



CROWD-SOURCED FUNDING OFFER DOCUMENT

Dated 8 November 2022

Offer of fully-paid ordinary shares in Kelland Environmental Technology Pty Ltd at \$0.71 per share to raise a maximum of \$500,000.

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Kelland Environmental Technology Pty Ltd.

This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001* (Corporations Act).

Issuer

Kelland Environmental Technology
Pty Ltd ACN 633309136

Intermediary

Birchal Financial Services Pty Ltd
AFSL 502618

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SECTION 1

RISK WARNING

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need

the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

SECTION 2

INFORMATION ABOUT THE COMPANY



Letter from
the founders of
DiaperRecycle

Thank you for your interest in what we're doing at DiaperRecycle – diverting waste disposable nappies from landfill, recycling them into new products and helping to build a sustainable future by making an environmental impact for our planet and future generations. DiaperRecycle is the business of Kelland Environmental Technology Pty Ltd.

We've done all the hard work, our competitive advantage is that we've created a low carbon process and low capital technology to recycle waste nappies and continence aids into an absorbent cat litter and plastic for the circular economy. Up until now, nappy waste has been considered unrecyclable. A combination of revenue from the waste service, cat litter and the recycled plastic, combined with the opportunity to locate recycling plants in metro areas in the future, potentially through licencing, enables our waste recycling to be economic.

Following our 4-year R&D period developing the technology, we've completed the construction of a commercial recycling demonstration plant in Melbourne, which we now are ramping up. It is capable of recycling over 20,000 nappies per day when at full capacity with 4000 subscribers.

Recycling nappy waste is complex, requiring specialized knowledge and equipment. If it was easy, it would be happening everywhere right now! The barriers to entry into this business are high in terms of cost, risk, and development time. We're in a strong position with our unique patent pending technology, and we're operating commercially with a small number of waste customers while we ramp up the plant. We're keeping customer numbers low because our capacity is currently constrained due to the need to fund an automated cat litter dryer. We have no issues getting the waste, we have waiting lists for the waste service from households and childcare centres, we're in discussions with Councils for the service, and we have waste companies wanting us to take this waste. Everyone wants to be sustainable!

Now we're also receiving enquiries for our recycling technology here and from overseas, including waste operators and

organisations in England, Europe and USA. We have interest from a multinational in our cat litter, and we've just completed a feasibility study for a Welsh government consortium for the recycling of their nappy and continence waste.

Opportunities are strong in all waste sectors – domestic, aged-care and childcare, including in Sydney where we'd like to develop our second plant, due to the attractive waste fees. Because of the size of the nappy waste problem, our preferred approach for scaling is technology licencing to third parties, along with some direct investment in recycling plants where appropriate.

Many exciting opportunities are on the horizon for us, but they're beyond our current resource capability. We're at a crossroads, either consolidate with our single commercial plant, or grow utilizing "first-mover advantage" to address the multiple opportunities out there.

What shall we do? We know we want to grow; we're offering a niche service in Australia where none exists, we're making an environmental impact, and consumers and businesses want what we're offering!

To satisfy the demand, as well as optimize our first commercial plant, we're seeking support from the investor community.

So far, we've used our own future funds to leave a better legacy for future generations. Now we're seeking help from other investors to take us forward, from people like you who "get it" - who understand the need to decrease carbon emissions, make an impact, help stop climate change, and who truly want to make a difference!

We get it! And we know you do too!

Cynthia and Clarke



2.1 COMPANY DETAILS

This offer of shares is made by Kelland Environmental Technology Pty Ltd ACN 633309136 (Company t/a DiaperRecycle). The Company is a proprietary company and was incorporated on 7 May 2019. Our subsidiary Kelland Environmental Technology Pty Ltd in the UK is wholly owned 100% by Kelland Environmental Technology Pty Ltd.



Registered office
L1, 700 Swanston St,
Carlton, VIC 3053



Principal place of business
25 East Court, Lilydale,
VIC 3140



Recycling nappy waste is a wickedly hard problem – we have the answer! We’ve created a gamechanger by proving it can be done, with a viable product and economic outcome.

2.2 OUR BUSINESS

2.2.1 About the Company

Our vision is to recycle nappies to help decrease carbon emissions to ensure a better future for our planet and those who live on it.

Our mission is to use our recycling technology to sustainably and economically recycle disposable nappy waste into new products here and overseas.

By diverting the waste from landfill, we are decreasing both carbon emissions and recovering valuable materials ensuring they're used for longer. Our products ready for market are plastic and cat litter.

Our innovative technology is an outcome of systematic and thorough R&D combined with lessons learned from other's nappy recycling attempts over the last thirty years. It's under patent application, and we intend to build and

operate recycling plants in Australia, and plan to make our technology available via licensing.

Our recycling process reduces the direct carbon emissions on disposal of nappy/ continence waste by 80.6%¹ relative to landfill disposal. In addition, the indirect carbon emission savings from the cat litter product, due to its light weight and absorptive characteristics, provides cat litter customers the opportunity to reduce their carbon footprint when caring for their pet. In-house analysis shows that 1 litre of cat litter reduces CO₂-e emissions by 1kg. The carbon story is positive and an exciting contribution to the overall effort to reduce environmental impact.

We're seeking funding to grow our staff, expand our cat litter manufacturing capability, and to start work on developing our Sydney recycling strategy.

¹ Blue Marble UK Kelland Environmental Technology AHP Recycling Process, Streamlined LCA Report, 2022



**WANT TO SAVE THE
PLANET WITH US?**
PLEASE JOIN OUR JOURNEY!

HOW DOES THIS ALL WORK?



2.2.2 Service and products

THE SERVICE

How it works for disposable nappy users

People sign up and pay for our waste collection service and we collect from households fortnightly. We also plan to collect waste from aged care and childcare facilities in the future.

THE PRODUCTS

How it works for cat litter users

We've created a highly absorbent cat litter that's easy for any cat to use. We tested it with Melbourne cats, refining the cat litter along the way until we produced a small white pellet litter that we have priced competitively in the market. It's available in 30 litre bins and 30 litre bags, which we intend to be refillable from some outlets in the future. We're also dropping it off to our waste service customers when we collect their nappies.

How it works for plastic recycling

The plastic is separated from the fibre and is going to plastics recyclers. We clean, dry and melt it into granules, then it can be transformed into new recyclable products – joining the circular economy.

How it works for our technology

We're receiving requests for our technology from companies such as waste companies, in Australia and overseas. We are working on a licensing strategy to enable people to use our technology in the future.

OUR LEGACY

How it works for our planet

By preventing used disposable nappy and continence aid waste from going to your rubbish bin and then straight to landfill, we are diverting a waste that breaks down over many years while emitting various climate changing gases.

We're maintaining the value of the materials, and by giving them a second life we're turning the used nappy into useful resources while doing something about climate change.



WE'RE FOCUSING ON IMPACT –
MAKING A POSITIVE ENVIRONMENTAL IMPACT THROUGH
RECYCLING AND THE CIRCULAR ECONOMY

WHAT'S THE PROBLEM?

Most of us have had some experience of disposable nappies, and no one denies that increasing numbers of people need nappies or continence aids – but, how many of us have stopped to think about the number of disposable nappies that one child uses in its first 2.5 years, (based on our collection stats we estimate it's around 4000 or more). Where do they all go to after being thrown into your garbage bin? And, what about the number of continence aids used in aged care? Continence aids are a large and growing amount of aged care waste². Nappy and incontinence aid waste is considered unrecyclable and uncompostable³.

Nappies are very convenient, and they take years to break down, emitting carbon in landfill⁴, and haven't been recyclable, until now.

In Australia it is thought that up to 2 billion nappies⁵ go to landfill annually. Besides emissions, several regions such as Victoria are running out of landfill space, and this has led to new government initiatives to boost recycling, including through household waste and various federal and state grants. Some Councils are halving the number of waste bin collections, but for some households with nappy users, this is not workable.

In this environment, we've developed and are ramping up our disposable nappy recycling plant in metro Melbourne. Households and businesses subscribe to our waste nappy service and we're collecting their nappies for recycling.

TRACTION SINCE 2020-21

- Built a 1,000 tonne per year recycling plant using in-house technology developed over the previous 4 years of R&D
- Recycling mainly household waste, and operating on limited scale while we optimise plant operations
- Blue Marble UK undertook Life Cycle Analysis of our process that confirms 806kg CO₂-e reduction compared with landfill per tonne of waste
- Recycling plant is producing clean mixed polypropylene and polyethylene plastic for recyclers, and fibre for cat litter
- Completed paid feasibility study for Welsh Government Consortium to potentially recycle country's waste
- Working with a UK waste collection business for potential technology transfer
- Nappy recycling trial for up to 1000 residents being discussed with a Council in Melbourne for FY22-23

²<https://www.abc.net.au/news/2022-10-20/adult-incontinence-products-outnumber-baby-nappies-in-landfill/101557162> 20 October 2022

³ <https://recycleright.wa.gov.au/2021/11/22/nappies/#:~:text=Unfortunately%2C%20disposable%20nappies%20and%20incontinence,contaminate%20recycling%20and%20FOGO%20waste.>

⁴ Lee M (2014-01-28 00:15:43). Disposable Nappies: Are They Stinking Up Our Planet? Australian Science ozscience.com/environmental-science/disposable-nappies-are-they-stinking-up-our-planet/

⁵ Lee M (2014-01-28 00:15:43). Disposable Nappies: Are They Stinking Up Our Planet? . Australian Science. <http://ozscience.com/environmental-science/disposable-nappies-are-they-stinking-up-our-planet/>

WHAT'S THE OPPORTUNITY?

There are several factors that drive the opportunity in disposable nappy recycling:

1

Firstly, disposable nappies are made from high quality materials that are not compromised in the manufacturing and use of the products – these materials have considerable intrinsic value and can be reused if properly recycled.

In our process it is possible to recycle 97% of this waste and produce viable products for consumers. Our technology creates the opportunity to economically convert this waste into a new resource such as cat litter, which is very lightweight and highly absorbent.

2

3

There are government waste levies on all material that goes to landfill. In Sydney this is currently \$147/tonne⁶, and in Melbourne \$126/tonne as of July 2022 plus the landfill operator's charges. This offers a pricing advantage over landfill disposal and is available to any recycling operation. The federal government has also been supporting new recycling initiatives through its \$190 million Recycling Modernisation Fund⁷.

4

Nappy manufacturers around the world are supporting product stewardship initiatives to make their products more acceptable to waste conscious markets. Procter & Gamble for example have worked in partnership with FaterSmart in Italy⁸ and Unicharm in Japan are trying to recycle a whole nappy⁹.

5

Nappy waste is highly concentrated in aged care facilities and households. From a business perspective, working directly with these markets greatly reduces the customer recruitment and collection costs, especially when it's integrated with councils' drives to decrease their waste to landfill volume to decrease costs.

All these factors add up to an ideal recycling business opportunity!

⁶ Kimbriki (2022), Prices from 1 July 2021, viewed 4 April 2022, Prices from 1 July 2021 - Kimbriki Resource Recovery Centre

⁷ Department of Agriculture, Water and the Environment, Australian Government (2022), Investment in recycling infrastructure, 20 January 2022, Investments in Recycling Infrastructure - DAWE

⁸ <https://www.valagro.com/usa/en-us/media-center/news-press-releases/press-release/corporate/absorbent-hygiene-products-biostimulants-sustainab/>

⁹ Nonwovens Industry 11.23.20 Unicharm to launch recycled diaper in 2022. https://www.nonwovens-industry.com/contents/view_breaking-news/2020-11-23/unicharm-to-launch-recycled-diaper-in-2022/

THE INDUSTRY ITS CHALLENGES

There have been numerous attempts to simultaneously solve the nappy waste problem *and* the challenge to make it economically viable, but unfortunately there's been little success, until now.

The potential to recycle nappies and the first commercial efforts date back to the early 1990s. Along with growing environmental consciousness plus increasing government initiatives such as policy and grants for recycling and the circular economy, the opportunity is gradually improving. But why is no one doing it?

If it was easy, it would have been done everywhere before now, but recycling waste AHPs is complex (and a bit icky) and potentially an expensive and high-risk challenge, due to the cost of equipment, possible high operating costs, stringent regulatory requirements and process risks of not implementing the correct process sequences. Our analysis of other attempts indicated that the biggest risks are the ability of the technology to produce commercially marketable products, to make the overall recycling process economic.

Consumers are changing their habits, more of us have a heightened awareness of waste, emissions, climate change and the causes of the deterioration of our planet. Consumers are seeking sustainable products¹⁰

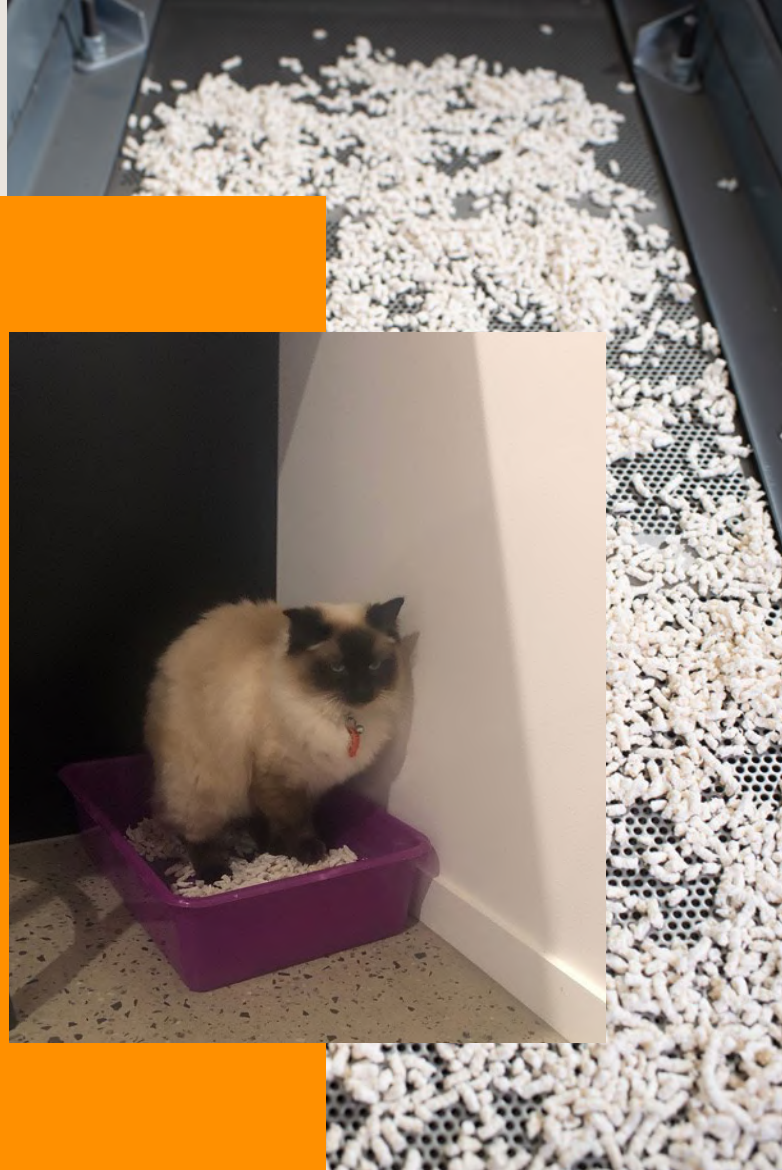
¹⁰ <https://www.paypalobjects.com/marketing/web/au/paypal-2021-ecommerce-index.pdf> Pg32

CAT LITTER INDUSTRY

We're also joining the cat litter industry, a global industry worth approximately \$10bn US¹¹ and growing. We are competing with more than 50 brands on the market in Australia, of which there are very few recycled products, and none of those are made from recycled disposable nappies.

Conscious consumers are changing their buying habits and looking for products that do good for the planet, either recycled or part of the circular economy¹².

Combining the income from cat litter sales, we can increase the income per tonne of the waste material.



2.2.3 Marketing & distribution

We're targeting B2C and B2B markets.

We're targeting several markets - for the nappy waste, the cat litter and the technology.

Households, childcare and aged care sectors are our target markets for our waste nappy collection service. Household users tend to be childbearing age couples or singles, in their mid-20s to early 40s, who want to spend on doing good for the planet and stopping emissions.

Like many people, our waste collection service users feel responsible for the amount of nappy waste they send to landfill every week, and how that inevitably affects climate change. They WANT to make a difference!

Cat litter is used domestically, and in catteries, vets, pet stores. It is often sold through distributors, which offers other channels to market.

We use different channels to reach our target markets, such as social media, word of mouth, direct contact, as well as support from Councils and other organisations who spread the word, and media opportunities. We also aim to purchase targeted advertising.

¹¹ <https://www.grandviewresearch.com/industry-analysis/cat-litter-products-market>

¹² <https://www.paypalobjects.com/marketing/web/au/paypal-2021-ecommerce-index.pdf> Pg32

MARKETING - WASTE COLLECTION SERVICE

Household Waste – Direct to consumers

During the operation of our pilot plant, we confirmed the market appeal and pricing of a waste collection service with our service users. Consequently, our marketing plan emphasises social media plus word-of-mouth to groups and individuals and digital advertising. Alongside this, we're promoting our service at parent friendly places, including Council run maternal and child health services. We're also working on developing a presence through awards, online forums, conferences and media with local and wider coverage.

Household Waste – Councils

Additionally, we're in discussions with councils

regarding encouraging residents to use the nappy collection service. This provides access to high numbers of potential customers at a low recruitment cost.

Aged care waste

We've trialled successfully with aged care waste and aim to build this target market over time. Collecting from aged care is more consistent because the waste is continuous. However, the regular collections are more frequent and the loads larger, requiring a different approach to the collection logistics.

Our promotion to aged care organisations is direct to management, rather than through other channels.

THE OLD WAY

Most nappy users pay through their local Council taxes for this waste to go straight to landfill via their bin

THE NEW WAY

Nappy users now have an option to make an impact and to pay for this waste to go to recycling and the circular economy.

Marketing – nappy plastic

We're working with plastics recyclers, and we have successfully conducted plastic useability trials. Our plastic can be used for product forming techniques such as injection moulding.

Marketing - cat litter

We've already tested in the marketplace and identified key customer segments for direct promotion and distribution channels, focusing on catteries, pet shops and vets, as well as domestic users. During our trials, we found that cat owners (and their cats) are seeking a sustainable recycled product that is good for the planet. We're also able to sell our cat litter to our waste service users, dropping it off when we collect their nappies.

Marketing – technology

We plan to make our recycling technology available globally through a licensing arrangement. Target customers are waste companies,

governments, businesses, or other organisations that want to make a difference, for the future of our planet. We have already been contacted by parties that are interested in leasing our technology to recycle their nappy waste, rather than disposal via landfill or incineration, improving their corporate social responsibility and environmental impact as sustainable organisations.

In the near future we intend to directly target companies that could be interested in working with us. Our technology is designed to add true sustainability to any waste solution provider's business where nappies are a big part of their waste stream, by adding value through environmental impact by introducing a method to divert waste from landfill. Once our recycling operation has been fully ramped up, we plan to make the technology available for licensing, either at arms-length or via joint ventures here and overseas.

2.2.4 Market and competitors

There is no other company collecting nappies for recycling into consumer products in Australia, or making cat litter from recycled used disposable nappies (that we can find). Our main competitor for our service is presently the household rubbish bin or landfill.

Some nappy users choose to use reusable nappies, with the same end goal of avoiding landfill.

There are more than 50 cat litter products available in the Australian retail market, made from mined clay, silica crystal, biodegradable matter and some recycled products such as newsprint. There are not many recycled cat litters available in Australia however, and none are made from recycled nappies. Our product is unique!

Changing habits are helping us

Consumers are changing their habits, more of us have a heightened awareness of waste, emissions, climate change and the causes of the deterioration of our planet. Consumers are seeking sustainable products¹³.



1 litre of our cat litter saves 1 kilogram of CO₂-e climate changing gases¹⁴

2.2.5 Key differentiators / strengths

Sole service advantage

We're the only company in Australia recycling waste disposable nappies, and we offer households an easy-to-use subscription service, collecting their waste from their gate. We're presently in Victoria and plan to go to NSW next.

No other cat litter like it

No one else is making cat litter from waste (used) disposable nappies (and continence aids) in Australia or elsewhere (as far as we can tell, based on our research).

First mover

We are in a unique position to establish recycling

plants where they have the potential to be economical, and capture the market for the recycling service, and our cat litter. As a first mover in Australia, growth is a priority.

Global opportunity

We are making our technology available to others for licensing wherever people want to recycle this waste

Diversified revenue streams

We have several opportunities for generating revenue, through the service, products, and technology.

¹³ <https://www.paypalobjects.com/marketing/web/au/paypal-2021-ecommerce-index.pdf> Pg32

¹⁴ In-house analysis based on the results of our Life Cycle Analysis 2022

Sustainable production

We are an impact business with an environmental purpose embedded in everything we do. Our recycling process results in 80.6%¹⁵ less carbon emissions than landfill disposal¹⁶. Every 1 litre of our cat litter saves the emission of 1kg of CO₂e (climate changing gases).¹⁷

Social impact

We aim to make a social impact through hiring and hope to help certain disadvantaged people into work in our recycling plants and as drivers, particularly older women who are at risk of being homeless or jobless.



Our Life Cycle Analysis tells us that by going through our recycling process the carbon emissions of nappy disposal are reduced by 80.6%¹⁸ when compared with landfill.

We meet 5 UN Sustainable Development Goals (SDGs):

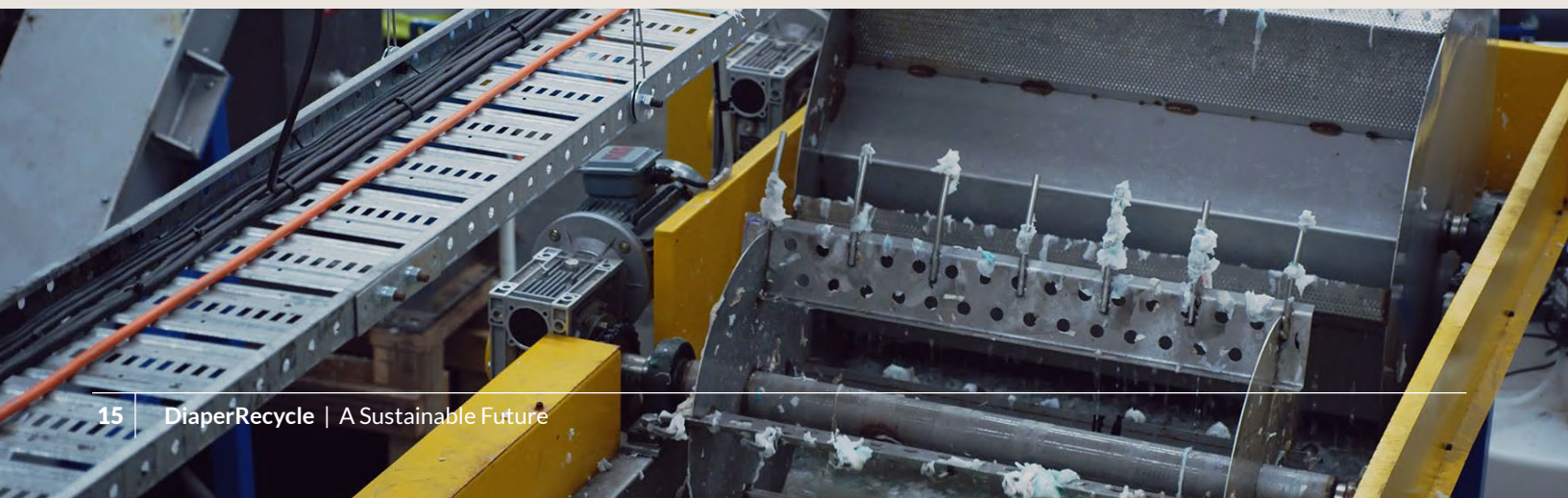


¹⁵ Blue Marble UK Kelland Environmental Technology AHP Recycling Process, Streamlined LCA Report, 2022

¹⁶ Blue Marble UK Kelland Environmental Technology AHP Recycling Process, Streamlined LCA Report, 2022

¹⁷ In-house analysis, August 2022

¹⁸ Blue Marble UK Kelland Environmental Technology AHP Recycling Process, Streamlined LCA Report, 2022



2.3 BUSINESS AND REVENUE MODEL

Our future business model is based on revenue from the waste service, the sale of cat litter and plastic, the technology via licensing, and by establishing more recycling plants.

The bulk of our present revenue is generated from the waste collection subscription service for households. This service is priced at \$9.95 per week including GST and is for a fortnightly collection. Subscribers pay one month in advance for the service. The business model shows that cat litter and plastic recycled products represent less than 15% of total revenue.

To date we've deliberately held waste service subscriptions to a low level (85) while we optimise our first plant and wait to install increased dryer capacity for the cat litter. Our current revenue is approx. \$3,300 per month which covers the rental of our premises. This CSF raise will assist us to purchase an automated cat litter dryer which is expected to substantially increase plant capacity and drive revenue growth. We plan to install the dryer before March 2023. We're looking to install temporary additional air-drying capacity between now and then, to enable more subscribers to be acquired. At this demonstration plant, the annual



Our cat litter contains approximately half the carbon of other fibre cat litters per litre²⁰

capacity on a 5-day operating basis is approx. 4,000 subscribers (waste suppliers).

We have a licence for a 6-day operation, but are not planning to operate extended shifts at this stage. Once the new dryer is installed, we'll be able to expand the waste service and revenue will grow in proportion to the number of subscribers we acquire up to 4000. We have waiting lists and we're already in discussions with a Council that intends to support 1,000 subscribers in early 2023, and waste companies who collect this waste but presently have no option except landfill.

The major cost to operating the business is labour to operate the plant (2) and to pick up waste from households (one driver per 600 subscribers) in addition to other daily costs.

2.3.1 Key personnel

The DiaperRecycle team is a combination of strong management, process and engineering credentials and years of hands-on waste diaper R&D experience.

Clarke, a chemical engineer with a background in the pulp and paper industry, developed the technology and has been the key to the existence of the company due to this experience. Cynthia manages stakeholder liaison, customer acquisition and growth, as well as communications and outreach.

After the CSF raise, we expect to increase equipment and staffing levels to manage logistics, increase customers, and support company growth through sales and product/technology distribution. We also plan to start work on the requirements for the Sydney plant.

2.3.2 Key assets

Our key assets are our technology and demonstration plant which we developed for the purpose of recycling the waste nappies and producing plastic for recycling, and cat litter.

2.3.3 Intellectual property

We own the recycling technology IP which includes all production processes, for which we have a provisional patent (2021904152).

2.4 BUSINESS STRATEGY

2.4.1 Strategic goals

Our present goals are to:

1. Hold our CSF round to build resources for growth
2. Grow our customer base for the service and product
3. License our technology
4. Develop the Sydney recycling strategy

Our in-depth knowledge of both nappy waste processing and equipment options enables us to provide optimised solutions for future plants and potential licensees.

Our preferred strategy is a combination of technology licencing and direct investment in recycling facilities. The level of future funding support is expected to determine the mix of plant ownership and licensing.

The licensing strategy requires:

- technology demonstration using the Melbourne plant as a showcase
- working with the licensee to confirm the business case, followed by deployment.

Sydney Recycling Strategy

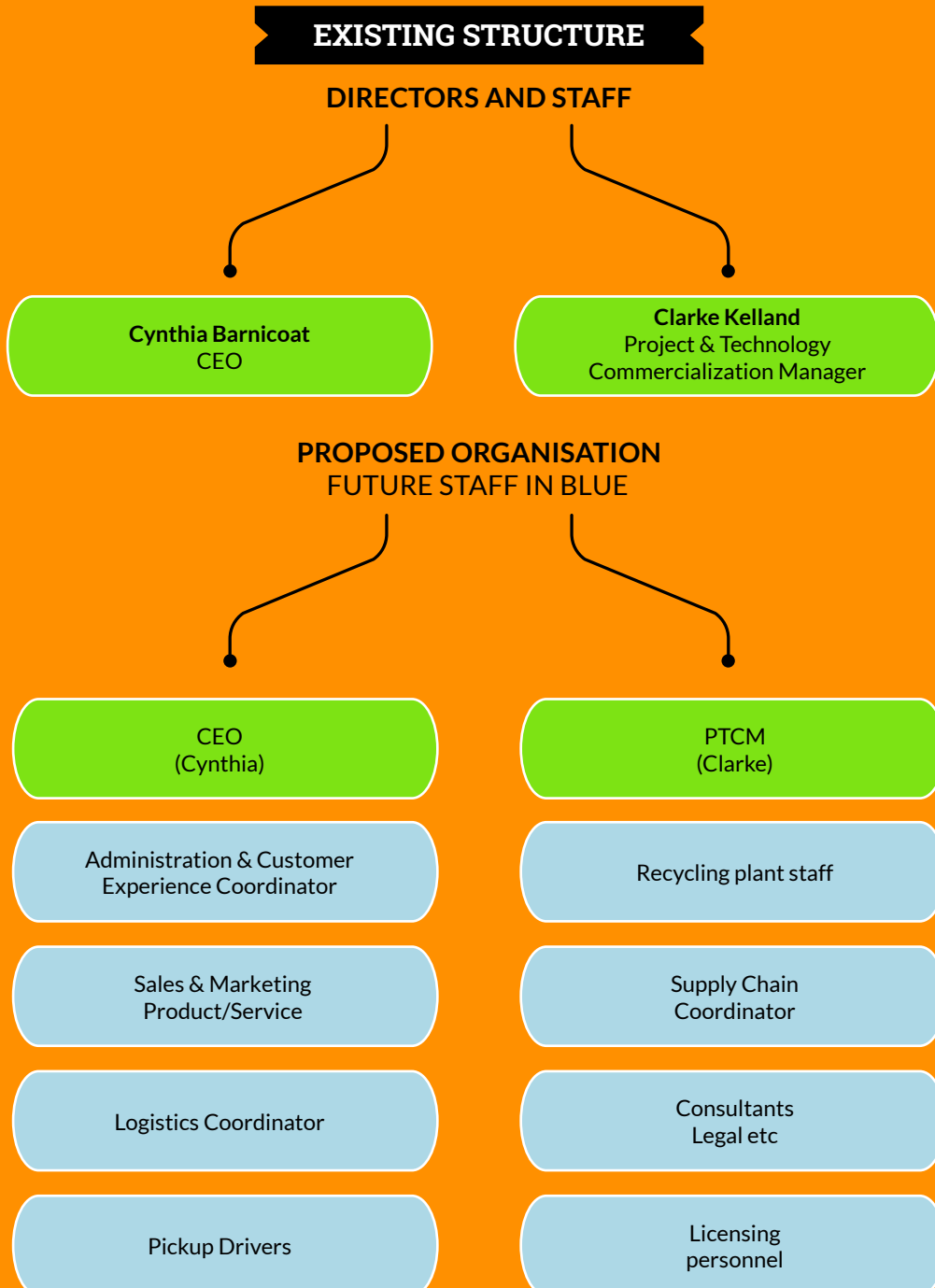
Sydney provides the opportunity to build several recycling plants, due to a large population and the highest waste collection fees in Australia with ongoing State Waste Levy increases that are CPI linked. The main focus is expected to be the aged-care sector and scale processing to provide impact on the waste problem.



Based on our
research, we
have no recycling
competitors in
Australia!

2.5 ORGANISATIONAL STRUCTURE

We presently run a lean operation, with two team members plus advisors and contractors when needed. We intend to employ plant operators, waste collection drivers, logistics, marketing and other business development personnel after our CSF raise.



2.6 CAPITAL STRUCTURE

2.6.1 Issued capital (before and after the Offer)

As at the date of this Offer Document, the Company has 10,000,000 ordinary shares on issue. The shares are held by two of the Company's founding Directors. Table 1 below sets out the issued capital of the Company before the Offer.

Table 1: Issued capital of the Company before the Offer

| Shareholder | Share Type | Shares |
|-------------------|------------|-------------------|
| Clarke Kelland | Ordinary | 7,000,000 (70%) |
| Cynthia Barnicoat | Ordinary | 3,000,000 (30%) |
| Total | | 10,000,000 (100%) |

Table 2 sets out the issued capital of the Company following the Offer on a fully diluted basis (i.e. presuming all options are exercised).

Table 2: Issued capital of the Company following the Offer

| Shares | Minimum Subscription | Maximum Subscription |
|-----------------|----------------------|----------------------|
| Existing Shares | 10,000,000 (98.61%) | 10,000,000 (93.42%) |
| Offer Shares | 140,845 (1.39%) | 704,225 (6.58%) |
| Total Shares | 10,140,845 (100%) | 10,704,225 (100%) |

2.6.2 Rights and liabilities associated with securities

As at the date of this Offer, the only class of shares on issue are ordinary shares. There is no shareholders' agreement between the existing shareholders and as such, the rights and liabilities associated with the ordinary shares are as set out in the Company's constitution.

Under the Constitution, the Board has the power to refuse a transfer of shares to a third party. A more detailed description of the rights and liabilities associated with the shares is set out in Section 3.3 below.

For further information, a copy of the Company's constitution is available on the intermediary's platform.

2.6.3 Sources of financing, including debt financing and other financing

To date, our activities have been primarily funded by the Company's initial founders, Clarke Kelland, Oliver Kelland and Cynthia Barnicoat. The founders also invested funds in the development of the project prior to forming the company in May 2019, and have loaned funds of \$830,740 as of the 30 June 2022, in total to the Company. Since the 1 July 2022, the outstanding loan to Oliver Kelland has been repaid and partial loan repayment made to Clarke Kelland, totalling \$150,000 repaid.

Remaining loans from the founders are not secured and do not have a fixed repayment schedule. The founder loans will not be repaid with the funds raised under the Offer.

OTHER FINANCING, INCLUDING GRANTS AND GOVERNMENT FUNDING

Non-equity payments

The Company received a \$20,000 +GST non-equity payment from the University of Melbourne on participation in the Melbourne Accelerator Program in 2020.

The Company received a \$10,000 + GST grant from the City of Melbourne Social Enterprise City Impact Program 2022 and has received 90%, being \$9000 + GST, to date.

Australian Government Research & Development Tax Incentive

For companies such as Kelland Environmental Technology Pty Ltd, with a group turnover of under \$20M, the Refundable tax offset for eligible R&D expenditures is 43.5%. We've received \$405,259 in Government R&D funding over the last three years. The most recent payment of \$254,629 was received after 30 June 2022.

USE OF FUNDS TO DATE

Funds have been used to support the R&D and expansion of the company to now operate the commercial demonstration facility in Melbourne. This has included:

**PURCHASE OF
EQUIPMENT
OVER 3 YEARS**

**COMMERCIAL
RENT FOR
PREMISES**

**CONTRACTOR
COSTS**

**OTHER COSTS ASSOCIATED WITH THE ESTABLISHMENT OF A NEW
FACILITY AND R&D ON THE PROCESS**

2.6.4 Group structure

Our subsidiary Kelland Environmental Technology Pty Ltd in the UK is wholly owned 100% by Kelland Environmental Technology Pty Ltd.

2.7 DIRECTORS AND SENIOR MANAGERS

2.7.1 Our Directors and management



CYNTHIA WALLIS BARNICOAT, CEO, DIRECTOR

Cynthia is involved in the leadership and management side of the business. She is presently managing the customer side, service and product sales, relationship development across several sectors, and partner liaison, contracts, marketing, fundraising and logistics.

Skills and experience

Cynthia transitioned into the environmental and social impact space while seeking ways to do more good for the future of humans and our planet, after a 25-year career in the arts, culture and heritage sector. She is experienced in leadership, strategic management and relationship development in the business, nfp and government sectors. With her career background including running a SME, transferring her skills and experience to running a startup in the environmental & waste sector is an exciting challenge.



CLARKE KELLAND, PROJECT & TECHNOLOGY COMMERCIALIZATION MANAGER, DIRECTOR

Clarke has used his extensive engineering and technical knowledge and experience to design, develop and maintain the technology required for recycling this waste.

His background in project managing large complex industrial projects, and his understanding of technical manufacturing processes, has proved key to the success of the technology.

Skills and experience

Clarke has an engineering background in the forest products industry where his experience has included the development and implementation of innovative waste management solutions for pulp mill wastes and other problematic waste by-products from wood processing operations.

His work included nappy fibre manufacture and implementation of unique solutions to environmental problems in pulp and plymills such as efficiently recycling wastewater into distilled water for reuse and implementing high efficiency pulp fibre washing systems. He is the key driving force behind DiaperRecycle and has developed the nappy recycling technology. He has a chemical engineering degree, an MBA (Technology Management) and a certificate in pulping technology.

This combination of our complementary backgrounds and skill sets has enabled DiaperRecycle to start with nothing and successfully design and build a pilot plant; be accepted into the prestigious Melbourne Accelerator Program MAP2020; test and refine the service and product with customers across Melbourne to reach commercial-ready status. We have now built a commercial sized recycling plant which is being commissioned as a demonstration facility for larger plants.

2.7.2 Our advisors

Along the way we've been advised by a range of fantastic people.



IAN WONG

Ian is a co-founder, CEO and Executive Director of Circular Economy Victoria, a not-for-profit dedicated to the transition to the circular economy in Victoria. Additionally, he is on the Board of environmental not-for-profits such as Royal Botanic Gardens Foundation Victoria and the Yarra Riverkeeper Association.

Leveraging his experience in leading IBM's digital strategy consulting practice in Australia and New Zealand, Ian currently coaches and mentors Circular Economy startups in partnership with RMIT Activator and City of Melbourne's Waste Minimisation and Innovation Fund. His children are growing up to become eco-heroes.



STEPHEN JENKINS

Stephen is a practicing Environmental Scientist and with over thirty years of pollution control experience having worked across Australia, New Zealand, South East Asia and China.

At EnviroRisk, he specialises in the resolution of industrial facility pollution across the segments of water, land, air, waste and noise. He is an appointed Auditor and Accredited Waste Consigner under the Environment Protection Act, has advised Corporate Board committees and provided expert advice at VCAT.

His expertise includes work within industries such as sewage, chemical, manufacturing, energy, landfills, composting, ports, mining and extractive industries.



SARA PANTALEO, ML, MAICD, CFE

Sara is business coach, leadership mentor and non-executive Director on national boards and committees. She is also a co-founder of Moira Kelly Creating Hope Foundation Limited.

Sara has worked extensively in the information technology, family business and franchise sectors. She was the national Franchise Woman of the Year in 2010 and a Telstra Businesswoman of the Year Victorian finalist in 2012.

Currently, she is the Deputy Chair of Family Business Australia and New Zealand, Link Community and Transport and Committee Member and Chair of the Audit and Risk Sub-committee for Global Gardens of Peace.



JOHN RYAN

John is a marketing and IT professional who has held marketing positions in the health and recycling sectors for some years. John worked as the Head of Marketing for Australian sustainability specialist Closed Loop, helping build Australia's largest coffee cup recycling program Simply Cups Australia. In 5 years, Simply Cups diverted more than 25 million cups from landfill, transforming them into upcycled solutions.

Outside of sustainability, John has spent his career working in high growth technology startups since 2005.

2.8 RISKS FACING THE BUSINESS

An investment in Kelland Environmental Technology Pty Ltd should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

RISK DESCRIPTION

Funding risk

To date we have received a small amount of external funding, however most funds for the business are made up of loans from Founders combined with the R&D tax incentive grants. In order to scale and establish further recycling plants in Australia we will need to raise further funds and there is no assurance that this will be possible.

Intellectual property risk

The protection of the Company's intellectual property is critical to our business and commercial success. If we are unable to protect or enforce the Company's intellectual property rights, there is a risk that other companies will copy our product and technology, which could adversely affect our ability to compete in the market. Conversely, third parties might sue on the basis that our operations violate their IP.

Unable to secure/ loss of supplier or customer

Reliance on overseas suppliers (of our equipment) or manufacturing companies particularly in China holds some degree of risk, both relating to the suppliers and also to broader political developments outside of our control.

Customer Acquisition risk

Unable to find enough customers to maintain revenue required to run the recycling service. To date small numbers of customers have been used to support pilot trials and while ramping up the plant, therefore revenue has been low.

Cash flow risk

The Company's operating activities involve a series of cash inflows and outflows. Although the Company seeks to manage its cash flow efficiently, there is a risk that the Company may not have sufficient cash or working capital, at times, to fund both its operations and its expansion plans. This could affect the Company's profitability, future prospects, and its ability to meet its business objectives.

Personnel risk

We have staff who are the key to the development and running of the technology, and scaling of the business. If we lose these staff it has the potential to be critical for the future of the company.

Technology competition risk

A competitor develops technology to economically recycle waste nappies/continence aids.

Market competition for product risk

The cat litter market in Australia is a \$149M pa market with many competitors with varying degrees of ability to respond to the presence of a new brand.

2.9 FINANCIAL INFORMATION

Below are the financial statements of Kelland Environmental Technology Pty Ltd for the financial years ending 30 June 2021 and 30 June 2022, which have been prepared in accordance with the Accounting Standards.

2.9.1 Balance sheet

| Balance Sheet | | |
|--|------------------|------------------|
| Kelland Environmental Technology Ltd | | |
| As at 30 June 2022 | | |
| Account | 30 Jun 2022 | 30 Jun 2021 |
| Assets | | |
| Current Assets | | |
| Bank Account | 21,691 | 11,807 |
| Accounts Receivable | 258 | - |
| Prepayments & Deposits | - | 9,922 |
| Total Current Assets | 21,949 | 21,728 |
| Fixed Assets | | |
| Non-R&D Asset | 18,499 | 3,999 |
| Non-R&D Asset - Accumulated Depreciation | (18,499) | (3,999) |
| R&D Asset | 411,317 | 352,748 |
| R&D Asset - Accumulated Depreciation | (399,507) | (196,205) |
| Total Fixed Assets | 11,810 | 156,543 |
| Total Assets | 33,759 | 178,271 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | 1,450 | - |
| GST | (5,507) | (11,751) |
| Total Current Liabilities | (4,057) | (11,751) |
| Non-current Liabilities | | |
| Directors Loans | 830,740 | 490,940 |
| Total Non-current Liabilities | 830,740 | 490,940 |
| Total Liabilities | 826,682 | 479,189 |
| Net Assets | (792,924) | (300,917) |
| Equity | | |
| Current Year Earnings | (358,888) | (131,807) |
| Retained Earnings | (199,689) | (67,882) |
| Total Equity | (558,577) | (199,689) |

2.9.2 Profit and loss statement

Profit and Loss

Kelland Environmental Technology Ltd

For the year ended 30 June 2022

| Account | 2022 | 2021 |
|---------------------------------|------------------|------------------|
| Trading Income | | |
| Sales of Goods | - | 32 |
| Waste Services | 8,195 | 10,606 |
| Total Trading Income | 8,195 | 10,637 |
| Other Income | | |
| Grant Income | 9,000 | 20,000 |
| Total Other Income | 9,000 | 20,000 |
| Total Income | 17,195 | 30,637 |
| Operating Expenses | | |
| Administration | 15,251 | 13,454 |
| Marketing | 2,215 | - |
| Plant Construction & Operation | 359,909 | 134,522 |
| Logistics | 2,720 | 39 |
| Rent | 32,814 | - |
| Total Operating Expenses | 412,909 | 148,015 |
| EBITDA | (395,715) | (117,378) |
| Depreciation | 217,802 | 144,777 |
| Interest | - | - |
| EBT | (613,517) | (262,155) |
| Income Tax Expense / (Benefit) | (254,629) | (130,348) |
| Net Profit After Tax | (358,888) | (131,807) |

2.9.3 Cash flow statement

Statement of Cash Flows

Kelland Environmental Technology Ltd

For the year ended 30 June 2022

| Account | 2022 | 2021 |
|--|------------------|------------------|
| Operating Activities | | |
| Receipts from customers | 9,044 | 11,701 |
| Payments to suppliers and employees | (526,759) | (266,998) |
| Cash receipts from other operating activities | 33,143 | 13,334 |
| Cash payments from other operating activities | 217,802 | 144,777 |
| Net Cash Flows from Operating Activities | (266,769) | (97,186) |
| Investing Activities | | |
| Payment for property, plant and equipment | (63,147) | (264,711) |
| Other cash items from investing activities | - | - |
| Net Cash Flows from Investing Activities | (63,147) | (264,711) |
| Financing Activities | | |
| Other cash items from financing activities | 339,800 | 372,966 |
| Net Cash Flows from Financing Activities | 339,800 | 372,966 |
| Net Cash Flows | 9,884 | 11,069 |
| Cash and Cash Equivalents | | |
| Cash and cash equivalents at beginning of period | 11,807 | 738 |
| Net change in cash for period | 9,884 | 11,069 |
| Cash and cash equivalents at end of period | 21,691 | 11,807 |

2.9.4 Statement of changes in equity

Statement of Changes in Equity

Kelland Environmental Technology Ltd

For the year ended 30 June 2022

| Account | 2022 | 2021 |
|-----------------------|------------------|------------------|
| Equity | | |
| Opening Balance | (199,689) | (67,882) |
| Current Year Earnings | (358,888) | (131,807) |
| Total Equity | (558,577) | (199,689) |



2.9.5 Management comments on historical performance and outlook

Kelland Environmental Technology Pty Ltd has been developing the recycling technology over the last four years and refining the waste collection service for the last two years.

The waste services revenue is lower in FY22 due to shutting down the pilot plant and building the R&D demonstration plant resulting in operations being closed for eight months. Effectively the revenue in FY22 relates to 4 months of operation.

The bulk of our R&D activity and costs occurred during the Federal Budget 2020 Temporary Full Expensing (TFE) period which coincided with our high capital expenditure and consequently we were able to depreciate most of our capital costs and able to claim an eligible R&D deduction and therefore receive a higher R&D incentive payment. The effect of writing off virtually all our capital costs is to have a very high depreciation charge in both FY21 and FY22 as shown in the P&L account. The offset was an improved cashflow contribution from the R&D tax incentive.

The metro Melbourne based plant is now being commissioned with customers, and can be ramped up to achieve cashflow breakeven with the installation of the cat litter dryer. Investment funds raised from this offer have the potential to enable an increase in revenue from the plant and further demonstrate our technology.

Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled. Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by Kelland Environmental Technology Pty Ltd and has not been validated by an independent third party.

SECTION 3

INFORMATION ABOUT THE OFFER

3.1 TERMS OF THE OFFER

The key terms and conditions of the Offer are set out below. A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at www.birchal.com.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Kelland Environmental Technology Pty Ltd is offering up to 704,225 shares at an issue price of \$0.71 per share to raise up to \$500,000

| Term | Details |
|----------------------|----------------------------|
| Shares | Fully-paid ordinary shares |
| Price | \$0.71 per share |
| Minimum Subscription | \$100,000 |
| Maximum Subscription | \$500,000 |
| Minimum parcel size | \$250 |
| Opening date | 8 November 2022 |
| Closing date | 24 November 2022 |

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

3.2 USE OF FUNDS

At the minimum subscription our intention is to use the funds raised to install an automated cat litter pellet dryer and expand the logistics fleet and cover working capital before financial break even.

At the maximum subscription our intention is to use the funds raised to expand the Melbourne plant ramp up to the maximum capacity. Funds will be used to further expand the logistics fleet to collect the extra waste and to purchase a cat litter packaging line.

The maximum subscription will not cover the full implementation of the Sydney plant and we expect that the shortfall will be provided by bank financing and/or other equity raising. Directors do not receive Director fees, but as working Directors will receive wages from cashflow. The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

| Intended Use | Minimum Subscription | Maximum Subscription |
|--------------------------------|----------------------|----------------------|
| Capital Works | 86,200 | 236,200 |
| Digital advertising | 5,000 | 20,000 |
| Working capital & salaries | - | 100,000 |
| Sydney plant planning & design | - | 111,000 |
| CSF Offer Costs - fees | 6,000 | 30,000 |
| CSF Offer Costs - admin | 2,800 | 2,800 |
| TOTAL | 100,000 | 500,000 |

The offer is not underwritten and there is no guarantee that these funds will be raised. The Offer costs include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchall Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs. Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

If we only raise the minimum subscription amount, the Company will require further funding to be able to carry out our activities over the next year to 18 months. Therefore, the Company may consider undertaking a further CSF offer under the CSF regime. Until additional funding is obtained, we intend to focus our cash resources on running and growing the existing recycling operation while planning for the large plant and exploring funding options.

3.3 RIGHTS ASSOCIATED WITH THE SHARES

Immediately after issue, the ordinary shares will be fully-paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. These rights are described below. A copy of the constitution is available on the intermediary's platform.

3.3.1 Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

3.3.2 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

3.3.3 General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

3.3.4 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of a special resolution (75%).

3.3.5 Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to shareholders after secured and unsecured creditors of the Company.

3.3.6 Restrictions on sale and transfer of shares

The shares may be sold or disposed of in accordance with the Company's Constitution which includes the discretion to approve or refuse the transfer of shares depending upon the circumstances as outlined in Clause 12 of the Constitution.

The Constitution includes pre-emption rights on issue of shares so that if the Company wishes to issue additional shares of a particular class, the board of the Company must first offer those shares to all Shareholders who hold 13% or more of the total Issued Shares of that class.

Exceptions to the pre-emption rights apply to:

- Shares issued as a result of one or more conversions of equity securities (such as under a

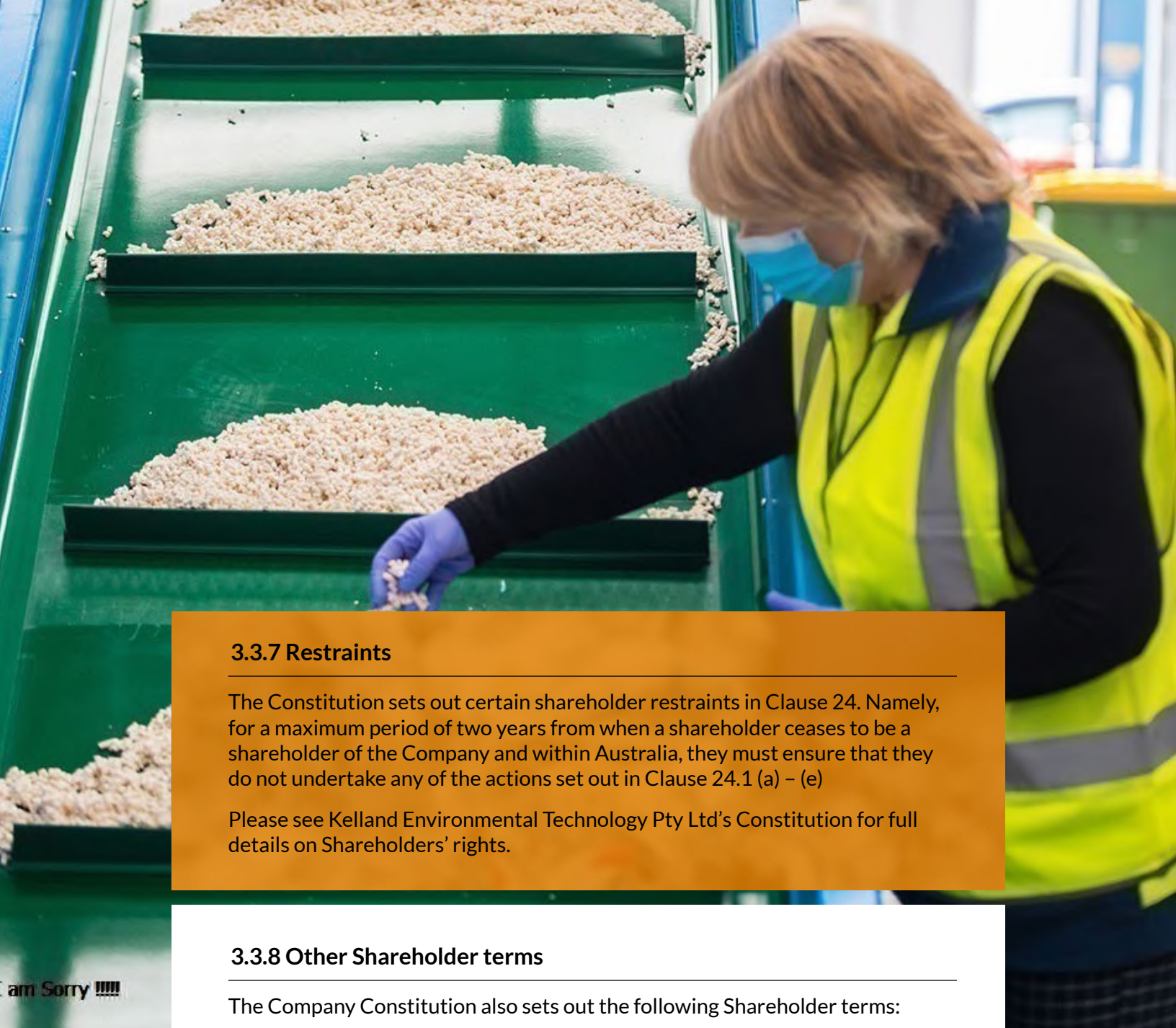
Convertible Note);

- Shares issued to fund a buy-back, cancellation, purchase or redemption of any equity securities by the Company;
- Shares issued under an approved employee share option agreement.

As set out in Clause 12.36, a shareholder must not sell or dispose of the shares if that sale or disposal would result in:

- The Company having to issue a disclosure document or a product disclosure statement under Chapter 6 or Chapter 7 respectively, of the Corporations Act
- A competitor holding shares, other than, with the prior approval of the shareholders by special resolution.





3.3.7 Restraints

The Constitution sets out certain shareholder restraints in Clause 24. Namely, for a maximum period of two years from when a shareholder ceases to be a shareholder of the Company and within Australia, they must ensure that they do not undertake any of the actions set out in Clause 24.1 (a) – (e)

Please see Kelland Environmental Technology Pty Ltd's Constitution for full details on Shareholders' rights.

3.3.8 Other Shareholder terms

The Company Constitution also sets out the following Shareholder terms:

Drag along rights

Drag along rights at 50% - meaning that if 50% of the ordinary shares on a fully diluted basis are offered to an unrelated buyer or a shareholder, then the buyer may also buy your shares as well.

Tag along rights

Tag along rights at 50% - meaning that if shareholders holding 50% or more of the share capital seek to sell their portion – you have the right to sell at the same price to the buyer at the same time.

3.4 WHAT CAN I DO WITH MY SHARES?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include, but are not limited to:

- A trade purchase of the Company
- A listing on a registered stock exchange (e.g. the ASX)
- A private equity investment in the Company
- A share buy-back by the Company

There is no guarantee that any of the exit options will eventuate.



3.5 EARLY STAGE INNOVATION COMPANY (ESIC)

From 1 July 2016, if you invest in a qualifying early stage innovation company (ESIC), you may be eligible for tax incentives. The incentives provide eligible investors, who purchase new shares, with:

- a non-refundable carry forward tax offset equal to 20% of the value of their qualifying investments. This is capped at a maximum tax offset amount of \$200,000 for sophisticated investors and their affiliates and \$50,000 for retail investors and their affiliates.
- a modified capital gains tax (CGT) treatment, under which capital gains made or accrued on qualifying shares that are continuously held for at least 12 months and less than ten years are exempt from CGT. Capital losses made or accrued on shares held less than ten years are also disregarded.

More information about the ESIC regime is available from the ATO website here - <https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/>

Based on an objective self-assessment with the assistance of advisors, the Company has assessed itself and believes that it meets the criteria as a qualifying ESIC for the purposes of this Offer. Investors who purchase new shares in qualifying ESICs may be eligible for certain early stage tax incentives.

The Company does not warrant or guarantee that it will qualify under relevant rules as an ESIC, and is not able to form a view or give investors tax advice as to whether they are eligible for any tax incentives. Neither the Company nor Birchall Financial Services Pty Ltd take any responsibility for investors that invest on the assumption that ESIC will apply to them or the Company. We recommend that investors seek independent tax advice about their investment.

SECTION 4

INFORMATION ABOUT INVESTOR RIGHTS

4.1 COOLING-OFF RIGHTS

If you are a retail investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (**Cooling-off Period**).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 COMMUNICATION FACILITY FOR THE OFFER

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

4.3 PROPRIETARY COMPANY CORPORATE GOVERNANCE OBLIGATIONS

4.3.1 Annual report

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be

subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's website at the following address <https://diaperrecycle.com> (free of charge) or can purchase the report from ASIC.

4.3.3 Related party transactions

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

4.3.4 Takeovers

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.



Diaper Recycle

A SUSTAINABLE FUTURE

GLOSSARY

Company means Kelland Environmental Technology Pty Ltd ACN 633309136 t/a DiaperRecycle

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act

Intermediary means Birchall Financial Services Pty Ltd AFSL 502618

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer

Offer means an offer of fully-paid ordinary shares by the Company under this CSF offer document

Retail investor has the meaning given to the term "retail client" under the Corporations Act