCM.
- (c) The representations, warranties, undertakings and authorities referred to in this Section 11.6 will (unless otherwise stated) remain in force after you receive the Consideration for your UCF Shares and after UCM becomes registered as the holder of your UCF Shares.

11.7 Consideration

- (a) Subject to the terms of this Takeover Offer and the Corporations Act, UCM will provide the Consideration for your UCF Shares on or before the earlier of:
- (i) one month after the date your acceptance, or if this Takeover Offer is subject to a defeating condition when you accept this Takeover Offer, within one month after this Takeover Offer becomes unconditional; and
 - (ii) 21 days after the end of the Takeover Offer Period,
- provided that you have provided all of the documents required for acceptance of the Takeover Offer with your acceptance.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
- (i) if that document is given with your Acceptance Form, UCM will provide the Consideration in accordance with Section 11.7(a);

- (ii) if that document is given after your Acceptance Form and before the end of the Takeover Offer Period while this Takeover Offer is subject to a defeating condition, UCM will provide the Consideration on or before the earlier of one month after this Takeover Offer becomes unconditional and 21 days after the end of the Takeover Offer Period;
 - (iii) if that document is given after your Acceptance Form and before the end of the Takeover Offer Period while this Takeover Offer is not subject to a defeating condition, UCM will provide the Consideration on or before the earlier of one month after that document is given and 21 days after the end of the Takeover Offer Period; and
 - (iv) if that document is given after the end of the Takeover Offer Period and the Takeover Offer is not subject to a defeating condition, UCM will provide the Consideration within 21 days after that document is given. However, if at the time the document is given, the Takeover Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, UCM will provide the Consideration due to you within 21 days after the Takeover Offer becomes unconditional.
- (c) If you accept this Takeover Offer, UCM is entitled to all Rights in respect of your UCF Shares. UCM may require you to provide all documents necessary to vest title to those Rights in UCM, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to UCM, or if you have received the benefit of those Rights, UCM will deduct from the Consideration otherwise due to you the amount (or value, as reasonably assessed by UCM) of those Rights.
- (d) The obligations of UCM to allot and issue any UCM Shares to which you are entitled under the Takeover Offer will be satisfied:
 - (i) by entering your name on the register of members of UCM;
 - (ii) dispatching or procuring the dispatch to you by prepaid post to your address specified in your Acceptance Form, an uncertificated holding statement in your name. If your UCF Shares to which the Takeover Offer relates are held in a joint name, an uncertificated holding statement will be forwarded to the holder whose name appears first in your Acceptance Form.
- (e) Under no circumstances will interest be paid on the Consideration to which you are entitled to under the Takeover Offer, regardless of any delay in providing the Consideration or any extension of the Takeover Offer.
- (f) If, at the time you accept this Takeover Offer, any of the following:
 - (i) *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*;
 - (ii) *Autonomous Sanctions Act 2011 (Cth)*; or
 - (iii) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Department of Foreign Affairs and Trade, the ATO or any other Government Authority be obtained before you received any consideration for your UCF Shares, or would make it unlawful for UCM to provide any Consideration to you for your UCF Shares, then you will not be entitled to receive any Consideration for your UCF Shares until all requisite authorities, clearances or approvals have been received by UCM.

11.8 Conditions of the Takeover Offer

Subject to Section 11.10, the Takeover Offer and any contract that results from an acceptance of the Takeover Offer are subject to the fulfilment of the following Conditions:

(a) Minimum acceptance condition

Before the close of the Takeover Offer Period UCM and its associates have relevant interests in at least 90% (by number) of all issued UCF Shares.

(b) No prescribed occurrences

That during the period from the Announcement Date to the close of the Takeover Offer Period (each inclusive), none of the following events or circumstances, as referred to in sections 652C(1) and (2) of the Corporations Act, happen:

- (i) UCF converts all or any of its shares into a larger or smaller number of shares;
- (ii) UCF or a subsidiary of UCF resolves to reduce its share capital in any way;
- (iii) UCF or any subsidiary of UCF enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (iv) UCF or a subsidiary of UCF issues shares, or grants an option over any of its shares, or agrees to make such an issue;
- (v) UCF or a subsidiary of UCF issues or agrees to issue convertible notes;
- (vi) UCF or a subsidiary of UCF disposes, or agrees to dispose of the whole or a substantial part of its business or property;
- (vii) UCF or a subsidiary of UCF charges, or agrees to charge, the whole, or a substantial part of its business or property;
- (viii) UCF or a subsidiary of UCF resolves to be wound up;
- (ix) a liquidator or provisional liquidator of UCF or a subsidiary of UCF is appointed;
- (x) a Court makes an order for the winding-up of UCF or a subsidiary of UCF;

- (xi) an administrator of UCF, or of a subsidiary of UCF, is appointed under section 436A, 436B or 436C of the Corporations Act;
 - (xii) UCF or a subsidiary of UCF executes a deed of company arrangement; or
 - (xiii) a receiver or a receiver and manager is appointed in relation to the whole or a substantial part of the assets of UCF or a subsidiary of UCF.
- (c) Conduct of UCF's business

None of the following events occur during the Takeover Offer Period without the prior written consent of UCM:

- (i) UCF or a subsidiary of UCF makes a change in its constitution or passes a special resolution;
- (ii) UCF or a subsidiary of UCF borrows or agrees to borrow any money (except for temporary borrowing from its bankers in the ordinary course of its business);
- (iii) UCF or a subsidiary of UCF releases, discharges or modifies a substantial obligation to it of any person, firm or corporation, or agrees to do so;
- (iv) UCF or a subsidiary of UCF appoints any additional director to its board of directors whether to fill a casual vacancy or otherwise;
- (v) UCF or a subsidiary of UCF enters into or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee, or makes or agrees to make any substantial change in the basis or amount of remuneration of any director, manager or other employee (except as required by law or provided under any superannuation, provident or retirement scheme as in effect on the Announcement Date);
- (vi) UCF or a subsidiary of UCF conducts its business otherwise than in the ordinary course;
- (vii) UCF or a subsidiary of UCF creates or agrees to create, any mortgage, charge, lien or other encumbrances over the whole, or a substantial part, of its business or property, other than for any hire purchase agreement or similar arrangement which is entered into after the Announcement Date in connection with the purchase of any single item of plant and equipment for less than \$50,000;
- (viii) UCF or a subsidiary of UCF increases the total remuneration for its employees by greater than 5% or otherwise varies the employment arrangements with any of its employees;
- (ix) UCF or a subsidiary of UCF increases the remuneration of its non-executive directors or otherwise varies the employment arrangements with any of its non-executive directors;

- (x) UCF or a subsidiary of UCF accelerates the rights of any of its non-executive directors, senior executives or employees to compensation or benefits of any kind (including under any UCF executive or employee share plans);
- (xi) UCF or a subsidiary of UCF pays any of its non-executive directors, senior executives or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the Announcement Date);
- (xii) UCF or a subsidiary of UCF waives any material third party default; or
- (xiii) UCF or a subsidiary of UCF makes any changes to its accounting practices or policies, other than to comply with generally accepted Australian accounting standard and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the *Income Tax Assessment Act 1997* (Cth).

(d) Material acquisitions and disposals

None of the following events occur during the Takeover Offer Period without the prior written consent of UCM:

- (i) UCF or a subsidiary of UCF acquires, offers to acquire or agrees to acquire an interest in one or more assets for an amount in aggregate greater than \$25,000;
- (ii) UCF or a subsidiary of UCF disposes, offers to dispose or agrees to dispose of one or more assets (or an interest in one or more assets) for an amount in aggregate greater than \$25,000;
- (iii) UCF or a subsidiary of UCF enters into or offers to enter into any joint venture or partnership involving a commitment of greater than \$25,000; or
- (iv) other than in the ordinary course of business, UCF or a subsidiary of UCF incurs, or commits to, or grants to another person, a right, the exercise of which would involve the party or any subsidiary of the party incurring or committing to any capital expenditure or liability for one or more related items of greater than \$25,000.

(e) Withdrawal of UCF support

During the Takeover Offer Period:

- (i) the UCF Board does not make any public statement that it no longer supports the Takeover Offer; or
- (ii) a member of the UCF Board does not withdraw his recommendation previously made or indicate that he or any associate of his does not intend to accept the Takeover Offer.

(f) No action by Governmental Agency adversely affecting the bid

During the Takeover Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Governmental Agency;
- (ii) no action or investigation is instituted, or threatened with respect to UCF or any subsidiary of UCF;
- (iii) no application is made to any Governmental Agency (other than any action or decision by, or application to, ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act),

in consequence of, or in connection with the Takeover Offer which restrains, prohibits or impedes or threatens to restrain, prohibit or impede, or may otherwise materially adversely impact upon the making of the Takeover Offer or the completion of any transaction contemplated by the Takeover Offer or seeks to require the divestiture by UCM of any UCF Shares or the divestiture of any assets by UCF or any subsidiary of UCF or by UCM or any subsidiary of UCM.

(g) Equal access to information

Between the Announcement Date and the close of the Takeover Offer Period, UCF promptly (and in any event within two Business Days) provides to UCM a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to UCF or any related body corporate of UCF or any of their respective officers, employees, advisers or agents to any person (other than UCM) for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or any other person, in relation to a transaction under which:

- (i) any person (together with its associates) may acquire voting power of 10% or more in UCF (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act, or otherwise);
- (ii) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of UCF or of any related body corporate of UCF; or
- (iii) that person may otherwise acquire control, of or merge or amalgamate with, UCF.

(h) Approvals by Governmental Agency

Before the close of the Takeover Offer Period, all regulatory approvals or consents that are required by law, regulation or regulatory policy as are necessary to permit:

- (i) the Takeover Offer to be lawfully made to and accepted by holders of UCF Shares in all applicable jurisdictions;
- (ii) the acquisition of UCF Shares by UCM; or
- (iii) completion of the transactions contemplated by this Bidder's Statement, including the full, lawful and effectual implementation of the intentions set out in this Bidder's Statement,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew.

(i) No material failing in filings

During the Takeover Offer Period, UCM does not become aware of any document filed by or on behalf of UCF with ASIC containing a statement which is incorrect or misleading in any material particular or from which there is a material omission (in such circumstance, materiality being determined by reference to the business and assets of UCF taken as a whole).

(j) Non-existence of certain rights

No person has any right (whether subject to conditions or not) as a result of the acquisition of all the UCF Shares by UCM contemplated by the Takeover Offer to:

- (i) acquire, or require UCF or a subsidiary of UCF to dispose of, or offer to dispose of, any material asset of UCF or a subsidiary of UCF;
- (ii) terminate or vary any material agreement with UCF or a subsidiary of UCF; or
- (iii) accelerate or adversely modify the performance of any obligations of UCF or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.

(k) No material adverse change to UCF

No 'specified event' occurs which has or could reasonably be expected to have, a materially adverse effect on the:

- (i) permits, assets, liabilities, financial position, performance, profitability or prospects of UCF and/or its subsidiaries taken as a whole or any of them; or
- (ii) status or terms of (or rights attaching to) any material Approvals from Governmental Agency applicable to UCF, any of its subsidiaries or any of their permits,

including:

- (iii) any creditor demanding repayment of a debt of \$25,000 or more; and
- (iv) any person accelerating or adversely modifying the performance of any obligation of UCF or any of its subsidiaries under any material agreements, contracts or other legal arrangements;
- (v) any permit not being renewed on normal commercial terms,

but does not include any change:

- (vi) fairly disclosed to UCM on or before the 4th January 2021 (including as a result of disclosures made on the UCF website);
- (vii) occurring as a result of any matter, event or circumstance required by this Agreement, the Takeover Offer or the transactions contemplated by them; or
- (viii) approved in writing by UCM.

For the purposes of this section, a 'specified event' is:

- (ix) an event or occurrence that occurs or is discovered during the Takeover Offer Period;
- (x) an event or occurrence that occurs prior to the Takeover Offer Period but is only announced or publicly disclosed on or after the Announcement Date; or
- (xi) an event or occurrence that will or is likely to occur following the Takeover Offer Period and which has not been publicly announced prior to the date of the Announcement Date.

11.9 Nature and benefit of Conditions

- (a) The Conditions in Section 11.8 are conditions subsequent. The nonfulfillment of any condition subsequent does not, until the end of the Takeover Offer Period, prevent a contract to sell your UCM Shares from arising, but non-fulfilment of any of those Conditions will have the consequences set out in Section 11.10(b).
- (b) Subject to the Corporations Act, UCM alone is entitled to the benefit of the conditions in Section 11.8, or to rely on any non-fulfilment of any of them.
- (c) Each Condition in Section 11.8 is a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other Condition.

11.10 Freeing the Takeover Offer of Conditions

- (a) UCM may free the Takeover Offer, and any contract resulting from its acceptance, from all or any of the Conditions in Section 11.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to UCF and to the ASIC declaring this Takeover Offer to be free from the relevant Condition or Conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:
 - (i) in the case of the Condition in Section 11.8(b) **Error! Reference source not found.**, not later than three Business Days after the end of the Takeover Offer Period; and
 - (ii) in relation to all other Conditions in Section 11.8 not less than seven days before the end of the Takeover Offer Period.
- (b) If, at the end of the Takeover Offer Period (or in the case of the Conditions in Section 11.8(b), at the end of the third Business Day after the end of the Takeover Offer Period), the Conditions in Section 11.8 have not been

fulfilled and UCM has not declared the Takeover Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Takeover Offer will be automatically void.

11.11 Notice of Status of Conditions

The date for giving the notice required by section 630(1) of the Corporations Act is the 9th February 2021, subject to extension in accordance with section 630(2) of the Corporations Act if the Takeover Offer Period is extended.

11.12 Withdrawal of Takeover Offer

- (a) UCM may withdraw this Takeover Offer with the consent in writing of ASIC, which may be given subject to such conditions. If ASIC gives such consent, UCM will give notice of the withdrawal to UCF and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Takeover Offer is withdrawn, the Takeover Offer has been freed of all the Conditions contained in Section 11.8, all contracts arising from acceptance of the Takeover Offer before it was withdrawn will remain enforceable.
- (c) If at the time this Takeover Offer is withdrawn, the Takeover Offer remains subject to one or more of the Conditions in Section 11.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant Conditions have occurred).
- (d) A withdrawal under Section 11.12(a) will be deemed to take effect:
 - (i) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
 - (ii) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

11.13 Variation

UCM may vary this Takeover Offer in accordance the Corporations Act.

11.14 Costs

- (a) UCM will pay any stamp duty payable on the Takeover Offer.
- (b) If your UCF Shares are registered in your name and you deliver them directly to UCM, you will not incur any brokerage charges in connection with your acceptance of this Takeover Offer.

11.15 Governing Law

This Takeover Offer and any contract that results from your acceptance of it is governed by the laws in force in New South Wales.

12. DEFINITIONS AND INTERPRETATION

12.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

\$ or **\$A** means Australian dollars.

Acceptance means a valid acceptance received from a UCF Shareholder in connection with the Takeover Offer.

Acceptance Form means the form of acceptance for the Takeover Offer enclosed with this Bidder's Statement or alternatively any acceptance form sent to a UCF Shareholder by UCM's share registry in relation to the Takeover Offer, as the context requires.

Announcement Date means the 4th January 2021.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

Bid Implementation Agreement means the bid implementation agreement between UCM and UCF dated the 4th January 2021.

Bid Period has the meaning given to that term in the Corporations Act.

Bidder's Statement means this document including the Annexures, being the statement of UCM under Part 6.5 Division 2 of the Corporations Act relating to the Takeover Offer.

Break Fee means \$100,000.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in New South Wales.

CGT means capital gains tax as defined in the *Income Tax Assessment Act 1997* (Cth).

Combined Group means UCM and its subsidiaries following the acquisition by UCM of all of UCF Shares on issue.

Competing Proposal means any expression of interest, proposal or offer by any person (other than UCM or its associates) made in writing to UCF to evaluate or enter into any transaction (whether a scheme of arrangement, a takeover bid or otherwise) under which, other than as required or contemplated by the Takeover Offer:

- (a) that person (together with its associates) may acquire a relevant interest in 10% or more of the UCF Shares;
- (b) that person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure, strategic alliance or otherwise), any interest in all or a substantial part of the business or assets of UCF;
- (c) that person may otherwise acquire control of, or merge or amalgamate with UCF; or

any acquisition of, or agreement to acquire, a relevant interest in 10% or more of the UCF Shares by any person (other than UCM or its associates).

Conditions means the conditions set out in Section 11.8.

Consideration means the proposed consideration to be provided to UCF Shareholders pursuant to the Takeover Offer who accept the Takeover Offer, being 8.4 new UCM Shares for every one UCF Share.

Corporations Act means the *Corporations Act 2001* (Cth).

Counterproposal has the meaning given in Section 10.1 (Matching Right).

Exclusivity Period means the period from and including the 4th January 2021 until the earlier of:

- (a) the date of termination of the Bid Implementation Agreement;
- (b) the end of the Takeover Offer Period; and
- (c) 3rd May 2021.

Fuel Oil means any hydrocarbon known as "fuel oil", "marine oil", "gas oil" or "bunker oil".

Governmental Agency means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission (but excluding the Takeovers Panel, ASIC and any Court that hears or determines proceedings under 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Takeover Offer). It also includes any self-regulatory organization established under statute or any stock exchange.

HSFO means high-sulphur fuel oil.

IMO means International Maritime Organisation.

Independent Expert means the person who will be appointed by UCF to prepare the Independent Expert's Report to accompany the Target's Statement.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it or its subsidiaries is in liquidation, in provisional liquidation, under administration or wound up or has had a controller, receiver or receiver and manager appointed to any part of its property;
- (c) it or its subsidiaries enters into a deed of company arrangement;
- (d) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved;
- (e) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in

each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above;

- (f) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (g) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (h) it is otherwise unable to pay its debts when they fall due; or
- (i) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Loan Agreement means the loan agreement between UCM and UCF dated the 21 December 2020.

LSFO means low sulphur fuel oil.

Minimum Acceptance Condition means the minimum acceptance condition set out at Section 11.8(a).

Pitcher Partners means Pitcher Partners Corporate Pty Ltd (ACN 082 323 868).

Prescribed Occurrence means the occurrence of any of the following events:

- (a) UCF converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) UCF or a subsidiary, resolves to reduce its share capital in any way;
- (c) UCF or a subsidiary enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (d) UCF or a subsidiary, issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) UCF or a subsidiary, issues, or agrees to issue, convertible notes;
- (f) UCF or a subsidiary, disposes, or agrees to dispose, of the whole or a substantial part of its business or property;
- (g) UCF or a subsidiary, grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (h) UCF or a subsidiary, resolves to be wound up;
- (i) a liquidator or provisional liquidator of UCF or a subsidiary is appointed;
- (j) a court makes an order for the winding up of UCF or a subsidiary;
- (k) an administrator of UCF or a subsidiary is appointed under sections 436A, 436B or 436C of the Corporations Act;
- (l) UCF or a subsidiary, executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of UCF or a subsidiary.

Record Date means the date set by UCM under section 633(2) of the Corporations Act, being 7pm (Sydney time) on the 5th January 2021.

Related Bodies Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Rights means all accreditations, benefits and rights attaching to or arising from UCF Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by UCF).

Section means a section of this Bidder's Statement.

Subsidiary means a subsidiary within the meaning given to that term in section 9 of the Corporations Act.

Superior Proposal means a Competing Proposal which is, in the determination of the UCF Board acting in good faith and in order to satisfy what the UCF Board consider to be their fiduciary and statutory duties:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Proposal; and
- (b) more favourable to UCF Shareholders than the Takeover Offer, taking into account all terms and conditions of the Competing Proposal.

Sydney Time means Sydney (New South Wales) Daylight Time.

Takeover Offer means the off-market takeover offer by UCM pursuant to the terms and conditions set out in Section 11 and otherwise as set out in this Bidder's Statement, to acquire all of the UCF Shares from UCF Shareholders in exchange for the applicable Consideration.

Takeover Offer Period means the period during which the Takeover Offer is open for acceptance.

Target's Statement means the target's statement prepared by UCF in respect of the Takeover Offer.

Transmix means the mix created by mixing different fuels in the USA pipeline network which, when fractionated, produces off-specification diesel as one of the fuel products.

UCF means Ultraclean Fuel Limited (ACN 111 212 983).

UCF Board means the board of directors of UCF.

UCF Director means a director of UCF.

UCF Group means UCF and its Subsidiaries.

UCF IBC means the Independent Board Committee established by the UCF Board to consider, advise on and manage the Takeover Offer.

UCF Non-voting Directors means Grant Gargano and David Hancock.

UCF Share means a fully paid ordinary share in the capital of UCF.

UCF Shareholder means the holder of a UCF Share.

UCF Voting Directors means John Montgomerie, Randal Jitts and Mark Mackrell.

UCM means Ultraclean Marine Limited (ACN 615 222 163).

UCM Board means the board of Directors of UCM.

UCM Directors means the Directors of UCM as at the date of this Bidder's Statement.

UCM Group means UCM and its Subsidiaries.

UCM IBC means the Independent Board Committee established by the UCM Board to consider, advise on and manage the Takeover Offer.

UCM Option means an option to acquire a UCM Share.

UCM Securities means UCM Shares and UCM Options.

UCM Share means a fully paid ordinary share in UCM.

UCM Shareholder means a holder of a UCM Share.

Ultrex® Process means the patented technology for the removal of sulphur from diesel.

Ultrex® Unit means each plant that applies the Ultrex® Process to remove sulphur from diesel.

12.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Sydney Time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a gender includes all genders;
- (e) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (f) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (g) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision

substituted for it and all regulations and statutory instruments issued under it;

- (i) a reference to any instrument or document includes any variation or replacement of it;
- (j) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (k) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (l) a reference to you is to a person to whom the Takeover Offer is made; and
- (m) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

13. BOARD AUTHORISATION

This Bidder's Statement is dated the 5th January 2021 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of UCM.

Signed for and on behalf of

A handwritten signature in black ink, appearing to read 'D. Hancock', written in a cursive style.

Ultraclean Marine Limited
David Hancock
Executive Director / Chairman

14. CORPORATE DIRECTORY**Directors**

Grant Gargano
Executive Director

John Montgomerie
Non-Executive Director

Randal Jitts
Non-Executive Director

David Hancock
Executive Director

Curtis Samford
Non-Executive Director

Company Secretary

David Hancock

Andrew McFadden

Xiubei Zhao

Registered Office

17 Lucca Road
Wyong NSW 2259

Telephone: +61 2 4353 8555
Facsimile: +61 2 4351 9114
Website: ultracleanmarine.com

Legal Adviser

GrilloHiggins Lawyers
Level 4, 114 William Street
Melbourne VIC 3000

Independent Valuer

Pitcher Partners Corporate Pty Ltd
Level 13, 664 Collins Street
Docklands VIC 3008

Auditor*

National Audits Group
Level 10 32 Martin Place
Sydney NSW 2000

Taxation Adviser

HLB Mann Judd
Level 19, 207 Kent Street
Sydney NSW 2000

* This party has not provided its consent to be named in this Bidder's Statement, and is named above for information purposes only