Sunshine Hydro Pty Ltd

Crowd-sourced funding offer document

Dated 30 April 2024

Offer of fully-paid ordinary shares in Sunshine Hydro Pty Ltd at $1.40 per share to raise a maximum of $1,000,000

This crowd-sourced funding (**CSF**) offer document relates to the Offer of fully-paid ordinary shares in Sunshine Hydro Pty Ltd. This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001* (**Corporations Act**).

Issuer
Sunshine Hydro Pty Ltd ACN 614368286

Intermediary
Birchal Financial Services Pty Ltd ACN 621 812 646 AFSL 502618

Always consider the general CSF risk warning and offer document before investing

Table of Contents

SUNSHINE HYDRO
keeping the lights on®

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 Directors

Thank you for taking the time to explore this opportunity to invest in Sunshine Hydro.

Last year we introduced our solution to decarbonising the energy sector to the Birchal community.

We were amazed and humbled by the response as we hit the maximum funding target halfway through the raise. If you joined us then – thank you – and if you missed out, we welcome you to join us now.

Sunshine Hydro exists to address the urgent, critical need to decarbonise the energy system on a large scale.

What does this mean?

It means many things, including a fundamental re-imagining of how we conceive of, build, manage and use energy systems. On a practical level, Sunshine Hydro has developed an asset ecosystem that brings together wind, solar, pumped hydro, fuel storage and green methanol/hydrogen to produce true 24/7 carbon-free energy for the most energy-intensive industries such as metal production and data centres. We call this system Superhybrid™.

From there, we leverage our proprietary, AI-enabled software, AESOP, to allocate all energy inputs and deliver a system designed to use every electron and avoid spilled energy.

Our mission is to play a key role in decarbonising the energy sector by developing affordable and reliable 24/7 carbon free energy and green fuels, informed by the wisdom of the traditional owners who we are also committed to engaging as equity partners in this mission.

Since the last raise, we've been busy progressing our project portfolio by signing land options and developing the focus projects. We were proud to announce the trailblazing agreement with First Nations Greentime Energy Group providing them with a 20% equity option for our flagship Djandori Gung-i Superhybrid Project.

We have made some exciting contacts with prospective partners and at the time of writing we are in the process of signing MOU's – some may be announced by the time you read this.

While developing and modeling our projects we have discovered a new opportunity to accelerate decarbonisation and to achieve earlier cash flows into the company.

We have found that early emphasis on methanol production can be a key to getting projects on the ground and operational faster. We have done preliminary modeling on a Superhybrid focusing on methanol production and the results are encouraging. This approach can fast track projects as there are no lengthy approval processes like that for a pumped hydro station or need for new transmission lines of a full scale Superhybrid.

We envisage breaking the development of Superhybrids into stages. The first stage, a stand-alone methanol plant is financially viable. However, revenue can be increased, and production de-risked later by adding other elements of Superhybrid. This can happen in several steps, for example we can add hydrogen, peaking generators and batteries - and eventually they can all be merged into a Superhybrid. This means significantly quicker time to market for green fuel.

We have observed that a Superhybrid ecosystem and AESOP software are quite adaptable to various combinations of assets that produce 24/7 CFE and Green Fuels, while supporting the electricity grid and market. We would now like to explore how best to capitalise on this flexibility and develop that capability further.

We are very excited about the opportunities mentioned above and we have rolled up our sleeves ready to work hard to achieve these results as soon as possible. Your funding can make that possible.

Please join us on our journey towards decarbonisation of the large-scale energy and fuel sector.

Sincerely,
Michael,
Rick
&
Chris

Conceptual illustration of a methanol production facility

2.1 Company details

This offer of shares is made by Sunshine Hydro Pty Ltd ACN 614368286 (**Company**).

Company Name
Sunshine Hydro Pty Ltd
ACN 614368286

Date of Incorporation
22 August 2016

Registered Office
Level 10, Waterfront Place
1 Eagle Street
Brisbane, QLD 4000

Principal Place of Business
Level 5, 50 McDougal Street
Milton, QLD 4064

Directors
Michael Sidney Myer
Christopher Ronald Baker
Richard John McElhinney

Company Secretary
Christopher Ronald Baker

Share registry
Cake Equity Inc
5/2 Philippine Parade
Palm Beach QLD 4221 Australia

Website
www.sunshinehydro.com

Subsidiaries (100% owned unless otherwise stated [1])

Sunshine Hydro Development Pty Ltd
ACN 653 180 299

Sunshine Hydro Technology Pty Ltd
ACN 653 180 315

Central Victoria Superhybrid Energy Pty Ltd
ACN 664 335 853

Djandori Gung-i Investment Pty Ltd
ACN 664 336 592

Djandori Gung-i Superhybrid Holdings Pty Ltd
ACN 664 336 869

Djandorl Gung-i Pty Ltd
ACN 638 299 046

Dumaresq Superhybrid Pty Ltd
ACN 653 180 235

Juliet Energy Pty Ltd
ACN 653 180 253

Gwydir Energy Pty Ltd
ACN 653 180 244

Dumaresq Energy Pty Ltd (50%)
ACN 653 180 262

Sunshine Green Fuels Pty Ltd (45%)
ACN 653 180 191

Black Creek Green Fuels Pty Ltd (45%)
ACN 664 336 663

Opera Energy Pty Ltd
ACN 658 196 975

CFE Land Management Pty Ltd
ACN 667 026 691

Since our first Birchal raise we have been developing our projects and business as planned, as well as improving our development model, as described in chapter 2.2.5. The following scorecard details some of our recent achievements.

[1] See chapter 2.5.3 Group Structure for details of the ownership of each subsidiary.

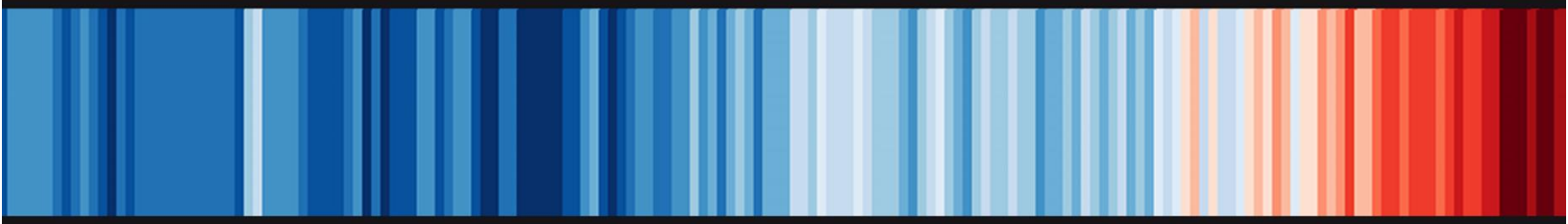
Scorecard

Strategic Focus	Objective	Progress
AESOP Software development	Developing AESOP and engineering research	✓ Modeling advanced to examine AESOP performance under wind droughts and changes in PPA (Power Purchase Agreement) pricing for wind and solar ✓ Modeling for a third party pumped hydro proponent
Pumped Hydro Superhybrid™	Developing Djandori Gung-i	✓ Land options extended, securing the project into the future ✓ Environmental wet season studies finished ✓ Planning pathways updated ✓ Capital and Development expenses refined ✓ AESOP modelling scenarios stress tested
	Developing PHES in northern NSW	✓ Partnerships secured for the land and the ongoing development of the project ✓ Design preliminaries updated ✓ Transmission solution investigated
Battery Superhybrid™	Developing CQU Mini-Superhybrid™	✓ MOU signed with CQU (Central Queensland University) ✓ AESOP modelling setup and processing
	Developing Miriam Vale Superhybrid™	✓ Land selected and optioned ✓ AESOP modelling started ✓ Planning pathway being developed
Green Fuels Projects	Developing Black Creek Green Fuels	✓ Partnerships secured for the land and the ongoing development of the project ✓ Methanol production process identified, modelled and priced ✓ Site for the plant identified. ✓ Biomass supply investigated and identified ✓ Preparation for application approval through the council underway ✓ Capital expenditure modelling completed
	Developing a Gladstone project	✓ Early AESOP modelling started ✓ Integration with the CQU Mini Superhybrid™ in process ✓ Potential off-takers identified
	Developing a Miriam Vale project	✓ Early AESOP modelling started ✓ Biomass feedstock under investigation
Public Advocacy and Awareness	Promoting Sustainability and Superhybrid™	✓ Sunshine Hydro won Queensland Telstra Best of Business Award for “promoting sustainability” and presented as national finalist ✓ CEO attended IHA Conference in Bali ✓ Chairman presented on an energy storage conference in Sydney
Industry relationships	Creating partnerships	✓ Developing important relationships with thought leaders, potential partners and academia

2.2 Our business

2.2.1 The Global Problem

We all know how important it is to address climate change as natural disasters are manifesting urgency all around the globe. Decarbonising energy and transport sectors are among the most impactful climate actions the world needs, but the job ahead doesn't come without challenges.



[2]

Building more renewable energy like wind and solar is a great step to decarbonise the electricity grid. However, if a large portion of the generation follows the same weather patterns, the market price on windy and sunny periods falls (even negative!) and the generation must be curtailed. This **reduces profitability and creates uncertainties to the investment case for renewable energy**.

Other times the wind doesn't blow and the sun doesn't shine, but we still need to keep the lights on. It's clear that to be 100% renewable, energy demand needs to be matched every hour of every day to an equivalent amount of renewable generation. Electricity users, particularly **global corporations are committing to move beyond "net zero". However, affordable 24/7 carbon-free energy is not readily available at scale**[3].

The electricity grid needs more storage capacity to manage the intermittent nature of renewable energy generation. Short-duration batteries are being deployed, but the grid also needs long-duration storage, like pumped hydro, to cover calm and cloudy periods. However, **globally projects struggle to achieve financial close, because trading long-duration storage in the unpredictable electricity market includes significant uncertainty about future revenues**.

In the transport sector electric vehicles are gaining a foothold on passenger vehicles, but batteries are not well suited for large-scale transport like shipping, aviation, rail and heavy trucks[4]. The distances, the weight of cargo or passengers and high energy demand all point towards the need for a green fuel with similar refueling infrastructure as the industry is currently using. However, **green e-fuels come with a price premium and supply uncertainties caused by the intermittent availability of renewable sources**.

---

[2] Based on Ed Hawkins global "Warning Stripes" for the period 1850 – 2022. 1971 – 2000 baseline. Data source UK Met Office. Link: Climate Central

[3] The State of 24/7 Carbon-free Energy: Recent Progress and What to Watch, article by Nate Hausman and Lori Bird on 5 May 2023. Link: World Resources Institute

[4] Potentials and limitations of battery-electric container ship propulsion systems, paper by Lukas Kistner, Astrid Bensmann and Richard Hanke-Rauschenbach in January 2024. Link: ScienceDirect

2.2.2 Our Solution: Superhybrid™ Asset Ecosystem

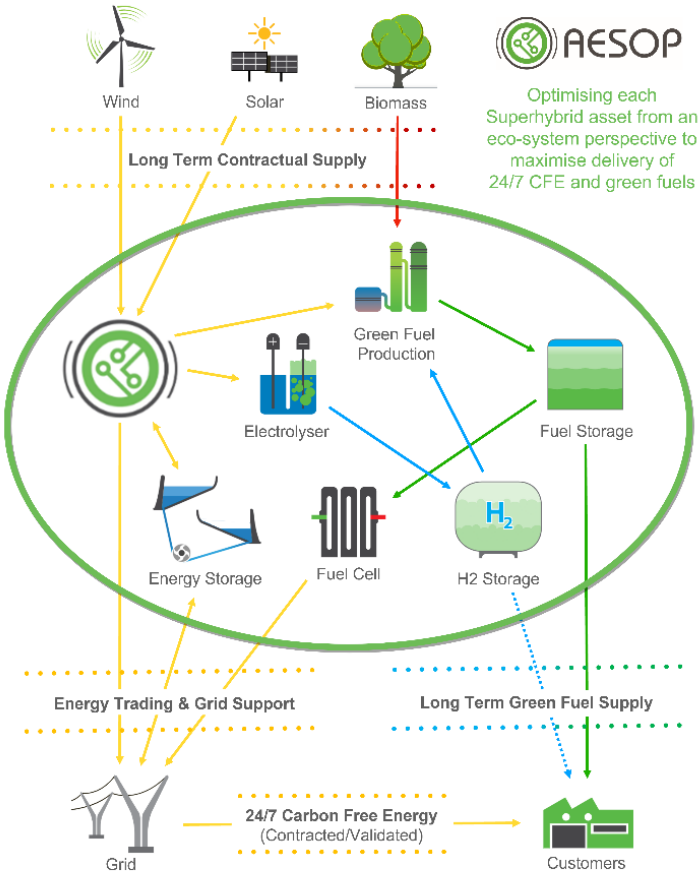
Sunshine Hydro has developed a concept that addresses the above-described problems. It is an asset ecosystem called Superhybrid™ and it is optimised by purpose-built software AESOP (Advanced Energy Storage Optimisation Program).

Superhybrid helps us to "electrify everything" – and use every electron.

A Superhybrid procures wind energy, solar energy and biomass; and converts it into 24/7 carbon-free energy (24/7 CFE) in the form of "baseload" electricity and green fuels or hydrogen.

It consists of long-duration storage, typically pumped hydro, and production facilities for hydrogen, which is further converted to green fuels by adding a renewable carbon source, i.e. biomass.

Hydrogen and green fuel production provides a flexible load that can be ramped up and down to support the **delivery of 24/7 electricity as well as a steady-supply green fuel contract**.



The business case is based on fixed long-term procurement and supply contracts, effectively **mitigating revenue uncertainty for both the pumped hydro projects and renewable**

energy generation. A Superhybrid can also provide grid support services, which typically provide fixed revenues. A portion of the energy is available as peaking power on the electricity market or for bidding on the local frequency markets for additional revenues.

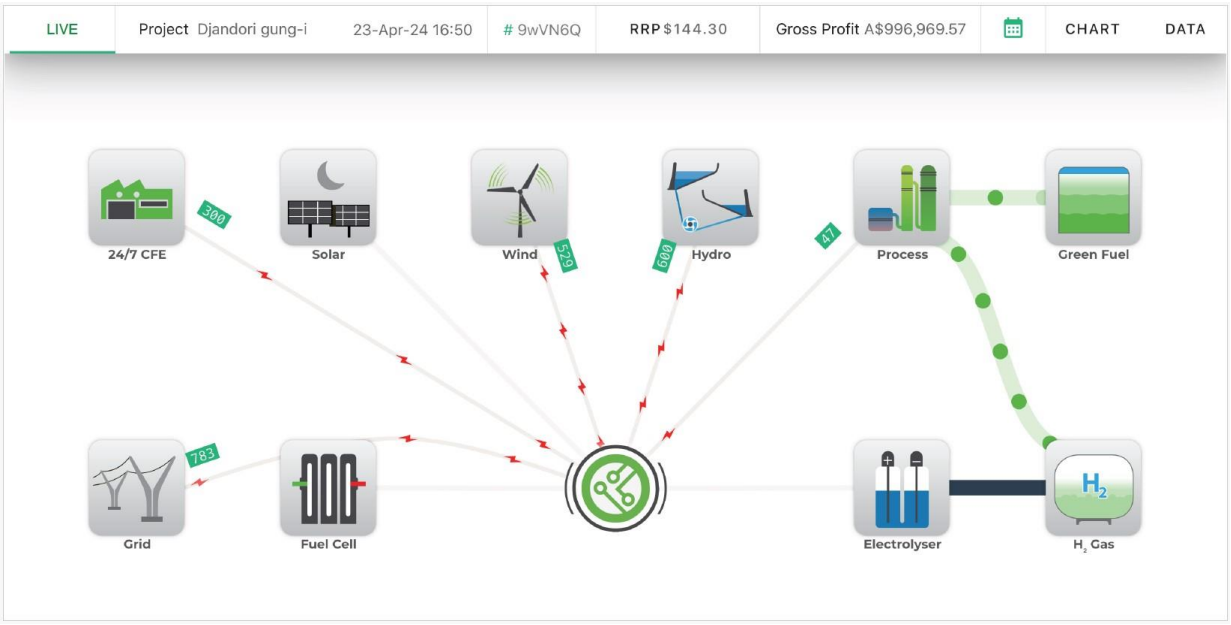
As the Superhybrid aims to use every electron, the utilisation rate of renewable energy increases. As less energy is wasted and more revenue captured, **the contract price for 24/7 CFE becomes more affordable for the consumer.**

Most developers and investors that we know have approached these various assets as separate entities and built them out independently. However, Sunshine Hydro has rethought this approach and spent years modelling and finessing this ecosystem approach.

We have found that when you integrate these components into a single, optimized system, the value proposition is more than the sum of its components.

Due to the integrated ecosystem approach, introducing the Superhybrid model captures multiple revenue streams. For each greenfield project we simulate the design as a Digital Twin [5], allowing us to test and observe the optimisation decisions and performance as if it was operating on the market today.

This simulation considers real-time and forecast market prices and actual and forecast wind and solar data along with assumptions about contracts and physical restrictions, to make decisions about how to run the assets. The resulting gross profit can be incorporated into the financial forecast model.



[5] For example, you can view the Digital Twin of the Djandori Gung-i project live using this link.

2.2.3 Proprietary Software AESOP

The AESOP (Automated Energy Storage Optimization Platform) technology developed and owned by Sunshine Hydro is the cornerstone that enables seamless and efficient operation of our Superhybrid™ energy systems.

The software has two distinct roles: initially guiding the design of the assets and commercial contracts, and after commissioning optimising the operations and interacting with each asset's operators and control system.

Validation of the results of operational modelling of the digital twin has been provided in a report to Sunshine Hydro independently prepared by an experienced Wholesale Energy Market Consultant Allan O'Neil [6].

AESOP is technology agnostic with regards to the Long Duration Energy Storage (LDES) (like PHES, CAES, gravity storage, and flow batteries, with a typical storage profile of 12 to 24 hours) as well as to the hydrogen derivative (liquid hydrogen, methanol, SAF, etc.). A variety of variables within AESOP can already be adjusted by the engineers to optimize a project to the desired specifications. However, we need to increase this flexibility to accommodate our stand-alone green fuel projects and perform scenario modeling to aid the design of these projects both initially and to determine the optimal path to a staged development of a full-scale Superhybrid.

Operating Protocol and Features

AESOP applies 33 optimization algorithms to effectively distribute incoming energy to different parts of the asset ecosystem. The priority is to meet contractual conditions, i.e. baseload electricity, green fuel supply and possibly grid support services. The secondary goal is to maximise revenue through opportunistic trading in electricity and frequency markets.

AESOP uses actual data and forecasts like storage levels, price signals and wind forecasts for up to a week to make decisions on how to run each asset for each trading interval (5-minute periods in Australia). We run it in real-time as a Digital Twin for each of our advanced development projects, gathering valuable information about how these assets would perform if they were on the ground today.

We are also able to look back at the operations from previous years to gather a significant performance record for alternative Superhybrid configurations. It is notable that this method does not utilise perfect foresight, i.e. even though the data for the "future" exists, ASEOP only uses information that it would have had available at the time of each decision. This way we can, for example, determine the amount of 24/7 electricity we are able to deliver with a particular asset ecosystem.

[6] Allan O'Neil has provided consent for inclusion in this document.

2.2.4 Consultation Services for External Projects

AESOP is not limited to new projects or Superhybrids developed by Sunshine Hydro. It can also be applied to existing LDES assets to assess current efficiencies and to identify areas for improvement, thus increasing profitability. This can be done by setting up a digital twin of the asset and simulating its performance using Superhybrid principles and comparing the outcome to the operating protocol in use. We believe that this will pave the way for “superhybridising” existing third-party assets through necessary commercial arrangements and licencing AESOP as the operational optimisation tool.

Making AESOP available to other suitable existing or proposed LDES developments can become an important early revenue stream as well as a catalyst in rolling out decarbonisation solutions beyond the project development capabilities of Sunshine Hydro. We are mindful of the urgency of global decarbonisation and wish to do everything in our power to accelerate it.

We recognise that the logic and business model of Superhybrid asset ecosystem could be emulated by other developers – and we recommend it for them – however, there is no other optimisation software we know of that takes such an asset ecosystem approach. AESOP, along with the significant IP gained through years of scenario modelling is the competitive edge Sunshine Hydro has.

We now wish to extend this competitive advantage to green methanol production facilities and we believe that the above-described experience provides us a head-start in this emerging market. We recognise an opportunity to licence AESOP for other methanol developers and also view them as potential future saplings for Superhybrid projects.

2.2.5 Project development

Sunshine Hydro devoted its early foundation years to identifying and analysing hundreds of prospective pumped hydro sites. From this portfolio, two sites were chosen for the development of Superhybrid projects, one in Queensland and the other one in New South Wales. We have secured those sites and the development of the projects is progressing as planned.

A critical part of the Superhybrid business model is the seamless integration of hydrogen production with pumped hydro or another form of deep energy storage.

Over the past two years we have been focused on the best “go to market” path for the hydrogen produced by the Superhybrid projects. Our market research and development in this space has settled on the production of green fuels in the form of methanol (or in some cases SAF) as the use case for green hydrogen and recycling of biomass.

More recently we have identified a way to develop methanol production as a financially viable stand-alone facility. This revelation is significant, because these facilities have a much shorter development timeframe than pumped hydro stations. We plan to start from a minimum viable asset and improve it in stages, increasing production and productivity and flexibility, increasing certainty of offtake and supply, and increasing revenue.

We have identified a number of such standalone green fuel projects. The following is an introduction of one of them, Gladstone Green Fuels and its potential connection to a well-progressed Superhybrid project, CQU Mini-Superhybrid, which was originally scoped as a research project without green fuel production.

CQU Mini-Superhybrid and Gladstone Green Fuel Project

We are developing this small research and demonstration project together with Central Queensland University (CQU) in Gladstone. The project includes most key components of a Superhybrid, but on a small scale, suitable to locate on the University site.

Initial design includes a 3 MW 12-hour Vanadium Flow battery as a long-duration energy storage, which can be located in the urban area and commissioned comparatively quickly. We plan to test different technical solutions, for example we plan to produce hydrogen by using 3 different electrolyser technologies, effectively providing learnings for academic research and Superhybrid optimisation.

These assets also act as a practical training ground for the students of CQU School of Manufacturing, who will be maintaining the assets. This contributes to the Australian skilled workforce – one of the biggest challenges of the energy transition – and makes the Superhybrid concept known amongst the future people of the industry and academia.

We have identified an opportunity to add a small methanol production plant to this project. The facility would be located near the University and Gladstone Port, which is ideal for the transportation of the local biomass feedstock and the sale of methanol. This project could progress as a separate facility, though merging it into the CQU Mini-Superhybrid allows us to have a full scope demonstration of a Superhybrid.

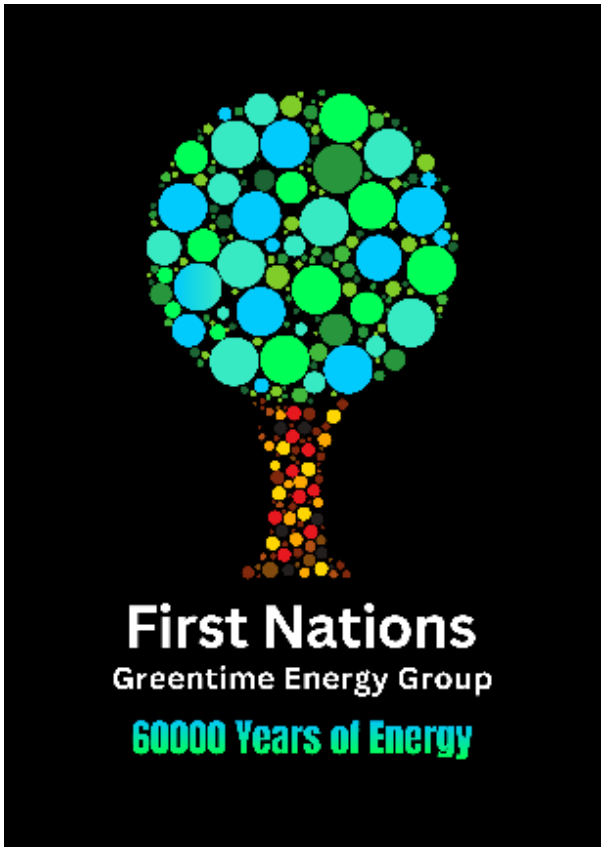
We have created a preliminary process diagram and a plant layout and we have selected the main component suppliers. The biomass gasification process turns about 47,000 tonnes of biomass into 20,000 tonnes of green methanol and 2,500 tonnes of biochar annually.

The project qualifies for the Federal Government R&D Tax Incentive [7] and therefore benefits from the 43.5% rebates on a significant part of the development expenditure and from a reduced tax rate when generating profits. We expect the plant to be commissioned in late 2027.

2.2.6 Social Licence

We pride ourselves on the close community connection we are developing on our flagship project. We consider such a relationship fundamental to any clean energy project. Indeed, there are a number of technically excellent sites that we have identified but abandoned early because we knew or expected that it would not attract community support. Our progress in creating the community support has been commended by prospective project partners, as the social licence is currently one of the key challenges of large renewable infrastructure projects.

We put a lot of care into this relationship and we actively seek ways to genuinely benefit the local communities, but the most important guiding principle we follow is to listen to the locals. Our aim is to have a significant positive impact on the natural environment and local community, including the Traditional Owners of the land.



We are deeply committed to environmental protection and do not support unnecessarily damaging practices, even if they are legally permitted. We are conscious, that any construction will impact the prevailing habitat, but so does climate change – our approach is to do our best to protect the biodiversity while decarbonising. We are dedicated to carefully considering this complexity in our projects, as well as in the wind and solar farm developments from which we will source renewable energy.

You can read more in our blog “Reconciliation in Action” [8] or RenewEconomy’s news article “First Nations group gets option for 20pct stake in Sunshine Hydro’s flagship project” [9].

[7] The Research and Development Tax Incentive helps companies innovate and grow by offsetting some of the costs of eligible research and development. Link: Business.gov.au
[8] Link: Reconciliation in Action, blog by Virpi Barrett on 9 Oct 2023
[9] Link: First Nations group gets option for 20pct stake in Sunshine Hydro’s flagship project, article by Rachel Williamson on RenewEconomy 27 Nov 2023

2.2.7 Competition

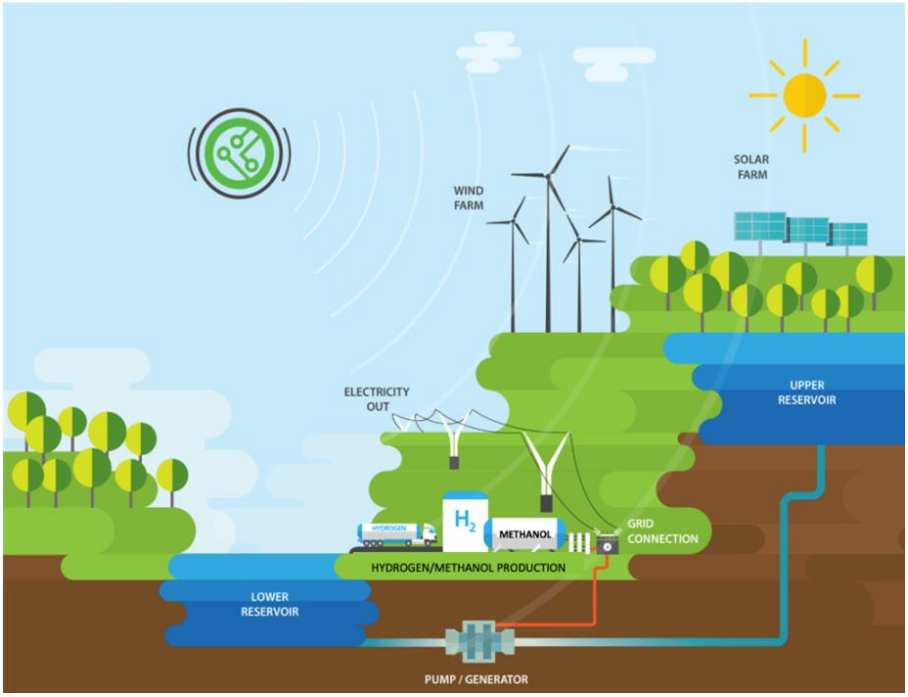
We are perplexed about not seeing a number of companies worldwide developing asset ecosystems like Superhybrid. When we look at the data and the problems, the solution is obvious to us, but it seems like others don't see it. We feel like Michael Burry must've felt before GFC as depicted in the film "The Big Short"[10].

We have talked to industry contacts worldwide and consistently receive the feedback, that no-one else is developing an ecosystem of assets with the focus to deliver 24/7 CFE and green fuels by leveraging long duration energy storage – or software managing such a fleet.

A Superhybrid touches several markets and each of them includes experienced actors. However, we don't consider them as competitors, but rather as potential partners.

Inevitably, there will be proponents and developers who are currently unknown to us, who will observe what we are doing in the marketplace and will seek to emulate the Superhybrid business model. We propose to address such competition in the following four ways.

- Continue to develop and strengthen the AESOP software.
- Pursue a land acquisition strategy that involves optioning and/or acquiring key sites around the world. This serves as a natural defense of our market position.
- Open source components of our software in the medium term. This will enable a valuable feedback loop from the academia and industry and discourage large scale take-over attempts.
- Maintain the proprietary nature of our technology through best practice including trade secret strategies and careful sharing of technology with potential partners



[10] Michael Burry was one of the first people who saw the American housing market bubble before it turned into a Global Financial Crisis in 2007-2008. His story was told in the film "The Big Short".

2.3 Business and revenue model

Being an early-stage developer of energy assets involves identifying and assessing a large portfolio of opportunities and developing the most prospective projects to a stage where they are attractive to a development partner such as a large energy company or investment fund. Sunshine Hydro seeks to remain a development partner as long as possible into the development phase and at the appropriate time sell down a portion or all of the ownership.

Sunshine Hydro's financial architecture is built on five key revenue streams:

1. Earnings from project management throughout a project's developmental stages.
2. Income from selling a stake in projects during the development either before or at Final Investment Decision (FID).
3. Revenue generation resulting from the development of green fuels projects which we intend to develop, own and operate.
4. Licensing revenue generated from the deployment of our AESOP proprietary software in operational projects. This includes licencing AESOP to third party developments.
5. Advisory services offered to third-party developers involved in Pumped Hydro or other Long Duration Energy Storage initiatives using AESOP modelling capabilities.

Our executive team and the Board have crafted a comprehensive financial model that aligns with our strategy and plans. The key factors that will contribute to the success of our business model, are

- the expertise, passion and drive of our team,
- our industry contacts and our ability to partner and collaborate with them and
- our intellectual property.

2.3.2 The People

The staff and partners of Sunshine Hydro are united by the shared vision of creating a sustainable energy future. Our team brings a unique blend of expertise in engineering, finance, and sustainable development, ensuring not just technological innovation but also commercial viability. With each member contributing their unique skills and experience, Sunshine Hydro is well positioned to succeed in the renewable energy sector.

Sunshine Hydro is the state winner of the prestigious Telstra Best of Business Award for Promoting Sustainability in Queensland. The award is a testament to the passion and dedication of our team. Read more about our team in chapter 2.5.

2.3.2 Industry Connections and Commitments

Sunshine Hydro is deeply committed to its rich web of alliances across multiple sectors of the renewable energy industry. Our team has developed a wide network of connections in Australia and internationally. These valuable partnerships are integral to our ongoing success and underscore our dedication to fostering a more sustainable future through collaborative efforts.

We understand the value in receiving expert advice on specialised subjects and so we work closely with specialists in hydrology, geotechnical investigations, ecological studies, hydraulic design, electricity market analysis, turbines, construction, electrical transmission, legal topics and so on.

Sunshine Hydro is the 116th signatory of the UN 24/7 Carbon-free Energy Compact

The United Nations 24/7 Carbon-free Energy Compact[11] is a group of companies, governments and organisations across the global economy.

The signatories have joined together to accelerate the decarbonisation of electricity grids by ensuring that every kilowatt hour of electricity consumption is met with carbon-free energy sources every hour of every day, everywhere.

148 signatories have made their commitment to 24/7 CFE to date, including the United States Government who announced joining the Compact in the Conference Of Parties (COP 28) in December 2023.

Sunshine Hydro is a member of the International Hydro Association

Sunshine Hydro is a proud member of the International Hydro Association[12] (IHA).

As such we endorse the now globally endorsed principles of the San Jose Declaration on Sustainable Hydropower[13]. These principles are a mirror of the United Nations Sustainable Development Goals and reflect global best practice for the design, development, and operation of pumped hydro. Sunshine Hydro unequivocally endorses these principles. They inform everything we do as a company and as a project developer.

Sunshine Hydro also endorses the Bali Statement on Powering Sustainable Growth[14] which evolved from the 2023 IHA world congress in which Sunshine Hydro participated.

[11] Link: The United Nations 24/7 Carbon-free Energy Compact
[12] Link: International Hydro Association
[13] Link: San Jose Declaration on Sustainable Hydropower
[14] Link: Bali Statement on Powering Sustainable Growth

Sunshine Hydro was represented in COP27 by our adviser and shareholder Donovon Burton. We were one of 11 companies selected by Beyond Zero Emissions (BZE) to participate in the Australia Pavilion, displaying our video. Minister for Climate Change and Energy Chris Bowen third from left and Donovan Burton second from right, surrounded by BZE staff and other industry representatives.

2.3.3 Intellectual Property

The cornerstone of Sunshine Hydro's intellectual property is our proprietary AESOP software, which serves as the technological backbone of our innovative Superhybrid systems. Additionally, the Superhybrid concept itself, which includes the integrated system of renewable energy assets and the operating principles, may be considered as intellectual property. Sunshine Hydro has developed techniques and processes to identify optimal sites for the development of these projects. These processes, as well as the details of the project portfolio, constitute valuable IP.

Protection for this intellectual property comes through multiple avenues:

1. Trade Secrets: Certain algorithms, business methods, and engineering processes that give our Superhybrid systems a competitive edge are kept as trade secrets, safeguarded through strict internal protocols.
2. Copyrights: All software code, manuals, and related documentation are copyrighted, providing additional layers of legal protection.
3. Trademark: The terms "Superhybrid" and "AESOP" are trademarks of Sunshine Hydro used to enhance the brand identity, and Sunshine Hydro intends to seek registration. “Keeping the lights on” is a registered trademark of Sunshine Hydro. Registration number 2186177
4. Non-Disclosure Agreements (NDAs): Employees, consultants, and partners are required to sign NDAs to prevent the leaking of confidential information that constitutes our intellectual property.
5. Non-Compete Clauses: Key personnel and partners may also be bound by non-compete clauses that further secure our proprietary technologies from being used to benefit competitors.
6. Legal Monitoring: We periodically monitor the market for any infringements on our intellectual property and are prepared to take legal action against entities that violate our rights.
7. Periodic IP Audits: Regular audits are conducted to ensure that our intellectual property assets are adequately protected and to identify any new intellectual assets that need to be protected.

By employing this multi-faceted approach to intellectual property protection, Sunshine Hydro aims to secure its competitive edge and safeguard its innovative solutions.

2.4 Business strategy

Since our last raise we have worked based on the short-term strategy we had set out. While we haven't changed this strategy, we have made improvements by introducing our new approach to stage the development of Superhybrids and focusing on stand-alone green methanol.

Developing large-scale energy assets, particularly pumped hydro stations, involves a long timeline. Typically, the reward comes at the end. By developing assets that can be operational quicker, we aim to achieve earlier cash flows into the business. This positions us better in the project-related capital raising and enables us to retain the ownership of the projects for longer and increase their value before sell-downs.

Our current short term strategy is to position the company for future capital raising in relation to individual projects.

1. Progress of our portfolio of projects, especially our flagship project Djandori Gung-i
2. Develop our Mini-Superhybrid and stand-alone green fuels business to achieve early cash flow into the company and assets on the ground
3. Expansion and further development of the AESOP software that underpins the future performance of the projects

Our plan is to take the large-scale Superhybrid projects through to FID while bringing in additional investment capital within the projects. We plan to fund and retain significant equity within Sunshine Hydro.

2.5 Our team

2.5.1 Directors & senior managers

Sunshine Hydro is supported by a leadership team with extensive experience in the renewables industry, in large-scale infrastructure development and in software development both in Australia and internationally.

The Board of directors – Michael Myer, Rick McElhinney and Chris Baker - has strong experience in starting, growing and successfully exiting organisations and has the skills to guide Sunshine Hydro through its exciting journey of growth. All three directors of the Board are also executives and actively involved in day-to-day business. We are currently in the process of strengthening the supervisory Board by introducing non-executive directors to complement them.

Michael Sidney Myer

Chairman, Executive Director
Business Development

Michael is a serial entrepreneur with experience in start-up ventures and sustainable development. He is passionate about bringing engineering and economic resources to projects to support our social and environmental challenges.

Michael started Queensland biggest venture capital fund CMC Ventures which built a multi billion portfolio of investee companies.

He was Director of Myer Family Investments Pty Ltd, one of Australia's largest private wealth holding companies, for over a decade.

He was a Director and Head of Business Development for Australia's first high tech companies to list on the NASDAQ, QRS Inc. and Head of Asia Pacific sales for its predecessor PRJ&Associates.

Michael has been the leading practitioner of Conservation Sustainable Development in the country having developed "Sunrise at 1770" at Agnes Water on the Great Barrier Reef. This development won the award for the Best Environmental Development in Queensland in 2007 (UDIA), the Best Environmental Development in Australia in 2008 (UDIA), and then the Silver Medal for the Best Environmental Development in the world (FBICA) in 2009.

As a grandson of Sidney Myer, founder of Myer Store, Michael has developed an extensive network and an ability to work with high level government and business leaders.

ROLE

Michael is closely involved in the development of hydrogen business and commercialising our projects. He plays a vital role in forming strategic partnerships and guiding the company's vision.

Richard (Rick) John McElhinney

Executive Director
CEO

Rick is an experienced entrepreneur, angel investor, and a recognised author and speaker. His experience and interest in engineering and renewable energy provides background to his key skills in bringing start-ups to fruition through his leadership.

Rick has worked on major infrastructure projects with Sinclair Knight & Partners in Australia and Sandwell Engineering (Ausenco) in Canada. He founded a US based engineering software company CAD/CAM International, taken public in 1987, that is well known for providing computer solutions to engineering companies throughout the Midwest region.

Rick has held board positions in manufacturing and technology companies within the US, Canada and Australia. He was a shareholder and CFO in renewable energy company, Eco-kinetics, which grew from start-up to exceeding $100m in revenues in 4 years. The company was sold to ASX listed, CBD Energy, in 2010.

Rick is also a founder of Founders Forum, Gold Coast Angels, and Brisbane Angels and was awarded a Foundation Fellow of the Australian Association of Angel Investors in 2011.

Rick has authored "Using AutoCAD", co-authored "Commercialising Innovation" and written articles for numerous industry magazines. He has also been a speaker at countless technology conferences, University programs and events for industry organisations and company technology days in US and Australia.

ROLE

Rick sets the company's strategy and works to execute it effectively, keeping everyone focused on the task. He is responsible for managing the company's resources and the day-to-day operations.

Christopher (Chris) Ronald Baker

Executive Director, Co-founder
CTO

Chris is a civil and software engineer with an impressive ability to understand the deep details as well as the broad picture of several technical fields including software development, energy technology and geological terrains. He builds rapport effortlessly among business partners, team members and project communities.

Chris's company, Creative Engineering Australia Pty Ltd, has previously developed software for geometric design of highways and complex highway interchanges, and other major civil engineering projects. The software has been translated into French, Japanese, Italian, Spanish, and Hungarian and has been used in 42 countries worldwide for a variety of infrastructure projects.

Chris is also a joint venture partner in Eco Boats Australia Pty Ltd, a leading marine electro-mobility company with offices in Sydney and Brisbane. Chris has been the technical lead for the design and implementation of electrical propulsion systems.

ROLE

Chris oversees our project portfolio. He leads the modelling team ensuring technically and economically sound business cases and is personally involved in securing lands for the key projects.

Virpi Hannele Barrett
Senior Manager
Director of Green Energy Commerce

Over 20 years of experience in the energy sector in Europe and in Australia, Virpi's career has been centred around energy trading. She has held senior leadership positions and seen the industry from the viewpoint of a developer, generator, system operator, retailer and advisor to large users.

Virpi has been pivotal in the journey of Australia's first community-owned renewable electricity retailer Enova Energy, starting from townhall-type fundraising (before Birchal existed) and establishing and managing the wholesale functions. Enova was an innovative trailblazer and an unusual retailer, loved by its customers and achieved the highest ranking in Green Electricity Guide by Greenpeace 2022 (10+/10) among many other awards.

In her early career, Virpi has worked in a radiation control department in Loviisa Nuclear Power Plant in Finland and for the Finnish transmission system operator. She has also managed industrial, commercial and public procurement portfolios totalling to about 1.5 % of her home country's energy market (1.8 TWh pa).

With E.ON Energy Trading in Germany Virpi ensured compliant cross-border transfer of retail positions across 14 countries with annual value of 15 billion EUR. She also chaired E.ON Group's multinational forum mandated to prioritise new sales product implementations and complex risk transfers across Europe.

Virpi is currently also a non-executive director of Geni.Energy, developing community energy solutions in Narrabri region.

ROLE

Virpi's role is to negotiate the upstream and downstream off-take agreements, i.e. wind and solar purchases and sales of 24/7 carbon-free energy, including electricity and hydrogen or methanol.

Danny (Dan) Terrence Raymond
Senior Manager
Director of Project Development

Dan is a highly regarded project development specialist combining over forty-eight years' experience in civil engineering, environmental engineering, sustainable infrastructure, environmental assessment and approvals, project management, team leadership, public consultation, negotiation, policy development, risk assessment and strategic planning in Australia and Internationally. Dan is an acknowledged expert in the field of project,

approvals, sustainability, renewable energy, climate adaptation and environmental impact assessment.

He is recognised for his integration of multi-disciplinary skills, innovative and visionary approach and complex reasoning and analysis capabilities into the development process.

He has in-depth expertise in all aspects of renewable energy, mining and resources, land and urban development, civil and built infrastructure, especially pumped hydro, BESS, Hydrogen production, roads and highways, water supply, water storage, waste and wastewater. He specialises in the determining swift approval pathways and environmental, economic and social impact analysis for development, infrastructure, energy and resource projects. He has detailed expertise in sustainability, risk and environmental management systems design, their appraisal and audit, sustainable development, sustainable infrastructure planning and design, community consultation, government negotiations at all levels and project management.

He has extensive experience in assessing and modelling developments, climate and climate change, water, wastewater, solar, pumped hydro, flow battery and other deep storage, hydrogen and wind energy systems. Dan has strong connections in the emerging flow battery space.

He is a qualified civil engineer, trainer and facilitator, a qualified journalist and an experienced negotiator.

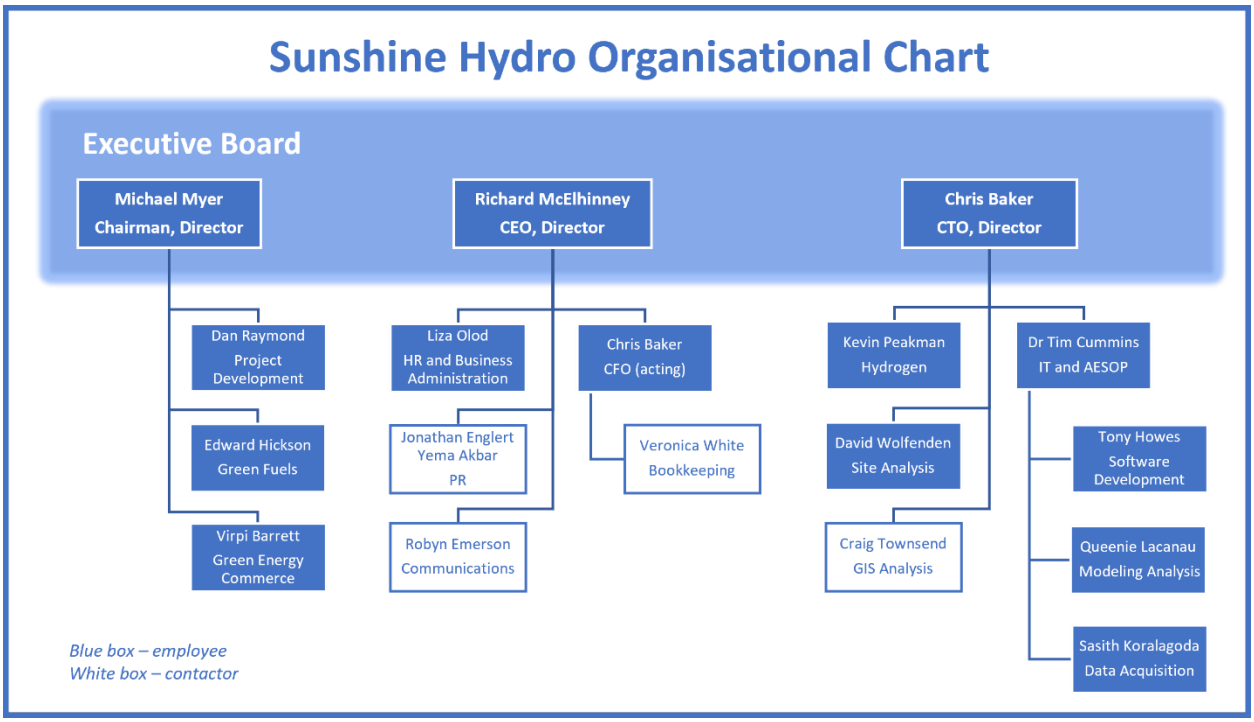
ROLE

Dan leads the execution phase of Sunshine Hydro's projects. He coordinates between various stakeholders to ensure that projects are completed on time and within budget.

All directors and senior managers and many employees have a shareholding in the Company.

2.5.2 The Delivery team

Our team at Sunshine Hydro is more than just a workforce; we are a community of passionate professionals committed to making our shared vision of a sustainable future a reality. Through our collective skills and mutual passions for decarbonization, community betterment, and pioneering change, we are poised to revolutionize the renewable energy industry, one project at a time.



We encourage you to read the individual bios of our team on the Birchal website and discover the breadth and the depth of the expertise and experience we possess. In this chapter we have picked just a couple of them to emphasize the key people pivotal in the success of our new green fuel business.

Edward Hickson
Director of Green Fuels

Edward Hickson (B Eng. & B Comm, Sydney University) is a highly successful agricultural entrepreneur. He uses his farming, engineering and project development skills to create exciting future facing businesses.

Ed grew up on a sheep farm in north west NSW. After studying engineering and commerce at university he returned home to diversify the family farming business into irrigated cropping.

While looking for ways to better utilise irrigation water, Hickson became interested in nut crops: a higher value product – compared to cash crops like wheat and cotton – without the high labour demands and perishability of other horticultural crops.

In 2012 Hickson started a pecan orchard upstream of his irrigated cropping business. In partnership with two high net worth private investors, Hickson has created a 500ha irrigated pecan orchard - the largest privately owned pecan farm in Australia.

Sunshine Hydro first met Ed when looking for a grade A site for a pumped hydro project close to the NSW/Qld interconnector. Over the past two years Sunshine Hydro and he have developed a special purpose partnership company to develop the Dumaresq Superhybrid project on land that he owns.

ROLE

Ed is the Director of Green Fuels for Sunshine Hydro where he brings his agricultural, engineering, business development and operations skills to bear on our green fuels projects

Kevin Peakman

Director of Hydrogen Initiative

Kevin is an honours graduate in Chemical Engineering from Imperial College, London University. He is leading the development of hydrogen production and hydrogen derived products including the conversion of biomass to liquid fuels including SAF.

He has 40 years of experience with hydrogen production and hydrocarbon processing, including steam reformer plant design and operation, electrolyser operation, hydrocarbon cracking, catalysed reaction technology operation, and liquid hydrocarbons storage, handling and distribution at both ambient and cryogenic temperatures.

Kevin is a member of several Standards Australia technical committees dedicated to developing and maintaining standards in the clean energy space, including hydrogen. He is also on the panel of experts assisting with the writing of the next version of the Australian Dangerous Goods rules.

Kevin was previously responsible for developing BOC's clean energy technology, including LNG and Hydrogen. He developed BOC's LNG and hydrogen fuel chain supply networks which involved the development of hydrogen production, distribution and refuelling technologies, as well as other customer solutions. Kevin was responsible for designing and building two micro LNG plants, the LNG distribution and supply chain equipment, and LNG Fuel Dispensing Systems.

He is particularly skilled in the art of the design and building smaller scale processing plant at a relative cost equal to or better than that expected for large scale plant.

Kevin had worked in the chemical industry and industrial gases in the UK, USA and Australia.

ROLE

Kevin's expertise in hydrogen, methanol, and liquid hydrocarbon fuels and other molecular forms of energy is pivotal in the development the green fuel business as a standalone and as a critical part of any Superhybrid.

David (Wolfy) Wolfenden

Director of Site Identification and Analysis

David is a civil engineer who throughout his 42-year Australian career has focused upon many facets of engineering and senior management. David also has experience working in the Agricultural industry and working with landholders in a collaborative and environmentally sensitive manner.

David is well recognised within the NSW Local Government industry for his thorough and comprehensive approach and his ability to get results in the most cost-effective way through his work on Local Environmental Plans and planning assessments. Several years as the General Manager of a Civil Engineering and Construction company has provided him with a profound understanding of the challenges associated with major design and construction projects.

Key projects include road construction, water and sewer schemes, bridge replacements – all in the multi-million-dollar budget range and requiring detailed planning and stringent cost control. David has previously managed an infrastructure asset portfolio of $300+ million and an annual budget of $27m (2006).

ROLE

David focuses upon the identification and analysis of pumped hydro and green fuel production sites, including general location, site suitability for purpose, initial environmental assessment, physical and legal site access, availability of power, water, service centres, potential biomass supply and off-take demand.

Tim Cummings

Principal Software Engineer

Tim is a software engineer, mathematician and chemical engineer. He can simplify and code the complex decision making and modelling required to optimise performance and interactions of multi-component systems such as Sunshine Hydro's Superhybrid™.

Tim's own company, Triptera Pty Ltd, has been developing software for engineering and business applications since 1995. Tim's skills in engineering, mathematical modelling, financial accounting, business and logistics provide a sound basis for the code he develops in these

fields. He has been a consultant for alumina, oil and gas refineries including performing pinch analysis of energy flows and software design for energy trading risk management. He has also worked in business and industrial manufacturing where interlinking data from separate systems and providing functional user interfaces are important.

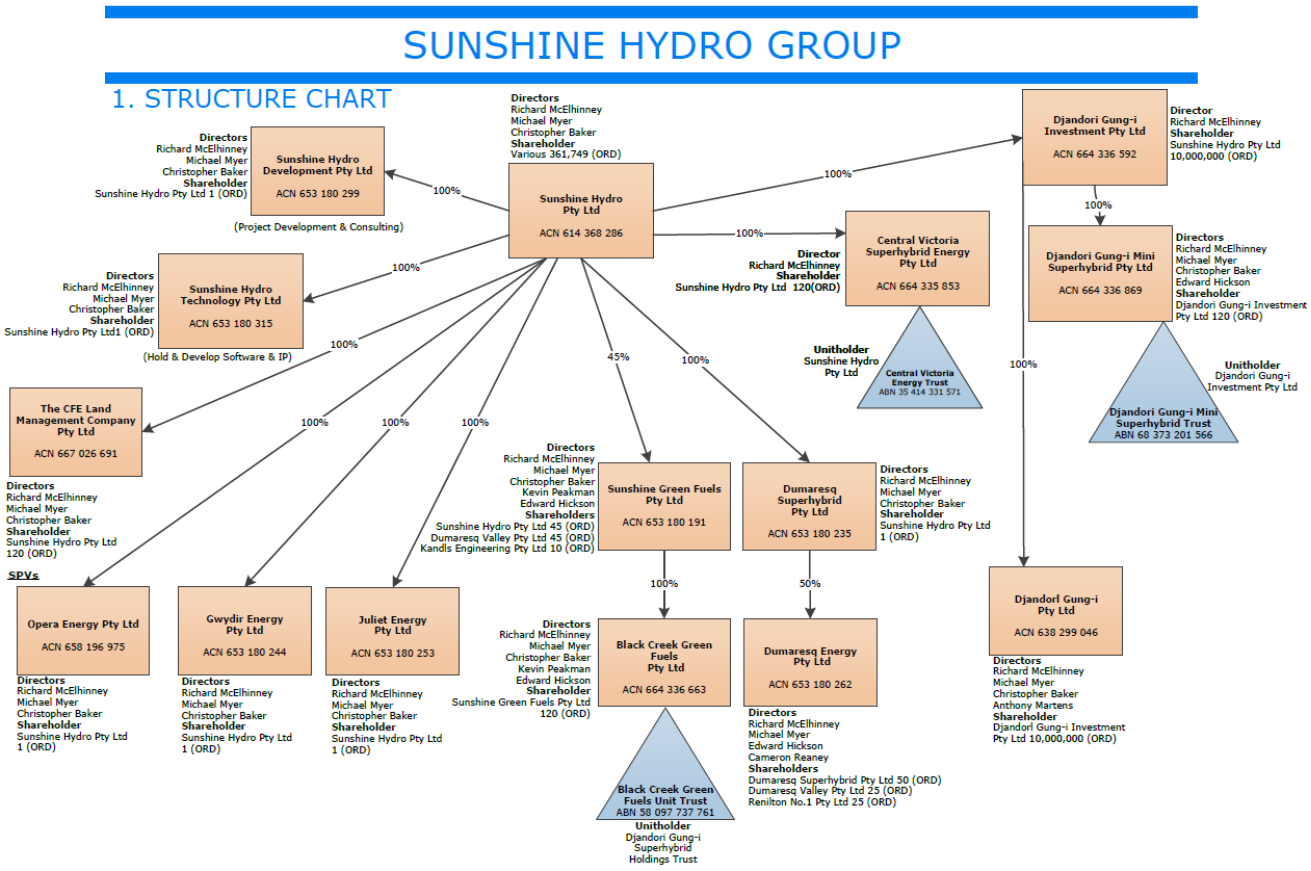
Most of Tim's software development has been in Java and Python. He presents to the Brisbane Java JVM Users and in 2018 founded the Beginners' Python and Machine Learning group which now has 2500 members, where he presents in person and on Youtube live streaming. At Jeremy Howard's Fast AI course in Brisbane in 2021 Tim and his team were finalists in the machine-learning challenge.

ROLE

Tim has created the AESOP software at the core of Sunshine Hydro's Superhybrid. He leads the team focused on IT, including development of the software, scenario modelling and running the digital twins.

In addition to our small team, we have a significant group of advisors and other supporters. These people have generously gifted us valuable expertise often with little to no remuneration because they share our values and support our mission. Some of them have a small interest through shareholding. Some of our key advisors are also introduced on the Birchal website.

2.5.3 Group structure



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 40,391,566 ordinary shares on issue.

The Company also has the authority to issue up to 3.18% of the Company's issued share capital under the Company's Employee Share Option Plan. The company has not yet implemented an ESOP.

Table 1 below sets out the issued capital of the Company before the Offer.

Table 1: Issued capital of the Company before the Offer (no options)

Shareholder | Director in Control	Share Type	Shares	Share %
Current Sunshine Pty Ltd | Chris Baker	Ordinary	8,281,200	20.5%
Arends Family Asset Management Pty Ltd	Ordinary	7,000,000	17.3%
Mechpart Pty Ltd ATF The Mechpart Trust | Rick McElhinney	Ordinary	3,481,600	8.6%
Creating Places That Matter Pty Ltd | Michael Myer	Ordinary	1,850,000	4.6%
Other Shareholders (each holding less than 5%)	Ordinary	19,778,766	49.0%
Total		**40,391,566**	**100.0%**

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 (on a fully diluted basis)

Shares	Minimum Subscription		Maximum Subscription	
Existing Ordinary Shares	40,391,566	99.7%	40,391,566	98.3%
Offer Shares	107,142	0.3%	714,285	1.7%
Total Shares	**40,498,708**	**100.0%**	**41,105,851**	**100.0%**

Note: Existing shareholders may elect to make an application for shares under this CSF offer.

The Board has existing shareholder approval to raise up to $10m in funding at no less than $1 per share for the period up to June 30th 2024.

We have scheduled a shareholders' town hall meeting for May 30, 2024, at 10:00 AM to share updates and details of our upcoming Series A fundraising. We are currently in the process of obtaining the required shareholder approvals to move forward with this capital raise, details of which will be formally announced at the meeting. Our goal is to raise up to $80 million, targeting a share price of $1.80. In summary, these funds will primarily support the development of

projects detailed in this document. All shareholders are warmly invited to join this event at our offices in Brisbane or online.

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.

Set out below is a summary of the rights and liabilities associated with the securities in the Company. A copy of the Company's Constitution is available on the Intermediary's platform.

Ordinary Shares
The rights and liabilities associated with the ordinary shares are set out in the Company's constitution, including:

- All ordinary shares have the same voting rights and the same rights to receive dividends.
- Restrictions on the sale or transfer of shares, including drag and tag rights and exit provisions.
- The Board has the discretion to approve a transfer of shares to a third party.
- The Constitution includes a definition of a Substantial Shareholder which means a shareholder with an equity proportion of 1% or more.
- The Substantial Shareholder concept relates to:
    - Shareholder reserved matters regime ie provisions requiring a "Substantial Shareholder Majority" which is a resolution approved by 75% or more of the votes cast on a resolution by the Substantial Shareholders.
    - Pre-emptive rights for Substantial Shareholders in certain circumstances on the issue or transfer of shares

The shares offered under this Offer are ordinary shares. A more detailed description of the rights and liabilities associated with the ordinary shares is set out in Section 3.3 below.

Employee Share Option Plan (ESOP)
The Company has not implemented an employee share option plan (ESOP). The Board has discussed the inclusion of a future ESOP to attract, retain and incentivise key employees. The Board has determined that a maximum number of options that can be issued under any future ESOP is 1,325,000 shares or currently 3.18% of the Company.

Shareholders Agreement
Other than the Constitution, there is no shareholders agreement or other agreement between the existing shareholders of the Company.

2.6.3 Sources of financing, including debt financing and other financing

To date, the business has been funded through a combination of operating income, equity, founder loans and grants.

Equity
To date, the Company has raised approximately $2,500,000 from professional investors. See section 2.6.1 for more information.

Founder loans
To date, the founding shareholders have loaned funds of $11,700 in total to the Company.

- $3,500 Arends Family Investment Pty Ltd
- $5,200 Michael Sidney Myer
- $3,000 Christopher Ronald Baker

The key terms of these loans are set out below. The loans will not be repaid with the funds raised under the Offer.

- Amount outstanding- $11,700
- Interest - 0%
- Repayment date - At the discretion of the Company
- Security - None

Debt funding
The Company has a current loan owing to Radium Capital for $102,604, which will be repaid based on the refund from Australian Tax Office, no later than 30 November 2024. The loan has the security of R&D tax refund and holds an interest rate of 15 %.

Grant funding
The Company has received approximately $1.025 million in Federal Government grants.

The Djandori Gung-i Superhybrid development has been granted access to the R&D tax incentive providing a 43.5% refund on eligible expenditures.

2.7 Key risks facing the business

An investment in the Company 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	Sunshine Hydro relies on successive capital raising rounds. There is a risk of failure to obtain additional rounds of funding on similar terms as outlined in this Offer Document or at all. Some of the funds are needed internally to operate the business and further develop and commercialise AESOP until projected revenue streams actualise. A failure to obtain these funds may lead to inability to continue operations and the Company's value may be materially affected. Additionally Sunshine Hydro raises capital to fund the internal and external project development costs of individual projects. These capital raises may involve strategic partnerships and joint ventures with project partners and thus reduce the ownership and overall risk of Sunshine Hydro in such projects.
Project risks	Developing a novel business concept always involves an innovation risk, i.e. risk of unexpected challenges. Superhybrid is a novel concept, but it consists of technically mature assets that are well understood. Development projects may encounter various showstoppers that are assessed in the early "Internal Fatal Flaw Assessment" and external "Red Flag Report". If a potential issue is not detected early in the project, there is a risk of continuing the development of an unviable project and thus wasting resources. Pumped Hydro stations involve well-known technology, but each station is unique due to its interactions with the local conditions. Some of the key issues that can arise when developing a Pumped Hydro station include (not exhaustive list): o adverse impacts in natural environment and ecosystems including endangered species o failure to obtain social licence including acceptance of Traditional Owners o failure to engage skilled workforce due to competitive environment in a growing renewable energy sector o ability to secure suitable land and the support of the neighbours, including the corridors for new electricity lines and pipelines o failure to obtain the required approvals (for example water rights, rezoning, grid connection approvals, environmental approvals, cultural heritage approvals, industrial land approvals, and pipeline easement approvals) o technical challenges with the construction or machinery o delays and/or increased costs from suppliers, due to adverse weather conditions or changing regulations or market conditions

	Hydrogen and green fuel production using electricity is not a new technology, but it is currently not done on a large scale due to currently cheaper alternative processes using fossil fuels. Therefore, the production involves innovation risk related to scaling and supply chain risk of a growing market (due to global transition to green energy).
Market/ contract risk	A fundamental part of mitigating the investment risk of Superhybrid project is long-term power purchase agreements for wind and solar power, and off-take agreements for the end products: 24/7 carbon free electricity, green fuels and possible other side products like oxygen or biochar. These minimises the market exposure of the projects and builds financial security around the CAPEX investment. There is a risk related to the ability to negotiate these long-term contracts. These risks can relate to the price, availability of contract partners or general market conditions. A failure to negotiate the key contracts or loss of an existing contract due to a defaulting counterparty may render the project financially unviable. The impact to Sunshine Hydro would depend on the stage and ownership of the project at the time.
Software and cyber risk	Superhybrids are optimised using AESOP, a proprietary software purpose built to manage the assets and their operation. It uses external data, like market prices and weather forecasts to make decisions and requires connection to the control system of the assets within Superhybrid. There is a risk that a systemic or individual flaw in the software or disrupted data connection causes suboptimal utilisation of the assets and thus financial losses. While the software has not been used commercially, it has been operating live as a digital twin for real assets in real market conditions for several years, which has enabled fine-tuning the operating model. There is also a risk of a cyber-attack on a Superhybrid, causing financial or reputational damage and requiring vigilant protection against such threats.

2.8 Financial information

Below are the consolidated financial statements of the Company and its controlled subsidiaries for the financial years ended 30 June 2023, which have been prepared in accordance with the Accounting Standards.

Financial information for the 8 months ended 29 February 2024 has also been included. The information has been prepared on a consistent basis based on management accounts, and accordingly may be subject to change.

Sunshine Hydro is moving from Special Purpose Financial Statements to General Purpose Financial Statements. This change will ensure that the information reported to shareholders and other stakeholders is in accordance with all relevant Australian Accounting Standards and will contain significantly more disclosure than what has been provided in the past.

STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRURAY 2024

	FEB 2024 $	JUNE 2023 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	412,142	228,099
Trade and other receivables	55,826	93,229
Other assets	4,012	3,377
TOTAL CURRENT ASSETS	**471,980**	**324,705**
NON-CURRENT ASSETS		
Capital project costs	1,093,806	1,007,668
Related party loan receivable	6,560	6,560
Shareholder loans	4,638,612	2,822,580
TOTAL NON-CURRENT ASSETS	**5,738,978**	**3,836,808**
TOTAL ASSETS	**6,210,958**	**4,161,513**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	425,536	443,249
Borrowings	102,604	550,275
Provisions	11,905	27,802
TOTAL CURRENT LIABILITIES	**540,045**	**1,021,326**
NON-CURRENT LIABILITIES		
Borrowings	11,700	11,700
Provisions	4,824	-
TOTAL NON-CURRENT LIABILITIES	**16,524**	**11,700**
TOTAL LIABILITIES	**556,569**	**1,033,026**
NET ASSETS	**5,654,389**	**3,128,487**
EQUITY		
Issued capital	7,621,748	5,117,076
Retained earnings	(1,967,359)	(1,988,589)
TOTAL EQUITY	**5,654,389**	**3,128,487**

STATEMENT OF PROFIT OR LOSS

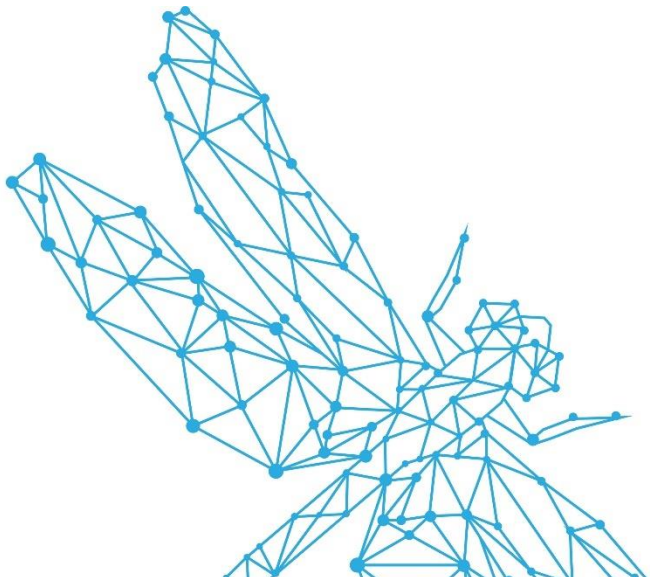
FOR THE 8–MONTH PERIOD ENDED 29 FEBRURAY 2024

	FEB 2024	JUNE 2023
	$	$
Other income	695,959	268,105
Administration expenses	(225,423)	(659,740)
Consulting costs	(224,341)	(30,165)
Employee benefits expense	(183,758)	(780,798)
Finance costs	(39,576)	(14,663)
Other expenses	(1,631)	(1,534)
PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE	**21,230**	**(1,218,795)**
Income tax (expense) / benefit	-	-
PROFIT / (LOSS) FOR THE YEAR	**21,230**	**(1,218,795)**

STATEMENT OF CASH FLOWS

AS AT 29 FEBRURAY 2024

	FEB 2024 $	JUN 2023 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Other receipts	53,538	337
Research & Development Refund	679,824	267,768
Payments to suppliers and employees	(664,574)	(1,263,615)
Interest paid	(39,576)	(14,663)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**29,212**	**(1,010,173)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital project costs	(86,138)	(626,685)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	**(86,138)**	**(626,685)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans borrowings	100,500	550,275
Repayment of borrowings	(548,171)	-
Proceeds from issue of share capital	688,640	440,001
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES	**240,969**	**990,276**
Net increase / (decrease) in cash and cash equivalents	184,043	(646,582)
Cash and cash equivalents at beginning of financial year	228,099	874,681
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**412,142**	**228,099**



STATEMENT OF CHANGES IN EQUITY

FOR THE 8–MONTH PERIOD ENDED 29 FEBRURAY 2024

	ISSUED CAPITAL	RETAINED EARNINGS	TOTAL
	$	$	$
Balance at 1 July 2022	4,477,075	(769,794)	3,707,281
Total profit or loss for the period	-	(1,218,795)	(1,218,795)
Shares issued	640,001	-	640,001
BALANCE AT 30 JUNE 2023	**5,117,076**	**(1,988,589)**	**3,128,487**
Total profit or loss for the period	-	21,230	21,230
Shares issued	2,504,672	-	2,504,672
BALANCE AT 29 FEBRUARY 2024	**7,621,748**	**(1,967,359)**	**5,654,389**

MANAGEMENT COMMENTS ON HISTORICAL PERFORMANCE AND OUTLOOK

Sunshine Hydro spent 2016 through to 2019 focusing on the development of its technology, AESOP. In recent years it has continued to improve on the AESOP adding features and in tuning the product operation using real time data and adding various modules to assist with the digital twin modelling, artificial intelligence, and capital finance modelling.

The Djandori Gung-i Superhybrid site (600 MW PHES) was identified in June 2017 and since this time many milestones have been achieved to develop the value of this strategically important project. Valuation of large-scale projects is increased as each milestone in a project is achieved. Our Djandori Gung- project provides a substantial portion of our company valuation as it has achieved significant milestones. Both Djandori Gung-i and our most advanced Superhybrid project in NSW have land secured and AESOP modelling has been operational for some time.

The Djandori Gung-i Superhybrid development has been granted access to the R&D tax incentive providing a 43% refund on expenditures, further increasing the value of this project. Land has been secured, Lidar ground survey completed, environmental and geological studies partially completed, social licence well developed and early engineering design feasibility well progressed.

The 320MW NSW Superhybrid was identified in October 2021 and is in early development with key land secured by option agreement. Sunshine Hydro has an in-principle agreement to partner with a key landowner on this project.

The Djandori Gung-i project has reached sufficient milestones to be attractive to infrastructure investors and the company is seeking a potential partial exit and direct funding in the subsidiary to progress the project to the next stage of development. Once these funds are secured, management revenues will be paid to Sunshine Hydro and once the project is commissioned, AESOP royalties are expected to provide a steady income stream to Sunshine Hydro.

Sunshine Hydro have identified and are rapidly progressing green fuels projects in both NSW and Queensland. These projects can provide a faster development timeframe than our larger Superhybrid projects and can develop positive cash flows once operational. Revenues from these projects can support operational costs with far less reliance on equity funding.

Shareholder loans in the non-current assets section of the balance sheet represent non-recourse loans made to executives, employees and strategic partners under a loan-funded share scheme.

Under the scheme, Sunshine Hydro issued shares to executives, employees and strategic partners worked for Sunshine Hydro for no/limited/reduced cash compensation at the then current share price in exchange for a long-term, limited recourse shareholder loan from the relevant executive, employee or strategic partner.

Please be advised that the valuation of any project is inherently subject to uncertainties. The definitive validation of the project's value can only be confirmed upon reaching financial close. Investors should exercise caution and consider the associated risks when evaluating the investment opportunity.

As these projects evolve and are financed by the ultimate project owners, the company expects to derive project management fees associated with the projects. The opportunity to sell down positions in the projects may also provide revenue that may be used to develop new projects within the current pipeline.

Additional revenues may flow from AESOP technology licence and usage fees. With the funds raised under the CSF Offer, we plan to continue to invest in our R&D and early project development. While we continue to scale the business, we do not expect to be profitable in the short-term due to the long lead times for project development.

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 the Company and has not been validated by an independent third party.

The following are restatements of the FY23 figures effecting the following accounts:

- Administration expenses
- Finance costs
- Other expenses
- Trade and other receivables
- Shareholder loans
- Trade and other payables
- Provisions
- Share capital

	Restated June 2023	Original June 2023	Differences
Administration expenses	(659,740)	(634,027)	(25,713)
Finance costs	(14,663)	(14,728)	65
Other expenses	(1,534)	(1,033)	(501)
PROFIT / (LOSS) FOR THE YEAR	**(1,218,795)**	**(1,192,645)**	**(26,150)**

	Restated June 2023	Original June 2023	Differences
Trade and other receivables	93,229	92,084	1,145
Shareholder loans	2,822,580	-	2,822,580
Trade and other payables	443,249	384,219	59,030
Employee Entitlements	-	31,237	(31,237)
Issued capital	5,117,076	2,294,496	2,822,580

Restatements have been the result of the following:

- Transactions entered late into Xero that related to FY23 that have now been correctly taken up given the recent adoption of general-purpose financial statements.
- Accounting for shares issued through loan-funded share scheme in FY23 not originally taken up
- Accrued wages and superannuation being re-classified to 'Trade and other payables'

The difference between "Proceeds from share capital" in the Cash Flow Statement and the Shares issued in the Statement in Changes in Equity relate wholly to shares issued for non-cash consideration / shares issued through loan-funded share scheme. These differences are shown below:

	Feb 24	Jun 23
Proceeds from issue as per cashflow	688,640	440,001
Shares issued as per SOCIE	2,504,672	640,001
Difference	**-1,816,032**	**-200,000**

Section 3: Information about the Offer

3.1 Terms of the Offer

The Company is offering up to 714,285 shares at an issue price of $1.40 per share to raise up to $1,000,000. The key terms and conditions of the Offer are set out below.

Term	Details
Shares	Fully-paid ordinary shares
Price	$1.40 per share
Minimum Subscription	$150,000
Maximum Subscription	$1,000,000
Opening date	30 April 2024
Closing date	16 May 2024

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.

Retail 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

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**
Project expenses for one or two green fuel projects	$58,200	$197,200
Working capital including overhead expenses and employee wages	$80,000	$350,000
Software development to increase the flexibility to optimise different asset combinations	$0	$190,000
Project expenses for other projects, to accelerate the on-going development work	$0	$200,000
Offer costs	$11,800	$62,800
Total	**$150,000**	**$1,000,000**

Details of payments to be made to directors and senior managers out of the funds raised under the CSF Offer are as follows:

- Directors' remuneration $15,000 (Minimum Subscription) & $60,000 (Maximum Subscription)
- Senior manager remuneration $65,000 (Minimum Subscription) & $175,000 (Maximum Subscription)

The Offer costs includes 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 Birchal Financial Services Pty Ltd (Intermediary), plus $2,800 for administration and setup costs. The Offer costs are exclusive of GST.

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.

We expect that the Maximum Subscription amount will be sufficient to meet the Company's short-term objectives as intended over the next 12 months. The Company has shareholder approval to raise additional funds, and is seeking further approval, as per chapter 2.6.1.

If this CSF Offer is unsuccessful, or if only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 12 months. The Company is considering alternative sources of funding through sophisticated industry investors seeking strategic market advantage and/or selling down part ownership of wholly owned projects. The company may also undertake a further CSF offer under the CSF regime. Until additional funding is obtained, Sunshine Hydro may scale back on all any or all aspects of the business so our projects survive in the longer term.

3.3 Rights associated with the shares

Immediately after issue, the shares under this Offer will be fully-paid ordinary 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).

Dividends will be considered by the Board upon the strategic selling down of projects.

3.3.3 General meetings and notice

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 ordinary resolution (50%).

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. Holders of fully-paid ordinary voting shares rank ahead other classes of shares (if any).

3.3.6 Restrictions on sale and transfer

Drag along and tag along rights
The Constitution contains drag and tag-along rights, as follows:.

- Drag rights - If Shareholders who together hold 75% of the shares on issue propose to sell all of their shares to a third party, they can ‘drag’ the remaining 25% to sell their shares on the same terms. The pre-emptive rights process does not need to be undertaken in order for the drag along to be triggered.
- Tag rights - If Shareholders who together hold 50% or more of the shares on issue propose to sell their shares to a third party under one transaction (or series of transactions) the remaining 50% may also ‘tag'-along and sell their shares on the same terms.

If the Company has no CSF shareholders and is regulated under Chapter 6 of the Corporations Act, the Constitution contains a mechanism to ‘turn off’ the drag along and tag along provisions (as these provisions cannot functionally apply if the Company is regulated by Chapter 6 of the Corporations Act).

Exit provisions

The Board may propose an Exit Event including an IPO, share sale, asset sale or another transaction which results in a change of control, or which the Board determines is an Exit Event. A Substantial Shareholder Majority must approve the Exit Proposal. If an Exit Proposal is approved by a Substantial Shareholder Majority, all Shareholders (and Directors) must exercise all rights and do all things to enable the Exit Event to occur.

Pre-emptive rights on transfer

If a Substantial Shareholder provides a notice to transfer its shares (other than as a permitted disposal), the Company must first offer each other Substantial Shareholder the right to purchase those shares. The Board may vary this procedure, provided that each Substantial Shareholder has an opportunity to acquire their pro rata entitlement to the Sale Shares and there is no material adverse impact on a Substantial Shareholder. The Constitution also includes carve outs for CSF offers and capital raisings up to 5% of the capital of the Company.

Escrow arrangements in an IPO

If an Exit Proposal is approved under the Constitution and that Exit Proposal involves an IPO , each shareholder agrees to enter into any required escrow arrangements as may be required by law, the rules of the relevant stock exchange, or as may be recommended by the relevant financial adviser to enable the success of the IPO.

Discretion to refuse to register a transfer of shares

The Board has the discretion to approve a transfer of shares to a third party.

On-sale restrictions under the Corporations Act

Shares acquired under the Offer may not be on-sold within 12 months of their issue without a prospectus or other disclosure document, unless an exemption under section 708 of the Corporations Act 2001 (Cth) applies (e.g. sales to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document.

3.3.7 Pre-emptive rights / anti-dilution on issue of shares

If the Board resolves to issue new Equity Securities (which includes shares, options, warrants, convertible notes or any other instrument convertible into shares), it must first offer the new Equity Securities to each Substantial Shareholder (as defined in the Constitution) unless one of the following exceptions apply:

- The Board resolves to make a CSF offer
- The issue of Equity Securities is a public offer of securities
- The Board resolves to issue up to 10% in aggregate of the issued share capital of the Company, provided such issuances are not exercised more than once in any 12 month period
- The Substantial Shareholders waive (by Substantial Shareholder Majority) the pre-emptive rights provisions related to the issuance of new Equity Securities
- The Equity Securities are issued as part of an approved ESOP
- The Equity Securities are issued as part of an Exit Event approved in accordance with the Constitution
- The Equity Securities are issued as part of an arm's length commercial agreement, provided that such issuances in any 12 month period are in aggregate not more than 10% of the issued share capital of the Company;
- The Equity Securities are issued as part of the consideration for an acquisition of an interest in any business, entity or company approved by the Board by Special Resolution Vote.

3.3.8 Amendments to the Constitution

To vary the Constitution or adopt a new constitution, the Company must pass a special resolution at a general meeting. At least 75% of the voting members of the Company must vote in favour of the resolution for it to pass.

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:

- A trade purchase of the Company
- A listing on a registered stock exchange (eg 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 Details of previous CSF offers

On 15 November 2023, the Company made a CSF Offer on the Intermediary's platform.

Under that CSF Offer, the Company offered up to 500,000 ordinary shares at a $1.00 share price. The CSF Offer was successfully completed and the maximum subscription amount was raised.

Under that CSF Offer, the directors of the Company were the same as currently.

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

The Company is required to prepare an annual financial report and directors' reports at the end of each financial year and lodge these 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 the previous, 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 share registry website at the following address www.cakeequity.com (free of charge) or can purchase the report from ASIC.

4.3.3 Related party transactions

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

Because we successfully completed our previous CSF 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.

4.4 Company updates

The Company will provide regular updates to investors on the Company's website at the following address www.sunshinehydro.com, via the Company's share registry website at the following address www.cakeequity.com and via the Intermediary's platform.

Glossary

24/7 CFE (24/7 carbon-free energy) means that every kilowatt-hour of electricity consumption is met with carbon-free electricity sources, every hour of every day, everywhere.

AESOP (Advanced Energy Storage Optimisation Program) is proprietary software for optimising Superhybrids. It is developed and owned by Sunshine Hydro.

CAES (compressed air energy storage) stores electric energy in the form of potential energy (compressed air)

Company means Sunshine Hydro Pty Ltd ACN 614368286

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

CQU (Central Queensland University) is an Australian public university based in central Queensland

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

Digital Twin (of a Superhybrid) is a digital model of a real-world physical system, that can be used for simulation purposes. For example, it can use data from actual wind farms and the configuration of an existing or desired asset combination and simulate the operation in real time or retrospectively (as if it had been operating in the past).

Green fuel, is **fossil-free fuel**, that has been produced using carbon source that is not from fossil origin. There are various production methods and terms that are not universally defined, for example **biofuel** for biomass-based processes or **e-fuel**, which is made of renewable electricity, hydrogen and a carbon source. Green fuels are also named based on their chemical composition (like **green methanol**) or use case (like **SAF**, sustainable aviation fuel)

IHA (The International Hydropower Association) is an international lobby group and membership association representing the global hydropower sector

Intermediary means Birchal Financial Services Pty can ACN 621 812 646 AFSL 502618

LDES (long-duration energy storage), also called deep storage, is a loosely defined term that typically means an electricity storage that lasts at least 8 hours and generally more when discharged at full capacity. The term is technology agnostic, but typical examples of LDES are PHES, CAES, gravity storage and flow batteries.

Lidar (laser imaging, detection, and ranging) is a method for determining ranges by targeting an object or a surface with a laser and measuring the time for the reflected light to return to the receiver.

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer. The Maximum Subscription is subject to rounding based on the share price of the Offer.

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer. The Minimum Subscription is subject to rounding based on the share price of the Offer.

MOU (memorandum of understanding) is an agreement that expresses a convergence of will between the parties, indicating an intended common line of action

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

PHES (pumped hydro energy storage) is a form of storage that uses two water reservoirs on different altitudes. It stores energy by pumping water from the lower reservoir to the upper reservoir and when the electricity is needed, it allows the water to run from the upper reservoir to the lower reservoir through turbines to convert the stored energy into electricity.

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

Superhybrid™ is an asset ecosystem that generates 24/7 carbon-free electricity and green fuels (or hydrogen), using variable renewable energy as an input. It consists of long-duration energy storage, a flexible load (like hydrogen electrolysis) and the processes and storage facilities to produce hydrogen and products made of hydrogen (such as green fuels) and a fuel cell or similar asset to generate peaking power.