



**ASX ANNOUNCEMENT, 29<sup>th</sup> January 2016**

## **APPENDIX 4C QUARTERLY CASH FLOW REPORT**

Greenearth Energy Ltd (ASX: GER) (“Greenearth”) attaches its Appendix 4C (cash flow report) for the quarter ended 31 December 2015.

This has been a very positive quarter for the Company. Greenearth strengthened its Board of Directors; further advanced the commercialisation of NewCO2Fuels technology; continued to generate revenue from its industrial lighting systems, and grew its forward order book; and initiated meaningful M&A activity to deliver scale to its industrial energy efficiency business.

Cash on hand at 31 December 2015 was \$2m. Significant cash receipts anticipated during the second half of the 2016 financial year include receipts from customers (for lighting upgrade projects currently in progress) and receipt of the Federal Government’s research and development income tax rebate. The revenue opportunity pipeline is healthy and growing significantly, as we continue to focus on conversion of opportunities into sales to multi-site customers.

### **CORPORATE**

Greenearth appointed Mr Charles Macek as a Non-Executive Director in December 2015. Mr Macek brings extensive industrial and property experience (having held senior board positions on public companies past and present including Telstra, Wesfarmers and Vicinity Centres), along with an extensive and successful career in the financial services industry.

Mr Macek’s appointment marks another step in GER appointing experienced directors and executives that can contribute to the Company’s growth, and help establish GER as a diversified, technologically advanced industrial services company.

Since 1 October 2015, Greenearth has been classified for ASX purposes as an ordinary industrial entity, and required to submit an “Appendix 4C” quarterly cash flow report.

Prior to 1 October 2015, Greenearth had been classified for ASX purposes as a “mining exploration entity”, and required to lodge a quarterly “Appendix 5B” (cash flow report) and “Quarterly Activities Report”.

Further commentary regarding the company’s operations and financial results for the period ended 31 December 2015 will accompany the half-year financial report and “Appendix 4D”, which are due for release by the end of February 2016.



### *New Contract Wins*

Vivid Industrial has seen a successful December quarter which included securing a significant order from an Australian based, Blue Chip food retailer. Following a successful trial (as outlined in the previous Quarterly Activities Report), Vivid Industrial was able to validate the estimated energy savings and significantly reduce installation time and costs. This was achieved through a pre-engineered installation system to accompany the high efficiency light fittings supplied. Completion of the full order is in progress and is expected to be completed in the March quarter.

Further orders for intelligent lighting systems were also received from local manufacturing facilities, food manufacturers, heavy industry and car yards. Vivid Industrial was also successful with a lighting upgrade for a Melbourne CBD office building, after completion of lighting designs which maximised both light output and placement, but also increased energy savings across the businesses.

### *International expansion*

Discussions are advancing with potential international partners under review in Asia, North America and South America. These partners will likely vary in the type of partnership or distribution model depending on the market. Current near term initiatives are focused on Vivid Industrial being introduced via existing Australian based customer relationships that have an international footprint. Various test sites have now been identified and are under review with key clients.

With international energy costs being two to three times the costs on Australia's eastern seaboard, the current "paybacks" on Vivid Industrial lighting and control systems in the one-to-three year bracket in Australia are magnified further in international markets, this provides very compelling business cases with paybacks consistently under two years.

### *M&A to deliver scale*

In December, Vivid Industrial announced the signing of a Heads of Agreement to acquire 100% of Ilum-a-Lite Pty Ltd ('Illum-a-Lite') a business that derives most of its income from providing lighting upgrades on a supply and install basis and innovative lighting product sales.

Key transaction highlights include:

- Current work in hand on existing lighting upgrade projects is expected to deliver over \$5m revenue to Ilum-a-Lite.
- Expected to make a positive EBIT contribution to group FY2016 results.
- Improves Vivid Industrial's customer base and expands revenue sources.
- Provides immediate Sydney operating footprint.
- Ilum-a-Lite co-founder and CEO to enter into long term employment agreement with GER with 24 month escrow on equity component of consideration.

The acquisition is subject to due diligence, final agreements and customary conditions, with completion expected to occur in the second half of FY2016.

### *Outlook*

Vivid Industrial has had a strong start to the second half of the financial year, with a growing order book and a growing pipeline of lighting system orders across a broad range of industry sectors. The business is actively progressing a number of near-term multi-site customer opportunities.

The priority for the second half of the financial year is on executing current work in hand and ramping up sales and marketing initiatives to deliver order book growth. The growth prospects for Vivid Industrial are extremely favourable in a market where businesses across multiple sectors are actively seeking to reduce their cost bases and leverage Eco-friendly corporate and product and service branding.



### *Ongoing R&D and further steps towards pilot plants*

The NCF laboratory team is currently working on developing further advancements of the core technology to increase longevity, reliability, and efficiency of the NCF mature project. This includes successfully and simultaneously dissociating CO<sub>2</sub> and H<sub>2</sub>O under various ratios and conditions.

Further progress has also been made in the commercial product design. Significant parts of the commercial reactor have successfully completed their detailed design as well as numerous analyses. They are now being readied for fabrication and integration.

### *Global interest in NewCO2Fuels spurred on by COP21*

During the quarter, NCF received much attention in the press off the back of increased interest in the sector globally. Two articles posted during COP21 (the “2015 Paris Climate Conference”), namely by the AFP (Agence France Press) and Techrepublic, went viral and created more than 300 articles within a few days across the world, from Thailand to China, Russia, Europe, Nigeria, and many more. This was an extraordinary and very timely exposure for NCF, generating several interesting collaboration and investment proposals being received.

Techrepublic’s Innovation Newsletter: How new fuel tech could drastically reduce CO<sub>2</sub> and generate profitable new waste stream - Dec. 2, 2015

<http://www.techrepublic.com/article/how-new-fuel-tech-could-drastically-reduce-co2-and-generate-profitable-new-waste-stream/>

*NewCO2Fuels' latest overview video*

The team also developed additional material to help people understand our technology, its application in industry, as well as the system's flexibilities and key advantages.

You can find the video on our webpage: <http://www.newco2fuels.co.il/videos-main/>

*NCF innovation seen as technology for the future*

NCF were invited to exhibit and present in two leading global conversations during the last quarter of 2015, one in Sydney, Australia and one in New York, USA.

The Bridge, Sydney Australia. Nov. 24, 2015 was the inaugural Israel Australia Investment Summit aimed to: INSPIRE, DISRUPT and CONNECT. NCF was asked to both exhibit and present its award winning technology at the summit.

<http://www.thebridgesummit.co/>

Global Projects Exchange, New York 2015, was an innovation only gathering bringing together industry, policy and thought leaders from across the globe to explore where and how business and policymakers can come together to help drive prosperity and sustainable growth. The forum membership includes companies such as GE, Rolls Royce, Shell, Woodside, IKEA, and Nestle, to name but a few. NCF was invited as a 'technology game changer' enabling low emission industrial plants and driving improved economic, environmental and social performance by valuing and monetizing what has traditionally been considered a waste - CO<sub>2</sub>.

<http://www.xynteo.com/events/global-projects-exchange-new-york-2015>

*Investment by Greenerth*

Greenerth continued its investment in this exciting business during the quarter and is now well on the way towards completing its total US\$3m investment in NewCO2Fuels, which it can complete for a further US\$0.35m in the March quarter.

**GENERAL**

Greenerth has commenced the third quarter in a strong position with \$2 million of cash at bank, a growing revenue pipeline from the Vivid Industrial business, and a pending R&D income tax rebate which will further strengthen cash reserves.

Scaling up the industrial services business through organic growth, and completing the Ilum-a-Lite acquisition is a focus for the Board, as is pursuing some interesting prospects in the NewCO2Fuels business.

The Company looks forward to updating shareholders on additional operational and corporate progress in the coming weeks.

**Samuel Marks**  
Managing Director  
Greenerth Energy Limited

Please direct all enquiries to Samuel Marks, Managing Director, telephone 03 9620 7299.

## **About Greenearth Energy Limited**

Greenearth Energy Limited is a diversified Australian-based renewable energy company with interests in technology-focussed solutions in the industrial energy efficiency and CO<sub>2</sub>-to-fuel conversion markets.

Greenearth Energy Ltd - <http://www.greenearthenergy.com.au>

## **About NewCO2Fuels**

NewCO2Fuels (NCF) is an Israeli start-up company which was formed in 2011 by a group of scientists and entrepreneurs with the support of Greenearth Energy Ltd and the Erdi Group. NCF was formed to develop and commercialise an innovative system to profitably produce fuels from CO<sub>2</sub> and water, using renewable high temperature heat from solar or excess heat from industry. The system is based on a technology previously developed at the Weizmann Institute of Science and exclusively licensed to NCF.

Review video at the attached link for further information -  
[http://www.youtube.com/watch?v=vH-YZdqB\\_SE](http://www.youtube.com/watch?v=vH-YZdqB_SE)

NewCO2 Fuels Website - <http://newco2fuels.co.il/>

In June 2014, Greenearth Energy Ltd (Greenearth) finalised the details of its investment in NCF to 33.33 percent. Under this agreement, Greenearth has commenced payments to NCF, with the remainder of the USD\$3m investment now due by 1 March 2016. The investment is subject to partial claw-back by NCF should less than USD\$3m be ultimately invested by Greenearth. The maximum possible claw-back would result in the Group retaining an interest of 28.61% instead of 33.33%.

## **About Vivid Industrial**

Vivid Industrial is a subsidiary of Greenearth Energy Ltd. Vivid Industrial provides customised, intelligent and energy efficient cloud based solutions for our growing industrial and infrastructure client base. The "internet of lights" and "cloud based monitoring" delivers quantifiable efficiencies and significant cost savings with environmentally sustainable benefits for our customers.

The business' core technologies are designed for application in warehouses, distribution centres, cold storage facilities, ports, stadiums, car parks, roads and tunnels. Vivid Industrial is a trusted partner to our customer base of blue chip, industrial companies.

Vivid Industrial – <http://www.vividindustrial.com>

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

GREENEARTH ENERGY LTD

ABN

60 120 710 625

Quarter ended ("current quarter")

31 December 2015

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	358	470
1.2 Payments for (a) staff costs	(457)	(900)
(b) advertising and marketing	(1)	(22)
(c) research and development	(65)	(130)
(d) leased assets	-	-
(e) other working capital	(608)	(1,427)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(772)</b>	<b>(2,007)</b>

+ See chapter 19 for defined terms.

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**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(772)	(2,007)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	(641)	(1,306)
(c) intellectual property	-	-
(d) physical non-current assets	(24)	(37)
(e) other non-current assets	-	-
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(665)</b>	<b>(1,343)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,437)</b>	<b>(3,350)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	2,820	2,820
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>2,820</b>	<b>2,820</b>
<b>Net increase (decrease) in cash held</b>	<b>1,383</b>	<b>(530)</b>
1.21 Cash at beginning of quarter/year to date	661	2,571
1.22 Exchange rate adjustments to item 1.20	(13)	(10)
<b>1.23 Cash at end of quarter</b>	<b>2,031</b>	<b>2,031</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	109
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors' salaries \$62,500 Directors' fees and consulting fees \$46,250
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None
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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None
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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

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**Quarterly report for entities**  
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**Reconciliation of cash**

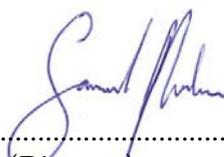
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,031	661
4.2 Deposits at call	54	54
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>2,085</b>	<b>715</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 29 January 2016  
 (Director)

Print name: Samuel Marks

+ See chapter 19 for defined terms.

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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