



Prospectus

Decmil Group Limited ACN 111 210 390

Details of a 4.2 for 1 accelerated non-renounceable Entitlement Offer of New Shares in the Company at a price of \$0.05 per New Share to raise up to approximately \$50.2 million (before costs).

Retail Entitlement Offer closes at 5.00 pm (AWST) on Wednesday, 17 June 2020 (unless extended). Valid applications must be received before that time.

Lead Manager and arranger of the partial underwriting
Hartleys Limited ACN 104 195 057, AFSL No. 230052



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

THIS IS AN IMPORTANT DOCUMENT WHICH IS ACCOMPANIED BY A PERSONALISED ENTITLEMENT AND ACCEPTANCE FORM AND BOTH SHOULD BE READ IN THEIR ENTIRETY. PLEASE CALL YOUR STOCKBROKER, ACCOUNTANT, FINANCIAL ADVISOR, TAXATION ADVISOR OR OTHER INDEPENDENT PROFESSIONAL ADVISOR OR THE SHARE REGISTRY IF YOU HAVE ANY QUESTIONS.

This is a 'transaction specific prospectus' prepared in accordance with section 713 of the Corporations Act. Accordingly, the Prospectus does not of itself contain the same level of disclosure as an initial public offering prospectus. If you are an Eligible Shareholder, you should carefully read this Prospectus (including the 'Risk Factors' in section 7) in its entirety before deciding whether to apply for New Shares. If you do not understand any part of this Prospectus or are in any doubt as to how to deal with it or your Entitlement, you should consult your stockbroker, accountant, solicitor or other professional advisor. Before making any investment decision, you should also have regard to all publicly available information concerning the Company.

The issue of New Shares under the Placement will also be "cleansed" from any trading restrictions by this Prospectus.

The Company is currently in a stage of transition and is subject to a range of external factors which considerably increase the risks for any investor. Any investment in the Company should be considered speculative.

This Prospectus does not constitute an offer of securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Prospectus

Contents

Important information	3
Key information	7
Key Entitlement Offer dates	8
Chairman's letter	9
1. Investment and key risks overview	12
2. Details of the Offer and how to apply	20
3. Purpose and effect of the Offer	28
4. Overview of the Company	30
5. Financial information	52
6. Rights and liabilities attaching to Shares, New Shares and Additional New Shares	58
7. Risk factors	60
8. Investigating Accountant's Report	70
9. Additional information	75
Glossary	98
Authorisation	102
Corporate directory	103

Important information

Lodgement and quotation

This Prospectus is dated 28 May 2020 and was lodged with ASIC on that date. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company will apply to ASX for quotation of the New Shares (and Additional New Shares, if any) on ASX. The fact that ASX may quote the New Shares is not to be taken in any way as an indication of the merits of the Company.

This Prospectus expires on 28 June 2021, the date which is 13 months after the Lodgement Date, and no New Shares will be issued on the basis of this Prospectus after that date.

This Prospectus is a 'transaction specific prospectus' for an offer of 'continuously quoted securities' (as defined in the Corporations Act) of the Company to which special content rules under section 713 of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/73 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/84) apply. Together this allows for the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the Prospectus. In general terms, 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus only contains information to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in an initial public offering prospectus.

Publicly available information about the Company is available on the ASX website.

ASX COVID-19 Class Waivers

On 31 March 2020, ASX announced the temporary capital raising relief (in the form of class waivers) which:

- (a) lifts the 15% limit on the number of New Shares the Company can issue without obtaining the prior approval of its Shareholders pursuant to Listing Rule 7.1

to 25% (the class waiver also permits the Company to include in its calculation for the purposes of Listing Rule 7.1 the number of Shares that may be issued under the underwritten component of the Entitlement Offer) (the Placement Capacity Waiver); and

- (b) permits the Company to conduct a non-renounceable entitlement offer at a ratio of greater than 1 new share for every existing share (Non-Renounceable Offer Waiver).

As required by the ASX, the Company has notified ASX in writing of its intention to rely on the Non-Renounceable Offer Waiver and has provided ASX with the details of the Offer.

Note to all Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company and consider all of the risks that could affect the performance of the Company. In considering the prospects of the Company, you should consider the risks that could affect the financial performance or position of the Company. You should carefully consider these risks in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional adviser before deciding whether to invest. Risks which should be considered by prospective investors are set out in section 7 of this Prospectus. There may be risk factors in addition to these that should be considered in the light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the New Shares.

Rights to acquire New Shares under the Offer are not transferrable. Eligible Retail Shareholders should carefully read and follow the instructions in section 2 of this Prospectus and on the back of the accompanying personalised Entitlement and Acceptance Form (as defined below) when making the decision to invest in New Shares (or Additional New Shares, if applicable to you).

Obtaining a copy of this Prospectus

Eligible Retail Shareholders (as defined in section 9.6 of this Prospectus) will receive a copy

of this Prospectus together with an accompanying personalised Entitlement and Acceptance Form.

If you have not yet received your physical documents and would like to participate please follow the below steps:

Step 1: Go to www.investorcentre.com/au



Step 2: Click on single holder

Step 3: Enter:

- Your Holder number (including the X or I);
- Postcode / Country (if overseas); and
- Decmil's ASX code (DCG).

Step 4: Go to 'Documents' at the top of the page

Step 5: Click the drop down and download your PDF form

Eligible Shareholders can also obtain a copy of this Prospectus (free of charge) during the Retail Entitlement Offer Period (as defined below) from the Company's website at <https://decmil.com/>. Shareholders or other persons in other jurisdictions (including the United States) who are, or are acting for the account or benefit of, a person in the United States, are not entitled to access the electronic version of this Prospectus. Eligible Shareholders who access the electronic version of this Prospectus on the Company's website should ensure they download and read the entire Prospectus. The electronic version of the Prospectus on the Company's website will not include an Application Form.

Statements of past performance

Information about the Company's past performance and pro forma financial information included in this Prospectus is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Prospectus is, or is based on, information that has previously been released to the market other than as contained in section 5.

Investors should also be aware that certain financial data included in this Prospectus may be 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC and 'non-GAAP financial measures' under Regulation G of the

US Securities Exchange Act of 1934. The disclosure of such non-GAAP financial measures in the manner included in this Prospectus would not be permissible in a registration statement under the US Securities Act. The Company believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or non-GAAP financial measures and ratios (if any) included in this Prospectus.

Financial information and forward looking statements

This Prospectus includes Historical Financial Information and Pro Forma Historical Financial Information.

All dollar values are in Australian dollars (\$ or A\$), rounded to the nearest \$0.1 million, and financial data is presented as at 31 March 2020 unless stated otherwise. The pro forma historical financial information included in this Prospectus does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. Other forward looking statements included in this Prospectus include statements regarding the outcome and effects of the Entitlement Offer and the statements regarding the industries and markets in which the Company operates. Any forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Accordingly, such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. The Company

cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and prospective investors are cautioned against placing undue reliance on these forward looking statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risks outlined in section 7 of this Prospectus and the other information contained in this Prospectus.

The Company has no intention to update or revise forward looking statements, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets pictured are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Company website

Any references to documents included on the Company's website at <https://decml.com/> are for convenience only, and none of the documents or other information available on the Company's website are incorporated herein by reference.

Defined terms and time

Capitalised terms and abbreviations used in this Prospectus have the meanings given to them in the Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Western Standard time (AWST).

Disclaimer

No person is authorised to provide any information or to make any representation in connection with the Entitlement Offer that is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by the Directors or the Company, Hartleys or any of their respective related bodies corporate in connection with the Offer.

Hartleys does not make or offer the Offer. Hartleys has not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Prospectus. Hartleys does not make, or purport to make, any statement in this Prospectus,

and there is no statement in this Prospectus that is based on any statement by the arranger of the underwriting. To the maximum extent permitted by law, Hartleys expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Prospectus.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Offer, the Entitlements, the New Shares, or to otherwise permit a public offering of New Shares, in any jurisdiction outside Australia, New Zealand, Norway, Hong Kong, Singapore or the United Kingdom. The distribution of this Prospectus outside Australia, New Zealand, Norway, Hong Kong, Singapore or the United Kingdom may be restricted by law and persons who come into possession of this Prospectus outside Australia, New Zealand, Norway, Hong Kong, Singapore or the United Kingdom should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the New Shares (or Additional New Shares, if any) have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless the New Shares are registered under the US Securities Act, or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This Prospectus may not be released or distributed in the United States.

For further detail please see the Foreign Jurisdictions set out in section 9.18 of this Prospectus.

Important information for foreign investors

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any foreign authority. This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold in the institutional offer, in any country outside Australia except as described in section 9.18. The Entitlements and the New Shares are not being offered to the public in foreign jurisdictions other than to existing Shareholders (with respect to the Entitlements and the New Shares) with registered

addresses in the jurisdictions referred to in sections 9.6 and 9.18 to whom the offer of these securities is being made in reliance on the permitted exceptions references in section 9.18.

Privacy

By filling out the personalised Entitlement and Acceptance Form to apply for New Shares (and Additional New Shares, if applicable to you), you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the personalised Entitlement and Acceptance Form, the Company and the Share Registry may not be able to process or accept your application.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Company's issued securities and for associated actions.

The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including the

Company's financial results, annual reports and other information that the Company may wish to communicate to its members) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory set out on the last page of this Prospectus.

Enquiries for the Entitlement Offer

If you have any questions on how to:

- (a) complete the personalised Entitlement and Acceptance Form accompanying this Prospectus which Eligible Retail Shareholders (as defined in section 9.6 of this Prospectus) may use to apply for New Shares;
- (b) take up the New Shares offered to you under the Offer (your **Entitlement**), either in full or in part; or
- (c) take up your full Entitlement and apply for Additional New Shares,

please call and leave a message for the Company Secretary on 08 9368 8877 (within Australia) or +61 8 9368 8877 (from outside Australia) at any time during business hours (AWST) Monday to Friday during the Retail Entitlement Offer Period.

If you take no action or your application is not supported by cleared funds, your Entitlement will lapse and you will not be issued with New Shares. You should note that if you do not take up all or part of your Entitlement, then your percentage shareholding in Decmil will be diluted by your non-participation in the Entitlement Offer. Eligible Shareholders who do not take up their Entitlement in full will not receive any payment or value for that part of their Entitlement they do not take up.

If you have misplaced your Entitlement and Acceptance Form and would like a replacement form, please follow the steps outlined in section 2.8 or call the applicable number above.

Website

To view annual reports, information about Decmil, announcements, background information on Decmil operations and historical information, visit the Company's website at <https://decmil.com/>.

Key information

Offer Price per New Share under the Placement and Entitlement Offer	\$0.05 per New Share
Entitlement Offer Proceeds (before costs)	Up to \$50.2 million
Placement Proceeds (before costs) ²	Up to \$1.8 million
Eligible Shareholder's Entitlement under the Entitlement Offer	4.2 New Shares for every 1 Share held as at the Record Date
Number of Shares on issue before Placement and Entitlement Offer	239,264,098
Number of New Shares to be issued under the Placement	Up to approximately 35,889,614
Number of New Shares to be issued under the Entitlement Offer	Up to approximately 1,004,909,211
Number of Shares on issue at completion of the Placement and Entitlement Offer	Up to approximately 1,280,062,923
Pro forma market capitalisation upon completion of the Placement and Entitlement Offer at the Offer Price	\$64 million ³

Notes:

1. The above figures assume that no further Shares or other securities are issued prior to the issue of New Shares under the Offer. Shareholders should note that due to rounding of Entitlements under the Entitlement Offer to Shareholdings on the Record Date, amongst other things, the exact number of New Shares to be issued will not be known until completion of the Entitlement Offer.
2. The Company may also conduct the Placement (refer to section 2.3).
3. Calculated on the basis that there will be 1,280,062,923 Shares on issue upon completion of the Offer. The market capitalisation of the Company may be lower than this amount depending upon the level of take up under the Entitlement Offer. For example, using a minimum amount of \$40 million there would be approximately 1,039,264,098 million Shares on issue such that the pro forma market capitalisation of the Company at the Offer Price would be \$51.96 million.

Key Entitlement Offer dates

Event	Date ¹
<ul style="list-style-type: none"> Lodgement of Prospectus with ASIC and ASX Announcement of Placement and Entitlement Offer 	Thursday, 28 May 2020
<ul style="list-style-type: none"> Institutional Entitlement Offer and Placement bookbuild opens 	Friday, 29 May 2020
<ul style="list-style-type: none"> Institutional Entitlement Offer and Placement bookbuild closes (5.00pm (AWST) or such earlier time as determined by the Lead Manager) 	Monday, 01 June 2020
<ul style="list-style-type: none"> Results of Institutional Entitlement Offer and Placement announced and trading on ASX resumes (by 10:00am, AWST) on an ex-entitlement basis 	Tuesday, 02 June 2020
<ul style="list-style-type: none"> Record Date for the Entitlement Offer 	5:00 pm (AWST) on Tuesday, 02 June 2020
<ul style="list-style-type: none"> Despatch of Prospectus and personalised Entitlement and Acceptance Forms to Eligible Retail Shareholders Retail Entitlement Offer opens 	9:00 am (AWST) on Friday, 05 June 2020
<ul style="list-style-type: none"> Institutional Entitlement Offer and Placement settlement date 	Tuesday, 09 June 2020
<ul style="list-style-type: none"> Issue and quotation of New Shares issued under the Institutional Entitlement Offer and Placement 	Wednesday, 10 June 2020
<ul style="list-style-type: none"> Retail Entitlement Offer closes 	5:00pm (AWST) on Wednesday, 17 June 2020
<ul style="list-style-type: none"> Settlement of Retail Entitlement Offer 	Tuesday, 23 June 2020
<ul style="list-style-type: none"> Issue of New Shares and Additional New Shares under the Retail Entitlement Offer 	Wednesday, 24 June 2020
<ul style="list-style-type: none"> Normal trading of New Shares and Additional New Shares issued under the Retail Entitlement Offer expected to commence on ASX 	Thursday, 25 June 2020
<ul style="list-style-type: none"> Mailing of updated CHESS notices and issuer sponsored holding statements in relation to New Shares issued under the Retail Entitlement Offer completed 	Thursday, 25 June 2020
<ul style="list-style-type: none"> "Top-up" Placement to Cornerstone Sub-underwriters 	Following Shareholder approval, if required

Note

- Dates and times in this Prospectus are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Placement and Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible. No cooling-off rights apply to applications submitted under the Entitlement Offer. The commencement of quotation of New Shares and Additional New Shares is subject to confirmation from ASX.

Chairman's letter

28 May 2020

Dear Eligible Shareholder,

On behalf of the Board, I am pleased to invite you to participate in Decmil's 4.2 for 1 pro-rata accelerated non-renounceable entitlement offer to raise up to \$50.2 million (**Entitlement Offer**) which, together with a share placement to sophisticated and institutional investors that the Company may also undertake to raise up to \$1.8 million (**Placement**), is anticipated to collectively raise up to \$52 million (together, the **Offer**).

Under the Entitlement Offer, eligible Decmil investors on the record date of 5.00pm (Perth time) on Tuesday, 2 June 2020 will have the opportunity to subscribe for new shares (**New Shares**) at an issue price of \$0.05 per share (**Offer Price**), being the same price of the New Shares to be issued under the Placement.

The Offer Price represents a 37% discount to the Theoretical Ex-Rights Price (**TERP**) of \$0.079 and a 75% discount to the Company's last closing price of \$0.20 per share as at 18 May 2020.

The successful completion of the Offer will enable Decmil to significantly strengthen its balance sheet which, together with the recently announced Standstill Agreements with NAB and the Company's surety providers, ensures Decmil is well positioned to capitalise on the anticipated significant public and private infrastructure spending in the coming years.

Company Update

While Decmil currently has an order book of \$411 million extending to FY22 and a strong pipeline, the past 6 months have been financially challenging for the Company. The contract disputes with the NZ Department of Corrections and the owners of the Sunraysia Solar Farm, which contributed to a loss of circa \$75 million in the 6 months to 31 December 2019, were the primary cause of these challenges as they had a material impact on Decmil's short term liquidity. The impact of these disputes was magnified by the uncertainty caused by COVID-19.

The Company has acted decisively to address these issues. This included rationalising business overheads (including removing its regional reporting layer), re-structuring key management positions, and swiftly closing its New Zealand business. Decmil also quickly moved both disputes to arbitration. Decmil has received legal advice from two external law firms on the two major disputes. Decmil is confident in its position (see section 4.12 for further details).

As part of the management re-structure we are very pleased that Mr Dickie Dique has accepted the role of Chief Executive Officer and Managing Director of Decmil. Dickie is deeply familiar with all aspects of the Decmil business, having been a Non-Executive Director of Decmil since July 2018 and also holding the roles of General Manager and Chief Operating Officer for the Decmil Group until 2011. Dickie will bring a particular focus on project execution, delivery and risk management. Scott Criddle will continue to play an active role in Decmil in his new role in business development, with the appointment of Dickie ensuring Scott can focus on growth opportunities for Decmil across Australia.

The Company has also been working closely with NAB and its surety providers, culminating in the execution of the Standstill Agreements pursuant to which these parties will (subject to the terms of the respective standstills) not demand or seek to recover moneys owed by Decmil until 31 January 2021 (summaries are contained in section 4.15).

Use of proceeds from the Offer

The proceeds from the Offer will be used for working capital purposes, significantly strengthening the Company's balance sheet and will offset the dent in the Company's short term liquidity caused by the two contract disputes.

The Offer, together with the Standstill Agreements, means Decmil has the balance sheet to leverage its diversified capabilities and capitalise on the anticipated significant expansion in public and private infrastructure in Australia in the coming years.

Offer Details

As outlined above, the Offer comprises the Placement and a 4.2 for 1 pro-rata accelerated non-renounceable Entitlement Offer. The Entitlement Offer comprises both an institutional component for Eligible Institutional Shareholders (**Institutional Entitlement Offer**) and a retail component for Eligible Retail Shareholders (**Retail Entitlement Offer**). New Shares issued under the Placement and the Entitlement Offer will rank equally with existing shares in all respects.

The Institutional Entitlement Offer is partially underwritten, with Hartleys acting as the Lead Manager and arranger of the underwriting (subject to the terms and conditions set out in section 2 of this Prospectus). Hartleys has arranged for the Institutional Entitlement Offer to be underwritten up to \$25.1 million. Hartleys will seek to arrange further underwriting prior to the close of the Institutional Entitlement Offer.

Eligible Shareholders under the Entitlement Offer can choose to take up all, part or none of their Entitlement. The Institutional Entitlement Offer will open on Friday, 29 May 2020 and close at 5.00 pm (AWST) (or such earlier time as determined by the Lead Manager) on Monday, 1 June 2020.

The Retail Entitlement Offer will open on Friday, 5 June 2020 and close at 5.00 pm (AWST) on Wednesday, 17 June 2020. The Retail Entitlement Offer is partially underwritten with Hartleys acting as the lead manager and arranger of the underwriting for the Retail Entitlement Offer. Hartleys has arranged for the Retail Entitlement Offer to be underwritten up to \$11.3 million. Hartleys will seek to arrange further underwriting prior to the close of the Institutional Entitlement Offer. There is also an opportunity for Eligible Shareholders to apply for more than their Entitlement as part of a Shortfall Offer outlined in section 2.6.

The Offer is conditional upon commitments for the Minimum Subscription Amount being received, otherwise the Offer will not proceed and funds will be returned to investors.

The Directors holding interests in Decmil shares intend to participate in the Entitlement Offer to the extent set out in section 9.12 of this Prospectus.

Further information

Further information on the Entitlement Offer and Decmil business is detailed in this Prospectus. You should read the entirety of this Prospectus carefully before deciding whether to participate in the Entitlement Offer. An investment in the Company, the New Shares or, if applicable to you, Additional New Shares, is speculative and subject to a range of risks, which are more fully detailed in section 7 of this Prospectus.

If any of these risks or other material risks eventuate, it will likely have a material adverse impact on the Company's future financial performance and position.

Hartleys acted as Lead Manager to the Placement and Entitlement Offer and is acting as the arranger of the partial underwriting for the Institutional Entitlement Offer and the Retail Entitlement Offer.

If you would like further information regarding the Entitlement Offer, please call and leave a message for the Company Secretary on 08 9368 8877 (within Australia) or +61 8 9368 8877 (from outside Australia) at any time during business hours (AWST) Monday to Friday or visit our website at <https://decmil.com/>. For other questions, you should consult your broker, solicitor, accountant, taxation adviser, financial adviser or other professional adviser without delay.

You should be aware that the Company has not had regard to your individual circumstances or needs, including your personal taxation or financial position, in sending this Prospectus and accompanying information to you, and the Company is not licensed to provide financial product advice to you in relation to your Shares, the New Shares, the Entitlements or the Additional New Shares. If you have any doubt about whether you should invest in the Entitlement Offer, you should seek professional advice before making any investment decision. Please note that no cooling-off period applies in relation to the Entitlement Offer – you cannot withdraw your application once it has been accepted.

On behalf of the Directors and management team of Decmil, I encourage you to participate in this investment opportunity and thank you for your ongoing support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Saxelby', with a stylized circular flourish at the beginning.

David Saxelby
Chairman

1. Investment and key risks overview

1.1 Investment overview

The purpose of this section is to provide an investment overview that helps investors make an informed investment decision by highlighting key information and it is necessarily selective. It is an introduction to the Offer and is not intended to replace the other sections of this Prospectus, which investors should read in full before deciding if they wish to purchase New Shares.

Topic	Summary	For more information
The Company and its business model		
Who is the issuer of the New Shares?	Decmil Group Limited ACN 111 210 390	Section 4 of this Prospectus
What is the Company's business?	Decmil provides critical infrastructure for the government sector in Australia including transport, defence, immigration and health and provides key infrastructure for the resources, commercial and industrial sectors. Five key sector pillars form the base of Decmil's business, being: <ul style="list-style-type: none"> • Infrastructure; • Transport; • Energy; • Resources; and • Renewables. 	Section 4 of this Prospectus
How does the Company generate revenue?	Decmil generates revenue through: <ul style="list-style-type: none"> • A focus on client relationships and repeat business; • Developing strategic partnerships; • Developing new client bases; • Elevating the Decmil brand; • Increasing geographical reach within Australia; and • Enhancing current service offerings. 	Section 4 of this Prospectus
What is the Company's strategy?	Decmil adheres to the following key growth drivers across the business: <ul style="list-style-type: none"> • Back to basics: Decmil intends to capitalise on its existing capabilities in burgeoning core markets. • Focus on existing capabilities: Decmil has returned to its core strengths of civil and non-process infrastructure disciplines across five core sectors. In each of these sectors in Australia, Decmil has demonstrated experience. • Drive Profitability in Existing Projects: Across Decmil's ongoing projects, Decmil will continue to focus on the efficient delivery of projects on time and on budget while improving margins and efficiency. • Build Project Pipeline and Win Work: Decmil has reviewed its pipeline identification and delivery process, focussing on risk identification and 	Section 4.5 of this Prospectus

Topic	Summary	For more information
	<p>evaluation and project suitability for Decmil's specific skillset.</p> <ul style="list-style-type: none"> • Maintain cost discipline around non-project corporate costs: Decmil intends to continue to maintain a disciplined approach to corporate overhead spending and pursue improvement opportunities. 	
The Entitlement Offer and the New Shares		
What is the Entitlement Offer?	<p>The Entitlement Offer is an accelerated non-renounceable entitlement offer of up to approximately 1,004,909,211 New Shares at an Offer Price of \$0.05 per New Share on the basis of 4.2 New Shares for every 1 existing Share held by Eligible Shareholders at the Record Date, to raise up to approximately \$50.2 million.</p> <p>The Entitlement Offer has two components:</p> <ul style="list-style-type: none"> • the Institutional Entitlement Offer, being an accelerated offer to Eligible Institutional Shareholders; and • the Retail Entitlement Offer, being an offer to Eligible Retail Shareholders. <p>Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable, meaning that Entitlements cannot be traded on ASX, nor can they be sold, transferred or otherwise disposed of.</p>	Section 2.1 of this Prospectus
How much will the Company raise under the Entitlement Offer?	<p>The Company will raise up to approximately \$50.2 million under the Entitlement Offer. Of this \$50.2 million, approximately \$28.6 million is expected to be raised under the Institutional Entitlement Offer and approximately \$21.6 million is expected to be raised under the Retail Entitlement Offer.</p>	Section 3 of this Prospectus
What will the proceeds of the Entitlement Offer be used for?	<p>The proceeds from the Offer will be used for working capital purposes and to strengthen the Company's balance sheet.</p>	Section 3 of this Prospectus
Am I an Eligible Retail Shareholder?	<p>Eligible Retail Shareholders are those holders of Shares who:</p> <ul style="list-style-type: none"> • are registered as a holder of Shares as at the Record Date; • have an address on the Company's share register in Australia, New Zealand, Norway, Hong Kong, Singapore or the United Kingdom (and continue to be a registered holder of Shares as at the Record Date); • are not in the United States and are not a person in the United States or acting for the account or benefit of US Persons, to that extent; and • are not Eligible Institutional Shareholders. 	Section 9.6 of this Prospectus

Topic	Summary	For more information
What is my Entitlement?	<p>Your Entitlement is the right granted to you under the Entitlement Offer to subscribe for 4.2 New Shares at the Offer Price for every 1 Share you hold as at the Record Date.</p> <p>If you are an Eligible Retail Shareholder, your Entitlement will be noted on your personalised Entitlement and Acceptance Form.</p>	Section 2.9 of this Prospectus
What can I do with my Entitlement?	<p>As an Eligible Shareholder, you may do any one of the following:</p> <ul style="list-style-type: none"> take up all or part of your Entitlement (i.e. acquire up to 4.2 New Shares at the Offer Price for every 1 Share you hold as at the Record Date); or do nothing, in which case your Entitlement will lapse and you will not be issued New Shares. <p>You should note that if you do not take up all or part of your Entitlement, your percentage shareholding in Decmil will be diluted by your non-participation in the Entitlement Offer and you will not receive any payment or value for that part of your Entitlement that you do not take up.</p>	Section 2.11 of this Prospectus
Can I apply for New Shares in excess of my Entitlement?	<p>If you are an Eligible Retail Shareholder, yes. Under the Retail Entitlement Offer, Eligible Retail Shareholders may apply for Additional New Shares in excess of their Entitlement under the Shortfall Offer. Additional New Shares have precisely the same terms as New Shares.</p> <p>Additional New Shares will, however, only be allocated to Eligible Retail Shareholders (if available) and if and to the extent that the Company so determines, in its absolute discretion.</p> <p>The allocation of Additional New Shares and any scale back will be subject to the availability of Additional New Shares and will be in the Company's absolute discretion.</p>	Section 9.8 of this Prospectus
How much will I pay per New Share or Additional New Share?	\$0.05	Section 2 of this Prospectus
Can I trade my Entitlement?	<p>Your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred.</p> <p>Eligible Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.</p>	Section 2 of this Prospectus
How do I accept the Entitlement Offer?	<p>If you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement, please:</p> <ul style="list-style-type: none"> pay your Application Monies via BPAY®; or 	Section 2.11 of this Prospectus

Topic	Summary	For more information
	<ul style="list-style-type: none"> complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form. 	
Can I withdraw my Application?	To the extent permitted by law, Applications are irrevocable.	Section 2.11 of this Prospectus
Is the Entitlement Offer underwritten?	Hartleys is acting as arranger of the underwriting for the Entitlement Offer. Hartleys has arranged for the Institutional Entitlement Offer to be partially underwritten up to \$25.1 million and the Retail Entitlement Offer to be partially underwritten up to \$11.3 million. Hartleys will seek to arrange further underwriting prior to the close of the Institutional Entitlement Offer. Details of these arrangements are set out in section 9.22.	Section 9.22 of this Prospectus
What are the key terms of the New Shares (and Additional New Shares, if applicable)?	The New Shares (and therefore, the Additional New Shares) are fully paid ordinary shares in the equity capital of the Company. New Shares (and if applicable to you, Additional New Shares) will rank equally in all respects with existing ordinary Shares on issue from their issue date.	Section 6 of this Prospectus
What is the effect of the Entitlement Offer on the Company?	The successful completion of the Offer will enable Decmil to significantly strengthen its balance sheet which, together with the recently announced Standstill Agreements, will strengthen Decmil's balance sheet in order to capitalise on the anticipated significant public and private infrastructure spending in the coming years.	Section 3 of this Prospectus
Is the Entitlement Offer subject to Shareholder approval?	No. The Entitlement Offer is not subject to Shareholder approval.	N/A
What is the Minimum Subscription Amount and when must it be reached by?	The Minimum Subscription Amount is \$40 million and firm commitments of a minimum of \$40 million must be received, otherwise the Company may withdraw the Offer as provided for in section 2.18.	Section 2.18 of this Prospectus

1.2 Key risks overview

An investment in the New Shares is subject to significant risk. The risks associated with an investment in the New Shares and the Company are set out below and in section 7 of this Prospectus.

The risk factors set out below and in section 7 ought not be taken as an exhaustive list of the risks faced by the Company or by investors in the Company's securities (including the New Shares).

The risks set out below and in section 7, and others not specifically referred to in this Prospectus, may in the future materially affect the financial condition or prospects of the Company and, therefore, the value of the New Shares offered under this Prospectus.

The Company is in a stage of transition and is subject to a range of external factors which considerably increase risk for any investor and any investment in the Company should be considered to be speculative and no assurances are given with respect to their value or price.

Topic	Summary	For more information
Outcome of major disputes	The Company is a party to various current major and minor disputes (described in sections 4.12 and 4.13). Some of these disputes may be resolved on a commercial basis and others through formal dispute proceedings. The Company has made an assessment about how these disputes will unfold and the likely outcomes. The timing and the outcome of these disputes is uncertain and may result in the Company not receiving amounts which it has forecast or, more significantly, making payments which have not been anticipated. This may result in a minor or major financial loss to the Company or lower than anticipated project realisation. It is possible that an unexpected adverse outcome in a major dispute could threaten the future of the Company. Any Standstill Amounts must be paid to NAB pursuant to the order set out in the NAB Standstill Agreement (see section 4.15).	Section 7.2 of this Prospectus
Compliances with debt covenants and default risks	The Company is subject to various covenants and obligations contained in its debt facilities and the Standstill Agreements (see section 4.14 and 4.15). In the event that any of these are breached, the Company's lenders may cancel their commitments under the facilities and require all amounts payable to them under or in connection with the facilities to be repaid immediately. In respect of the Standstill Agreements, a breach of the terms of those agreements may lead the counterparties to exercise their rights under the primary debt facilities. If the Company is unable to repay or refinance its debt facilities upon maturity, or in the event of a breach of covenant, the Company may have to seek further equity funding, dispose of its assets, or enter into new debt facilities on less favourable terms and there is no guarantee it will be able to obtain further debt. These factors, including any breach of the Standstill Agreements, would materially affect the Company's	Section 7.2 of this Prospectus

Topic	Summary	For more information
	ability to continue to operate its business and its financial performance.	
Cash flow and liquidity	<p>The combination of the major disputes affecting the Company's forecast receipts (refer to section 5 for further details) and the impact of other disruptions on the Company's business as a result of COVID-19, means the Company faces short-term cash flow and liquidity risks which may impact on its ability to continue as a going concern.</p> <p>The Company is required to make assumptions when carrying out its forecasting activities and these may prove incorrect, including the actions by third party suppliers such as reductions in payment terms. While the Company has taken a conservative view in making these assumptions, it may transpire that the Company's anticipated working capital shortfall is greater than forecast and that the capital raised through the Offer is insufficient to bridge this working capital shortfall.</p>	Section 7.2 of this Prospectus
Future capital requirements	<p>While Decmil believes that on completion of the Offer it will have sufficient working capital, there remains a risk that the Company may need additional capital in the future. For example, the Company is required to make assumptions when carrying out its forecasting activities and these may prove incorrect, including revenue forecasts or the outcome of disputes (see sections 4.12 and 4.13). While the Company has taken a conservative view in making these assumptions, it may transpire that the Company's anticipated working capital shortfall is greater than forecast and that the capital raised through the Offer is insufficient to bridge this working capital shortfall.</p> <p>Any additional equity financing that the Company may undertake in the future may dilute existing shareholders. The terms of any additional debt financing, if available, may impose further restrictions on the Company's financing and operating activities. Decmil's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to Decmil, will vary according to a number of factors, including stock market and industry conditions. There can be no assurance that the Company will be able to obtain capital when required in the future, or that the terms and the time in which any such financing can be obtained will be acceptable to the Company. This may have an adverse effect on the Company's financial position and prospects.</p>	Section 7.2 of this Prospectus

Topic	Summary	For more information
Accreditations	<p>The Company holds various technical and financial accreditations which it relies on heavily to operate its business. These include safety accreditations, quality assurance standards, building licences, technical accreditations by State Main Roads agencies and various financial accreditations. Many of these accreditations are assessed and monitored by State and Federal government agencies on a regular basis.</p> <p>In the case of the F150+ certification (National pre-qualification system for Civil (Road and Bridge) Construction), pre-qualification was recently obtained until February 2023, however, Decmil has been informed by Equifax that the Company has until mid-2020 to submit an update as part of a periodic review. It is a condition of the F150+ rating that the Company maintains certain minimum working capital requirements, amongst others, to retain this level of certification.</p> <p>Any failure to maintain or comply with an accreditation can impact the eligibility of the Company to participate in certain projects or sectors and this will have a material effect on the business.</p>	Section 7.2 of this Prospectus
COVID-19	<p>The global economic outlook is highly uncertain due to the current COVID-19 pandemic. The COVID-19 pandemic is having a significant impact on global capital markets.</p> <p>The COVID-19 pandemic has already had an impact on the Company's operations and caused a reduction in current cashflow.</p> <p>In addition, the Company's Australian projects have been impacted by international supply issues and the inability for the Company's workforce to move between States and regions.</p> <p>For example, in order to progress the works on the Yandin Wind Farm and the Warradarge Wind Farm in Western Australia, the Company requires transformers and electrical switch gear to be delivered from China. The Company also sourced parts for harmonic filters coming Germany, China and Malaysia. On the Company's Victorian road infrastructure projects at Drysdale and Plenty Road, the Company is reliant on traffic signal posts and public lighting poles to be delivered from China. These deliveries have all been either delayed or cancelled as a result of restricted international trade in light of COVID-19.</p>	Section 7.2 of this Prospectus

Topic	Summary	For more information
	<p>As these are specialist items, the Company is not always able to source alternative suppliers in Australia. Where it can, this creates additional costs that must be incurred to ensure the projects progress. Where it can't, this causes significant delays to the Company's projects and creates additional costs.</p> <p>The Company is also having mobility issues with its workforce, in particular labour moving between South Australia and Western Australia, and workers from Victoria and New South Wales seeking to travel to site in Queensland. On the Company's QGC project, its staff have not been approved to move between States by the Chief Health Officer as they are not considered to be critical resource sector employees. In many cases the Company has asked employees and subcontractors to remain in the State that they work, at additional cost to the Company, due to the COVID-19 quarantine restrictions that have been in place prior to the date of this Prospectus. As much of this is specialist work, the Company is unable to source local labour for these roles.</p>	
Going concern	<p>The Company's Interim Financial Report for the half year ended 31 December 2019 and the Financial Information contained in section 5 of this document were prepared on a 'going concern' basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.</p> <p>The Company's auditors noted in the "Going concern" note in the Company's financial statements that the Company's ability to continue as a going concern is dependent on the continued support of its banker and the ability of the consolidated entity to obtain alternative sources of debt or equity funding.</p> <p>As noted in section 4.15, the Company has entered into the Standstill Agreements with NAB and its surety providers. However, if circumstances arise that breach the Standstill Agreements, the underlying debt facilities are breached or the Company is unable to obtain alternative sources of debt or equity funding, the Company's auditors note that a material uncertainty would exist as to whether the Company would be able to continue as a going concern and a receiver may be appointed over the assets of the Company.</p>	Section 7.2 of this Prospectus

2. Details of the Offer and how to apply

Except as expressly stated otherwise, this section describes the Retail Entitlement Offer and how Eligible Retail Shareholders take up their Entitlements under it. References to 'you' in this section 2 are references to Eligible Retail Shareholders.

The Lead Manager will provide to Eligible Institutional Shareholders the details of their Entitlements and how to apply under the Institutional Entitlement Offer, at the commencement of the Institutional Entitlement Offer.

2.1 The Entitlement Offer and Placement

The Entitlement Offer is an accelerated non-renounceable entitlement offer of up to approximately 1,004,909,211 New Shares at the Offer Price of \$0.05 per New Share on the basis of 4.2 New Shares for every 1 existing Share held by Eligible Shareholders at the Record Date, to raise up to approximately \$50.2 million.

The Entitlement Offer has two components, namely:

- (a) the Institutional Entitlement Offer, being an offer to Eligible Institutional Shareholders – see section 2.2 below; and
- (b) the Retail Entitlement Offer, being an offer to Eligible Retail Shareholders – see section 2.5 below.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable, meaning that Entitlements cannot be traded on ASX, nor can they be sold or transferred.

The Company may also undertake the Placement to raise up to an additional \$1.79 million at the same Offer Price as the Entitlement Offer of \$0.05 per New Share. Further details of the Placement are set out in section 2.3 below.

Hartleys acted as Lead Manager to the Placement and Entitlement Offer and is acting as the arranger of the underwriting for the Entitlement Offer. Hartleys has arranged for the Institutional Entitlement Offer to be partially underwritten up to \$25.1 million and the Retail Entitlement Offer to be partially underwritten up to \$11.3 million. Hartleys will seek to arrange further underwriting prior to the close of the Institutional Entitlement Offer.

Details of the underwriting arrangements are set out in section 9.22.

All New Shares under the Offer will rank equally with the Shares on issue as at the date of this Prospectus. For further information regarding the rights and liability attaching to Shares, please see section 6.

2.2 Institutional Entitlement Offer

The Institutional Entitlement Offer will be conducted during the period set out in the 'Key Entitlement Offer Dates' on page 8 of this Prospectus. The Lead Manager will provide Eligible Institutional Shareholders with the details of their Entitlements and how to apply under the Institutional Entitlement Offer at the commencement of the Institutional Entitlement Offer.

The announcement of the results of the Institutional Entitlement Offer will be made on Tuesday, 02 June 2020. The New Shares offered under the Institutional Entitlement Offer are expected to be issued on Wednesday, 10 June 2020.

Hartleys is acting as the arranger of the underwriting for the Institutional Entitlement Offer. Details of the underwriting arrangements are set out in section 9.2.

2.3 Placement

In addition to the Entitlement Offer, the Company may also undertake a placement of up to approximately 35,889,614 New Shares at the same price as the Entitlement Offer of \$0.05 per New Share to sophisticated and professional investors to raise up to approximately \$1.8 million (before costs) under the Placement.

The 35,889,614 New Shares which may be issued under the Placement are expected to be issued on Wednesday, 10 June 2020. As this date is after the Record Date for the Entitlement Offer, participants in the Placement will not be able to participate in the Entitlement Offer in respect of the New Shares they receive under the Placement. All proceeds from the Placement will be used in accordance with section 3.1.

2.4 On-sale of New Shares

Section 707(3) of the Corporations Act generally requires that if a person wishes to on-sell securities issued without disclosure under Part 6D of the Corporations Act within 12 months after their date of issue, a prospectus must be issued.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result the Company is currently precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act helpfully provides another exemption from the "on-sale" provisions where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on the ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by a company that are in the same class of securities as the relevant securities.

This Prospectus serves the secondary purpose of meeting the requirements of section 708A(11) of the Corporations Act, ensuring any potential on-sale restrictions on New Shares issued pursuant to the Placement or the Institutional Entitlement Offer are removed.

2.5 Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are offered the opportunity to subscribe for all or part of their Entitlement, being 4.2 New Shares for every 1 existing Share held at the Record Date, at the Offer Price per New Share.

Hartleys is acting as the arranger of the partial underwriting for the Retail Entitlement Offer. Hartleys has arranged for the Retail Entitlement Offer to be underwritten up to \$11.3 million. Hartleys will seek to arrange further underwriting prior to the close of the Institutional Entitlement Offer. Eligible Retail Shareholders may apply for Additional New Shares pursuant to the Shortfall Offer (see section 2.6 for further details).

If you are an Eligible Retail Shareholder that has received this Prospectus, the number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

2.6 Shortfall

Eligible Retail Shareholders (other than Directors and any other related parties of the Company) may apply for Additional New Shares, as described in section 9.8 and at the Offer Price, in excess of their Entitlement from any Shortfall that becomes available, by completing the relevant section of their Entitlement and Acceptance Form. Payment for any New Shares which is in excess of your Entitlement must be made in the same manner as described in section 2.12 of the Prospectus.

Any New Shares which are in excess of an Eligible Retail Shareholder's Entitlement will be limited to the extent that there are New Shares that have not been taken up by Eligible Retail Shareholders pursuant to their Entitlements or would otherwise have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Entitlement Offer. Shortfall Shares may be placed under the Shortfall Offer for up to 3 months after the closing date of the Retail Entitlement Offer.

2.7 Please consider the Retail Entitlement Offer in the light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, financial adviser, taxation advisor or other independent professional advisor if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to the risks associated with an investment in the Company, the New Shares and the Additional New Shares which are set out in section 7 of this Prospectus.

An investment in New Shares and Additional New Shares (if applicable) is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. Some of these risks are outlined in section 7. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. The Company is currently in a stage of transition and is subject to a range of external factors which considerably increase risk for any investor. Any investment in the Company should be considered speculative.

2.8 Obtaining a copy of this Prospectus

Eligible Retail Shareholders (as defined in section 9.6 of this Prospectus) will receive a copy of this Prospectus together with an accompanying personalised Entitlement and Acceptance Form.

If you have not yet received your physical documents and would like to participate please follow the below steps:

Step 1: Go to www.investorcentre.com/au



Step 2: Click on single holder

Step 3: Enter:

- Your Holder number (including the X or I);
- Postcode / Country (if overseas); and
- Decmil's ASX code (DCG).

Step 4: Go to 'Documents' at the top of the page

Step 5: Click the drop down and download your PDF form

Eligible Shareholders can also obtain a copy of this Prospectus (free of charge) during the Retail Entitlement Offer period (as defined below) from the Company's website at <https://decmil.com/>. A replacement Entitlement and Acceptance Form can be requested by calling the Company Secretary and leaving a message on 08 9368 8877 (within Australia) or +61 8 9368 8877 (from outside Australia) at any time during business hours (AWST) Monday to Friday.

Shareholders or other persons in other jurisdictions (including the United States) who are, or are acting for the account or benefit of, a person in the United States, are not entitled to access the electronic version of this Prospectus. Eligible Shareholders who access the electronic version of this Prospectus on the Company's website should ensure they download and read the entire Prospectus. The electronic version of the Prospectus on the Company's website will not include an Application Form.

2.9 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 4.2 New Shares for every Share you held as at the Record Date rounded up to the nearest whole New Share. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing Shares, including in respect of entitlement to dividends.

If you decide to take up all or part of your Entitlement, or apply for Additional New Shares, please refer to the personalised Entitlement and Acceptance Form and apply for New Shares (and Additional New Shares, if applicable to you) pursuant to the instructions set out on the personalised Entitlement and Acceptance Form.

If you take no action or your application is not supported by any cleared funds, your Entitlement will lapse and you will not be issued with New Shares. You should note that if you do not take up all or part of your Entitlement, then your percentage shareholding in Decmil will be diluted as a result of your non-participation in the Retail Entitlement Offer. If you do not take up your Entitlement in full you will not receive any payment or value for that part of your Entitlement that you do not take up.

Note: the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (see the definition of Eligible Retail Shareholder in section 9.6 of this Prospectus) or you sold Shares on ASX before the Record Date but your broker did not settle that sale until after the Record Date.

2.10 Nominees

The Retail Entitlement Offer is only made to Eligible Retail Shareholders. Decmil is not required to determine whether or not any registered holder is acting as a nominee, or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Retail Entitlement Offer). Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any person that is in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States. Decmil assumes no obligation to advise you on any applicable foreign laws.

2.11 Options available to you

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all or part of your Entitlement (**Option 1**) (see section 2.11(a) below);
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement (**Option 2**) (see section 2.11(a) below); or
- do nothing, in which case your Entitlement will lapse and you will not receive anything for the lapsed Entitlements (**Option 3**) (see section 2.11(b) below).

Entitlements cannot be traded on ASX or another financial market, or privately transferred.

(a) **Process for Options 1 and 2**

If you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement, please:

- (i) pay your Application Monies via BPAY®; or
- (ii) complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.

Decmil will treat you as applying for as many New Shares as your payment will pay for in full up to your full Entitlement. Amounts received by Decmil in excess of your full Entitlement (**Excess Amount**) will be treated as an application for as many Additional New Shares as your Excess Amount will pay for in full, subject to any priority allocation which Decmil determines to give to Eligible Retail Shareholders who apply for Additional New Shares as well as any scale-back that Decmil may determine to implement in its absolute discretion in respect of Additional New Shares (see section 2.6 of this Prospectus for further information).

If you take up and pay for all or part of your Entitlement before the close of the Retail Entitlement Offer, you will be issued your New Shares on Wednesday, 24 June 2020. If you apply for Additional New Shares in excess of your Entitlement, subject to Additional New Shares being available and the Company's allocation policy and discretion to scale-back your allocation of Additional New Shares, you will also be issued with these Additional New Shares on Wednesday, 24 June 2020. The Company's decision on the number of Additional New Shares to be allocated to you will be final.

Other than to the extent that Additional New Shares are issued to you, any surplus Application Monies received for more than your Entitlement will be refunded after the close of the Retail Entitlement Offer on or around Thursday, 25 June 2020. Refunds will be made by either bank transfer or by sending a cheque in the post to the address Decmil records on its share register for you as soon as practicable after the issue of New Shares. No interest will be paid to Eligible Retail Shareholders on any Application Monies received or refunded (wholly or partially).

Decmil also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders or persons claiming to be Eligible Retail Shareholders if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims.

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (AWST) on Wednesday, 17 June 2020. Eligible Retail Shareholders who wish to pay via cheque, bank draft or money order will need to also ensure that their completed personalised Entitlement and Acceptance Form is also received by that time using the reply paid envelope provided with this Prospectus or otherwise.

(b) Process for Option 3

If you take no action, you will not be issued New Shares and your Entitlement will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be traded on ASX or any other exchange, nor can it be privately transferred. Eligible Retail Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

2.12 Payment methods

(a) Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to return the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- (ii) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as is covered in full by your Application Monies.

When completing your BPAY® payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you

receive more than one personalised Entitlement and Acceptance Form (i.e. where you have multiple holdings), please only use the CRN specific to the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements when paying by BPAY®, you will be deemed to have taken up your Entitlement and applied for New Shares over and above your Entitlement on that holding to which that CRN applies and your applications in respect of your other CRNs will be deemed to have lapsed.

Should you choose to pay by BPAY®, it is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AWST) on Wednesday, 17 June 2020. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Decmil takes no responsibility for any failure to receive Application Monies or payment by BPAY® before the Retail Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

(b) Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to 'Decmil Group Limited' and crossed 'Not Negotiable'.

Your cheque, bank draft or money order must be:

- (i) for an amount equal to \$0.05 multiplied by the number of New Shares and Additional New Shares that you are applying for; and
- (ii) in Australian dollars drawn on an Australian financial institution or an Australian branch of a financial institution.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies is insufficient to pay for the number of New Shares (and Additional New Shares, if applicable) you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares (and Additional New Shares, if applicable) as your cleared Application Monies will pay for and to have specified that number of shares on your personalised Entitlement and Acceptance Form.

Should you choose to pay by cheque, bank draft or money order, it is your responsibility to ensure that your payment is received by the Share Registry by no later than 5.00pm (AWST) on Wednesday, 17 June 2020. Cash payments will not be accepted. Receipts for payment will not be issued.

2.13 Confirmation of your application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares or Additional New Shares from this Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the Investor Services website (www.investorcentre.com/au). To access the Investor Services, you will need your Security Reference Number or Holder Identification Number as shown on your Issuer Sponsored/CHES statements and you will need to pass the security challenge on the site.

2.14 ASX quotation and trading

The Company will apply for quotation of the New Shares (and Additional New Shares, if any) on ASX within 7 days of the date of this Prospectus. While the Company is not aware of any reason why quotation would be denied, there is no assurance that the application will be granted. If quotation is not granted, New Shares and Additional New Shares (if any) under the Entitlement Offer will not be issued and Application Monies will be refunded to Applicants without interest.

The fact that ASX may grant quotation of the New Shares (and Additional New Shares, if applicable) is not to be taken in any way as an indication of the merits of the Company, the New Shares or the Additional New Shares (if any) issued under the Offer.

It is expected that the quotation and trading of New Shares (and Additional New Shares, if applicable) issued under the Retail Entitlement Offer will commence on or about Thursday, 25 June 2020 (on a normal settlement basis).

Confirmation of the issue is expected to be sent in accordance with the ASX Listing Rules. It is the responsibility of each Applicant to confirm their holding before trading in New Shares (and Additional New Shares, if applicable to you). Any Applicant who sells New Shares (and, if applicable, Additional New Shares) before receiving their confirmation of issue will do so at their own risk. The Company, the Share Registry and the arranger of the underwriting disclaim all liability in tort (including negligence), statute or otherwise, to any person who trades in New Shares (and, if applicable, Additional New Shares) before receiving their confirmation of issue, whether on the basis of a confirmation of issue provided by the Company, the Share Registry or the arranger of the underwriting, or otherwise.

2.15 CHES

The New Shares (and Additional New Shares, if any) will participate from the date of commencement of quotation in the Clearing House Electronic Sub-register System (**CHES**), operated by ASX Settlement Pty Limited. These securities must be held in uncertificated form (i.e. no certificate will be issued) on the CHES sub-register under sponsorship of a sponsoring participant (usually a broker) or on the issuer-sponsored sub-register. Arrangements can be made at any subsequent time following quotation to convert your holdings from the issuer-sponsored subregister to the CHES sub-register under sponsorship of a sponsoring participant or vice versa, by contacting your sponsoring participant.

2.16 Treatment of foreign shareholders

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Ineligible Shareholders, having regard to the number of such holders in those places, the number and value of New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. Ineligible Shareholders are not eligible to participate in the Entitlement Offer due to securities law restrictions on the offer of New Shares in certain jurisdictions.

As the Entitlement Offer is non-renounceable, the New Shares that would otherwise have been offered to Ineligible Institutional Shareholders under the Institutional Entitlement Offer will be attempted to be sold as part of the Institutional Entitlement Offer for the Offer Price. New Shares that would otherwise have been offered to Ineligible Retail Shareholders under the Retail Entitlement Offer will be offered to Eligible Retail Shareholders under the Shortfall Offer.

The Company has appointed Hartleys as the Company's nominee for foreign Ineligible Shareholders for the purposes of section 615 of the Corporations Act (**Foreign Holder Nominee**).

Pursuant to the agreement with the Foreign Holder Nominee, the Company will transfer to the Foreign Holder Nominee the rights that would otherwise be issued to foreign Ineligible Shareholders and the Foreign Holder Nominee will then sell those rights and provide the proceeds of those sales (net of expenses) to the Company. The Company will then distribute to each of those foreign Ineligible Shareholders their proportion of the proceeds of the sale in excess of the Offer Price, net of selling expenses.

2.17 Mail

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (AWST) on Wednesday, 17 June 2020. If you make payment via cheque, bank draft or money order, you should mail your completed personalised Entitlement and Acceptance Form together with Application Monies to:

Decmil Group Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne Victoria 3001 Australia

A reply paid envelope is supplied for shareholders within Australia. Entitlement and Acceptance Forms and Application Monies will not be accepted at the Company's registered or corporate offices, or other offices of the Share Registry.

2.18 Withdrawal of the Offer

Subject to the terms of the Offer Management Agreement and receiving firm commitments for the Minimum Subscription Amount, the Company reserves the right to withdraw the Offer, in which case the Company will refund the Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and will do so without interest.

3. Purpose and effect of the Offer

3.1 Sources and uses of funds of the Offer

The Company is seeking to raise approximately \$50.2 million under the Entitlement Offer (with a further approximately \$1.8 million that may also be raised under the Placement) before fees and costs of the Entitlement Offer.

The proceeds from the Offer will be used to bolster Decmil's general working capital position, maintain a strong net cash position, improve the current ratio for accreditations and fund the strong pipeline of tenders.

It is the current intention of the Board, that if the Offer raises between the Minimum Subscription Amount (inclusive) and up to and including the Maximum Subscription Amount, then all of the proceeds will be used for working capital purposes, payment of costs of the Offer and to strengthen the Company's balance sheet.

3.2 Capital structure

A table setting out the effect of the Offer on the capital structure of the Company is set out below:

	As at the Record Date	On completion the Entitlement Offer (Minimum Subscription Amount and no Placement)	On completion of the Placement and the Entitlement Offer (Maximum Subscription Amount)
Ordinary shares†	239,264,098	1,039,264,098	1,280,062,923

† The precise number of Shares on issue on completion of the Offer will depend on a number of factors including the reconciliation and rounding of entitlements.

The Company currently has an aggregate of 4,755,149 Performance Rights on issue as follows:

Number of Performance Rights	Performance Measurement Date	Expiry Date
1,531,141	30 June 2021 & 2022 & 2023	30 June 2023
1,014,352	30 June 2020 & 2021 & 2022	30 June 2022
1,225,676	30 June 2020 & 2021	30 June 2021
983,980	30 June 2020	30 June 2020

3.3 Current substantial shareholders

As at the date of this Prospectus, those persons who (together with their Associates) have a relevant interest of 5% or more of the Shares on issue are set out below:

Shareholder	Shares	Percentage
Thorney Investment Group	41,086,695	17.2%
Denis Criddle	30,924,145	12.9%
Franco Family Holdings (Retail Group)	12,675,000	5.3%

3.4 Effect on control

Hartleys is acting as the arranger of the partial underwriting for the Institutional Entitlement Offer up to \$25.1 million and the arranger of the partial underwriting for the Retail Entitlement Offer up

to \$11.3 million. The total underwriting commitment in respect of the Offer is \$36.4 million. Refer to section 9.22 for details of the terms of the underwriting arrangements.

The relevant interests of the Cornerstone Sub-underwriters (see section 9.23) may increase as a result of the Offer and their sub-underwriting arrangements. By way of example, their relevant interests may increase to the amounts shown depending on the degree to which Eligible Retail Shareholders take up their Entitlements:

Percentage uptake of Entitlements by Eligible Retail Shareholders			
	50%	25%	0%
Thorney Investment Group	22.2%	24.5%	27.1%
Franco Family Group	7.17%	8.09%	8.93%
Block Capital Group Ltd	3.46%	3.98%	4.52%

Given the current level of holdings of substantial holders other than Thorney Investment Group, the limitations contained in the Offer Management Agreement in relation to the appointment of sub-underwriters, the terms of the Shortfall Offer and the Lead Manager's appointment as foreign holder nominee, the Entitlement Offer is not expected to have any other material effect on the control of the Company.

3.5 Potential dilution effect

Shareholders should note that if they do not, or are unable to, participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 81% (as compared to their holdings and the number of Shares on issue as at the date of the Prospectus, but on the basis of the Placement having completed). Examples of how the dilution may impact Shareholders, assuming no Performance Rights (see details of Performance Rights on issue) have been exercised, are set out in the table below:

Holder	Holding as at Record Date	Percentage as at Record Date ¹	Entitlements under the Offer	% post Offer ²
Shareholder 1	11,963,204	5.0%	50,245,460	0.93%
Shareholder 2	4,785,281	2.0%	20,098,184	0.37%
Shareholder 3	2,392,640	1.0%	10,049,092	0.19%
Shareholder 4	239,264	0.1%	1,004,909	0.019%

1. Assumes no Shares have been issued pursuant to the Placement.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that the Placement has completed, the Shareholder does not take up their Entitlement and all other Entitlements not accepted are placed through the Shortfall Offer or otherwise via the arranger of the underwriting pursuant to the Offer Management Agreement.

3.6 Top-up Placement

The arranger of the underwriting has entered into a sub-underwriting agreement with each of three existing substantial shareholders (**Cornerstone Sub-underwriters**) to participate in the Offer for up to \$17.5 million (refer to section 9.23).

Pursuant to the terms of the agreements with the Cornerstone Sub-underwriters, in the event that the shortfall from the Retail Entitlement Offer is insufficient for the Cornerstone Sub-underwriters to receive a minimum allocation of approximately \$9.1 million in aggregate, the Company may (at each of the Cornerstone Sub-underwriters' election) be required to undertake a "top-up placement" of shares to the Cornerstone Sub-underwriters up to their respective minimum allocation. This Top-up Placement may be subject to Shareholder approval, although such approval is not expected to be required.

4. Overview of the Company

4.1 Introduction

Decmil is a Western Australian company and the business was first established in 1978 in Karratha, Western Australia. The Company has enjoyed more than 40 years of success as a construction and engineering company, listing on the ASX on 22 April 2005. Decmil has a national workforce employing over 450 staff and managing in excess of 700 sub-contractors as at 31 March 2020.

With operations throughout Australia, the Company offers a combination of national expertise and local knowledge, supported by a team of valued suppliers and contractors.

4.2 Business Sectors

Decmil provides design, engineering and construction services across the Infrastructure, Resources, Renewable, Transport and Energy sectors:

(a) Infrastructure

Decmil supports communities and cities to grow and is focused on providing project delivery solutions from concept through to operation.



MULLA MULLA

Client:
BHP Billiton Iron Ore

Contract Value:
\$151M

Location:
Newman, WA

Scope:
Construct



BONALBO MAIN HOSPITAL

Client:
NSW Health
Infrastructure

Contract Value:
\$14M

Location:
Bonalbo, NSW

Scope:
Design & Construct

(b) Resources

Decmil's business was founded in the Pilbara, a resources hub and the foundation of Decmil's core business. Decmil's capabilities within the mining and resource sectors include building, civil, structural and mechanical.



FMG THOMAS YARD RAIL WORKSHOP & WHEEL LATHE BUILDING

Client:
Pilbara Infrastructure

Contract Value:
\$118M

Location:
Pilbara, WA

Scope:
Design & Construct



AMRUN MINE INFRASTRUCTURE

Client:
RTA Walpa Pty Ltd

Contract Value:
\$50M

Location:
QLD

Scope:
Design & Construct

(c) Renewables

Decmil focusses on the construction of wind, solar and hybrid renewable power plants by integrating power generation technology from recognised equipment manufacturers with Decmil's design and construction expertise.



YANDIN WIND FARM

Client:	Contract Value:
Vestas	\$79M
Location:	Scope:
Dandaragon, WA	Design & Construct



SUNRAYSIA SOLAR FARM

Client:	Contract Value:
Maoneng	\$277M
Location:	Scope:
Balranald	EPC, Operations & Maintenance

(d) Transport

Decmil supports and delivers some of Australia's major transport projects. Decmil's multi-disciplinary expertise in roads, bridges and rail enables the Company to deliver significant metro and regional works to local communities. Decmil currently holds National Roads Pre-qualification R5, B4, F150+ enabling it to deliver transport infrastructure projects across Australia.



REID HIGHWAY

Client:	Contract Value:
Main Roads WA	\$46M
Location:	Scope:
Perth, WA	Road Infrastructure, Civil & Earthworks



ELIZABETH QUAY BRIDGE

Client:	Contract Value:
Leighton Broad for the WA State Government	\$20M
Location:	Scope:
Perth, WA	Design & Construct

(e) **Energy**

Decmil has experience in upstream and mid-stream oil and gas projects and operations / maintenance. Decmil's capabilities within the energy sector include building, civil, structural mechanical and piping, hydraulic, and electrical and instrumentation. Decmil operates under multiple contract arrangements including early contractor involvement, managing contractor, schedule of rates, design and construct, construct-only and maintenance.



QGC WELL SITE INSTALLATION

Client:	Contract Value:
Shell	\$150M
Location:	Scope:
Surat Basin, QLD	Construct, Logistics & Maintenance



PLUTO CIVIL WORKS

Client:	Contract Value:
Woodside Energy	\$48M
Location:	Scope:
Burrup Peninsula, WA	Earthworks, Roadworks & Connecting

4.3 Homeground Gladstone accommodation village

Decmil owns the Homeground Gladstone accommodation village, which is a 1,392 room fully serviced accommodation facility in Calliope located 20 kilometres south west of the port city of Gladstone, Queensland.

Construction of Homeground was completed in April 2013 and with high levels of major project construction activity in Gladstone between 2011 and 2016, Homeground Gladstone accounted for 62% of all rooms at landside worker accommodation villages in Gladstone and 17% of all rooms in worker accommodation villages in Gladstone and Curtis Island. As the large scale projects in and around Gladstone have now moved to operational phases, the Gladstone accommodation market has experienced oversupply and most accommodation camps have now closed, with Homeground Gladstone now the only worker accommodation village remaining in Gladstone.

The Company initiated a sale process for the asset in March 2020. The Company is continuing to negotiate the sale of the asset.

4.4 Recent developments

Despite the impact of COVID-19, Decmil sites are all currently operational, with strict hygiene and control measures in place, however, this is subject to change.

Two major contract disputes – one with the NZ Department of Corrections and one with the owners of the Sunraysia Solar Farm – are now moving to arbitration as described further in section 4.12.

All other ongoing Decmil projects continue to operate normally, with all suppliers paid under agreed contractual terms.

Decmil has agreed the Standstill Agreements with NAB and its surety providers to preserve those facilities with those counterparties until 31 January 2021. For further details refer to the 'standstill' section in section 4.15. The Standstill Agreements ensure that Decmil can continue to deliver existing projects and new projects with adequate working capital. Any capital raised from this Offer will support the working capital requirements of the Company and is not directly affected by the Standstill Agreements.

On 16 April 2020 Decmil announced that its New Zealand subsidiary, Decmil Construction NZ Limited (in liquidation) (**Decmil NZ (in liq)**), would cease trading with immediate effect. Avior Consulting was appointed to formalise the winding up of Decmil NZ (in liq) following significant losses as a result of the purported termination of a major contract by the NZ Department of Corrections. Decmil has retained the right to receive the proceeds of certain insurance claims and any proceeds received from the dispute with the NZ Department of Corrections. Decmil has provided a parent company guarantee in respect of the obligations of Decmil NZ (in liq) under the contract with the NZ Department of Corrections. Decmil has not provided a parent company guarantee in respect of any other obligations of Decmil NZ (in liq). Bonds have been issued on account of Decmil NZ (in liq) by surety providers in respect of other projects conducted by Decmil NZ (in liq). Other than in relation to the NZ Department of Corrections, the bonds have not been called by the beneficiaries as at the date of this Prospectus. However, if the bonds are called, the relevant surety providers may have recourse back to Decmil for the amount paid to the beneficiaries. The aggregate amount of those bonds is \$13.1 million. Decmil does not have any further potential liabilities in relation to Decmil NZ (in liq).

As part of the management re-structure, the Board has appointed Mr Dickie Dique to the role of Managing Director and Chief Executive Officer of Decmil. Dickie has been a Non-Executive Director of Decmil since July 2018 and held the roles of General Manager and Chief Operating Officer for the Decmil Group since 2011. Scott Criddle will continue in the new role of business development, with the appointment of Dickie ensuring Scott can focus on growth opportunities for Decmil across Australia.

4.5 Strategy

Decmil's focus continues to be the following key growth drivers across the business:

(a) **Back to basics**

Decmil intends to capitalise on its existing capabilities in burgeoning core markets:

- (i) resources, transport, infrastructure, energy and renewable energy sectors;
- (ii) penetrate rail market given new capabilities and pursue strategic joint ventures / alliances in the rail sector;
- (iii) identified opportunities for strategic joint ventures in the power generation sector; and
- (iv) leverage current opportunities in LNG.

(b) **Focus on existing capabilities**

Decmil has returned to its core strengths of civil and non-process infrastructure disciplines across five core sectors. In each of these sectors in Australia, Decmil has demonstrated experience.

(c) **Drive Profitability in Existing Projects**

Across Decmil's ongoing projects, Decmil will continue to focus on the efficient delivery of projects on time and on budget while improving margins and efficiency.

(d) **Build Project Pipeline and Win Work**

Decmil has reviewed its pipeline identification and delivery process, focussing on risk identification and evaluation and project suitability for Decmil's specific skillset.

(e) **Maintain cost discipline around non-project corporate costs**

Decmil intends to continue to maintain a disciplined approach to corporate overhead spending and pursue cost improvement opportunities.

4.6 Key markets outlook

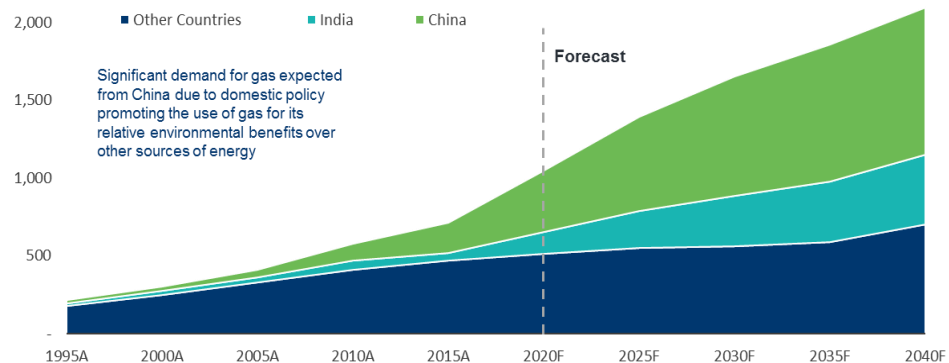
(a) **Infrastructure and transport**

Decmil is well positioned to benefit from significant infrastructure spending in Australia over the short to medium term, with a strong pipeline of major projects announced within its core capabilities of roads and rail. Decmil is actively pursuing new road and bridge

expected from Asia up to 2040, providing strong visibility and certainty over long-term demand for Australian gas, with production expected to increase as a result.

Renewed investment is also expected in upstream CSG, with a consequent need for ongoing drilling activity, new wells and additional pipelines.

LNG Demand:



Source: Office of the Chief Economist December 2019, Natural Gas (ethane, methane and coal seam gas)

(d) **Renewables**

Decmil can capitalise on the forecast growth of renewable energy projects in Australia, particularly given its recent wind and solar farm project experience, and it is actively bidding select solar PV and wind projects as a balance of plant contractor.

Decmil's key competitors have also recently exited the sector, providing Decmil with an opportunity to win burgeoning market share in a disciplined manner (refer section 7 of this Prospectus).

4.7 Work in hand and project pipeline

During the first nine months of FY20, Decmil has successfully secured \$244 million in new contracts, primarily from government customers, which represent ~63% of Decmil's \$411 million of work in hand as at 31 March 2020.

4.8 Safety

Decmil has consistently delivered industry leading safety performance, reflecting a focus on continuously improving safety systems across the business. The Company's award winning safety programme SHIELD (Safety and Health In Every Level at Decmil) is a key element in assisting Decmil's people to maintain the required focus and make safety a way of life whilst working within a Decmil team. This has allowed Decmil to consistently meet customers' stringent safety, health, environmental and quality expectations.

Decmil's lost time injury frequency rate (**LTIFR**) was 1.0 in 2019 (calendar), well below the non-residential construction industry standard of 10.8.

4.9 Contracting models

Following a strategic review of the historical contracting models and the corresponding allocation of cost, time and design risk within them, Decmil will in the future be looking to strike a balance on the contracting models it enters into. A particular focus will be placed on "*alliance contracting*" which offers considerable advantages over the more common contract methods including the reduction in the number of disputes.

4.10 Board of Directors and company officers

The Directors of Decmil bring to the Board a variety of skills and experience, including industry and business knowledge, financial management and corporate governance experience.

Following the completion of the Offer, and reflecting the Company's current stage of transition:

- (a) Mr Scott Criddle has agreed to move from his Executive Director and Board role into a business development role within the business, with a focus on supporting the business in converting the strong pipeline of work into work in hand; and
- (b) David Saxelby and Bill Healy intend to retire from the Board. The Company will re-constitute the Board with support from the retiring Board members, with the intention of having this process concluded by the Company's 2020 annual general meeting.

Name / role	Bio
David Saxelby Non-Executive Chairman	David was appointed as a Non-Executive Chairman in March 2018. He retired from a full time Executive role in 2015 and now holds Board and Advisory roles with government and private industry. He has held Managing Director and CEO roles for the past decade, most recently with Lendlease as CEO of Construction and Infrastructure Australia. Prior to Lendlease, David was with the Leighton Group for 18 years, where he held a number of senior positions, most recently as Managing Director of Thiess. In addition to these roles, David has held a number of senior positions on Industry Boards and was listed in the Top 100 Engineers in Australia.
Dickie Dique Chief Executive Officer and Managing Director	Dickie was appointed as Chief Executive Officer and Managing Director of Decmil on 19 May 2020. Dickie was a Non-Executive Director of Decmil from July 2018 until May 2020. In February 2019, he joined Decmil as Executive General Manager – North West and was the Executive General Manager Operations until his appointment as Managing Director and Chief Executive Officer in May 2020. Dickie has 25 years' experience in senior executive and management roles in construction businesses and is a respected leader in the Western Australian construction industry. A registered builder in a number of states in Australia, Dickie's experience covers the commercial, civil, residential, mining and modular sectors. Dickie is very familiar with the Decmil business, having held the roles of General Manager and Chief Operating Officer for the Decmil Group until 2011, and was a key driver for significant periods of growth during his tenure with the Group. Prior to re-joining Decmil, Dickie was a Director at Pindan Contracting.
Scott Criddle Executive Director	Scott was appointed as Executive Director of Decmil on 19 May 2020. Scott acted as Chief Executive Officer from July 2009 to April 2010, and acted as Managing Director of Decmil Group Limited from April 2010 to May 2020. In this role he was responsible for the long-term growth and strategic direction of the Company, playing a key role in building relationships with stakeholders and clients. Scott joined Decmil Australia in 1993 as a construction labourer to gain experience and learn about the Company from the ground up. He held a variety of roles within Decmil Australia including Construction Manager, Estimator, Business Development Manager and Area Manager.
Bill Healy Non-Executive Director	Bill Healy was appointed as Non-Executive Director in April 2009 and appointed as Non-Executive Chairman in July 2014. Bill was a director and shareholder in Sealcorp Holdings from 1985 which then established and developed the diversified financial services group. He was a founding director of ASGARD Capital Management Ltd, Securitor Financial Group Ltd, PACT Investment Group Pty Ltd and ASSIRT Pty Ltd. Sealcorp was acquired by St George Bank in 1997 and Bill remained on the Board until 1999. He was founding director and Chairman of BOOM Logistics Ltd and

	was involved in the development of the Company's business model, early acquisitions and preparation for listing in 2003.
Alison Thompson Company Secretary	Alison has held several senior financial and managing positions within the Group since August 2007. She is currently the Group Financial Controller for Decmil and was appointed Company Secretary in January 2014. She has extensive technical experience gained from 4 years with PricewaterhouseCoopers and, prior to joining Decmil, gained valuable industry experience at international construction firm Balfour Beatty based in the United Kingdom. Alison holds a Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance, and is a Fellow of Chartered Accountants, Australia and New Zealand.

4.11 Senior management team

Recognising the impact of the disputed contracts on Decmil's business, at the start of 2020 Decmil effected several key operational and organisational changes to reduce costs and increase efficiencies.

The Company has removed its regional reporting layer, streamlining all reporting and accountability with an enhanced focus on project profitability. The streamlining has resulted in a reduction of corporate administration expenses of \$13m on an annualised basis.

The Company's key executives are as follows:

Name / role	Background
Dickie Dique Chief Executive Officer and Managing Director	Dickie was appointed as Chief Executive Officer and Managing Director of Decmil on 19 May 2020. Dickie was a Non-Executive Director of Decmil from July 2018 until May 2020. In February 2019, he joined Decmil as Executive General Manager – North West and was the Executive General Manager Operations until his appointment as Managing Director and Chief Executive Officer in May 2020. Dickie has 25 years' experience in senior executive and management roles in construction businesses and is a respected leader in the Western Australian construction industry. A registered builder in a number of states in Australia, Dickie's experience covers the commercial, civil, residential, mining and modular sectors. Dickie is very familiar with the Decmil business, having held the roles of General Manager and Chief Operating Officer for the Decmil Group until 2011, and was a key driver for significant periods of growth during his tenure with the Group. Prior to re-joining Decmil, Dickie was a Director at Pindan Contracting.
Peter Thomas Chief Financial Officer	Peter was appointed Chief Financial Officer in February 2020 and is an experienced executive in the construction and resources industry with a proven track record in delivering large construction projects, and leading commercial, financial and corporate affairs. Peter's previous experience includes CFO, CEO and Project Director roles with Fortescue Metals Group, Adani and Balla Balla Infrastructure (part of the New Zealand Todd Group). Prior to those roles, Peter spent a decade in mergers and acquisitions and corporate finance working with Lehman Brothers in New York, London and prior to that, McKinsey & Company. Peter holds an MBA from Harvard University, and a Bachelor of Science and Bachelor of Economics degrees from Macquarie University. He is also a Graduate of the Australian Institute of Company Directors.
Damian Kelliher Chief Commercial Officer	Damian joined Decmil in October 2018 as the Executive General Manager – Commercial, Risk and Strategy and was appointed Chief Commercial Officer on 19 May 2020.

	<p>He previously held senior commercial roles with CPB (formally Leighton Contractors), including Commercial Director on the Gorgon Project.</p> <p>Prior to that he was Executive General Manager – Commercial and Risk for Civmec Construction, as well as COO of Civtec Africa (50% owned by Civmec). Damian's qualifications include being a MRICS – Royal Institute Chartered Quantity Surveyor and he has a Practitioners Certificate in Mediation.</p>
Scott Criddle Executive Director	<p>Scott was appointed as Executive Director of Decmil on 19 May 2020, Chief Executive Officer from July 2009 to April 2010 and Managing Director of Decmil Group Limited from April 2010 to May 2020. In this role he was responsible for the long-term growth and strategic direction of the Company, playing a key role in building relationships with stakeholders and clients. Scott joined Decmil Australia in 1993 as a construction labourer to gain experience and learn about the Company from the ground up. He held a variety of roles within Decmil Australia including Construction Manager, Estimator, Business Development Manager and Area Manager.</p>

4.12 Contract disputes update

As a provider of sophisticated construction and engineering services to major companies and governments, Decmil is required, from time to time and as part of its business, to manage complex contractual disputes.

As the Company has previously disclosed to the market, the Company is currently managing the resolution of significant issues on three of its projects. These are the:

- (a) Rapid Deployment Project for the New Zealand Department of Corrections;
- (b) Sunraysia Solar Farm for Sunraysia Solar Pty Ltd; and
- (c) Mulla Mulla accommodation village for BHP Billiton Iron Ore Pty Ltd.

There are also a number of other ongoing contractual disputes which could have an impact on the Company which are summarised in section 4.13.

While these disputes (summarised below) have been underway for some time, the outcomes of each of these major disputes remains uncertain and may have a material upside or downside impact on the Company. The downside risks involved to the Company of major litigation are considerable and could pose a significant threat to the existence of the Company as a going concern in the future.

(a) *Rapid Deployment Project for the New Zealand Department of Corrections*

Client	Department of Corrections, New Zealand (DoC)
Contract	The Company, Decmil NZ (in liquidation) and DoC entered into the 'Design and Build Services for Rapid Deployment of Prison Accommodation: Stage 1 and 2 Construction Contract' (as varied by Variation Deeds dated 28 May 2018 and 12 June 2018) on 10 October 2017 (RDP Contract).
Contract commenced	October 2017
Contract size	The Company estimated the entire value of the RDP Contract to be approximately NZ\$247 million, being an original contract amount of NZ\$186 million, approved variations of NZ\$12.4 and outstanding variations of NZ\$48.5.
Background	Decmil NZ (in liq) was required to design, build and install modular prison cells for the rapid deployment of prison accommodation at the Rolleston, Tongariro, Rimutaka, Christchurch Men's and Christchurch Women's

	<p>prisons. The Company is required to guarantee the performance of Decmil NZ (in liq) under the contract pursuant to a parent company guarantee.</p> <p>Under the RDP Contract, Decmil NZ (in liq) was required to design and fabricate the modular prison cells using the Inex cladding board manufactured by UBIQ Pty Ltd. As a result of various issues, the modular prison cells suffered cracking along the joints between boards. The dispute centres around the original specifications provided by DoC, causes of the cracking and whether it is possible to rectify the defect using the methods stipulated by DoC.</p> <p>As a result of these issues, Decmil NZ (in liq) was delayed in achieving its milestone dates for completion and DoC has claimed liquidated damages in respect of those delays.</p> <p>Decmil NZ (in liq) has claimed a number of variations for the changes in scope and the issues that have arisen during the project. Decmil NZ (in liq) estimates that variations totalling approximately NZ\$48 million remain outstanding.</p>
Nature of dispute	<p>On 18 February 2020, Decmil NZ (in liq) formally notified DoC that DoC's position in relation to the cracking between the Inex boards rendered it impossible for Decmil NZ (in liq) to perform its obligations as expressed in the RDP Contract and was therefore terminated. This notification was given pursuant to a relevant term of the RDP Contract.</p> <p>Despite the notified termination from Decmil NZ (in liq), on 25 February 2020, DoC sought to terminate the RDP Contract on the basis that Decmil NZ (in liq) had not achieved its milestone dates for completion under the RDP Contract. Relevantly, the Company has taken legal advice that DoC cannot claim liquidated damages that relate to the period after the termination of the RDP Contract.</p>
Termination consequences / potential outcomes	<p><i>Claims for liquidated damages</i></p> <p>Decmil NZ's (in liq) liability for liquidated damages is capped at 10% of the contract value, being NZ\$19.8 million.</p> <p>Moreover, the Company has taken legal advice that no liquidated damages can be claimed in respect of the period after the termination of the RDP Contract.</p> <p>Notwithstanding the disputes and claims between the parties, DoC has claimed a total of NZ\$13,282,500 of liquidated damages as a result of the delays in achieving practical completion and has set this amount off against an amount already certified as payable by DoC to Decmil NZ (in liq).</p> <p><i>Decmil NZ's (in liq) termination</i></p> <p>The effect of Decmil NZ (in liq) terminating the contract is that no further amounts are payable to DoC for delays in DoC completing the project, or DoC's extra costs to finish the works.</p> <p>Decmil NZ (in liq) is permitted to claim for work done up to its date of termination on a combination of contractual assessment and quantum meruit.</p> <p><i>DoC's termination</i></p> <p>If DoC has validly terminated the RDP Contract, the Company has taken legal advice that DoC cannot recover more than the reasonable cost of completing the work over the period taken for that remaining work, but it must credit the full amount it would have had to pay Decmil NZ (in liq) to complete the work, including variation claims and reduction of liquidated</p>

	<p>damages where Decmil NZ (in liq) would have been entitled to be charged a reduced amount due to DoC delays.</p> <p>This amount is known as an “extra over” cost to complete.</p> <p>The Company has taken legal advice that the reasonable cost of completing the work does not include DoC improving the remaining works by choosing to replace the Inex cladding if it does not require replacement or if the selection by DoC was incorrect in the first place. The cost also cannot include uncommercial payments of premium amounts to contractors and consultants for completing the work.</p>
Claim against DoC	<ul style="list-style-type: none"> NZ\$48.5m in unapproved variations; and Undetermined damages for wrongful repudiation by DoC of project contract.
Customer claims against Decmil	<ul style="list-style-type: none"> NZ\$13.3m liquidated damages; and NZ\$60.0m, being the extra over costs of completion and/or the potential replacement of Inex board. The estimated amount is taken from DoC's Quantity Surveyor and Decmil considers this amount to be an ambit claim made for negotiation purposes.
Status of bonds	<ul style="list-style-type: none"> NZ\$12.5m of bonds retained by DoC.
Company's view of likely outcome	<p>The Directors have received legal advice from two external law firms. The Directors consider, based on reasonable grounds and the fact that the DoC has already deducted liquidated damages of A\$11.8m and is retaining bonds of A\$12.5m, that the most likely outcome of the dispute is the payment by DoC to Decmil NZ (in liq) (and ultimately Decmil) of between A\$0 and A\$60m in settlement of the disputes.</p>

(b) Sunraysia Solar Farm

Client	Sunraysia Solar Project Pty Ltd (ACN: 612072536) atf Sunraysia Solar Project Trust (SSPPL)
Contracts	<p>Decmil Australia Pty Ltd (ABN: 58116776991) (DAPL) and SSPPL executed the 'Engineer, Procure and Construct Contract' dated 18 September 2018 (as varied by Deed of Variation 1 dated 4 October 2018 and Deed of Variation 2 dated 14 October 2018) (EPC Contract).</p> <p>DAPL and Schneider Electric Australia Pty Ltd (ABN: 42004969304) (Schneider) executed the 'Contract for the Supply of Inverters' dated 21 September 2018 (Inverter Contract).</p>
Contracts commenced	October 2018
Contract sizes	<p>EPC Contract: A\$280m</p> <p>Inverter Contract: A\$15.6m</p>
Background	<p>Pursuant to the EPC Contract, DAPL is required to engineer, procure, construct and commission the Sunraysia Solar Farm, including the interconnection works required to connect the Sunraysia Solar Farm to the transmission network. At the time of execution, the contract value was A\$127 million plus US\$111 million.</p> <p>The Inverter Contract is the subcontract for Schneider to provide inverters and related technology to DAPL for the EPC. The contract value was approximately US\$15.3 million.</p>

	<p>The final milestones of the project requires that the project receives R1 registration in respect of the solar farm by the Australian Electricity Market Operator.</p>
Nature of disputes	<p><i>EPC Contract</i></p> <p>The dispute under the EPC Contract concerns claims for extension of time, payment of liquidated damages, return or reinstatement of security and various claims concerning alleged defects.</p> <p>SSPPL alleges that DAPL has failed to meet the contractual date for substantial completion in that the inverters supplied emit excessive harmonic distortion and are therefore not contractually compliant.</p> <p>DAPL does not agree that the inverters are not contractually compliant but, as a practical measure to facilitate achieving R1 registration, has agreed to implement, at a cost which will ultimately be claimed from SSPPL, further works to meet what SSPPL requires for its inverters.</p> <p>SSPPL has demanded liquidated damages from DAPL of \$28,783,400 and has drawn on DAPL's security to the value of \$15,638,319 and set off the amount of \$3,680,000 from amounts certified as payable to DAPL. The balance of \$9,465,081 remains under demand but SSPPL has not had recourse to DAPL's security for this amount.</p> <p>DAPL contends that SSPPL's failure to obtain R1 registration for the Sunraysia Solar Farm is an ongoing delay which is driving the critical path of the works. Even if it were determined that the inverters supplied to date are not contractually compliant, this delay is neither critical nor concurrent in driving the delay to the 'Substantial Completion Date'.</p> <p>DAPL's position is that any delay which may be attributable to the failure to supply contractually compliant inverters only becomes critical once R1 registration is obtained. DAPL claims that it is entitled to an extension of time to the 'Substantial Completion Date' for the time it takes SSPPL to obtain R1 registration.</p> <p>DAPL has submitted a number of additional extension of time claims which have all been rejected by SSPPL and form part of the arbitration proceedings. These claims relate to, inter alia:</p> <ul style="list-style-type: none"> (i) delays in the connection stages, network stability issues, Power Systems Computer Aided Design (PSCAD) assessments, Generator Performance Standard (GPS) compliance issues; (ii) functionality requirements for two Dispatchable Unit Identifiers; (iii) failure to issue a variation for review of TransGrid's preliminary PSCAD assessment; (iv) failure by SSPPL to implement the Schneider inverter technology "Q@night" functionality; (v) failure by SSPPL to review TransGrid requests for protection systems and hardware; and (vi) additional testing requirements for GPS compliance. <p>DAPL has also submitted variation claims relating to the additional work arising from these further requirements. These variation claims form part of the arbitration proceedings.</p> <p>DAPL claims under the EPC Contract arbitration that SSPPL's deduction of liquidated damages and the recourse to DAPL's security and set off of certified amounts is wrongful. In addition to the issues for determination under the EPC Contract, DAPL's claim for payment of the certified amount</p>

	<p>of \$3,680,000 forms the subject of an adjudication application under the <i>Building and Construction Industry Security of Payment Act 1999</i> (NSW).</p> <p><i>Inverter Contract</i></p> <p>The disputes under the Inverter Contract are related to, but legally distinct from, the EPC Contract disputes and are separately determined. Insofar as it is determined that the inverters supplied under the EPC Contract are defective then DAPL claim that direct loss it suffers as a result from Schneider under the Inverter Contract arbitration.</p> <p>DAPL has, in any event, directed Schneider to rectify the inverters under the Inverter Contract. Schneider has alleged that this direction entitles Schneider to a variation in respect of time and costs. If the original inverters are determined to have been defective, then Schneider will have no entitlement to any variation in respect of their time and cost.</p>
Limitation on liability	<p>In relation to the EPC Contract there are capped delay liquidated damages of 10% of that 'Contract Sum' and an overall limit of liability of 100% of the 'Contract Sum'. There is also a consequential loss exclusion.</p> <p>To the extent Decmil has design liability under the EPC Contract, DAPL has issued appropriate notifications under its professional indemnity insurance policy.</p>
Proceedings	<p>The claims under the two agreements have each been referred to arbitration and single arbitrators have been appointed. In respect of the EPC Contract, DAPL's Statement of Claim is due on or before 5 June 2020. In respect of the Inverter Contract, that parties have only recently had their first conferral meeting with the arbitrator and DAPL's Statement of Claim is due on 29 June 2020.</p>
Decmil claim against customer	<ul style="list-style-type: none"> Decmil's claim for payment of the amount of \$3.7m certified as payable to Decmil by SSPPL forms the subject of an adjudication application under the <i>Building and Construction Industry Security of Payment Act 1999</i> (NSW). Decmil has also notified variations for changes in SSPPL requirements which will depend on any varied requirements of the R1 registration process, and if not approved by SSPPL will be the subject of a further arbitration process.
Customer claims against Decmil	<ul style="list-style-type: none"> A\$28.8m quantum of liquidated damages demanded by SSPPL.
Status of bonds	<ul style="list-style-type: none"> A\$15.6m retained by SSPPL and \$3.7m set off from amounts certified as payable by SSPPL to Decmil.
Company's view of likely outcome	<p>The Directors have taken legal advice from two external law firms in relation to the EPC Contract. The Directors consider, based on reasonable grounds and the fact that SSPPL has already retained bonds of A\$15.6m and is retaining other amounts of A\$3.7m, that the most likely outcome of the dispute in respect of the EPC Contract is the payment to Decmil by SSPPL in settlement of between A\$0 and A\$19.3m.</p> <p>The Directors have taken appropriate legal advice from two external law firms in relation to the Inverter Contract. The Directors consider, based on reasonable grounds, that the most likely outcome of the dispute in respect of the Inverter Contract with Schneider Electric is the payment to Decmil by Schneider Electric in settlement of between A\$0 and A\$28.7m.</p>

(c) Mulla Mulla Village Expansion

Client	BHP Billiton Iron Ore Pty Ltd (BHP)
Contract	Decmil Australia Pty Ltd (ABN: 58116776991) (DAPL) and BHP executed a contract for the expansion of BHP's Mulla Mulla accommodation village (Contract).
Contract commenced	9 November 2017
Contract size	A\$151m
Background	<p>DAPL was required to carry out the engineering, procurement and construction of accommodation modules and related earthworks with two separable portions. Practical completion for these two separable portions was 1 October 2019.</p> <p>The parties executed a 'Deed of Settlement, Release and Amendment' dated 19 November 2018 (Settlement Deed) which sought to clarify and resolve various project issues and amend delivery dates.</p>
Nature of dispute	<p>As a result of various project delays, the parties agreed to execute the Settlement Deed whereby BHP would pay an additional A\$24.5m for variations to the original contract up to 31 August 2018. The project was approximately 70% complete at the time the Settlement Deed was finalised, however, it was not executed by BHP until November 2018.</p> <p>The project continued to completion and workers moved into the accommodation camps in August 2019.</p> <p>Significant disruption events in certifying final completion of the project caused DAPL to incur substantial cost through significant unexpected labour hours which, collectively, totalled approximately A\$21m in claims. Discussions with BHP have been ongoing since July 2019. To date, BHP has not formally acknowledged DAPL's claims and have withheld final payments and the return of performance bonds.</p>
Proceedings	The current status of this dispute is ongoing discussion with BHP. BHP has received a comprehensive compilation of the claims which BHP is currently reviewing.
Decmil claim against customer	Decmil submitted a contractual claim for A\$21m. However, through negotiations (and as agreed with BHP), Decmil has instead presented its actual cost overrun of A\$15m.
Customer claims against Decmil	BHP has demanded liquidated damages for late completion (A\$8.8m) with no acknowledgment of the significant disruption it caused post 31 August 2018.
Status of bonds	BHP has possession of performance and maintenance bonds for the value of A\$10.7 m and has withheld these bonds based on its alleged entitlement to liquidated damages.
Company's view of likely outcome	The Directors consider, based on reasonable grounds, that the most likely outcome of the dispute with BHP is the payment by BHP to Decmil in settlement of between A\$0 and A\$15m.

4.13 Other contractual disputes

As the Company continues to operate across a large number of projects, the Company continues to experience some variance in tendered margins typical in a contracting business. The Company

also faces various disputes in connection with some projects and the merits of these disputes may range from substantive to spurious.

The Company is party to various less material disputes relating to existing project contracts which are included for the sake of completeness. The Company has formed the view, in consultation with its auditors, that the disputes are not material to the existing business. However, as with any litigation, the outcome of each dispute is uncertain. There are various negative aspects and implications for the Company if each dispute were resolved against the Company. The disputes are as follows:

United Petroleum Pty Ltd	<p>The claim from United Petroleum Pty Ltd (which was lodged on 18 December 2018) relates to whether Decmil, in the course of the pre-contractual negotiations, made operative representations in breach section 18 of the Australian Consumer Law, including representations that it had the capacity to complete the Hastings Terminal Expansion in approximately one year.</p> <p>The claimed amount is approximately A\$8m in aggregate for the damages that United alleged it has suffered in EBITDA losses in each of 2016, 2017 and 2018 Financial Years.</p> <p>Decmil will continue to defend its position in ongoing proceedings.</p> <p>With respect to timing, the trial may occur in early 2021 or in 2022 depending on the outcome of an interlocutory issue regarding whether the action should be determined in stages, rather than all at once.</p>
Steel Building Systems Pty Ltd	<p>This is an ongoing dispute before the Supreme Court of Queensland. Steel Building Systems Pty Ltd (SBS) is suing Decmil for \$7.6m, being unpaid contract sums, lost profit, plus interest and costs.</p> <p>The background to the proceedings is as follows:</p> <ol style="list-style-type: none"> 1. In 2012 and 2013, SBS supplied prefabricated buildings to Decmil for use on its Gladstone site. 2. In 2017, the liquidator of SBS commenced proceedings against Decmil seeking payment of alleged unpaid amounts under the Contract. 3. Decmil disputes that it owes SBS any money, and further has filed a cross claim against SBS. The substance of the cross-claim is that certain work performed by SBS was defective, and Decmil incurred cost in rectifying those defects. <p>In summary, the basis for the unpaid contract sums are the defects in SBS's work on the Gladstone Village Project. Decmil identified these defects and undertook to rectify them. For this reason, SBS was not paid the full amounts originally due under the contract.</p> <p>With respect to timing, Decmil estimates the trial will be in 2021.</p>
Southern Cross Electrical Engineering Limited	<p>Decmil engaged Southern Cross Electrical Engineering Limited (SCEE) under a mine infrastructure contract, with an original contract value of \$6m (being a lump sum, design and construct contract) and varied value of \$7,426,754.85.</p> <p>SCEE has claimed an additional amount of \$11,062,280.72. Decmil has valued SCEE's claims at \$0.</p> <p>Adjudication</p> <p>The parties are currently in an adjudication under the Building Industry Fairness (BIF) Act. If the adjudicator determines that he has jurisdiction to consider SCEE's claims, the adjudicator will determine the value of those initial claims. The Adjudicator may determine an indicative amount between \$0 and \$11,062,280.72 plus interest and a portion of the</p>

adjudicator's fees. The Company believes based on reasonable grounds that the likely initial amount will be between \$0 and \$5,000,000.

The adjudicator's determination is due on 5 June 2020. If the adjudicator determines that SCEE is entitled to further payment, Decmil will be required to pay the amount determined plus interest within 5 business days of receipt of the determination.

The adjudication process is intended to be an informal process to facilitate cash flow in the building and construction industry. For this reason it is only interim in nature. Both Decmil and SCEE have the right to have the dispute finally determined through arbitration proceedings.

Arbitration

Decmil commenced arbitration proceedings in January 2020. As a result of this action, should the adjudication decision be in favour of SCEE, Decmil will be at an advanced stage within the arbitration proceedings.

Decmil has served its Statement of Claim on 25 March 2020 to the appointed arbitrator. SCEE's defence is due on the lodgement date of this Prospectus. Both parties shall then have five business days to submit reasons to accept or reject a split arbitration which will separately:

- (i) determine entitlement; and
- (ii) determine quantum, if any liability is established.

Preparation works remain underway. It is expected that a decision will be handed down in the arbitration within the period of 365 days after the date of appointment of the arbitrator.

4.14 Facility Agreement with NAB and Surety Providers

Decmil has a A\$65m multi-option facility with NAB, which is divided into various facilities with agreed limits:

- A\$25m overdraft facility;
- A\$25m corporate markets loan term loan facility;
- A\$35m limited recourse receivables funding facility; and
- Contingent instruments (BG/LC) of up to A\$65m.

Decmil uses bonding facilities to provide a guarantee to customers in the event that Decmil fails to perform the contract in accordance with its terms and conditions.

Decmil has approximately A\$431m of bonding facilities in place, with approximately A\$333m available capacity as at 30 April 2020.

Bonds of \$23.3m have been called across the RDP and Sunraysia projects.

(a) Net Debt as at 30 April 2020

\$m	Capacity	Undrawn	Drawn
NAB Overdraft	25.0	4.8	20.2
NAB Corporate Markets Loan	25.0	-	25.0
NAB Limited Recourse Receivables Funding	35.0	31.6	3.4
NAB multi-option facility	65.0¹	16.4	48.6
Hire Purchase Finance Leases	8.0	2.9	5.1
Premium Funding Facility	n/a	n/a	0.7
Total Interest Bearing Debt²	73.0	19.3	54.4
Cash and cash equivalents			6.9
Net Debt²			47.5

1. \$65m total, comprised of \$25m Markets Loan and \$40m between Overdraft and Receivables funding.
2. The above analysis excludes AASB 16 Lease Liabilities that relate to periodic leases over property and software, for which there are offsetting right of use assets on the balance sheet.
3. The definition of Net Debt used in the table above includes Limited Recourse Receivables Funding, which is excluded from the table in the Financial Information section as this amount is offset against trade receivables for financial reporting purposes.

(b) Bonding Facilities as at 30 April 2020

A\$m	Credit Rating	Facility Amount	Utilised	Available
AIG	A	76.1	-	76.1
Swiss Re / Asset Insure	AA-	100.0	49.0	51.0
Tokio Marine	A+	50.0	27.5	22.5
Berkshire Hathaway	AA+	40.0	-	40.0
Euler Hermes	AA-	15.0	-	15.0
NAB	AA-	65.0	0.4	64.6
Liberty	A	50.0	13.7	36.3
AAI Ltd / Vero Surety	A+	35.0	7.7	27.3
Total		431.1	98.3	332.8

(c) Ongoing relationship with NAB and Surety Providers

During the current period of transition, the Company has sought and been granted the further assurances provided for in the Standstill Agreements described below.

4.15 Standstill Agreements with NAB and Surety Providers

On 14 May 2020, Decmil Group executed two standstill agreements with:

- (a) NAB (**NAB Standstill Agreement**); and
- (b) its surety providers (**Surety Standstill Agreement**), namely Swiss Re International SE, AAI Limited trading as Vero Insurance, Liberty Mutual Insurance Company trading as Liberty Specialty Markets (formerly trading as Liberty International Underwriters), Tokio

Marine & Nichido Fire Insurance Co. Ltd and Insurance Australia Limited (**Surety Providers**),

(together the **Standstill Agreements**).

The effect of the Standstill Agreements is that the counterparties will (subject to the terms of the respective standstills) not demand or seek to recover moneys owed by Decmil until 31 January 2021.

The key terms of the Standstill Agreements are set out below:

(a) NAB Standstill Agreement

Standstill period	The standstill period is until 31 January 2021 (Standstill Period), unless terminated earlier by NAB as a result of the occurrence of a Standstill Termination Event (see below).
Forbearance undertaking	<p>Subject to a Standstill Termination Event (see below) not occurring, NAB undertakes not to:</p> <ul style="list-style-type: none"> (i) demand or seek to recover payment of moneys owing from the Decmil Group (other than scheduled repayments due as of the date of the NAB Standstill Agreement, payments falling due during the Standstill Period or repayments or debt reduction required by the terms of the NAB Standstill Agreement under which the Company must apply any Standstill Amounts: <ul style="list-style-type: none"> (A) first, repayment of outstanding advances under the corporate markets loan sub-facility; (B) second, repayment of outstanding advances under overdraft sub-facility; and (C) third, repayment of other outstanding amounts under the finance documents); (ii) accelerate or declare any amount to be due and payable by the Decmil Group to NAB; (iii) serve a notice of default on the Decmil Group under the facility agreement; (iv) commence or institute legal proceedings against the Decmil Group; or (v) enforce, exercise or seek to enforce or exercise any enforcement right, or take any enforcement action against the Decmil Group, as a consequence of any event or matter which constitutes an Existing Default Event (as defined below).
Termination of standstill period	<p>The Standstill Period will terminate if:</p> <ul style="list-style-type: none"> (i) the Decmil Group defaults on its obligations under the NAB Standstill Agreement, and fails to remedy the default within two Business Days of receipt of written notice by NAB; (ii) an event of default occurs under the facility agreement between NAB and the Decmil Group, other than an Existing Default Event (see below), and such new event of default is not rectified within two Business Days of receipt of written notice by NAB; (iii) an insolvency event occurs in respect of any company in the Decmil Group;

	<ul style="list-style-type: none"> (iv) the Surety Standstill Agreement between the Decmil Group and the Surety Providers is terminated or ends for any reason; or (v) any Surety Provider issues a demand or otherwise requires payment by the Decmil Group of any amount owing in connection with any insurance or surety bond or other similar instrument.
Stepdown of overdraft facility	<p>Overdraft sub facility steps down from \$25m:</p> <ul style="list-style-type: none"> (i) to \$22.5m on 31 Jul 2020; (ii) to \$15m on 30 Nov 2020; then (iii) to \$10m on 31 Jan 2021.
Existing default event	Any event of default existing on the date of the NAB Standstill Agreement, and for which the facts or matters constituting the event of default are known to NAB on the date of the NAB Standstill Agreement.
Information/reporting obligations	<p>During the Standstill Period, within three business days of the end of each calendar month (Month End Date) Decmil will provide to NAB information including:</p> <ul style="list-style-type: none"> (i) a monthly compliance certificate which certifies, amongst other things, that the Decmil Group is in compliance with the new financial covenant set out below; (ii) the updated short-term cash flow forecast of the Decmil Group, which forecasts the cash flow of the Decmil Group from the Month End Date until the date falling no earlier than three calendar months after the Month End Date; and (iii) any other information reasonably requested by NAB. <p>Within 15 business days of each Month End Date, Decmil must provide to NAB the consolidated management accounts of the Decmil Group for the calendar month ending on the Month End Date, and on a year to date basis.</p>
Financial covenant	<p>The Decmil Group must ensure that, in respect of each quarter, the cash flow needs of the Decmil Group do not at any time require that the Decmil Group utilise the overdraft facilities provided by NAB for an amount greater than the overdraft commitments provided by NAB at that time. The financial covenant is to be tested monthly by reference to the most recently delivered short term cash flow forecast (updated quarterly). Quarter means the period of time commencing on a Month End Date and ending on the date falling three calendar months after the Month End Date.</p>
Preservation of existing rights	<p>The Decmil Group acknowledges and agrees that:</p> <ul style="list-style-type: none"> (i) all of NAB's rights are reserved (including in relation to any Existing Default Event) and nothing in the NAB Standstill Agreement will derogate from NAB's rights against the Decmil Group except as expressly set out in the NAB Standstill Agreement; (ii) the Decmil Group must continue to perform its obligations under the existing agreements with NAB in accordance with its terms during the NAB Standstill Period; (iii) the NAB Standstill Agreement does not vary, release, waive, discharge or compromise the rights, powers, privileges or remedies of NAB under the existing agreements with NAB; and

	(iv) nothing in the NAB Standstill Agreement will affect or in any way prejudice NAB's rights in respect of Decmil NZ (in liq), including to take enforcement or other steps against Decmil NZ (in liq), or any steps in connection with the liquidation of Decmil NZ (in liq), in respect of Decmil NZ's (in liq) obligations under or in connection with the existing agreements with the Surety Providers.
Costs	Decmil must pay all NAB's costs, including legal and other advisory costs, in connection with the negotiation, preparation and implementation of the Standstill Agreement. Decmil shall also pay the costs of the Nominated Advisor appointed by NAB.

(b) Surety Standstill Agreement

Standstill period	The standstill period is until 31 January 2021 (Standstill Period), unless terminated earlier by the Surety Providers as a result of the occurrence of a Standstill Termination Event (see below).
Forbearance undertaking	Subject to a Standstill Termination Event (see below) not occurring, the Surety Providers undertake not to take any enforcement action during the Standstill Period. The Surety Providers undertake not to terminate, cancel, close out or rescind any surety document, demand or accelerate payments under any surety document, appoint any controller, provisional liquidator, or administrator to the Decmil Group or any of its assets or otherwise enforce any surety document.
Securities	Within one week of the commencement of the Standstill Period or before 22 May 2020, the Decmil Group must provide security in favour of a security trustee for the benefit of the Surety Providers. NAB and the Surety Providers will enter into an intercreditor deed to document their priority arrangements.
Termination of standstill period	<p>The Standstill Period will terminate if:</p> <ul style="list-style-type: none"> (i) the Decmil Group defaults or fails to comply with its obligations under the Surety Standstill Agreement and if the breach or failure is capable of remedy, the breach is not remedied within five Business Days of its occurrence; (ii) the Decmil Group fails to comply with the repayment plan; (iii) an event of default occurs under an existing agreement with a Surety Provider, other than an Existing Default Event (see below); (iv) an insolvency event occurs in respect of the Decmil Group (apart from an insolvency event approved in writing by the Surety Providers); (v) the ATO terminates any repayment plan entered into by the Decmil Group with the ATO or otherwise commences any form of action against the Decmil Group in respect of the payment of taxes; or (vi) the standstill agreement with NAB is terminated or ends for any reason, or NAB issues a demand or otherwise requires payment by the Decmil Group of any amount owing in connection with NAB's facility agreement.
Existing default event	Any event of default existing on the date of the Surety Standstill Agreement, and for which the facts or matters constituting the Event of

	Default are known to the Surety Providers on the date of the Surety Standstill Agreement.
Information/ reporting obligations	<p>During the Standstill Period, within three business days of the end of each calendar month (Month End Date) Decmil will provide to the Surety Providers information including:</p> <ul style="list-style-type: none"> (i) a monthly compliance certificate which certifies, amongst other things, that the Decmil Group is in compliance with the new financial covenant set out below; (ii) the updated short-term cash flow forecast of the Decmil Group, which forecasts the cash flow of the Decmil Group from the Month End Date until the date falling no earlier than three calendar months after the Month End Date; (iii) an update on the status and progress of each project to which outstanding bonds relate; and (iv) a report outlining the details of any arrangements with the ATO including the quantum and timing of any deferred payments and confirming that the Decmil Group is in compliance with any such payment plan and the ATO is not taking any action against the Decmil Group. <p>Within 15 business days of each Month End Date Decmil will provide to the Surety Providers the consolidated management accounts of the Decmil Group for the calendar month, and on a year to date basis.</p>
Financial covenant	The Decmil Group must ensure that, in respect of each quarter, the cash flow needs of the Decmil Group do not at any time require that the Decmil Group utilise the facilities provided by NAB for an amount greater than the commitments provided by NAB. The financial covenant is to be tested monthly by reference to the most recently delivered Short Term Cash Flow Forecast. Quarter means the period of time commencing on a Month End Date and ending on the date falling three calendar months after the Month End Date.
Interest	The interest rate applicable to amounts called on bonds and not repaid is 6% above the one month ASX BBSW Benchmark Rate at that time. Interest will be calculated daily, payable monthly on the last business day of each month.
Repayment plan	Within one month of the date of execution of the Surety Standstill Agreement, the Decmil Group is to present a repayment plan in respect of the Surety Providers' actual and contingent liabilities under all bonds, which must be acceptable to the Surety Providers.
Preservation of existing rights	<p>The Decmil Group acknowledges and agrees that:</p> <ul style="list-style-type: none"> (i) all of the Surety Providers' rights are reserved (including in relation to any Existing Default Event) and nothing in the Surety Standstill Agreement will derogate from the Surety Providers' rights against the Decmil Group except as expressly set out in the Surety Standstill Agreement; (ii) the Decmil Group must continue to perform its obligations under the existing agreements with the Surety Providers in accordance with their terms during the Standstill Period; (iii) the Surety Standstill Agreement does not vary, release, waive, discharge or compromise the rights, powers, privileges or

	<p>remedies of the Surety Providers under the existing agreements with the Surety Providers; and</p> <p>(iv) nothing in the Surety Standstill Agreement will affect or in any way prejudice the Surety Providers' rights in respect of Decmil NZ (in liq), including to take enforcement or other steps against Decmil NZ (in liq), or any steps in connection with the liquidation of Decmil NZ (in liq), in respect of Decmil NZ (in liq)'s obligations under or in connection with the existing agreements with the Surety Providers.</p>
Costs	Decmil must pay all the Surety Providers' costs, including legal and other advisory costs, in connection with the negotiation, preparation and implementation of the Surety Standstill Agreement. Decmil must also pay the costs of the security trustee.

5. Financial information

5.1 Introduction

The Financial Information set out in this section comprises Decmil's Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 31 March 2020.

The information in section 5 should be read in conjunction with the risk factors set out in section 7, other information contained in this Prospectus, and the Company's other periodic and continuous disclosure announcements as referred to in section 9.4.

5.2 Basis of preparation of the Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) adopted by the AASB, which are consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and the Company's accounting policies. The Company's significant accounting policies are described in its Annual Report for the year ended 30 June 2019, as amended by the "New and amended Accounting Standards and Interpretations" applicable to the current financial year, which are set out in the Interim Financial Report for the half-year ended 31 December 2019, both of which are available on the ASX website or at www.decmil.com.

The Historical Statement of Financial Position has been extracted from Decmil's condensed financial report as at 31 March 2020, which comprises the consolidated statement of financial position as at 31 March 2020 together with certain explanatory notes, and which was reviewed by RSM Australia Partners, the Company's auditor, in accordance with Australian Auditing Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*.

RSM Australia Partners issued an unmodified review report with respect to the Company's consolidated statement of financial position as at 31 March 2020, which included an emphasis of matter drawing attention to the matters set out in the "Going Concern Basis of Preparation" note, which indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Details of the Going Concern note are set out in section 5.6(b).

The Pro Forma Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles of AAS, other than that it includes pro forma adjustments to show the impact of the Offer (and associated costs) and the closure and liquidation of Decmil NZ (in liq) as if they had occurred at 31 March 2020. The pro forma adjustments are detailed in section 5.4 below.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Financial Information has been reviewed by RSM Corporate Australia Pty Ltd in accordance with Australian Standard on Assurance Engagements ASAE 3450 *Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Independent Limited Assurance Report set out in section 8.

5.3 Explanation of certain non-IFRS measures

Decmil uses certain measures to manage and report on its business which are not recognised under AAS or IFRS. These measures are referred to in this section 5 and under ASIC's Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* as "non-IFRS financial measures".

The non-IFRS financial measure that is referred to in this Prospectus is **Net Debt**, which the Company has defined as interest bearing debt comprising borrowings and lease liabilities (but

excluding AASB 16 Leases which relate to periodic leases over property and software), less cash and cash equivalents.

Although the Directors believe that this measure provides useful information about Decmil's financial position, it should be considered as a supplement to the balance sheet measures that are presented in accordance with AAS and IFRS, and not as a replacement for them. As this non-IFRS financial measure is not based on AAS or IFRS, it does not have a standard definition, so the way Decmil calculates this measure may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on this non-IFRS financial measure.

5.4 Pro Forma adjustments

The following pro forma adjustments have been applied to the Historical Statement of Financial Position to prepare the Pro Forma Historical Statement of Financial Position, as if they had occurred at 31 March 2020:

- (a) the deconsolidation of Decmil NZ (in liq) as a consequence of the appointment of a liquidator who took effective control of Decmil NZ (in liq) on 15 April 2020;
- (b) the establishment of a provision of \$19.1 million to be raised by the Company in relation to Decmil NZ (in liq), relating to potential calls against bonds guaranteed by the Company, arbitration costs and the costs of liquidation;
- (c) assuming the Minimum Subscription Amount, the issue of 800,000,000 New Shares at \$0.05 per Share under the Entitlement Offer to raise gross proceeds of \$40.0 million;
- (d) assuming the Maximum Subscription Amount:
 - (i) the issue of 35,889,614 New Shares under the Placement at \$0.05 per Share to raise gross proceeds of \$1.8 million; and
 - (ii) the issue of 1,004,909,211 New Shares under the Entitlement Offer at \$0.05 per Share to raise gross proceeds of \$50.2 million; and
- (e) the estimated costs of the Placement and the Entitlement Offer, being between \$2.8 million (Minimum Subscription Amount) and \$3.4 million (Maximum Subscription Amount), inclusive of non-recoverable GST.

5.5 Historical and Pro Forma Historical Statement of Financial Position

A\$ millions	Decmil 31-Mar-20 Reviewed	Decmil NZ deconsolidation Unaudited	DGL provision Unaudited	Capital raising (Min.) Unaudited	Pro forma (Min.) Unaudited	Capital raising (Max.) Unaudited	Pro forma (Max.) Unaudited
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	11.3	(0.2)	-	37.2	48.3	48.6	59.7
Trade and other receivables	51.3	(0.3)	-	-	51.0	-	51.0
Contract assets	30.1	(0.3)	-	-	29.8	-	29.8
Current tax receivable	0.5	(0.5)	-	-	-	-	-
Asset held available for sale	56.6	-	-	-	56.6	-	56.6
Other assets	13.8	(1.5)	-	-	12.3	-	12.3
TOTAL CURRENT ASSETS	163.6	(2.8)	-	37.2	198.0	48.6	209.4
NON-CURRENT ASSETS							
Property, plant and equipment	9.7	-	-	-	9.7	-	9.7
Right-of-use assets	16.7	-	-	-	16.7	-	16.7
Deferred tax assets	30.6	-	-	-	30.6	-	30.6
Intangible assets	75.5	-	-	-	75.5	-	75.5
TOTAL NON-CURRENT ASSETS	132.5	-	-	-	132.5	-	132.5
TOTAL ASSETS	296.1	(2.8)	-	37.2	330.5	48.6	341.9
LIABILITIES							
CURRENT LIABILITIES							
Trade and other payables	92.9	(20.4)	-	-	72.5	-	72.5
Contract liabilities	16.1	(1.1)	-	-	15.0	-	15.0
Borrowings	38.0	-	-	-	38.0	-	38.0
Lease liabilities	3.5	(0.1)	-	-	3.4	-	3.4
Provisions	6.0	-	19.1	-	25.1	-	25.1
TOTAL CURRENT LIABILITIES	156.5	(21.6)	19.1	-	154.0	-	154.0
NON-CURRENT LIABILITIES							
Deferred tax liabilities	0.3	-	-	-	0.3	-	0.3
Lease liabilities	18.9	(0.3)	-	-	18.6	-	18.6
Provisions	0.3	-	-	-	0.3	-	0.3
TOTAL NON-CURRENT LIABILITIES	19.5	(0.3)	-	-	19.2	-	19.2
TOTAL LIABILITIES	176.0	(21.9)	19.1	-	173.2	-	173.2
NET ASSETS	120.1	19.1	(19.1)	37.2	157.3	48.6	168.7
EQUITY							
Issued capital	217.8	-	-	37.2	255.0	48.6	266.4
Retained earnings	(97.7)	19.1	(19.1)	-	(97.7)	-	(97.7)
TOTAL EQUITY	120.1	19.1	(19.1)	37.2	157.3	48.6	168.7

NOTES:

- The Company reclassified the Homeground Gladstone accommodation village as an asset held available for sale as at 31 March 2020, and revalued this asset to \$56.6 million as at that date. As set out in section 4.3, the Company initiated a sale process for the Homeground Gladstone accommodation village in March 2020, having identified it as a non-core asset.
- The reviewed consolidated statement of financial position as at 31 March 2020 includes adjustments to write down certain assets of the Company's New Zealand subsidiary, Decmil NZ (in liq), to their estimated recoverable value, having regard to the closure of Decmil NZ (in liq) which was announced on 16 April 2020.

5.6 Notes to the Pro Forma Historical Statement of Financial Position

(a) Statement of significant accounting policies

The significant accounting policies adopted in the preparation of the Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position included in this section are the same as those used in the preparation of the Company's 31 December 2019 Interim Financial Report (available at www.decmil.com).

(b) Going concern

The ability of the Company to continue as a going concern is dependent on the outcome of the disputes set out in sections 4.12 and 4.13, the continued support of its banker and the ability of the consolidated entity to obtain alternative sources of debt or equity funding.

The Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. Other than with respect to Decmil NZ (in liq), the Financial Information does not include any adjustments relating to

the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the Financial Information, having regard to the following factors:

- (i) the Company's view as to the likely outcome on the contractual disputes set out in sections 4.12 and 4.13;
- (ii) as set out in section 4.15(a), Decmil recently entered into the NAB Standstill Agreement with NAB, whereby NAB will provide ongoing support to Decmil and (subject to the terms of the agreement) will not demand or seek to recover monies owed by Decmil until 31 January 2021. On expiry of this facility, Decmil expects to negotiate a fresh debt facility, preferably also with NAB; and
- (iii) as set out in section 4.15(b), Decmil recently entered into the Surety Standstill Agreement with its Surety Providers, whereby they agreed that no cash call will be made on the surety bonds before 31 January 2021,

and assuming successful completion of the Offer.

(c) Cash and cash equivalents

Cash and cash equivalents	Min. A\$m	Max. A\$m
Cash and cash equivalents, as reported at 31 March 2020	11.3	11.3
Deconsolidation of Decmil NZ	(0.2)	(0.2)
Proceeds of the Offer	40.0	52.0
Costs associated with the Offer	(2.8)	(3.4)
Pro forma cash and cash equivalents as at 31 March 2020	48.3	59.7

(d) Share capital

Share capital	Min. No. of shares	Min. A\$m	Max. No. of shares	Max. A\$m
Share capital as at 31 March 2020	239,264,098	217.8	239,264,098	217.8
New shares issued under the Offer	800,000,000	40.0	1,040,798,825	52.0
Costs associated with the Offer	-	(2.8)	-	(3.4)
Pro forma share capital as at 31 March 2020	1,039,264,098	255.0	1,280,062,923	266.4

(e) Borrowings

Decmil recently entered into a standstill agreement with NAB, whereby NAB will provide ongoing support to Decmil and (subject to the terms of the agreement) will not demand or seek to recover monies owed by Decmil until 31 January 2021. On expiry of this facility, Decmil expects to negotiate a fresh debt facility, preferably also with NAB. The terms of the NAB Standstill Agreement are summarised in section 4.15(a).

(f) Pro forma net debt

The following table sets out the net debt of the consolidated entity as at 31 March 2020, together with the pro forma net debt, assuming completion of the Offer:

Minimum subscription A\$m	Cash and cash equivalents	Borrowings ¹	Lease liabilities ²	Net debt
As reported at 31 March 2020	11.3	(38.0)	(5.3)	(32.0)
Deconsolidation of Decmil NZ	(0.2)	-	-	(0.2)
Proceeds of the Offer	40.0	-	-	40.0
Costs associated with the Offer	(2.8)	-	-	(2.8)
Pro forma as at 31 March 2020	48.3	(38.0)	(5.3)	5.0

Maximum subscription A\$m	Cash and cash equivalents	Borrowings ¹	Lease liabilities ²	Net debt
As reported at 31 March 2020	11.3	(38.0)	(5.3)	(32.0)
Deconsolidation of Decmil NZ	(0.2)	-	-	(0.2)
Proceeds of the Offer	52.0	-	-	52.0
Costs associated with the Offer	(3.4)	-	-	(3.4)
Pro forma as at 31 March 2020	59.7	(38.0)	(5.3)	16.4

1. Borrowings include Corporate Markets Loan (\$25.0m), Overdraft (\$12.1m) and Premium Funding (\$0.9m), but excludes Limited Recourse Receivables Funding (\$3.7m) which is not recognised on the Historical Statement of Financial Position as it is offset against the associated customer receivable.
2. The above table excludes AASB 16 Leases that represent periodic leases over property and software for which there are offsetting right of use assets on the balance sheet.

(g) Surety bonding facilities summary

Decmil recently entered into a standstill agreement with its Surety Providers, whereby Swiss Re International SE, AAI Limited (trading as Vero Insurance), Liberty Mutual Insurance Company, Tokio Marine & Nichido Fire Insurance Co. Ltd and Insurance Australia Limited (together, the Surety Providers) agreed that no cash call will be made on the surety bonds before 31 January 2021. The terms of the standstill agreement with the Surety Providers are summarised in section 4.15(b). A summary of Decmil's surety bonds as at 30 April 2020 is set out in section 4.14(b).

(h) Contingent liabilities

As at 31 March 2020, guarantees given to various customers for satisfactory contract performance amounted to \$100.5 million.

Decmil is currently engaged in contractual disputes in relation to a number of projects, including the RDP Project, the Sunraysia Solar Farm and the Mulla Mulla Village Expansion project. Whilst the Company expects a favourable outcome on these three projects, in the event that it is unsuccessful in its claims, it may be required to pay liquidated damages and/or other amounts to the customer. Further details of these and other disputes, including the amount of claims and counterclaims made by or against Decmil, are set out in sections 4.12 and 4.13.

In addition to the above, there is a risk that guarantees issued on projects held within Decmil NZ (in liq) may now be called as the subsidiary has ceased trading. The potential exposure amounts to NZ\$13.3 million, however no liability has been called upon in relation to these guarantees as at the date of this Prospectus. The Pro Forma Historical Statement of Financial Position as at 31 March 2020 includes an adjustment to make provision for calls on these guarantees.

(i) Events subsequent to the reporting date

On 15 April 2020, Decmil announced that its New Zealand subsidiary, Decmil NZ (in liq), would cease trading with immediate effect. Avior Consulting was appointed to formalise

the winding up of Decmil NZ (in liq) following significant losses as a result of the purported termination of the RDP Contract by the NZ Department of Corrections. The reviewed Historical Statement of Financial Position set out in section 5.5 above includes adjustments to write down certain assets of Decmil NZ (in liq) to their estimated recoverable value.

Additional adjustments have been made in the Pro Forma Historical Statement of Financial Position to show the impact of the deconsolidation of Decmil NZ (in liq) and to include a provision in relation to potential calls against bonds guaranteed by the Company, arbitration costs and the costs of liquidation in connection with guarantees on New Zealand projects and the liquidation of Decmil NZ (in liq).

On 13 May 2020 Decmil announced that it had entered into standstill agreements with its long-term banker NAB and with its Surety Providers, as detailed in sections 5.6 (e) and (g) above.

6. Rights and liabilities attaching to Shares, New Shares and Additional New Shares

There is presently only one class of share issued by the Company: fully paid ordinary shares.

The rights attaching to fully paid ordinary shares in the Company (i.e. the Shares and the New Shares) are:

- (a) set out in the Constitution; and
- (b) in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

The following is a summary of the significant rights attaching to the Shares (and therefore to the New Shares). This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

(a) Voting rights

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has:

- (i) on a show of hands, one vote; and
- (ii) on a poll, one vote per fully paid Share.

On a poll, partly paid Shares confer a fraction of a vote proportional to the amount paid up on the Share (excluding any amount credited as paid up).

At any general meeting, a resolution shall be decided on a show of hands unless a poll is demanded. A poll may be demanded by at least five Shareholders present and entitled to vote at the meeting (in person or by proxy, attorney or Representative), by Shareholders with at least 5% of the votes that may be cast on the resolution, or by the chairperson.

(b) General meetings and notices

Shareholders are entitled to receive notice of the Company's general meetings, to attend them and to vote at them.

(c) Dividends

Shareholders may receive dividends out of the Company's profits. The Directors may from time to time decide to pay a dividend to Shareholders entitled to the dividend. This dividend shall be payable on a Share according to the proportion of that Share that has been paid. The Directors may rescind a decision to pay a dividend if they decide, before the payment date, that the Company's financial position no longer justifies the payment. The Directors may determine Shareholders' entitlements to dividends, including how and when the dividend is paid. The Directors may decide not to distribute dividends.

(d) Transfer of Shares

Subject to the Company constitution, Shareholders may transfer any of their Shares by:

- (i) an ASX settlement transfer;
- (ii) any method introduced by ASX, or operated under the ASX Settlement Operating Rules or ASX Listing Rules, and in any case recognised under the Corporations Act; or
- (iii) an instrument in writing in any usual form or other form of which the Directors approve.

The Directors may refuse to register a transfer of Shares if:

- (iv) the ASX Listing Rules require or permit the Company to do so; or

- (v) the transfer is a transfer of restricted securities which is or might be in breach of either the ASX Listing Rules or any escrow agreement the Company has entered into in relation to such Restricted Securities pursuant to the ASX Listing Rules.

This right of refusal does not apply to an ASX Settlement Transfer.

(e) *Issue of further Shares*

At any time, the Directors may issue Shares on terms they, in their absolute discretion, determine. This is subject to the Company's constitution, the Corporations Act and the ASX Listing Rules.

(f) *Winding up*

If the Company is wound up, all monies and property to be distributed among Shareholders shall be distributed among Shareholders in proportion to the number of shares they hold (regardless of the amount paid-up on them). The liquidator may, with the approval of a special resolution of the Company:

- (i) divide among the Shareholders in kind, all or any of the Company's property;
- (ii) determine how such division is to be carried out between different classes of Shareholders; and
- (iii) value the property as it thinks fair.

(g) *Directors – appointment and removal*

The minimum number of Directors is three and the maximum number is 10. Directors are elected at general meetings of the Company. At the Company's annual general meeting, one third of the Directors shall retire. If the number of Directors is not a multiple of three, the number closest to one-third, rounding up, shall retire. No Director, except the managing director, shall hold office for three years or more without retiring and being re-elected. A Director retiring by rotation is eligible for re-election. Directors may appoint a Director to fill a casual vacancy on the Board or as an addition to the existing Directors. That Director will then hold office until the next annual general meeting of the Company, when they will be eligible for re-election.

(h) *Directors' voting*

Questions arising at any meeting of Directors shall be decided by a majority of votes. An alternate director has one vote for each Director for whom he or she is an alternate. If an alternate director is also a Director, he or she also has a vote as a Director. If there are equal votes, and more than two Directors voting, the chair shall have a casting vote.

(i) *Variation of rights*

Rights attaching to any class of shares may be varied by:

- (i) the written consent of 75% of shareholder of that class; or
- (ii) special resolution of the shareholders of that class.

This is subject to the Corporations Act and, so far as relevant, the Company constitution's provisions on general meetings.

(j) *Dividend and share plans*

The Directors may implement a dividend reinvestment plan. This is subject to the Corporations Act and the Listing Rules, and the Company may amend or revoke this by ordinary resolution in general meeting. The Directors may issue share options as they see fit. The Company may authorise the Directors to implement a bonus share plan on certain terms and conditions. This is subject to the Corporations Act and the ASX Listing Rules, and the Company may amend or revoke this by ordinary resolution in general meeting.

(k) *Alteration of Constitution*

The Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

7. Risk factors

7.1 Introduction

This section 7 describes some of the potential risks associated with the Company's business and the industry in which it operates, and the risks associated with an investment in Shares.

The Company is currently in a state of transition and is subject to a range of external factors which considerably increase the risks for any investor. Any investment in the Company should be considered to be speculative.

The Company is subject to a number of risks both specific to the Company and of a general nature, which may either individually or in combination adversely affect the future operating and financial performance of the Company, its investment returns and the value of its Shares.

You should note that this section 7 does not purport to list every risk that may be associated with an investment in the Company and the New Shares now or in the future, and the occurrence or consequences of some of the risks described in this section 7 may be partially or completely outside the control of the Company, its Directors and management. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statement or forecasts will eventuate.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Prospectus, but there is no guarantee or assurance that the importance of risks will not change, or other risks will not emerge. While it may be possible to mitigate some risks, there remain a large number of risks beyond the control of the Company.

Before applying for New Shares, you should satisfy yourself that you have a sufficient understanding of these matters, including the risks described in this section 7, and have regard to your own investment objectives, financial circumstances and taxation position before investing in the Company. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional advisor before deciding whether to invest.

7.2 Decmil specific risks

(a) *Outcome of major and minor disputes*

As described in detail in sections 4.12 and 4.13, the Company Group is a party to various current major and minor disputes. Some of these disputes may be resolved on a commercial basis and others through formal dispute proceedings. The Company has made an assessment about how these disputes will unfold and the likely outcomes of the disputes, having taken independent legal advice. The timing and the outcome of these disputes remains uncertain and may result in the Company not receiving anticipated amounts or being required to make payments which it had not anticipated or has not provided for. This may result in significant financial loss to the Company, lower than anticipated project realisation or result in the Company no longer being a going concern and a receiver being appointed.

(b) *Compliance with debt covenants and default risks*

The Company is subject to various covenants and obligations contained in its debt facilities and the Standstill Agreements (see section 4.15). In the event that any of these agreements are breached, the Company's lenders may cancel their commitments under the facilities and require all amounts payable to them under or in connection with the facilities or associated documents to be repaid immediately. In respect of the Standstill Agreements, a breach of the terms of those agreements may lead the counterparties to exercising their rights under the primary agreements.

If the Company is unable to repay or refinance its debt facilities upon maturity or in the event of a breach of covenant, the Company may have to seek further equity funding, dispose of its assets, or enter into new debt facilities on less favourable terms and there is no guarantee it will be able to do so. These factors, including any breach of the Standstill

Agreements, could materially affect the Company's ability to operate its business, its financial performance and its ability to carry on as a going concern.

If security held by the counterparty to the Standstill Agreements is enforced, there may be little or no return to Shareholders.

(c) *Cash flow and liquidity*

The combination of the major disputes affecting the Company's forecast receipts (refer to section 5 for further details) and the impact of other disruptions on the Company's business as a result of COVID-19 means the Company faces short-term cash flow and liquidity risks during this period of transition.

The Company is required to make assumptions when carrying out its forecasting activities and these may prove incorrect, including the actions by third party suppliers such as reductions in payment terms. While the Company has taken a conservative view in making these assumptions, it may transpire that the Company's anticipated working capital shortfall is greater than forecast and that the capital raised through the Offer is insufficient to bridge this shortfall. This may affect the Company's ability to carry on as a going concern.

(d) *Future capital requirements*

While Decmil believes that on completion of the Offer it will have sufficient working capital, there remains a risk that the Company may need additional capital in the future. For example, the Company is required to make assumptions when carrying out its internal forecasting activities and these may prove incorrect, including revenue forecasts or the outcome of disputes (see sections 4.12 and 4.13). While the Company has taken a conservative view in making these assumptions, it may transpire that the Company's anticipated working capital shortfall is greater than forecast and that the capital raised through the Offer is insufficient to bridge this shortfall. Any additional equity financing that the Company may undertake in the future may dilute existing shareholders. The terms of any additional debt financing, if available, may impose further restrictions on the Company's financing and operating activities. Decmil's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to Decmil, will vary according to a number of factors, including stock market and industry conditions. There can be no assurance that the Company will be able to obtain additional financing when required in the future, or that the terms and the time in which any such financing can be obtained will be acceptable to the Company. This may have an adverse effect on the Company's financial position and capacity to continue on as a going concern.

(e) *Accreditations*

The Company relies heavily upon various technical and financial accreditations to operate its business. These include safety accreditations, quality assurance standards, building licences, technical accreditations by State Main Roads agencies and various financial accreditations. Many of these accreditations are assessed and monitored by State and Federal government agencies on a regular basis.

In the case of the F150+ certification (National pre-qualification system for Civil (Road and Bridge) Construction), pre-qualification was recently obtained until February 2023, however, Decmil has been informed by Equifax that the Company has until early to mid-2020 to submit an update as part of a periodic review. It is a condition of the F150+ rating that the Company maintains certain minimum working capital requirements (amongst others to retain this level of certification).

Any failure to maintain or comply with an accreditation can impact the eligibility of the Company to participate in certain projects and/or sectors and this will have a material effect on the business.

(f) *Impact of COVID-19 and associated market risk on the Company*

The global economic outlook is highly uncertain due to the current COVID-19 pandemic. The COVID-19 pandemic had, and will likely continue to have, an impact on global capital markets.

The COVID-19 pandemic has already had an impact on the Company's operations and caused a reduction in current cashflow.

In addition, the Company's Australian projects have been impacted by international supply issues and the inability for the Company's workforce to move between states and regions.

For example, in order to progress the works on the Yandin Wind Farm and the Warradarge Wind Farm in Western Australia, the Company requires transformers and electrical switch gear to be delivered from China. The Company also have parts for harmonic filters coming from Germany, China and Malaysia. On the Company's Victorian road infrastructure projects at Drysdale and Plenty Road, the Company is reliant on supply of traffic signal posts and public lighting poles to be delivered from China. These deliveries have all been delayed as a result of restricted international trade in light of COVID-19.

As these are specialist items, the Company is not always able to source alternative suppliers in Australia. Where it can, this creates additional costs that must be incurred to ensure the projects progress. Where it can't, this can cause delays to the Company's projects and creates additional costs.

The Company is also having issues with the mobility of its workforce, in particular labour moving between South Australia and Western Australia, and workers from Victoria and New South Wales getting to site in Queensland. On the Company's QGC project, its staff have not been approved to move between states by the Chief Health Officer as they are not considered to be critical resource sector employees. In many cases, the Company has had to ask employees and subcontractors to remain in the State that they work, at additional cost to the Company, due to the COVID-19 quarantine restrictions that have been in place prior to the date of this Prospectus.

(g) Continuation as a 'going concern'

The Company's Interim Financial Report for the half year ended 31 December 2019 and the Financial Information contained in section 5 of this document were prepared on a 'going concern' basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.

The Company's auditors noted in the "Going concern" note in the Company's financial statements that the Company's ability to continue as a going concern is dependent on the continued support of NAB and its Surety Providers under the Standstill Agreements, the ability of the Company to resolve major and minor disputes and the ability of the consolidated entity to obtain alternative sources of debt or equity funding.

As noted in section 4.15, the Company has entered into the Standstill Agreements with NAB and its Surety Providers. However, if circumstances arise that unwind the Standstill Agreements or the Company is unable to obtain alternative sources of debt or equity funding, the Company's auditors note that a material uncertainty would exist as to whether the Company would be able to continue as a going concern.

(h) Profitability of lump sum contracts

A portion of the Group's contracts are 'lump sum' in nature and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered from the principal. From time to time variations to the planned scope occur or issues arise during the construction phase of a project, which were not anticipated at the time of bid. This may give rise to claims under the contract with the principal in the ordinary course of business. Where such claims are not resolved in the ordinary course of business, they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by Company.

(i) Decmil's exposure to economic cycles

The Company is exposed to the impact of economic cycles and, in particular, how these cycles increase or decrease future capital expenditure by State and Federal governments and by energy and resources companies. These economic cycles are in turn impacted by a number of factors including:

- (i) the fiscal conditions of the economy;

- (ii) government policies on capital expenditure; and
- (iii) commodity prices.

Changes in these areas may have the effect of reducing the number of projects that the Company can compete for, reducing the margins available to the Company and increasing the Company's input costs.

(j) *Effective management of contracts and the risk of dispute*

Effective ongoing contract management seeks to ensure, among other things, appropriate project and customer selection and the effective management of customer expectations and contract terms. There is a risk that the Company may fail to manage its existing contracts appropriately and may therefore be subject to disputes with customers regarding the payment of fees and liability for costs and delays. Such disputes can be costly, result in further liability to the Company, absorb significant amounts of management time and damage customer relationships. The Company may also experience payment defaults or delays, whether in conjunction with disputes or otherwise, leading to increased debt levels.

(k) *Currency and exchange rates*

International prices of most commodities are denominated in US dollars, whereas the income and expenditure of the Company is in Australian dollars. The Company has also undertaken various projects in New Zealand, and while it no longer undertakes work in New Zealand, it remains entitled to revenue in New Zealand dollars. As such, the Company is exposed to fluctuations and volatility of the rate of exchange between the US dollar, Australian dollar and New Zealand dollar.

(l) *External factors that may impede operational activities*

The Company's activities are subject to numerous operational risks, many of which are beyond the Company's control. The Company's activities may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages or increases in the costs of consumables, spare parts, plant and equipment, external services failure, industrial disputes and action, IT system failures, mechanical failures and compliance with governmental requirements.

Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, penalties and the suspension of operations. The occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

(m) *Expected run-down of surety and bonding facilities*

The Company has various surety and bonding facilities in place which provide coverage in respect of claims made by counterparties to its construction contracts. In the ordinary course of business, the Company anticipates its current surety profile to run-down by the third quarter of calendar 2025. The majority of this run-down would be delivered by the end of calendar 2023.

There is a risk that if these existing facilities are not extended beyond the Surety Standstill Agreement, the Company may be limited in obtaining additional facilities for new projects. This may have a material effect upon the Company's ability to compete for and win new projects.

(n) *Inability to fully realise accounts receivable*

The Company does not maintain a provision for doubtful debts and reviews potential collection issues on a client by client/invoice by invoice basis. This is primarily due to its 'blue chip' client base and its invoicing process which sees only approved payment claims becoming invoices and this serves to limit the level of unpaid invoices. The Company may face delays or reductions in its forecast cash receipts as a result of the financial stress of the Company's customers.

(o) Continued availability of necessary suppliers

In the ordinary course of business, the Company has a number of suppliers who provide goods and services necessary for the Company to be able to complete its projects. These items include the provision of diesel, kerbing, equipment hire, haulage, asphalt and traffic control. As a result of various economic impacts suffered by these suppliers, the Company may not be able to obtain additional goods and services from them or may be required to pay invoices on substantially shorter terms than anticipated. This may result in increased costs incurred by the Company or reduced cash flows.

(p) Asset impairment and write-down risk

Decmil's non-current assets include property, plant, equipment and intangibles. In the event the recoverable amount is lower than the carrying value of these non-current assets Decmil may be required to write these investments or assets down to recoverable amount, which may have an adverse impact on Decmil's financial position.

(q) Valuation and profitability of Homeground Gladstone

Homeground Gladstone is a specialist accommodation asset focussing on the worker market in the Gladstone area. Whilst there was significant demand for worker accommodation in the mid 2000's, Homeground Gladstone is now the only remaining worker accommodation village in the Gladstone area and is primarily exposed to the number of nearby projects and the level of investment in the Gladstone area. The expected earnings from Homeground Gladstone is heavily dependent on the level of regional activity, the impact of COVID-19, the future oil price and the volatility of various input costs.

(r) Offer Management Agreement

The Company has entered into the Offer Management Agreement under which Hartleys has agreed to act as arranger of the partial underwriting for the Institutional Entitlement Offer and arranger of the partial underwriting for the Retail Entitlement Offer, subject to the terms and conditions of the Offer Management Agreement (see the summary of the key terms and conditions set out in section 9.22 of this document).

If certain conditions are not satisfied or certain events occur, the arranger of the underwriting may terminate the Offer Management Agreement. Termination of the Offer Management Agreement may have an adverse impact on the proceeds capable of being raised under the Institutional Entitlement Offer, the Retail Entitlement Offer and the Company's sources of funding. If the Offer Management Agreement is terminated and a significant number of New Shares are not taken up by investors, the Company may need to find urgent, alternative funding to meet its financial obligations to its financiers and to fund its operations as a going concern.

(s) Safety

In order for the Company to continue working on engineering construction projects, a robust safety methodology needs to be in place. A serious safety incident or fatality may impact the Company's social licence to operate. This can affect the Company by increasing its costs for carrying out work, increasing the time required to complete packages of work and impairing the Company's ability to win new work.

(t) Engineering design risk

The Company operates as a "Design and Construct" or "Engineer, Procure and Construct" contractor in the engineering section. Such projects and contracts place an obligation on the Company to design "fit for purpose" infrastructure and to give warranties to such effect. Any failure in design may cause the Company to be exposed to contractual claims for breach of "fit for purpose" or design obligations and, from time to time, to performance and liquidated damages.

(u) Realisation of contingent liabilities

The Company has set out relevant financial information in section 5 which includes updates regarding its contingent liabilities as at 31 March 2020 (see section 5.6(h)). The

realisation of any of these contingent liabilities may result in significant financial loss to the Company.

(v) Maintenance of margins and operating costs

Cost overruns, unfavourable contract outcomes, serious or continued operational failures, disruption at key facilities, disruptions to communication systems or safety incidents have the potential to have an adverse financial impact on margins.

The Company is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to customers in a timely manner, at full cost, or at all, Decmil's financial performance could be adversely affected.

(w) Tender processes and new contracts

The Company's revenue is dependent on winning new contracts with acceptable terms and conditions. The Company operates in increasingly competitive markets and it is difficult to predict whether and when the Company will be awarded new contracts due to multiple factors influencing how clients evaluate potential service providers, such as accreditations, maintenance and safety standards, experience, reputation, client relationships and financial strength.

Consequently, the Company is subject to the risk of losing new awards to competitors which will adversely impact its business, results of operations and financial condition. The Company's results of operations and cash flows may fluctuate from quarter to quarter depending on the timing and size of new contract awards. The Company is also at risk from materially underestimating the cost of providing services, equipment or plant.

(x) Competition and business development

The industries in which the Company's businesses are involved are highly competitive and are subject to increasing competition which is fast-paced and fast-changing. The Company has a competitive advantage through experience and expertise gained through long-standing and successful relationships with clients in its business sectors.

However, due to the intense competition faced, there is a risk the Company may not be able to compete successfully in the future. While the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of the Company's projects and business.

(y) Dependence on current management

The Company is dependent on the experience of its Directors and its management team. Although the Company has sought, and will continue to ensure, that its current management personnel are appropriately incentivised, their services cannot be guaranteed. The loss of any of the key management personnel's services may have an adverse effect on the performance of the Company pending replacements being identified and retained or appointed by the Company.

(z) Labour costs and availability

The Company's ability to remain productive and competitive and to effect its planned growth initiatives depends on its ability to attract and retain skilled labour.

Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit the Company's ability to hire and retain employees. The Company is exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit the Company's ability to grow its business or lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.

(aa) Compliance with environment requirements

The Company is subject to a broad range of environmental laws, regulations and standards in each of the jurisdictions in which the Company operates. This results in significant compliance costs resulting in an increased cost of doing business. The Company may also be exposed to legal liability (including potential damages claims or fines for noncompliance) or regulatory bodies may place limitations on the development of the Company's operations.

The Company's operations entail risk of environmental damage and the Company could incur liabilities in the future arising from the discharge of pollutants by the Company or its clients into the environment, waste disposal practices, or accidents as well as changes in enforcement policies.

(bb) Changes to law, government policy or accounting standards

Changes in the structure and regulation of the industries in which the Company operates could materially affect the Company and its business. The Company is subject to environmental laws and regulations, occupational health and safety requirements and technical and safety standards, as well as general regulation, including in relation to land use and land access, native title and cultural heritage and technical regulation.

Changes to government policy, law or regulations, or the introduction of new regulatory regimes (for example, in relation to climate change), may lead to an increase in operational costs and may have a materially adverse effect on the Company and its business.

In addition, accounting standards may change which may affect the reported earnings of the Company and its financial position from time to time.

(cc) Performance of sub-contractors

The Company has outsourced, and will be required to outsource, substantial parts of its activities pursuant to services contracts with third party sub-contractors. The Company faces various risks in respect of sub-contractors such as:

- (i) sub-contractors regularly used by the Company may not be available when the Company seeks to engage them;
- (ii) the Company may be required to engage sub-contractors who have not previously worked with the Company;
- (iii) the Company may not be able to engage sub-contractors on terms that are acceptable to the Company or are consistent with past transactions;
- (iv) the performance of sub-contractors may be constrained or hampered by labour disputes, plant, equipment and staff shortages and default;
- (v) sub-contractors may not comply with contractual provisions regarding quality, safety, environmental compliance or timeliness, which may be difficult to control; and
- (vi) in the event that a sub-contractor underperforms or is terminated, the Company may not be able to find a suitable replacement on satisfactory terms within time or at all.

These circumstances could have a material adverse effect on the Company's operations and give rise to claims against the Company.

(dd) Potential merger and acquisition activity

As part of its current business strategy, the Company may make acquisitions or divestments of, or significant investments in, companies, products, technologies or assets. The Company may also be the subject of a takeover bid in the future.

Any such future merger and acquisition activity would be accompanied by the risks commonly encountered in making acquisitions or divestments. Whilst the Company is engaged in some relevant discussions, no proposals have been received as at the date of

this Prospectus that the Company considers would be attractive to, or in the best interests of, Shareholders. The Company remains open to further discussions and will review any proposals that are received. There is no guarantee that any proposals will be received that the Company considers will provide acceptable shareholder value.

(ee) Potential for significant dilution

Upon implementation of the Entitlement Offer, the Company will issue Shares as set out in this Prospectus. This issue of Shares will dilute the interests of existing Shareholders depending on the individual Shareholder's take up of their Entitlement. The Placement will also dilute existing Shareholders unless they have participated in the Placement to the extent required to maintain their current percentage interest in the Company. An indication of the extent of the potential dilution is set out in the table in section 3.5 of this document.

There is also a risk that Shareholders will be further diluted as a result of future capital raisings required in order to fund the Company's activities. It is not possible to predict what the value of the Company's Shares will be following completion of the Offer and the Directors do not make any representation as to such matters. The last trading price of Shares on the ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer.

(ff) Impact of climate change

The Company's project activities could be impacted by natural events such as significant rain events, flooding, fire or prolonged periods of adverse weather conditions including floods, drought, water scarcity or temperature extremes. Such natural events could result in impacts to the Company such as delays to contract performance. This could result in increased costs and / or reduced revenues which could impact the Company's financial performance and position.

Changes in policy, technology innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets particularly in the event of a transition, which may occur in unpredictable ways to a lower carbon economy.

Whilst the Company is able to transfer some of these risks to third parties through insurance, many of the associated risks are not able to be insured or in the Company's opinion the cost of insurance is not warranted by the likelihood of occurrence of the risk event.

(gg) Speculative investment

The above list of risk factors should not be considered as exhaustive of the risks faced by the Company or by investors in the Company. The New Shares (and the Additional New Shares if applicable) carry no guarantee with respect to the payment of dividends, return of capital or market value. Investors should consider that an investment in the Company is speculative and should consult their professional advisors before deciding to invest.

7.3 General risks

The business activities of the Company are subject to various general economic and investment risks that may impact on the future performance of the Company. These risk factors include, but are not limited to, those summarised below.

(a) Economic conditions

General economic conditions in Australia and overseas, including the introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;

- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) terrorism or other hostilities; and
- (vii) pandemics and associated issues.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industrial stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company, particularly as a result of COVID-19.

Investors should be aware that there is a risk that the market price of the Shares may change between the date of this Prospectus and the date when Shares are issued. This means that the price paid per New Share may be either higher or lower than the market price of Shares on the date the New Shares are issued and allotted under the Offer.

(c) Insurance

The Company insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all the risks associated with construction and engineering is not always available and, where available, costs can be prohibitive.

(d) Liquidity and realisation risk

There can be no guarantee that an active market in the Shares will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares, as there may be relative few, if any, potential buyers or sellers of the Shares on ASX at any time. Volatility in the market price for Shares may result

(e) Other general risks

- (i) The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war, epidemic or pandemic or natural disasters. A prolonged deterioration in general economic conditions including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position.
- (ii) The Company's future possible revenues and Share prices may be affected by these factors, which are beyond the control of the Company:
 - (A) Default by a party to any contract to which the Company is, or may become, a party;
 - (B) Insolvency or other managerial failure by any of the sub-contractors used by the Company in its activities;
 - (C) Industrial disputation by the Company's workforce or the workforce of its sub-contractors;

- (D) Acts of war and terrorism or the outbreak or escalation of international hostilities and tensions; or
- (E) Epidemics or pandemics.

8. Investigating Accountant's Report

RSM Corporate Australia Pty Ltd

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2 The Esplanade Perth WA 6000

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www.rsm.com.au

28 May 2020

The Directors
Decmil Group Limited
20 Parkland Road
OSBORNE PARK WA 6017

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report (“Report”) on Decmil Group Limited Historical and Pro Forma Historical Financial Information

Introduction

We have been engaged by Decmil Group Limited (“Decmil” or the “Company”) to report on the historical and pro forma historical financial information of the Company as at 31 March 2020 for inclusion in a prospectus (“Prospectus”) of Decmil to be dated on or about 28 May 2020. The Prospectus is in connection with a 4.2 for 1 accelerated non-renounceable entitlement offer and placement of new shares in the Company to raise up to \$52 million before costs (“Offer”).

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Section 5 of the Prospectus, are not addressed in this Report.

Background

Decmil Group Limited and its subsidiaries provide a range of design, engineering and construction services for the infrastructure, renewable energy and resources sectors throughout Australia. The Company was established in 1978 and has been listed on the ASX since 2005.

In December 2019, the Company announced that it was in dispute in connection with construction of the Sunraysia Solar Project, relating to unpaid progress payments. In February 2020, the Company announced the termination of a contract with the New Zealand Department of Corrections and subsequently, in April 2020, announced the closure of its New Zealand business unit.

The Company is now seeking to raise additional capital through an accelerated non-renounceable entitlement offer and placement, in order to strengthen its balance sheet, having also negotiated a standstill agreement with its bankers and surety bond providers.

THE POWER OF BEING UNDERSTOOD **AUDIT | TAX | CONSULTING**

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

Scope

Historical financial information

You have requested RSM Corporate Australia Pty Ltd (“RSM”) to review the historical financial information of the Company included in Section 5 of the Prospectus, and comprising the consolidated statement of financial position of the Company as at 31 March 2020 (the “Historical Financial Information”).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of Australian Accounting Standards and the Company’s adopted accounting policies.

The Historical Financial Information has been extracted from the condensed financial report of the Company as at 31 March 2020, which was reviewed by RSM Australia Partners in accordance with the Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*, issued by the Australian Auditing and Assurance Standards Board, and the *Corporations Act 2001*. The review report issued by RSM Australia Partners for the condensed financial report of the Company as at 31 March 2020 included an unmodified review opinion. However, the review report included an emphasis of matter paragraph drawing attention to the matters set out in the “Going Concern Basis of Preparation” note, which referred to the dependence of the Company on the continued support of its banker and on being able to obtain additional sources of debt and equity funding, indicating a material uncertainty that may cast doubt on the ability of the consolidated entity to continue as a going concern.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma historical financial information

You have requested RSM to review the pro forma consolidated historical statement of financial position as at 31 March 2020 (the “Pro Forma Historical Financial Information”).

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the pro forma adjustments described in Section 5 of the Prospectus. The stated basis of preparation is the recognition and measurement principles of Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 5 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position.

Directors’ responsibility

The Directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation to the Historical Financial Information and the Pro Forma Historical Financial Information;
- A review of the Company's and its auditor's work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of pro forma adjustments described in Section 5 of the Prospectus; and
- Performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Historical Financial Information or the Pro Forma Historical Financial Information.

Our limited assurance engagement has been carried out in accordance with regulatory requirements and guidelines applicable in Australia, and has therefore not been carried out in accordance with auditing or other standards which may be applicable in other jurisdictions.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as set out in the Section 5 of the Prospectus, and comprising the consolidated statement of financial position of the Company as at 31 March 2020, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 5 of the Prospectus, and comprising the pro forma consolidated statement of financial position of the Company as at 31 March 2020, is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Section 5 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the Historical Financial Information and the Pro Forma Historical Financial Information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim responsibility for any reliance on this Report for any purpose other than that for which it was prepared.

Consent

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other statements or material in, or omissions from, the Prospectus.

Disclosure of Interest

RSM does not have any pecuniary interest in the outcome of the proposed capital raising that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM Australia Partners, a partnership associated with RSM Corporate Australia Pty Ltd, is the auditor of the Company and it and other RSM entities provide certain other professional services to the Company, for which normal professional fees are received.

RSM will receive a professional fee from the Company for the preparation of this Report, based upon the time spent by its directors and employees.

Yours faithfully

A handwritten signature in black ink, appearing to read "Justin Audcent", with a long horizontal stroke extending to the right.

JUSTIN AUDCENT
Director

9. Additional information

9.1 Nature of this Prospectus

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. Section 713 allows the issue of a more concise prospectus for offers of securities in a class which have been continuously quoted by ASX for the three months prior to the date of the prospectus.

Shares in the Company have been continuously quoted by ASX for the three months prior to the date of this Prospectus.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information that investors and their professional advisers would reasonably require to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the New Shares.

This Prospectus contains this information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all the information that would be included in a prospectus for an initial public offering of shares.

The Company, since listing, has provided ASX with a substantial amount of information regarding its activities which is publicly available on the Company's website at <https://decmil.com/>. Shareholders and other investors should read this Prospectus in conjunction with that publicly available information before making an investment decision.

No party other than the Company has authorised or caused the issue of the information in this Prospectus, or takes any responsibility for, or makes any statements, representations or undertakings in, this Prospectus.

9.2 Reporting and disclosure obligations

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by it. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report.

9.3 ASX Class Waivers

On 31 March 2020, ASX announced the temporary capital raising relief (in the form of class waivers) which:

- (a) lifts the 15% limit on the number of New Shares the Company can issue without obtaining the prior approval of its Shareholders pursuant to Listing Rule 7.1 to 25% (the class waiver also permits the Company to include in its calculation for the purposes of Listing Rule 7.1 the number of Shares that may be issued under the underwritten component of the Entitlement Offer) (the **Placement Capacity Waiver**); and
- (b) permits the Company to conduct a non-renounceable entitlement offer at a ratio of greater than one new share for every existing share (**Non-Renounceable Offer Waiver**).

As required by the ASX Class Waivers, the Company has notified ASX in writing of its intention to rely on the Non-Renounceable Offer Waiver and has provided ASX of the details of the Offer.

9.4 Availability of other documents

ASX maintains records of company announcements for all companies listed on ASX. The Company's announcements may be viewed on the ASX website (www.asx.com.au). ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at any office of ASIC. The Company will provide a copy of any of the following documents, free of charge, to any person who requests a copy during the Entitlement Offer period:

- (a) the Annual Report lodged with ASIC and given to ASX by the Company for the year ended 30 June 2019 (being the Company's most recent annual financial report lodged with ASIC before the date of this Prospectus);
- (b) the Company's audited financial statements for the year ended 30 June 2019;
- (c) the Company's half-year results for the period ending 31 December 2019; and
- (d) any continuous disclosure notice given by the Company to ASX (being any document used to notify ASX of information relating to the Company under the continuous disclosure provisions of the ASX Listing Rules and the Corporations Act) after the date of lodgement with ASIC and giving to ASX of the Annual Report referred to above and before lodgement with ASIC of this Prospectus. Details of these notices are as follows:

Date	Title of announcement
25/05/2020	Suspension from Official Quotation
19/05/2020	Appointment of CEO and Homeground Update
19/05/2020	Trading Halt
18/05/2020	Ceasing to be a substantial holder from CBA
14/05/2020	Becoming a substantial holder from CBA
14/05/2020	Decmil Update on Bank Facilities
04/05/2020	Response to Media Article
30/04/2020	Two New Contracts Valued at \$36M
16/04/2020	Decmil NZ Business Unit to Close
01/04/2020	Ceasing to be a substantial holder
31/03/2020	Change in substantial holding from TOP
31/03/2020	Change in substantial holding - Thorney International PL
27/03/2020	Reinstatement to Official Quotation
27/03/2020	Half Year Results Presentation
27/03/2020	Half Year Results Announcement
27/03/2020	Half Year Accounts
27/03/2020	Appendix 4D
12/03/2020	Decmil Update
12/03/2020	Request for Extension to Voluntary Suspension
28/02/2020	Board and Executive Changes
27/02/2020	Suspension from Official Quotation

Date	Title of announcement
25/02/2020	Market Update - Rapid Deployment Prison Project New Zealand
25/02/2020	Trading Halt
25/02/2020	Pause in Trading
14/01/2020	Ceasing to be a substantial holder from CBA
06/01/2020	Change in substantial holding from MUFG
02/01/2020	Change in substantial holding
31/12/2019	Change in substantial holding
31/12/2019	Change in substantial holding from CBA
30/12/2019	Change in substantial holding from CBA
27/12/2019	Ceasing to be a substantial holder
24/12/2019	Change in substantial holding from Thorney International PL
24/12/2019	Change in substantial holding from TOP
23/12/2019	Change of Director's Interest Notice
23/12/2019	Change of Director's Interest Notice
23/12/2019	Market Update
12/12/2019	Sunraysia Solar Farm Update
05/12/2019	Change in substantial holding
08/11/2019	Decmil Awarded \$41M of New Contracts
06/11/2019	Change of Director's Interest Notice
06/11/2019	Appendix 3B
06/11/2019	Results of Meeting
06/11/2019	Chairman and MD's Address and Presentation
02/10/2019	Mordialloc Freeway Contract Award
01/10/2019	Notice of Annual General Meeting/Proxy Form
19/09/2019	Appendix 3B
09/09/2019	Change of Director's Interest Notice
09/09/2019	Appendix 3B
29/08/2019	Dividend/Distribution - DCG
29/08/2019	Preliminary Final Report
29/08/2019	FY19 Full Year Results Presentation
29/08/2019	FY19 Financial Results
29/08/2019	Appendix 4G and Corporate Governance Statement
29/08/2019	2019 Annual Report

All requests for copies of the above documents should be addressed to:

Company Secretary
Decmil Group Limited
20 Parkland Road
Osborne Park WA 6017

Certain documents are also available on the Company's website (<https://decmil.com/>).

9.5 Market price of Shares

The highest and lowest closing sale price of Shares on the ASX during the three months immediately preceding the date of this Prospectus, and the last sale price on the last Trading Day of Shares on ASX before this Prospectus was lodged with ASIC, are set out below:

Highest: \$0.41

Lowest: \$0.11

Last price*: \$0.20

*Closing price of Shares on the Trading Day immediately prior to the Company entering trading halt on 19 May 2020.

9.6 Eligible Shareholders

Eligible Retail Shareholders are those holders of Shares who:

- (a) are registered as a holder of Shares as at the Record Date;
- (b) have an address on the Company's share registered in Australia, New Zealand, Norway, Hong Kong, Singapore or the United Kingdom (and continue to be a registered holder of Shares as at the Record Date);
- (c) are not in the United States and are not a person in the United States or acting for the account or benefit of US Persons, to that extent; and
- (d) are not an Eligible Institutional Shareholder.

Retail Shareholders who do not satisfy each of these criteria are **Ineligible Retail Shareholders**. Ineligible Retail Shareholders will be sent a letter in the form lodged with ASX on or about Friday, 05 June 2020.

Eligible Institutional Shareholders are those holders of Shares who are registered as a holder of Shares as at the Record Date and are a person:

- (a) if in Australia, who is an "exempt investor" as defined in ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84; and
- (b) in any other case, to whom offers for issue of New Shares may lawfully be made under the applicable laws of New Zealand, Norway, Hong Kong, Singapore or the United Kingdom without any other lodgement, registration or approval with or by a Government Agency (other than one with which the Company is willing to comply), provided that such a person is not in the United States,

and who the Lead Manager determines may receive an offer on behalf of the Company under the Institutional Entitlement Offer.

Institutional Shareholders who do not satisfy each of these criteria are **Ineligible Institutional Shareholders**.

Decmil, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and is therefore able to participate in the Entitlement Offer, or an Ineligible Shareholder and is therefore unable to participate in the Entitlement Offer. Decmil disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

The Retail Entitlement Offer is not being extended to any Shareholders outside Australia, New Zealand, Norway, Hong Kong, Singapore or the United Kingdom. By returning a completed Entitlement and Acceptance Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States.

Decmil may (in its absolute discretion) extend the Retail Entitlement Offer to any Eligible Institutional Shareholder that was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

9.7 Ineligible Shareholders

Decmil has decided that it is unreasonable to make offers under the Retail Entitlement Offer to retail investors who are holders of Shares and who are in the United States or who may not receive the Offer on the basis set out in section 9.18, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places.

As the Entitlement Offer is non-renounceable, the right to subscribe for New Shares that would otherwise have been offered to Ineligible Retail Shareholders may be sold in the Shortfall Offer at the Offer Price. As a result, Ineligible Retail Shareholders will not receive any value for entitlements in respect of any Shares that would have been offered to them if they had been eligible to participate in the Retail Entitlement Offer.

9.8 Additional New Shares and Shortfall Offer

Eligible Retail Shareholders (other than Directors and any other related parties of the Company) may apply for Additional New Shares, at the Offer Price, in excess of their Entitlement from any Shortfall that becomes available, by completing the relevant section of their Entitlement and Acceptance Form. Payment for any New Shares which is in excess of your Entitlement must be made in the same manner as described in section 2.12 of the Prospectus.

Any New Shares which are in excess of an Eligible Retail Shareholder's Entitlement will be limited to the extent that there are New Shares that have not been taken up by Eligible Retail Shareholders pursuant to their Entitlements or would otherwise have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Entitlement Offer.

The right to receive New Shares which are in excess of an Eligible Retail Shareholder's Entitlement will be determined by the Company in its sole discretion. Eligible Retail Shareholders who subscribe for New Shares which are in excess of their Entitlement may not be issued any or all of those excess New Shares applied for.

It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Eligible Retail Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all or any of the Eligible Retail Shareholders who have applied for them.

It is an express term of the Retail Entitlement Offer that Applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for if so allocated. If a lesser number of Additional New Shares is allocated to them than applied for, excess Application Monies will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Shares in their absolute and sole discretion. When determining the amount (if any) by which to scale back an application, the Company may take into account a number of factors, including the size of the applicant's shareholding in the Company, the extent to which the applicant has sold or bought Shares in the Company before and after both the announcement of the Entitlement Offer and the Record Date, as well as when the application was made. The Company reserves the right to apply a cap on the number of Additional New Shares that Eligible Retail Shareholders may apply for, relative to their Entitlement.

The Company shall allot and issue any New Shares under the Shortfall Offer in accordance with the allocation policy set out below. The allocation will also be done in a manner which will ensure that no Shareholder or other investor will, as a consequence of being issued any New Shares

under the Shortfall Offer, hold a relevant interest of more than 19.99% of all of the Shares in the Company after the Placement and Entitlement Offer.

Allocation and allotment of any New Shares under the Shortfall Offer applied for will be made in accordance with the following policy:

- (a) The Company will allocate New Shares to Eligible Retail Shareholders that have applied to take up their Entitlements and in addition have indicated that they wish to take up Additional New Shares under the Shortfall Offer, subject to scale back in the Company's absolute and sole discretion;
- (b) Once the Company has exhausted the allotment and allocation of Additional New Shares to Eligible Retail Shareholders under the Shortfall Offer, the Company will call on the sub-underwriters to take up New Shares that have not already been taken up under the Retail Entitlement Offer or the Shortfall Offer (noting that the sub-underwriters have only underwritten the Retail Entitlement Offer up to a maximum amount of \$9.5 million – see section 9.23 for more details). New Shares taken up by the sub-underwriters will be issued at approximately the same time as all other New Shares are issued under the Retail Entitlement Offer;
- (c) No related party (except the Directors in their capacity as sub-underwriters of the Retail Entitlement Offer), or Eligible Retail Shareholder associated with the Directors, will participate in the Shortfall Offer;
- (d) To the extent there remains a Shortfall after completing the allocation process outlined above, the Directors reserve the right at their discretion to invite investors to apply for those Shortfall Shares within three months after the Closing Date of the Retail Entitlement Offer; and
- (e) The Company will not allocate or issue New Shares under the Shortfall Offer where it is aware that to do so would result in a breach of the Corporations Act, the ASX Listing Rules or any other relevant regulation or law. Eligible Retail Shareholders wishing to apply for Additional New Shares under the Shortfall Offer must consider whether or not the issue of the Additional New Shares applied for would breach the Corporations Act or the ASX Listing Rules having regard to their own circumstances.

9.9 Reconciliation, Reconciliation Shares and the rights of Decmil and the arranger of the underwriting

The Entitlement Offer is a complex process and in some instances investors may believe they own more Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than are initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Decmil may need to issue additional New Shares (**Reconciliation Shares**) to ensure that the relevant investors receive their appropriate allocation of New Shares.

Decmil also reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders or other applicable investors, if Decmil believes, in its complete discretion, that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, the arranger of the underwriting may, in its discretion, place the excess New Shares to Shareholders up to such number of Shares as is permitted by the ASX Listing Rules and the Constitution at the Offer Price per New Share. If necessary, the relevant shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Entitlement Offer, each Applicant irrevocably acknowledges and agrees to the conditions described above, as required by Decmil in its absolute discretion. Applicants applying acknowledge that there is no time limit on the ability of Decmil or the arranger of the underwriting to require any of the actions set out above. Decmil reserves the right to determine whether a retail Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

9.10 Warranties made on acceptance of the Retail Entitlement Offer

By your personalised Entitlement and Acceptance Form being completed and returned or a payment by BPAY® being made in respect of your Entitlement, you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting:

- (a) acknowledge that you have fully read and understood both this Prospectus and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form;
- (b) agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Prospectus and the Constitution;
- (c) authorise Decmil to register you as the holder(s) of New Shares (and any Additional New Shares) issued to you;
- (d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (f) acknowledge that once Decmil receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (g) agree to apply for and be issued with up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which payment of any Application Monies have been submitted via BPAY®, including, in each case, any Additional New Shares, at the Offer Price per share;
- (h) authorise Decmil, the arranger of the underwriting, the Share Registry and any of their respective officers or agents to do anything on your behalf necessary for New Shares (and any Additional New Shares) to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledge that the information contained in this Prospectus and your Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. You acknowledge that this Prospectus and your Entitlement and Acceptance Form is not a recommendation that New Shares (including Additional New Shares) are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledge that you have read and understood section 7 'Risk Factors' of this Prospectus and you further acknowledge and understand that an investment in Decmil is subject to a high degree of risk;
- (l) acknowledge that none of Decmil, the arranger of the underwriting, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Decmil, nor do they guarantee the repayment of any capital invested;
- (m) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- (n) authorise Decmil to correct any errors in your Entitlement and Acceptance Form or other form provided by you;

- (o) represent and warrant (for the benefit of Decmil, the arranger of the underwriting and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, and that you are not an Eligible Institutional Shareholder under the Institutional Entitlement Offer;
- (p) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares (or Additional New Shares); and
- (q) represent and warrant that your acceptance of the Retail Entitlement Offer does not breach any laws in a jurisdiction outside Australia or New Zealand.

By your personalised Entitlement and Acceptance Form being completed and returned or a payment by BPAY® being made in respect of your Entitlement, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Retail Shareholder (as defined in the 'Additional information' section) or otherwise eligible to participate in the Retail Entitlement Offer and:

- (a) you and each person on whose account you are acting are not in the United States and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements, New Shares or Additional New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- (b) the Entitlements, New Shares and Additional New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand other than as described in section 9.18 and, accordingly, the Entitlements may not be taken up, and the New Shares or Additional New Shares may not be offered, sold or otherwise transferred, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (c) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States;
- (d) if in the future you decide to sell or otherwise transfer the New Shares or Additional New Shares, you will only do so in regular way transactions on the ASX where neither you nor any person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- (e) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this Prospectus, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

9.11 Consents

Each of the parties named below:

- (a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- (b) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus, other than the reference to its name in the form and context in which it appears and any statement included in this Prospectus with its consent, as specified in the table below.

Role	Consenting party	Consent
Lead Manager and arranger of the underwriting	Hartleys Limited	Consent to be named
Australian legal adviser	MinterEllison	Consent to be named
Investigating Accountant	RSM Corporate Australia Pty Ltd	Consent to be named and inclusion of Investigating Accountant's Report in section 8
Auditor	RSM Australia Partners	Consent to be named
Share Registry	Computershare Investor Services Pty Limited	Consent to be named

9.12 Interests of Directors

(a) *Interests in the Company and the Offer*

Other than as set out below or elsewhere in this Prospectus:

- (a) no Director or proposed Director has, or has had in the two years before lodgement of this Prospectus, an interest in:
 - (i) the formation or promotion of the Company;
 - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
 - (iii) the Offer itself; and
- (b) no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director either to induce them to become, or to qualify them as, a Director, or otherwise for services rendered by them in connection with:
 - (i) the promotion or formation of the Company; or
 - (ii) the Offer (or either of its components).

(b) *Directors' securities holdings*

As at the date of this Prospectus, the Directors have the following interests in issued securities of the Company, either directly or indirectly. Each of the Directors has indicated that they will participate in the Entitlement Offer to the extent set out in the table.

Director	Interest in Shares	Interest in Performance Rights	Intended participation in Offer
David Saxelby	147,500	-	100% of Entitlement
Bill Healy	625,190	-	25% of Entitlement
Dickie Dique	271,221	108,789	100% of Entitlement
Scott Criddle	5,552,104	4,440,675	25% of Entitlement

(c) Directors' remuneration

As at the date of this Prospectus, the Directors are paid the following remuneration:

Director	Remuneration
David Saxelby	\$116,640 (directors fees, not including consulting fees)
Bill Healy	\$80,190 (directors fees incl super)
Dickie Dique	\$550,000 (salary incl super)
Scott Criddle	\$450,000 (salary incl super)

9.13 Interests of advisers and costs of the Entitlement Offer

Other than as set out below or elsewhere in this Prospectus, no adviser involved in the preparation of this Prospectus (nor any firm in which any adviser is a partner), has held at any time in the past two years any interests in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer (or any component of it) itself.

In addition, other than as set out below, no amounts (whether in cash, Shares or otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any adviser (or any firm in which the adviser is a partner) for services rendered by the adviser, or the adviser's firm in connection with the promotion or formation of the Company or in connection with the Offer (or any component of it):

- (a) Hartleys has acted as Lead Manager and arranger of the underwriting for the Entitlement Offer as described in section 9.22. In relation to these services, the Company has agreed to pay Hartleys fees of between \$2.0 million (Minimum Subscription Amount) and \$2.6 million (Maximum Subscription Amount) (plus GST);
- (b) MinterEllison has acted as Australian legal advisers to the Company in relation to this Prospectus and the Offer. The Company has paid or agreed to pay \$330,000 (plus GST and disbursements) for these services to the date of this Prospectus. Further amounts may be paid to MinterEllison in accordance with their usual time based charge out rates;
- (c) RSM Corporate Australia Pty Ltd has acted as Investigating Accountant and prepared the report set out in section 8 of this Prospectus. The Company has paid or agreed to pay \$30,000 (plus GST) for these services to the date of this Prospectus; and
- (d) RSM Australia Partners is the Company's auditor and was engaged to undertake a review of the Company's statement of financial position as at 31 March 2020 in accordance with Auditing Standards applicable to review engagements. The Company has paid or agreed to pay \$45,000 (plus GST) for these services.

9.14 No withdrawal or cooling-off rights

You cannot withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in the New Shares.

Decmil reserves the right to withdraw the Offer at any time before the issue of New Shares, in which case Decmil will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

9.15 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

9.16 No Entitlements trading

Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.

9.17 Not investment advice or financial product advice

The information in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. Decmil is not licensed to (and does not) provide financial product advice in respect of the New Shares.

The information in this Prospectus does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in the light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of the New Shares the subject of the Offer. If, after reading this Prospectus, you have any questions about the Offer, you should contact your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser.

9.18 Foreign jurisdictions

The information in this Prospectus has been prepared to comply with the applicable requirements of the securities laws of Australia, New Zealand, Norway, Hong Kong, Singapore and the United Kingdom.

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. The distribution of this Prospectus (including an electronic copy) may be restricted by law and you should observe such restrictions and should seek your own advice on such restrictions. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold in the institutional offer, in any country outside Australia except to the extent permitted below. Any non-compliance with these restrictions may contravene applicable securities laws.

No action has been taken to register or qualify the Offer, the Entitlements or the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia, New Zealand, Norway, Hong Kong, Singapore and the United Kingdom. Return of your Application Form or your BPAY® payment will be taken by Decmil to constitute a representation by you that there has been no breach of any laws of a jurisdiction outside Australia, New Zealand, Norway, Hong Kong, Singapore or the United Kingdom.

Decmil may (in its absolute discretion) extend the Entitlement Offer to any Shareholder in other foreign jurisdictions (subject to compliance with applicable laws).

(a) Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(b) New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

(c) Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

(d) Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to

acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(e) United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together relevant persons). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

This Prospectus, the investor presentation, any accompanying ASX announcements relating to the Entitlement Offer and the Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds ordinary shares in the Company and is acting for the account or benefit of a person in the United States).

The New Shares and the Entitlements have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares and the Entitlements may not be offered, sold, resold or otherwise transferred, directly or indirectly, in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds ordinary shares in the Company and is acting for the account or benefit of a person in the United States).

9.19 Foreign offer nominee

The Company has appointed Hartleys as the Company's nominee for foreign Ineligible Shareholders for the purposes of section 615 of the Corporations Act (**Foreign Holder Nominee**).

Pursuant to the agreement with the Foreign Holder Nominee, the Company will transfer to the Foreign Holder Nominee the rights that would otherwise be issued to foreign Ineligible Shareholders and the Foreign Holder Nominee will then sell those rights and provide the proceeds of those sales (net of expenses) to the Company. The Company will then distribute to each of those foreign Ineligible Shareholders their proportion of the proceeds of the sale net expenses.

9.20 Governing law

The information in this Prospectus, the Offer, and dealings in the Entitlements and the contracts formed on acceptance of the Offer pursuant to the Application Forms are governed by the law

applicable in Western Australia. Each investor who applies for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

9.21 Taxation – Retail Entitlement Offer

The following is a summary of the Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are resident in Australia for tax purposes and who hold their Shares on capital account for the purposes of investment.

The Australian taxation system is complex and the taxation consequences for each Eligible Retail Shareholder may differ depending upon their particular circumstances and the views of the ATO. This summary is intended as a general guide only, it does not constitute taxation advice and should not be relied upon as such, and is not a complete statement of all the potential tax implications for any Eligible Retail Shareholder. All Eligible Retail Shareholders should seek professional taxation advice as to the taxation implications of the Retail Entitlement Offer appropriate to their individual circumstances.

This summary reflects the provisions of the Australian tax laws and the regulations made under those tax laws, taking into account rulings and determinations published by the ATO applicable as at the date of this Prospectus. The summary does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account the tax legislation of countries other than Australia.

The summary is not exhaustive of all the Australian taxation considerations that may apply to an Eligible Retail Shareholder and, in particular, does not apply to Eligible Retail Shareholders who:

- (a) hold their Shares (or will hold their Entitlement) as revenue assets (i.e. they are engaged in a business of share trading, banking or investment) or as trading stock or otherwise;
- (b) have acquired their Shares for the purposes of resale at a profit;
- (c) acquired their Shares under an arrangement which qualifies as an employee share scheme or option plan for Australian tax purposes;
- (d) are subject to special tax rules such as a bank, insurance company, tax exempt organisation or superannuation fund; or
- (e) are non-resident Shareholders that hold their Shares as an asset of a permanent establishment in Australia.

(a) Issue of Entitlements

Assuming that the Eligible Retail Shareholder continues to hold their Shares until the issue of the Entitlements, the issue of the Entitlements should not, of itself, result in any amount being included in your assessable income on the basis that the Entitlements satisfy the requirements in section 59-40 of the *Income Tax Assessment Act 1997* (Cth) and will therefore be treated as non-assessable and non-exempt income of the Eligible Shareholder.

(b) Exercise of Retail Entitlements

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares and may acquire Additional New Shares. For capital gains tax purposes, each New Share or Additional New Share will:

- (i) have a cost base (and reduced cost base) that is equal to the Offer Price plus any non-deductible incidental costs incurred in acquiring the New Share or Additional New Share; and
- (ii) be taken to be acquired on the day that the Entitlement in respect of the New Share is exercised or, in the case of an Additional New Share, the date on which the Company accepted the application for Additional New Shares.

No income tax or capital gains tax liability will arise on the exercise of the Entitlements by Eligible Retail Shareholders.

(c) *Lapse of Entitlements*

On the basis that no proceeds will be received by Eligible Retail Shareholders who allow their Entitlements to lapse, no income tax consequences should arise for those Eligible Retail Shareholders.

(d) *Dividends on New Shares or Additional New Shares*

Any future dividends or other distributions made in respect of New Shares or Additional New Shares will be subject to the same income taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

For Eligible Retail Shareholders to be eligible for a tax offset in relation to any franking credits attached to a dividend paid by the Company on the New Shares or Additional New Shares, they will need to hold the New Shares or Additional New Shares at risk for at least 45 days, not counting the day of acquisition or disposal (referred to as the 'holding period rule'). The holding period rule generally only needs to be satisfied once for the New Shares and Additional New Shares and will apply in respect of the New Shares and Additional New Shares beginning on the day after the day on which the Eligible Retail Shareholder acquires the New Shares or Additional New Shares. This rule does not apply if the Eligible Retail Shareholder is an individual whose total franking credit entitlement for the year of income of the individual in which the dividend is received does not exceed \$5,000.

(e) *Disposal of New Shares or Additional New Shares*

On disposal of a New Share or an Additional New Share, you will make a capital gain if the capital proceeds net of transaction fees on disposal exceed the total cost base of the New Share or Additional New Share (as applicable). You will make a capital loss if the capital proceeds net of transaction fees are less than the total reduced cost base of the New Share or Additional New Share (as applicable). The cost base (and reduced cost base) of New Shares or Additional New Shares is generally described above.

Individuals, complying superannuation entities or trustees that have held New Shares or Additional New Shares (as the case may be) for at least 12 months (not including the dates of acquisition and disposal of such shares) should be entitled to discount the amount of a capital gain resulting from the sale of the New Shares (after the application of any current year or carry forward capital losses). The CGT discount applicable is one-half for individuals and trustees and one-third for complying superannuation entities. The CGT discount is not available for companies that are not trustees.

If a capital loss arises on disposal of the New Shares or Additional New Shares, the capital loss can only be used to offset capital gains; i.e. the capital loss cannot be used to offset ordinary income. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, providing certain tests are satisfied.

(f) *Taxation of Financial Arrangements (TOFA)*

The TOFA rules operate to make assessable or deductible, gains or losses arising from certain 'financial arrangements'. Importantly, the CGT discount is not available for any gain that is subject to the TOFA rules.

An entitlement or right to receive a share is a 'financial arrangement'. However, depending on the circumstances of the particular Eligible Retail Shareholder, the TOFA rules may not apply. Further, certain taxpayers (including many individuals) may be excluded from the application of the TOFA rules unless they have made a valid election for it to apply. As the application of the TOFA rules is dependent on the particular facts and circumstances of the Eligible Retail Shareholder, each Eligible Retail Shareholder should obtain their own advice regarding the potential application of the TOFA rules to their particular facts and circumstances.

(g) Other Australian taxes

Eligible Retail Shareholders should not be liable for any GST or stamp duty in respect of the issue or exercise of the Entitlements, or the acquisition of the New Shares or the Additional New Shares.

9.22 Offer Management Agreement

On 28 May 2020, Decmil entered into an Offer Management Agreement with the arranger of the underwriting, Hartleys, under which Hartleys has agreed to manage the Offer and arrange the underwriting of the Entitlement Offer (**Offer Management Agreement**). As at the date of this Prospectus, Hartleys has arranged for:

- (a) the Institutional Entitlement Offer to be underwritten up to \$25.1 million; and
- (b) the Retail Entitlement Offer to be underwritten up to \$11.3 million.

Hartleys will seek to arrange further underwriting prior to the close of the Institutional Entitlement Offer.

If for any reason the Institutional Entitlement Offer is not fully underwritten before the Institutional Entitlement Offer closes, Hartleys may seek to arrange for underwriters of the Retail Entitlement Offer to underwrite the balance of the institutional shortfall, subject to further agreement with the Company.

The underwriting by the syndicate of underwriters arranged by Hartleys is conditional upon certain conditions customarily found in underwriting agreements for issuers in the Company's circumstances.

The following is a summary of the principal provisions of the Offer Management Agreement:

(a) Fees, Costs and Expenses

Hartleys will receive the following fees under the Offer Management Agreement:

- (i) in respect of the Entitlement Offer, a fee equal to 5% of the Entitlement Offer Proceeds; and
- (ii) in respect of the Placement, a fee equal to 5% of the Placement Proceeds.

The Company must also pay certain other costs and expenses the arranger of the underwriting reasonably incurs in connection with the Institutional Entitlement Offer and the Retail Entitlement Offer, including legal fees and other out-of-pocket expenses.

(b) Indemnities

The Company has given customary and usual representations and warranties to the Hartleys regarding matters including corporate authority, performance of the obligations imposed on the Company and that the agreement is binding upon the Company.

The Company also gives representations and warranties to Hartleys relating to this Prospectus not containing any information which is misleading or deceptive and in respect of financial reporting, authorisations held by the Company, due diligence materials, compliance with continuous disclosure, litigation and other matters relevant for the Offer.

(c) Termination events

Hartleys may terminate its obligations under the Offer Management Agreement if any of the following events, some of which are qualified, occur before Completion:

- (a) **(index fall)** the ASX/S&P 200 Index falls to a level that is 90 per cent or less of its level as at market close on the Business Day immediately prior to the date of this document;
- (b) **(Minimum Subscription Condition)** the Minimum Subscription Condition is not satisfied on the Institutional Settlement Date;
- (c) **(Standstill Agreements)** any Standstill Agreement is breached, terminated (or become terminable), rescinded, revoked, varied, superseded, avoided, altered, amended or replaced in any way;

- (d) **(Debt Facility)** except to the extent permitted by the terms of any Standstill Agreement, a Debt Facility is breached by any Group Member that is party to the relevant agreement or it is terminated (or becomes terminable), revoked, rescinded, avoided, altered, amended (including by way of any standstill arrangements), varied, superseded or replaced in any way, the lender under a debt facility seeks to enforce any security granted in connection with, or accelerate or otherwise require repayment of any amounts under, a debt facility or an event of default or potential event of default (however defined) occurs under a debt facility, in each case without the prior written consent of the arranger of the underwriting (in the arranger of the underwriting's absolute discretion) or the lender under a debt facility gives notice of an intention to seek or takes steps to enforce any security granted in connection with the debt facility;
- (e) **(loss of prequalification)** any Group Member loses any recognised accreditation or prequalification that is necessary or desirable to the conduct of its business in the ordinary course, or otherwise has any such recognised accreditation or prequalification downgraded, including those prequalifications held by a Group Member as at the date of this document under the National Prequalification System for Civil (Road and Bridge) Construction Contracts for Civil (Road and Bridge) Construction Contracts;
- (f) **(withdrawal)** the Placement or the Entitlement Offer is withdrawn by the Company, or the Placement or the Entitlement Offer fails to proceed, without the prior written consent of the arranger of the underwriting;
- (g) **(Prospectus)** the Company does not lodge the Prospectus on the Lodgement Date or the Placement or the Entitlement Offer is withdrawn by the Company without the prior written consent of the arranger of the underwriting;
- (h) **(breach of material contracts)** any of the contracts described in the Prospectus in section C (other than the Offer Management Agreement) is breached, not complied with according to its terms, terminated or substantially modified other than as disclosed in the Prospectus;
- (i) **(board and senior management composition)** there is a change in the composition of the board or a change in the senior management of the Company before Completion without the prior written consent of the arranger of the underwriting (which consent is not to be unreasonably withheld) except as announced to ASX or fully and fairly disclosed in writing to the arranger of the underwriting prior to the date of this document;
- (j) **(change in shareholdings)** other than as a result of the Placement or the Entitlement Offer there is a change in the major or controlling shareholdings of a Group Member or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Group Member;
- (k) **(market conditions)** a suspension or limitation in trading generally on ASX occurs or any adverse change or disruption occurs in financial markets, commercial banking activities or political or economic conditions of Australia, New Zealand, Hong Kong, Japan, Singapore, the People's Republic of China, any member of the European Union, the United Kingdom, the United States of America or any other international financial market;
- (l) **(Offer Materials)** a statement contained in the Offer materials is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive or the Offer materials omit any information they are required to contain (having regard to sections 711, 713 and 716 of the Corporations Act and any other applicable requirements);
- (m) **(forward-looking statements)** there are no reasonable grounds in accordance with section 728(2) of the Corporations Act for the making of any statement in the Offer materials relating to future matters;
- (n) **(listing)** ASX announces or informs the Company (including verbally) that the Company will be removed from the Official List or that Shares will be delisted or suspended from quotation by ASX for any reason, provided that, for the avoidance of doubt, this does not include any Trading Halt that has been obtained by the Company with the arranger of the underwriting's prior written consent;

- (o) **(notification)** any of the following notifications are made:
- (i) an application is made by ASIC or another person for an order under Part 9.5 of the Corporations Act, or to any other Government Agency, in relation to the Offer Materials, the Placement or the Entitlement Offer;
 - (ii) ASIC or any other Government Agency or any other party makes an application to commence or commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Placement, the Entitlement Offer or any of the Offer Materials or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Company; or
 - (iii) prosecutes or gives notice of an intention to prosecute, or commences proceedings or gives notice of an intention to commence proceedings against the Company, any of its officers, employees or agents in relation to the Placement or Entitlement Offer or any of the Offer Materials,
- and in any such case:
- (iv) where the Government Agency is the Takeovers Panel, the application is not withdrawn or the Takeovers Panel has not declined to conduct proceedings or declined to make a declaration of unacceptable circumstances by the Retail Issue Date, or if the Takeovers Panel has made a declaration of unacceptable circumstances before the Retail Issue Date, the declaration would, in the arranger of the underwriting's opinion (in its absolute discretion), have an adverse effect on the success of the Capital Raising or settlement of the Placement or Entitlement Offer; or
 - (v) where the Government Agency is not the Takeovers Panel, such application, notice or proceeding becomes public or is not withdrawn within two Business Days after it is made or by the Retail Issue Date;
- (p) **(Takeovers Panel)** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company which relate to the Institutional Entitlement Offer and the Retail Entitlement Offer are unacceptable circumstances under Part 6.10 of the Corporations Act;
- (q) **(section 713 determination)** ASIC makes a determination under section 713(6) of the Corporations Act in relation to the Company;
- (r) **(Authorisation)** any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked, or terminated or expires, or is modified or amended in a manner unacceptable to the arranger of the underwriting;
- (s) **(quotation)** ASX announces or informs the Company (including verbally) that unconditional approval (or approval subject to customary listing conditions) by the ASX for Official Quotation of the Placement Shares or the Entitlement Offer Shares will be refused, or not granted by the Retail Issue Date or, if granted, such approval is withdrawn on or before the Retail Issue Date;
- (t) **(unable to issue Entitlement Offer Shares)** the Company is prevented from allotting and issuing the Placement Shares or the Entitlement Offer Shares in accordance with this document and the Timetable;
- (u) **(hostilities)** there is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs (whether or not war has been declared) involving any one or more of Australia, New Zealand, Hong Kong, Singapore, the United States of America, the United Kingdom, the People's Republic of China, Indonesia, India, Pakistan, Russia, Israel, any member of the European Union, the Democratic People's Republic of Korea, the Republic of Korea or Japan, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

- (v) **(Timetable)**
 - (i) subject to paragraph (b) below, any event specified in the agreed timetable is delayed by the Company for more than one Business Day without the prior written consent of the arranger of the underwriting (such consent not to be unreasonably withheld);
 - (ii) the date of announcement, lodgement or issue of the retail component of the Entitlement Offer in the agreed timetable is delayed by the Company, in any way, without the prior written consent of the arranger of the underwriting (such consent not to be unreasonably withheld); or
 - (iii) the suspension of trading in Shares on ASX is not lifted, and trading in Shares does not recommence on ASX, in accordance with the agreed timetable.
- (w) **(ASIC or ASX action)** the Offer is prevented from proceeding (without amendment on terms acceptable to the arranger of the underwriting) by reason of:
 - (i) or in accordance with, the Listing Rules, the Corporations Act or any other Applicable Laws;
 - (ii) an order made by ASIC, ASX, any other Government Agency or a court of competent jurisdiction; or
 - (iii) an investigation proceedings initiated by either ASIC or ASX into the conduct of the Company;
- (x) **(withdrawal of consent)** any:
 - (i) person (other than the arranger of the underwriting) who has previously consented to the inclusion of its, his or her name in the Prospectus or any Supplementary Prospectus or to be named in the Prospectus or any Supplementary Prospectus, withdraws that consent; or
 - (ii) accounting or legal adviser to the Company, or investigating accountant, refuses to give its consent or having previously consented to be named in the Prospectus, withdraws that consent;
- (y) **(supplementary prospectus):**
 - (i) the arranger of the underwriting forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the arranger of the underwriting may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the arranger of the underwriting;
- (z) **(certificate)** any certificate which is required to be delivered by the Company under this document (including a Certificate) or (if applicable) the Retail Shortfall Notice is:
 - (i) not delivered when required (other than as permitted under paragraph (v)(i) above); or
 - (ii) is untrue, incorrect or misleading;
- (aa) **(suspension of debt payments)** except as fully and fairly disclosed in writing to the arranger of the underwriting prior to the date of this document, the Company suspends payment of its debts generally;
- (bb) **(insolvency)** any one of the following occurs:
 - (i) the Company (or any of its Subsidiaries):
 - (A) being or stating that it is unable to pay its debts as and when they fall due; or

- (B) failing to comply with a statutory demand;
- (ii) any step being taken which will or is likely to result in any of the following:
 - (A) the appointment of a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other similar official in relation to, or to any property of, the Company (or any of its Subsidiaries);
 - (B) the Company (or any of its Subsidiaries) being wound up or dissolved or entering into a scheme, moratorium, composition or other arrangement with, or to obtain protection from, its creditors or any class of them or an assignment for the benefit of its creditors or any class of them;
 - (C) circumstances existing which would permit a presumption of insolvency in relation to the Company (or any of its Subsidiaries) under section 459C(2) of the Corporations Act; or
 - (D) anything analogous or having a substantially similar effect occurring in relation to the Company (or any of its Subsidiaries);
- (cc) **(judgment against the Company)** a judgment in an amount exceeding \$250,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (dd) **(adjudication against the Company)** an adjudication determination, or any other determination or award, in an amount exceeding \$5 million is obtained against the Company (including, for the avoidance of doubt, such a determination being made in the current adjudication between the Company and Southern Cross Electrical Engineering Limited);
- (ee) **(ASIC Modifications and ASX Waivers)** approval for any specifically sought ASIC Modifications or ASX Waivers which the Company is relying on to proceed with the Capital Raising is subsequently withdrawn, or is varied in a way that in the reasonable opinion of the arranger of the underwriting, would have an adverse effect on the success of the Placement or Entitlement Offer;
- (ff) **(conduct)** the Company or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity whether or not in connection with the Placement or the Entitlement Offer;
- (gg) **(Director):**
 - (i) a director or senior manager of any Group Member (in that capacity) is charged with an indictable offence, or any Government Agency or regulatory body commences any public action against a director or senior manager of any Group Member (in that capacity) or announces that it intends to take any such action;
 - (ii) any regulatory body commences, or intends to take, any public action against an officer of any Group Member in their capacity as an officer of that company; or
 - (iii) a director of any Group Member is disqualified from managing a corporation under the Corporations Act;
- (hh) **(adverse change)** in the reasonable opinion of the arranger of the underwriting, any one or more matters, events or circumstances occurs, is announced or disclosed or becomes known to the arranger of the underwriting (whether or not it becomes public) which individually or when aggregated with any other such matters, events or circumstances is, or could reasonably be considered, likely to give rise to a material adverse change in the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Group taken as a whole, or is, or could reasonably be considered, likely to have a materially adverse effect on the marketing, settlement or outcome of the Placement or the Entitlement Offer;
- (ii) **(COVID-19)** without limiting paragraph (ff) above, the arranger of the underwriting believes (acting reasonably) that an adverse change in the operations, assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group (insofar

as the position in relation to an entity in the Group affects the overall position of the Company) has occurred as a direct or indirect result of the coronavirus disease 2019 (COVID-19) or the transmission of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). This includes, without limitation, an adverse change as a direct or indirect result of an outbreak of COVID-19 or the transmission of SARS-CoV-2 at any of the Group's project sites, or the temporary, complete or partial closure of or disruption to any of those sites due to an outbreak of COVID-19, a transmission of SARS-CoV-2, a direction of a Government Agency, or otherwise;

- (jj) **(litigation)** litigation, arbitration, administrative, regulatory investigations (including an ASIC investigation) or industrial proceedings are after the date of this document commenced or threatened against the Company, other than any claims foreshadowed in the Prospectus, or Due Diligence Program or otherwise disclosed during the Due Diligence Investigations or in respect of those disclosed matters, there is in the opinion of the arranger of the underwriting an escalation or change in the nature of those current or threatened investigations or proceedings;
- (kk) **(breach of obligations)** the Company is in breach of any terms and conditions of this document (other than with respect to compliance with the Timetable);
- (ll) **(breach of representations)** any of the representations or warranties made or given by the Company in schedule 1 of this document is or becomes incorrect, untrue or misleading;
- (mm) **(information supplied to arranger of the underwriting)** the information supplied by or on behalf of the Company to the arranger of the underwriting including as part of the Due Diligence Program is, or the results of the Due Diligence Investigations are, in the reasonable opinion of the arranger of the underwriting, false, misleading or deceptive (including by omission);
- (nn) **(change in law)** there is introduced, or there is an official public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new, or any major change in, existing, monetary, taxation, exchange or fiscal policy (other than a law or policy which has been announced prior to the date of this document);
- (oo) **(investigation)** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (pp) **(capital structure)** the Company alters its capital structure in any manner not contemplated by the Prospectus or as announced to ASX by the Company on or before the date of this document;
- (qq) **(certain resolutions passed)** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its Constitution without the prior written consent of the arranger of the underwriting;
- (rr) **(force majeure)** a Force Majeure affecting the Company's business or any obligation under this document lasting in excess of 7 days occurs;
- (ss) **(Prescribed Occurrence)** any of the events listed in section 652C(1)(a) to (h) of the Corporations Act occurs;
- (tt) **(contravention of law)** a contravention by any Group Member of the Corporations Act, its Constitution, any of the Listing Rules, any other Applicable Law or applicable regulations (as amended or varied) or order or request made by or on behalf of ASIC, ASX or any Government Agency;
- (uu) **(compliance)** any aspect of the Placement or the Entitlement Offer, including the Prospectus or the underwriting and any sub-underwriting of the Entitlement Offer, does not comply with the Corporations Act, the Listing Rules, the ASIC Modifications or the

ASX Waivers or any other Applicable Laws or applicable regulations, or requires an approval or other authorisation that has not been obtained at the date of this document;

- (vv) **(repayment)** any circumstance arises after lodgement of the Offer Materials with ASX that results in the Company either repaying the money received from applicants or offering applicants an opportunity to withdraw their applications for Offer Shares and be repaid their application money; or
- (ww) **(public statements)** the Company issues a public statement concerning the Placement or the Entitlement Offer without the prior written approval of the arranger of the underwriting (if such approval is required by the terms of this document).

9.23 Sub-underwriting Agreements

The arranger of the underwriting has entered into a sub-underwriting agreement with each of the following parties (**Cornerstone Sub-underwriters**):

- (a) Thorney Investment Group (through Thorney Opportunities Ltd and TIGA Trading Pty Ltd);
- (b) the Franco family group; and
- (c) Block Capital Group Ltd.

Under these sub-underwriting agreements, the arranger of the underwriting has agreed to pay a percentage fee of the funds sub-underwritten to the sub-underwriters.

Pursuant to the terms of the agreements with the Cornerstone Sub-underwriters, in the event that the shortfall from the Retail Entitlement Offer is insufficient for the Cornerstone Sub-underwriters to receive a minimum allocation of approximately \$9.1 million in aggregate, the Company may (at each of the Cornerstone Sub-underwriters' election) be required to undertake a "top-up placement" of shares to the Cornerstone Sub-underwriters up to their respective minimum allocation. This Top-up Placement may be subject to Shareholder approval, although such approval is not expected to be required.

9.24 Financial data

All dollar values in this Prospectus are in Australian dollars (\$) or A\$) unless otherwise stated.

9.25 Information availability for the Entitlement Offer

If you have not yet received your physical documents and would like to participate please follow the below steps:

Step 1: Go to www.investorcentre.com/au



Step 2: Click on single holder

Step 3: Enter:

- Your Holder number (including the X or I);
- Postcode / Country (if overseas); and
- Decmil's ASX code (DCG).

Step 4: Go to 'Documents' at the top of the page

Step 5: Click the drop down and download your PDF form

Neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be distributed to or relied upon by, persons that are in the United States or otherwise distributed in the United States.

Eligible Retail Shareholders in Australia and New Zealand can obtain a replacement Entitlement and Acceptance Form during the Retail Entitlement Offer period by calling the Company Secretary and leaving a message on 08 9368 8877 (within Australia) or +61 8 9368 8877 (from outside Australia) at any time during business hours (AWST) Monday to Friday.

9.26 Forward-looking statements and future performance

Neither Decmil, its officers, employees, agents, associates and advisers, nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to the information in this Prospectus. Forward-looking statements, opinions and estimates provided in the information in this Prospectus are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward-looking statements including projections, guidance on sales, earnings, dividends, and other estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Decmil and the board of directors of Decmil, including the risks described in section 7 of this Prospectus, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Prospectus.

To the maximum extent permitted by law, the Company and its Directors, officers, employees, agents, associates and advisers expressly disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement, and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

9.27 Notice to nominees and custodians – Entitlement Offer

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Retail Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their entitlement or not), institutional Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer and Ineligible Retail Shareholders.

9.28 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by Decmil, or its related bodies corporate, in connection with the Offer.

Except as required by law, and only to the extent so required, none of Decmil, or any other person, warrants or guarantees the future performance of Decmil or any return on any investment made pursuant to this Prospectus.

9.29 Consents to lodgement of this Prospectus

Each Director of the Company has consented, and not withdrawn their consent, to the lodgement of this Prospectus with ASIC as required by section 720 of the Corporations Act.

Glossary

Term	Meaning
AAS or Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations.
AASB	Australian Accounting Standards Board.
Additional New Shares	The Shortfall Shares offered to Eligible Retail Shareholders at the Offer Price pursuant to the Shortfall Offer as described in section 9.8 of this Prospectus.
Applicant	An Eligible Retail Shareholder who validly applies for New Shares (and, if applicable, Additional New Shares) under the Retail Entitlement Offer in accordance with the Prospectus.
Application	An application made on a personalised Entitlement and Acceptance Form to apply for New Shares (and, if applicable, Additional New Shares) under the Retail Entitlement Offer in accordance with this Prospectus.
Application Monies	Monies received from Applicants in respect of their Applications.
arranger of the underwriting	Hartleys.
ASIC	Australian Securities and Investments Commission.
Associates	The meaning given in the Corporations Act.
ASX or Australian Securities Exchange	ASX Limited ABN 98 008 624 691, or the financial market operated by it, as the context requires.
ASX Listing Rules	The official listing rules of ASX.
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532.
ASX Settlement Operating Rules	The operating rules of ASX Settlement, and to the extent they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited ABN 48 001 314 503.
ASX Class Waivers	The Placement Capacity Waiver and the Non-Renounceable Offer Waiver.
ATO	Australian Taxation Office.
AUD, A\$, \$ or Australian dollar or cent	The lawful currency of the Commonwealth of Australia.
AWST	Australian Western Standard Time.
Board	The board of directors of the Company from time to time.
CHESS	Clearing House Electronic Subregister System operated in accordance with the Corporations Act.
Closing Date of the Retail Entitlement Offer	5:00pm (AWST) on Wednesday, 17 June 2020.
Company Group	The Company and its 'related bodies corporate' as defined in section 50 of the Corporations Act.
Constitution	The constitution of the Company.
Cornerstone Sub-underwriters	The sub-underwriters referred to in section 9.23.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Decmil or Company	Decmil Group Limited ACN 111 210 390.

Term	Meaning
Decmil Group or Group	The Company and its subsidiaries (and Group Member means any one or more of them).
Decmil NZ (in liq)	Decmil Construction NZ Limited (in liquidation).
Director	A member of the board of directors of the Company from time to time.
Eligible Institutional Shareholders	A shareholder who is eligible to participate in the Institutional Entitlement Offer as set out in section 9.6 of this Prospectus.
Eligible Retail Shareholders	A shareholder who is eligible to participate in the Retail Entitlement Offer as set out in section 9.6 of this Prospectus.
Eligible Shareholders	An Eligible Retail Shareholder or an Eligible Institutional Shareholder.
Entitlement	The number of New Shares that an Eligible Shareholder is entitled to apply for under the Entitlement Offer, as determined by the number of Shares held by that Eligible Shareholder on the Record Date.
Entitlement and Acceptance Form	The relevant personalised form accompanying this Prospectus which Eligible Retail Shareholders may use to apply for New Shares (and, if applicable, Additional New Shares).
Entitlement Offer	The accelerated non-renounceable entitlement offer of New Shares in the ratio of 4.2 New Shares for each Share held on the Record Date.
Financial Information	The Historical Financial Information and the Pro Forma Historical Financial Information set out in section 5 of this Prospectus.
Foreign Holder Nominee	Foreign Holder Nominee.
GAAP	Generally Accepted Accounting Principles.
Government Agency	Any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency, bureau, municipal, board, instrumentality or entity in any jurisdiction.
GST	Goods and services or similar tax imposed in Australia.
Hartleys	Hartleys Limited, ACN 104 195 057, AFSL No. 230052.
Historical Financial Information	The Company's reviewed historical statement of financial position as set out in section 5 of this Prospectus.
Homeground Gladstone or Homeground	Homeground Gladstone accommodation village owned and operated by the Company.
IFRS	International Financial Reporting Standards.
Ineligible Institutional Shareholders	Institutional Shareholders who do not satisfy the criteria to be an Eligible Institutional Shareholder.
Ineligible Retail Shareholders	Retail Shareholders who do not satisfy the criteria to be an Eligible Retail Shareholder.
Ineligible Shareholders	An Ineligible Retail Shareholder or an Ineligible Institutional Shareholder.
Institutional Entitlement Offer	The institutional component of the Entitlement Offer.
Institutional Settlement Date	Tuesday, 09 June 2020.
Investigating Accountant	RSM Corporate Australia Pty Ltd, ACN 050 508 024.
Lead Manager	Hartleys.

Term	Meaning
Lodgement Date	Thursday, 28 May 2020, being the date this Prospectus is lodged with ASIC.
Maximum Subscription Amount	\$52.0 million.
Minimum Subscription Amount	\$40.0 million.
NAB	National Australia Bank Limited.
NAB Standstill Agreement	The standstill agreement between the Company and NAB as described in section 4.15 of this Prospectus.
New Share or New Shares	Any Share offered pursuant to the Placement, the Entitlement Offer or the Shortfall Offer under this Prospectus, the rights and liabilities of which are summarised in section 2 of this Prospectus.
Offer	The offer of New Shares pursuant to this Prospectus under the Entitlement Offer, the Placement and the Shortfall Offer.
Offer Management Agreement	The agreement dated 28 May 2020 between the Company and the arranger of the underwriting, relating to the management of the Offer and the underwriting arrangements.
Offer Price	The price payable for a New Share (or Additional New Share, if applicable) under the Offer, being \$0.05 per New Share.
Performance Rights	A performance right that is issued pursuant to the employee incentive plan titled 2018 Incentive Plan Rules adopted on 8 November 2018 at the Company's 2018 annual general meeting.
Placement	The issue of approximately 35,889,614 New Shares at \$0.05 per Share (being the same issue price as New Shares issued under the Entitlement Offer) to sophisticated and professional investors.
Pro Forma Historical Financial Information	The Company's pro forma historical statement of financial position as set out in section 5 of this Prospectus.
Prospectus	This prospectus dated 28 May 2020 prepared by the Company in accordance with the special content rules under section 713 of the Corporations Act in respect of the Offer.
Reconciliation Shares	Has the meaning given to that term in section 9.9 of this Prospectus.
Record Date	The record date for the Entitlement Offer, being 5:00 pm (AWST) on Tuesday, 02 June 2020.
Retail Entitlement Offer	The retail component of the Entitlement Offer.
Retail Entitlement Offer Period	The period starting at 9:00 am (AWST) on Friday, 05 June 2020 and ending at 5:00 pm on Wednesday, 17 June 2020.
Share	A fully paid ordinary share in the Company.
Shareholder	The registered holder of a Share.
Shareholding	The number and value of Share(s) held in the Company.
Share Registry	Computershare Investor Services Pty Limited.
Shortfall or Shortfall Shares	Those New Shares not validly applied for by Shareholders under their Entitlement together with any New Shares that would have been offered to Ineligible Retail Shareholders under the Entitlement Offer if they had been entitled to participate in the Entitlement Offer.
Shortfall Offer	The offer to acquire Additional New Shares at the Offer Price pursuant to the Shortfall.
Standstill Agreements	The NAB Standstill Agreement and the Surety Standstill Agreement.

Term	Meaning
Standstill Amount	<p>Any amount received by the Company being:</p> <p>(a) the consideration receivable by the Company (including any amount receivable in repayment of intercompany debt) for any disposal made by the Company in connection with Homeground Gladstone after deducting any selling costs applicable to that disposal; and</p> <p>(b) in connection with the Rapid Deployment Project (see section 4.12(a)) or any other project in respect of which the Surety Providers have provided bonds:</p> <p>(i) the proceeds of any insurance claim under any insurance maintained by Decmil NZ (in liq) or any other member of the Group; and</p> <p>(ii) all damages, settlement amounts and other Claim proceeds by virtue of a Claim made against any person (whether such damages are liquidated or otherwise) which are received directly or indirectly by a member of the Group except for 'Excluded Surety Refund Proceeds', which includes all proceeds and payments received from Decmil NZ (in liq) or its liquidator in respect of funding or distribution arrangements entered into between the Company and Decmil NZ (in liq) in relation to such claims, insurances or proceeds.</p>
Surety Providers	Swiss Re International SE, AAI Limited (trading as Vero Insurance), Liberty Mutual Insurance Company, Tokio Marine & Nichido Fire Insurance Co. Ltd and Insurance Australia Limited.
Surety Standstill Agreement	The standstill agreement between the Company and the surety providers as described in section 4.15 of this Prospectus.
Top-up Placement	Has the meaning given in section 3.6.
United States or U.S.	The United States of America.
US Person	Has the meaning given in Regulation S under the US Securities Act.
US Securities Act	United States Securities Act of 1933, as amended.

Authorisation

This Prospectus is authorised by each Director of the Company under section 720 of the Corporations Act and signed by Dickie Dique on 28 May 2020 under section 351 of the Corporations Act.

Signed for an on behalf of

Decmil Group Limited

by

A handwritten signature in black ink, appearing to read 'Dickie Dique', is positioned above a horizontal line.

Dickie Dique

CEO and Managing Director

Corporate directory

Registered office

Decmil Group Limited
20 Parkland Road
Osborne Park WA 6017

Website

<https://decmil.com/>

Stock exchange listing

The Company's Shares are listed on ASX (code 'DCG')

Lead Manager and arranger of the partial underwriting

Hartleys Limited
141 St Georges Terrace
Perth WA 6000

Legal Advisor to the Offer

MinterEllison
Level 4, Allendale Square
77 St Georges Terrace
Perth WA 6000

Auditor

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Investigating Accountant

RSM Corporate Australia Pty Ltd
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Auditor

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000