

Minutes of the Extraordinary General Meeting of

Biofiba Limited

ACN: 137 590 535

Held Wednesday, 28th November 2018 at 10:00 am at the Gosford Race Club.

Present:	Peter McIntyre	Chairman
	Paul Sanbrook	Managing Director
	Richard Johnson	Non-Executive Director
	Sam Danieli	A D Danieli Audit Pty Ltd (Auditor)
	Allister Sutherland	P M Accounting Solutions
	Hayden Forrester	CSIRO
	19 Shareholders	In Person
	19 Shareholders	By Proxy

Apologies: Laurence Dummett

Chairman Peter McIntyre introduced the Board and other relevant parties to the meeting.

Quorum A quorum being present, the Chairman declared the meeting open at 10.02 am and proceeded with the business matters and resolutions on the agenda.

Matters Arising from 2017 Minutes/AGM: The Chairman invited those present to come forward with any matters arising from the 2017 AGM and approval of the 2017 Minutes.

Two shareholders present approved the motion. (*Mover: David Mullen. Seconder: Doug Holmes*)

Matters arising:

1. Resignations of Brown, Moretti and Ritchie – *Paul outlined that this occurred due to the ASX deal not being carried through with Kariki Energy.*
2. Discussion of Minutes not outlined in 2017 Minutes – *Peter agreed with the sentiment and will be making more detailed minutes for the 2018 AGM.*
3. Why is Laurie not present at this AGM? *Paul explained that Laurie has suffered from PTSD and has had other medical issues and is currently incapacitated mentally and physically at this stage. Available in a consultation capacity, however will not be receiving any further fees for service.*

4. Is Ritchie the head of Biofiba Canada? – *Paul confirmed that Ritchie, under the previous directors was to become a distributor for CAN and USA, however this never eventuated.*
5. Does Sean still own Biofiba Canada? – *Paul mentioned he owns Biofiba Canada which is potentially in breach of the Biofiba Trademark and the Directors will look to resolve this at the appropriate time.*

There being no further business from the 2017 AGM, the 2017 minutes were offered for approval by those present.

Motion was carried unanimously.

Item 1: Financial Accounts & Reports

The Chairman called for those present to move and second for the tabling of the 2018 financial statements at the AGM.

Two shareholders present approved the motion. (*Mover: Susan Bonnette. Seconder: David Mullen*)

The Chairman opened discussion regarding the Audited 2018 Financial Statements, and any questions arising:

1. Could the Chairman present a summary? – *Peter to do so.*
2. Where did all the money go? – *Peter advised that there are ongoing costs involved to keep this business running. Since Peter, Paul and Richard have dropped all expenditure to the bare minimum.*
3. Consulting Fees of \$910k (page 8). *Peter noted that a significant proportion of these costs were incurred through Picone (TSE) which was converted into a Non-current loan, interest free. The accounting function means that these invoices were taken up, but not yet paid. Consulting fees incurred by Chinese operations to assist in the running of the extrusion line.*
4. Management Fees of \$380k (page 20). *Paul mentioned that this comprised of Laurie's fees, which \$300k was accrued, however he was only paid \$100k. There are no director's fees. There will be an adjustment in the 2019 financial statements to reverse these fees management fees out. Peter mentioned that Paul reversed all of his fees out and Peter re-contributed \$35,000 of the \$40,000 back into the Company. Fees arose under the Accruals accounting method, however will be dealt with in the 2019 financial year accordingly. Peter also*

confirmed that there will be no consulting fees (for Directors and Laurie) for the next 12 months.

5. *Cash balances at \$60k. Peter confirmed this is currently sitting at around \$74k.*
6. *Telford organising new Extrusion Die? Paul mentioned that from market feedback the customers were looking for stronger and thicker boards. Best strategy was to sell the product to the end user so that the customer was able to continue to use the Pallet. Biodegradability was not a market requirement. Pallet was initially designed to be a single use. However, market dictated that they wanted further use on these pallets for further cost savings. Need to spend the money on the thicker profile dies to ensure the product meets the market requirements and market pricing.*
7. *Will these leader-boards last? Paul mentioned the timber ones wear the brunt of the damage. The Biofiba leader-boards would need to have further development and testing to ensure that they would last longer than their timber compatriots.*
8. *Why can't we sell CHEP 10%? Paul mentioned that this is the Chicken and the egg. They want samples; however we do not have the available sizes available, and hence the further development required.*
9. *Seem to be going into a different market? Paul mentioned that we are not moving away from the import/export model. It is simply more viable when the customer is able to get more life out of the Pallet. It is not narrowing the market view, but ensuring we are meeting the customer's needs.*
10. *Sent out Trials that were going. Updates? Paul mentioned the MOU's. Also sent a trial pallet to Bunnings, but the Board was too thin and was damaged. They said stop and get back to us with a product that works. Other trial runs required some other specific requirements to be set within the pallet, price points were competitive, however board thickness and formula remains an issue.*
11. *Where are these Trial pallets being produced? Paul confirmed these were produced in China.*
12. *Production was supposed to be to 20k pallets by EOY. Paul mentioned we don't have the working capital and the profile sizes right. Did sell some to America, but never got feedback.*
13. *Development of the Formula by CSIRO? Paul says no, as the program was ended ~4 years ago and further development has been done since then. Some*

talks with CSIRO to assist in the process. TSE is now the main contributor to assist in the development process and incentivised to continue operations.

14. When was the machine last run and who is looking after it? *Paul said March 2018 and Michael Picone in China who is looking after the development work.*
15. Sell last lot of pallets, why not keep production going? *Paul said we never got feedback on that customer and there were breakages just within shipping processes. We then went back out to the market and were driven to different specs and did not have the capital available?*
16. Is the sale recognised in the current year? *Paul said this was recognised in the previous year.*
17. Talking about the Die at the last AGM? *Paul mentioned this was not achieved. Laurie's thought process was to raise \$2.5 million, to get this thing to an IPO. Not strategy that we are taking now. Want to get the profile right and then get back to the market.*
18. Larger Die size? *Paul mentioned they are working on this.*
19. Talking about a sleeve? *Paul mentioned that this was the plan so that different sizes could be produced easier.*
20. How long will the die take to make? *Paul mentioned refer to Picone, but mentioned 6 weeks.*
21. Grants available? *Paul mentioned that they are looking into that. Looking into changing to recycled resins, and rules with Chinese plastics, however looking into this.*
22. Issues with using more plastics? *Paul mentioned this was most likely inevitable to make the product stronger, but recycled is the target.*
23. Cash issues for development. *Paul mentioned that we certainly need more capital. Peter mentioned some have already loaned money into the Company, and look to raise \$200k (\$30k raised so far) as interest free Shareholder loans, to hit these initial milestones. This would then mean the Dies would be available and we could send some trials to customers. Then bring in someone with relevant experience to come onto the Board as an investor. The next milestone is to then raise \$3.5 million to run the extrusion line for 12 months filling orders, showing tangible sales for customer needs to then run into an ASX listing. Further capital raising to increase production. The worst case scenario would be to sell the line in China to repay the loans.*

24. Is this still using Hemp? *Peter confirmed this is correct. Although quality is an a issue as we received contaminated hemp.*
25. What assets does BL now have? *Paul and Peter confirmed that BL now holds the IP and Equipment from Laurie. This was arranged accordingly.*
26. Why is it not in the financials? *Peter mentioned this was just a deed of assignment, however no ability to confirm what it is currently worth at this point. Confirmed that these documents are executed accordingly and reflected the relevant items. Valuation of these items to be dealt with at the relevant time.*
27. Will this issue be in the minutes? *Peter confirmed as they will be.*
28. Relationship with Biofiba Innovations? *Paul confirmed this is Sound.*
29. Why are those shares being transferred? *Paul confirmed this was an incentive for Peter and Paul and Steve to keep going. So then negotiation was entered into that Laurie was to transfer shares to Peter, Paul and Steve Picone (88 million). Did not impact any shareholder as it was a transfer between Innovations.*
30. What is the timeframe now? *Peter mentions that Biofiba wants to raise capital, Picone to develop product and then go to testing. Listing would only be 12 to 18 months down the track, as long as the product was accepted by the Market. Capital will need to be introduced accordingly. Director's would need to consider what level of capital is raised by 30 June 2019 and then take necessary steps. If nothing raised, then alternative solutions would need to be determined. The next 6 to 8 months are crucial.*
31. Outstanding Creditor balance as at today? *Peter and Paul mentioned the creditors were limited to Auditors fees and Accounting Fees (Allister's time only), insurance outgoings.*
32. Equipment on Balance Sheet, does the Group own these assets, along with Intangibles? *Peter confirmed Yes, and the Intangibles are assigned accordingly. Laurie's entity is not incorporated into these accounts.*
33. Is the \$200k Unsecured? *Peter confirmed Yes, and interest free until 30 June 2021. Want more tangible evidence from Steve until Board goes to the shareholders for raising money for these loans. If no money received from shareholders, then it is a dire situation for the Company.*

34. Why 2021 when cashflow only lasts to 2019? *Peter mentions so that these loans aren't called in too early, based on what is happening with Picone.*
35. Going Concern issues from the Auditor's Report? *Peter mentions this was the Auditor's opinion, but he believes in the company and hence loaned money into it. Steve wants to keep going.*
36. Issues with TSE taking control? *Peter mentions that Picone can't take the company over.*
37. Laurie' Shareholding of the Company? *Peter mentioned this will reduce his holding down to about 10% after approval of the buy-back arrangement. These shares were transferred to Steve, Paul and Peter. Laurie may have had vast majority of shareholding in early days, however still remains a top shareholder but now ranks 3rd or so.*

Being no further discussion regarding the financial statements, the financial statements were adopted.

Item 2(a): Re-election of a Director - Paul Sanbrook.

It was proposed by the Chairman that Paul Sanbrook, being a Director of the Company who was appointed by the company at the 2017 Annual General Meeting retires in accordance with the constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Two shareholders present approved the motion. (*Mover: Doug Holmes. Seconder: Colin Buttell*). 19 Proxies were held by the Chairman in favour of this resolution.

The motion was carried unanimously to re-elect Paul Sanbrook.

Item 2(b): Re-election of a Director – Peter McIntyre

As resolution 2(b) related to the re-election of Peter McIntyre as a Director the Chair was handed to Mr Paul Sanbrook.

It was proposed by the Chairman that Peter McIntyre, being a Director of the Company who was appointed by the company at the 2017 Annual General Meeting retires in accordance with the constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Two shareholders present approved the motion. (*Mover: Colin Buttell. Seconder: David Mullen*). 19 Proxies were

held by the Chairman in favour of this resolution.

The motion was carried unanimously to re-elect Peter McIntyre.

Paul Sanbrook handed the Chair back to Peter McIntyre.

Item 2(c): Re-election of a Director – Richard Johnson.

It was proposed by the Chairman that Richard Johnson, being a Director of the Company who was appointed by the Company's Board of Directors since the 2017 Annual General Meeting retires in accordance with the constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Two shareholders present approved the motion. (*Mover: Graham Bonnette. Seconder: Colin Buttel*). 19 Proxies were held by the Chairman in favour of this resolution.

The motion was carried unanimously to re-elect Richard Johnson.

General Business

The Chairman opened further discussion as to the future of Biofiba Limited.

The Chairman went on to outline the overall processes required to push the Company forward. Relevant milestones need to be reached and the Board will keep shareholders apprised of these accordingly.

Queries initially raised as follows:

1. Medical Marijuana issues? *Paul mentions that we have an option to lease a property and have a licence. However, this is a stage 4 goal (Blue Sky).*
2. Any raw materials left in China? *Paul confirms enough to continue testing.*
3. Is the licence transferrable or holds any value? *Paul mentions this is worth looking at, however as highly regulated, unsure as to the value. The Board will look into the situation accordingly.*
4. Why can't we continue manufacturing whilst developing the new die? *Paul confirms that this is working capital restrictions.*

David Mullen makes a statement regarding the usage of the product (typed on a shortened version). *He says that this product was not ready to go to market at all, as one of*

the Sydney exhibitions that they attended showed that the product was not ready to go. The second customer stood on the pallet and it cracked. In sales, belief in the product is paramount. What we had in the beginning was never a working pallet. All shareholders bought into Laurie's dream, which had the backing of CSIRO, it was different, and everything looked as if it would just fly. But it didn't. \$700k was invested by Mullen. Sentiment is down now, and it looks as if our directors have received a windfall with the shares they have been given but without them and Steve Picone putting the work in and driving something that is going to be different the Company is dead in the water. We have to be careful that we fully understand all the issues. 3 lots of pallets went off to Delta. Maybe 150 pallets each time. We did not get any of them back, but 8 of them broke before getting to the customer by the straps keeping them down. I met Steve Picone 3 weeks ago and he is completely involved in the project. The product is not going to be the product we thought it would be. All I know is that you cannot have a pallet that when you stand on it, that it breaks.

Discussions ensued regarding Pallet strength, length, size, biodegradability and experimentation of the materials themselves.

Further discussions ensued regarding the assignment of Patents.

Discussions then ensued regarding timber pallet shortage in Newcastle.

Further questions:

1. Should our Web-presence be changed? *Paul will arrange.*
2. Is resin the same as Plastics? *Paul confirmed Yes.*
3. Have we had positive feedback from investors towards the \$200k? *Paul says they haven't pushed it and received little feedback. Want to get more feedback from Picone before further funding requested. Peter mentions that he has three clients ready to go for the loan monies, so long as the relevant milestones are achieved.*
4. What is the difference between write-back and write-off? *Peter mentions that the write-backs were noted as credit notes against the outstanding invoices that are no longer collected in the 2018 year. Laurie's loan is then written off as it was executed as a loan and shown through the profit &*

loss.

5. Why the Share Buy-back wasn't arranged for today? *Peter says the delay is relating to 21 days notice, and with Paul flying overseas tomorrow, and due to seeking (free) legal advice regarding the resolution of the buy-back, this caused the time to run out, hence it was delayed by one day. Proxies are in hand voting in favour of this resolution. Enough shareholders will be present to approve this special resolution.*
6. When are the tests going to start? *Paul confirms these are underway. Michael and Lance are running these tests, and Steve has been to China to oversee. Paul will source some recycled materials.*

Closure:

There being no further business, the Chairman declared the meeting to be closed at 11:30 am.

The Board will be made available after the meeting for further one-on-one discussion.