

TAG PACIFIC LIMITED
ABN 73 009 485 625



Rights Issue Offer Document

11 for 20 non-renounceable rights issue
of approximately 51,544,762 New Shares
at 4.0 cents per New Share to raise up to
approximately \$2,061,790 before costs

This document is important and requires your immediate attention. It should be read in its entirety.
If you are in doubt as to the action you should take, consult your stockbroker, accountant,
financial or other professional adviser immediately.

An investment in the New Shares offered by this Offer Document should be considered **SPECULATIVE**.

Contents

02

Important notices

03

Chairman's letter

04

Investment overview

05

1. Details of the offer

09

2. Actions required by shareholders

10

3. Risk factors

13

4. Additional information

15

5. Glossary

16

6. Corporate directory

Important notices

This Offer Document is dated 30 November 2015 and is issued pursuant to section 708AA of the *Corporations Act 2001* (Cth) for the offer of New Shares without disclosure to investors under Part 6D.2 of the *Corporations Act*. This Offer Document was lodged with ASX on 30 November 2015. ASX takes no responsibility for the contents of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

The New Shares being offered under this Offer Document pursuant to the Rights Issue are being offered to Eligible Shareholders, being Shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom at 7:00pm (Sydney time) on the Record Date. This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No offer is being made to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 1.12.

Information about the Company is publicly available and can be obtained from ASIC and ASX (including its website www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Offer Document and do not constitute part of the Offer. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Document. Any such extraneous information or representation may not be relied upon.

The Offer is not underwritten.

This Offer Document may include forward looking statements based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements.

Eligible Shareholders will be mailed a copy of this Offer Document, accompanied by a personalised Entitlement and Acceptance Form. Applications for New Shares by Eligible Shareholders may only be made on an **original** Entitlement and Application Form that accompanies a paper version of this Offer Document. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

This Offer Document has been placed on the Company's website at www.tagpac.com for information purposes only. Eligible Shareholders cannot apply for New Shares pursuant to the electronic version of this Offer Document.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares through BPay® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

Some capitalised words or terms in this Offer Document have defined meanings which appear in the glossary in Section 5.

Chairman's letter

30 November 2015

Dear Shareholder,

On behalf of the Board, I am pleased to invite you as Eligible Shareholders to participate in an 11 for 20 non-renounceable Rights Issue at a price of 4.0 cents per New Share to raise up to approximately \$2,061,790.

The Offer Document will be lodged with ASX on 30 November 2015 and a copy will be sent to all Eligible Shareholders who are on the register as at 7:00pm (Sydney time) on 4 December 2015.

The Offer is open for acceptance until 5:00pm (Sydney time) on 18 December 2015.

Funds to be raised from the Rights Issue will be used as follows:

- to meet ongoing working capital requirements of the Company, including funding the continued development of the Company's investments; and
- to meet the costs of the Rights Issue.

Please refer to the Company's recent announcements to the ASX, including the material from the Company's Annual General Meeting held on 30 November 2015. Further information about the Company is available on the Company's websites at www.tagpac.com and www.mpower.com.au. Please note that the contents of any website or ASX filing by the Company are not incorporated into this Offer Document and do not constitute part of the Offer.

To find out what you need to do to participate in the Rights Issue, please refer to Section 2 of the Offer Document. I urge you to read the Offer Document thoroughly before making your investment decision, including the risk factors set out in Section 3.

On behalf of the Board, I take this opportunity to thank each of our Shareholders and look forward to your support of the Rights Issue.

Yours sincerely,



Peter Wise

Chairman

Investment overview

Introduction

The purpose of this Section is to give Shareholders an investment overview that helps them make an informed investment decision by highlighting key information. It is an introduction to the Offer and is not intended to replace the other Sections of this Offer Document, which Eligible Shareholders should read in full.

Details of the Offer

Rights issue

The Company is making a non-renounceable rights issue offer to each Eligible Shareholder of 11 New Shares for every 20 Existing Shares held on the Record Date at an issue price of 4.0 cents per New Share.

Please refer to Section 1.1 for further details.

Entitlement

The number of New Shares to which an Eligible Shareholder is entitled is shown on your personalised Entitlement and Acceptance Form accompanying this Offer Document.

Eligibility

Every Shareholder registered as a holder of Shares at 7:00pm (Sydney time) on the Record Date, and who has a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom is entitled to participate in the Offer.

Please refer to Section 1.12 for further details.

Important Dates

The Closing Date and time for acceptances and payment, and other important dates, are set out in the Key Dates in Section 1.2.

Key Company highlights

Tag Pacific is an Australian registered public company which is listed on the ASX.

Tag Pacific is an investment company that strategically invests in the power sector. The Company's main investment is in a diverse range of companies and activities that have been brought together primarily to operate under the banner of MPower.

Please refer to the Company's recent announcements to the ASX, including the material from the Company's Annual General Meeting held on 30 November 2015. Further information about the Company is available on the Company's websites at www.tagpac.com and www.mpower.com.au. Please note that the contents of any website or ASX filing by the Company are not incorporated into this Offer Document and do not constitute part of the Offer.

This is a selective overview of the highlights and should be read in conjunction with the key risks below, the information in this Offer Document and other public announcements and reports of the Company.

Key Risks

The activities of the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to take up any or all of their Entitlements, Shareholders should read this Offer Document in its entirety and review announcements made by the Company to ASX (at www.asx.com.au under the code 'TAG') in order to gain a better appreciation of the activities, operations, financial position and prospects of Tag Pacific.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should also consider the risk factors set out below in Section 3 which the Company believes represent some of the material specific and general investment risks that Shareholders should be aware of when evaluating Tag Pacific and deciding whether to increase their shareholding in the Company.

Purpose of the Offer

Tag Pacific expects to use the funds raised under this Offer to meet on-going working capital requirements of the Company, including funding the continued development of the Company's investments, and to pay the costs of the Rights Issue.

Please refer to Section 1.3 for further details.

1

Details of the Offer

1.1 The Offer

Tag Pacific Limited ABN 73 009 485 625 is making a non-renounceable pro rata offer of fully paid ordinary shares in the capital of the Company to Shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom. Eligible Shareholders who are on the Company's share register at 7:00pm (Sydney time) on 4 December 2015 will be entitled to apply for 11 New Shares for every 20 Existing Shares held at an Issue Price of 4.0 cents each per New Share. The Issue Price is payable in full on application.

Fractional entitlements will be rounded up to the nearest whole number.

Under the Offer, up to approximately 51,544,762 New Shares will be issued and the Company will raise up to approximately \$2,061,790 before costs. The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

You may apply for all or part of your Entitlement.

The New Shares will be fully paid and will rank equally with the Company's Existing Shares.

1.2 Key dates

The Offer is open for acceptance until 5:00pm (Sydney time) on the Closing Date or such other date as the Directors shall determine, subject to the Listing Rules. Other key dates for the Offer are as follows:

Event	Date
Rights Issue / Offer announced via ASX	30 November 2015
Offer Document lodged with ASX	30 November 2015
Notice sent to Shareholders containing information about Rights Issue	1 December 2015
Shares quoted on an 'ex' basis	2 December 2015
Record Date to identify Shareholders entitled to participate in Rights Issue	7:00pm (Sydney time) on 4 December 2015
Offer Document and Entitlement and Acceptance Forms despatched to Eligible Shareholders	9 December 2015
Closing Date for acceptance and payment	5:00pm (Sydney time) on 18 December 2015
Issue of New Shares	29 December 2015
Despatch of holding statements	30 December 2015
Normal (T+3) trading commences	31 December 2015

The timetable outlined above is indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act and the Listing Rules. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event Application Money will be returned without interest.

1.3 Use of proceeds

The immediate financial effect of the Offer on the Company, if the maximum number of New Shares are taken up under the Offer, will be to increase cash reserves by approximately \$2,011,790 (being \$2,061,790 gross proceeds to be raised **less** \$50,000 in estimated costs of the Rights Issue). The Company intends to apply the funds raised in the following manner:

Use of proceeds	Indicative amount
To meet on-going working capital requirements of the Company, including funding the continued development of the Company's investments	\$2,011,790
Expenses related to the Rights Issue	\$50,000
Total gross proceeds to be raised	\$2,061,790

The above use of proceeds table assumes that the maximum amount of \$2,061,790 is raised under the Rights Issue.

1.4 Capital structure

As at the date of this Offer Document the capital structure of the Company is as follows:

Securities	Number
Shares	93,717,749
Quoted Options	9,965,872
Unquoted Options	3,029,000

The holders of the Quoted Options and the Unquoted Options will not be eligible to participate in the Rights Issue unless they exercise their Options under the terms of their issue and they do so prior to the Record Date. It is unlikely any of the Options will be exercised before the Record Date, as the exercise price of the Options exceeds the closing Share price on the last trading day prior to the date of this Offer Document.

The maximum number of New Shares that can be issued by way of the Rights Issue is 51,544,762 New Shares (subject to rounding), assuming no Shares are issued pursuant to the exercise of any Options before the Record Date. Assuming that the maximum number of New Shares is issued by way of the Rights Issue, the capital structure of the Company immediately after completion of the Rights Issue will be:

Securities	Number
Shares	145,262,511
Quoted Options	9,965,872
Unquoted Options	3,029,000

Details of the effect of the Offer on control of the Company are set out in Section 4.1.

1.5 Entitlements

Each Eligible Shareholder who is registered as the holder at 7:00pm (Sydney time) on the Record Date is entitled to participate in the Offer. The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Document.

You may accept all, or part, of your Entitlement by completing the Entitlement and Acceptance Form and returning it in accordance with the instructions set out on the reverse of that form prior to the Closing Date.

If you decided not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement to the extent unaccepted will lapse and the New Shares not taken up by you will form part of the Shortfall.

As a result of this Offer, Eligible Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted. It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by Applicants of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

1.6 Minimum Subscription

There is no minimum subscription.

1.7 No Trading of Entitlements

The Entitlements to New Shares are non-renounceable, which means they cannot be sold. Refer to Section 2 for instructions on how to deal with your Entitlement.

1.8 Market prices for Shares on ASX

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of this Offer Document and the respective dates of those sales were:

	\$	Date
Highest	\$0.085	30 September 2015
Lowest	\$0.06	30 October 2015
Last	\$0.06	30 October 2015

1.9 No Underwriting

The Offer is not underwritten.

1.10 ASX listing

The Company has made an application to ASX for Official Quotation of the New Shares. If ASX does not grant quotation for the New Shares within 3 months after the date of this Offer Document, the Company will not allot any New Shares and all Application Money will be refunded without interest.

The fact that ASX may grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Offer or the New Shares offered under this Offer Document.

1.11 Refund of Application Money

Application Moneys will be held in a subscription account established and held for the Company on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on any Application Money will be for the benefit of the Company and will be retained by the Company regardless of whether New Shares are issued under the Offer.

1.12 Distribution restrictions and treatment of foreign Shareholders

General

This Offer Document, the Entitlements and the New Shares have not been registered, and will not be registered, in any jurisdiction, including the United States under the Securities Act 1933. Neither this Offer Document nor the Entitlement and Acceptance Form constitutes 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.

The distribution of this Offer Document or the Entitlement and Acceptance Form (including electronic copies) in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document 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, this Offer Document and the accompanying Entitlement and Acceptance Form may not be sent to investors in the United States or to any person acting for the account or benefit of a person in the United States. The Directors reserve the right to treat as invalid any Entitlement and Acceptance Form that appears to the Directors or the Company's agents to have been submitted in violation of any applicable securities laws.

Notice to nominees and custodians

Eligible Shareholders who are resident outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom should consult their professional advisers as to whether, in order to enable them to take up their Entitlements, any governmental or other consents are required or other formalities need to be observed.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia, New Zealand, Hong Kong, Singapore or the United Kingdom (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Entitlements and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form.

The making of an application (whether by the return of a duly completed Entitlement and Acceptance Form or by the making of a BPay® payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

New Zealand

The Offer to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not Eligible Shareholders on the Record Date are not entitled to apply for any New Shares.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Hong Kong

The Offer is being made in Hong Kong and is exempt from the prospectus registration requirement under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and restrictions under the Securities and Futures Ordinance.

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. 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.

Singapore

This document and any other materials relating to the Offer 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 may not be issued, circulated or distributed, nor may any New Shares be offered or sold, or 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 (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 an existing holder of Shares in the Company. In the event that you are not an existing holder of Shares in the Company, 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 the shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

The New Shares will be offered in the United Kingdom in reliance on exemptions to the Financial Services and Markets Act 2000 (United Kingdom) ('**FSMA**') and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended ('**Financial Promotion Order**').

The total amount raised under the Offer is less than €5,000,000 or its equivalent in Australian dollars, which means that this document does not constitute an 'approved prospectus' for the purposes of section 85 and schedule 11A of the FSMA or the United Kingdom's Prospectus Rules. Accordingly this document has not been registered, approved or examined by the United Kingdom Financial Services Authority and therefore may not contain all of the information that a disclosure document or prospectus is required to contain under English law.

The offer of New Shares under this document is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Financial Promotion Order as at the Record Date. Any investment to which this document relates is available to only those persons described above and persons who do not fall into that category should not rely on this document nor take any action in relation to it.

The amount raised under the Offer in the European Economic Area (in which area the Offer is only being made to Eligible Shareholders who have registered addresses in the United Kingdom) in the twelve month period preceding the Closing Date will be less than €5,000,000 or its equivalent in Australian dollars.

Excluded Shareholders

The Company will not make an Offer to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom. The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom;
- (b) the number and value of New Shares that would be offered to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore and the United Kingdom; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

Where this Offer Document has been despatched to Excluded Shareholders, this Offer Document is provided for information purposes only.

In limited circumstances the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Excluded Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

Appointment of Nominee for Excluded Shareholders

In order for Eligible Shareholders to be permitted to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Rights Issue, even if to do so would result in such shareholders acquiring a relevant interest exceeding 20% of the voting shares of the Company (on a post Rights Issue basis) or even if such shareholder already has a relevant interest above 20% of the voting shares of the Company, the Company must comply with section 615 of the Corporations Act which involves the appointment by the Company of an ASIC

approved nominee to subscribe for the New Shares that Excluded Shareholders would have been entitled to and sell them on their behalf.

The Company has received approval from ASIC for the Nominee to act as nominee for Excluded Shareholders for the purposes of section 615 of the Corporations Act. The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- the Company will, at the Issue Price, issue to the Nominee the New Shares that Excluded Shareholders would be entitled to if they were eligible to participate in the Offer ('**Nominee Shares**');
- the Nominee will then sell the Nominee Shares at a price and otherwise in a manner determined by the Nominee in its sole discretion;
- the net proceeds of the sale of the Nominee Shares (after deducting the aggregate subscription price of the Nominee Shares and the costs of sale, including brokerage commission), if any, will be distributed to the Excluded Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such net proceeds may be retained by the Company. Accordingly there is a possibility that Excluded Shareholders may receive no net proceeds if the subscription price plus costs of the sale of the Nominee Shares are greater than the sale proceeds. Neither the Company nor the Nominee will be liable for either the timing or price at which the Nominee Shares may be sold.

1.13 Directors Interests and Participation

Each Director's relevant interest in Shares at the date of this Offer Document and their Entitlement is set out in the table below:

Director	Shares	Voting power (%)	Entitlement	\$
Peter Wise *	35,159,689	37.5%	19,337,829	\$773,513.16
Nathan Wise *	35,159,689	37.5%	19,337,829	\$773,513.16
Gary Cohen	980,492	1.0%	539,271	\$21,570.84
Robert Constable	200,000	0.2%	110,000	\$4,400.00
Robert Moran	1,102,523	1.2%	606,388	\$24,255.52
Richard Peterson	1,299,875	1.4%	714,932	\$28,597.28
Gary Weiss	150,000	0.2%	82,500	\$3,300.00

* The Shares in which each of Peter Wise and Nathan Wise have a relevant interest are the same Shares. The Shares are owned by Anthony Australia Pty Limited. Both Peter Wise and Nathan Wise are a director of Anthony Australia Pty Limited. The table does not include any deemed relevant interest that either Peter Wise or Nathan Wise might have in the Shares over which the Company has pre-emptive rights but which are not owned by Anthony Australia Pty Limited (details of which are set out in Section 4.1), as those Shares do not give Anthony Australia Pty Limited any Entitlement.

As at the date of this Offer Document, Anthony Australia Pty Limited has advised the Board it intends to take up its Entitlement in full, representing \$773,513.16.

1.14 Shortfall

In the event of a Shortfall, the Directors reserve the right to place the Shortfall at their sole discretion subject to the provisions of the Corporations Act and the Listing Rules.

2

Actions required by shareholders

Acceptance of the Offer must be made by Eligible Shareholders on the **original** Entitlement and Acceptance Form accompanying this Offer Document and must not exceed the Entitlement as shown on that form. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement and Acceptance Form.

2.1 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the front of that form and arrange for payment of the Application Money in accordance with Section 2.4.

2.2 Allow all or part of your Entitlement to lapse

If you decide not to accept all or part of your Entitlement, or fail to accept your Entitlement by the Closing Date, your Entitlement to the extent not accepted will lapse. The New Shares not subscribed for will form part of the Shortfall.

If you do nothing, although you will continue to own the same number of Shares, your proportionate shareholding in the Company will be diluted.

2.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement under the Offer and allow the balance to lapse, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up in accordance with the instructions set out on the front of that form and arrange for payment of the applicable amount of Application Money in accordance with Section 2.4.

2.4 Payment and return of Entitlement and Acceptance Form

You may pay the Application Money by BPay®, cheque, or money order.

Payment by BPay®

Those Applicants who elect to pay by BPay® must follow the instructions for BPay® described in the Entitlement and Acceptance Form (which includes the biller code and your unique customer reference number). Please note that should you choose to pay by BPay® payment:

- (a) you do **not** need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that Entitlement and Acceptance Form; and
- (b) 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 which is covered in full by your Application Money.

Applicants should be aware that their own financial institution may implement earlier cut off times with respect to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPay® are received by no later than 5:00pm (Sydney time) on 18 December 2015.

Payment by cheque, money order or bank draft

Those Applicants who elect to pay by cheque, bank draft or money order must follow the instructions described in the Entitlement and Acceptance Form.

You must ensure that:

- (a) your Entitlement and Acceptance Form is complete;
- (b) your cheque, bank draft or money order for the applicable amount of Application Money is made in Australian currency, drawn on an Australian branch of a financial institution, made payable to 'Tag Pacific Limited' and crossed 'Not Negotiable'; and
- (c) your completed Entitlement and Acceptance Form and cheque, bank draft or money order are received by the Share Registry by no later than 5:00pm (Sydney time) on 18 December 2015 at:

By Mail: Computershare Investor
Services Pty Limited
GPO Box 505
Melbourne VIC 3001

For further information on your Entitlement or how to accept your Entitlement, please contact the Company as follows:

Phone: +61 2 8275 6000
Email: info@tagpac.com

3

Risk factors

3.1 Introduction

The Company's business is subject to risk factors, both specific to its business activities and of a general nature, which either individually or in combination, could materially and adversely affect the future operating and financial performance of the Company and accordingly the value of an investment in the Company. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of the Company and cannot be mitigated. In particular, there can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements or forecasts will eventuate. An investment in the Company should be considered speculative and must be considered in light of all relevant risks, both general and specific.

In addition, potential investors should be aware that the value of Shares on the ASX may rise and fall depending on a range of factors that affect the market price of Shares. These include local, regional and global economic conditions and sentiment towards equity markets in general. The New Shares to be issued under this Rights Issue carry no guarantee with respect to profitability, the payment of dividends, return of capital or the price at which the New Shares may trade on the ASX.

The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

3.2 Specific Investment Risks

3.2.1 Failure to win new projects

The Company's performance is influenced by its ability to win new projects and compete these projects in a timely manner. The failure of the Company to win new projects may adversely impact its financial performance.

Further, where existing or new projects are delayed, the recognition of revenue for those contracts may be deferred to later periods. This deferral may impact the Company's financial performance in particular financial periods.

3.2.2 Early termination of projects by clients

The Company's financial performance is partly based on its projects with clients being performed to completion. In some cases the contractual relationship relating to these projects allows the Company's clients to terminate the project on short notice under termination for convenience provisions. The early termination of a project or projects by the Company's clients may have an adverse impact on the Company's financial performance and/or financial position. The quantum of this adverse impact will vary based on a number of factors, including the value of the project terminated.

3.2.3 Duration and timing of contracts

The Company has a number of short duration contracts. A downturn in those industries which the Company is reliant upon for demand for the power systems that the Company develops and/or supplies could result in a loss of expected revenues once these contracts expire, with an adverse impact on the Company's financial performance and/or financial position.

3.2.4 Contractual disputes and litigation

There is a risk that the Company may in the future have disputes with counterparties in respect of major contracts and that this may have an adverse impact on the Company's financial performance and/or financial position.

3.2.5 Foreign operations

The Company is currently party to material contracts for delivery of projects in foreign countries. There are certain risks inherent in doing business internationally, such as unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation and war. There may also be fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions and delays from customers, brokers or government agencies.

3.2.6 Government regulation

It is possible that new specific laws may be introduced in Australia or overseas which may have a material adverse effect on the Company's business. The Company's business may be affected by new and changing Government policies, including taxation, royalties, environmental regulation, land access and economic regulation relating to the electricity and renewable energy industries and policies and legislation relating to renewable energy targets and renewable energy trading.

3.2.7 Risk of Product Liability

The Company's business exposes it to potential product liability risks. The Company intends to continue to seek adequate product liability insurance where prudent. However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, or that a product liability claim would not adversely affect the Company.

3.2.8 Competition

The Company has many competitors in the industry sectors in which it operates, and therefore operates in a competitive market environment. Additionally, barriers to entry in the Company's market sector do not preclude the rapid entry of new competitors from within Australia and from overseas. The Company's ability to successfully compete with its competitors will depend upon a large number of factors, including the perceived quality of the Company's services, the performance of the Company in the marketplace, the success of the Company's market strategies and the general business practices and methods of the Company in its operations. The performance of existing competitors, or the entry of new competitors, in the industries in which the Company operates could result in reduced margins, price reductions, under utilisation of assets and loss of market share. Any of these factors could adversely affect the Company's operating and financial performance.

3.2.9 Operating risks

The operations of the Company may be affected by various factors, including:

- operational and technical difficulties;
- difficulties in commissioning and operating plant and equipment;
- mechanical or technical failures or plant breakdowns;
- unanticipated engineering, design or technical problems;
- plant and equipment unavailability or shortages (including delays in delivery);
- increases in the cost of consumables, spare parts, plant and equipment;
- industrial and environmental accidents and hazards (including, by way of example, fires and explosions);
- labour and industrial disputes;
- transport disruptions; and
- extended interruptions due to inclement and hazardous weather conditions.

These hazards and risks could result in damage to or loss of life, damage to or the destruction of production facilities and property, environmental damage and possible legal liability for any and all damage. One or a combination of these events and impacts could have a material adverse effect on the financial position, financial performance, cash flows and growth prospects of the Company. Whilst the Company has implemented a number of systems to guard against errors and industrial accidents, a serious accident or error could have long-term material adverse implications for the Company.

3.2.10 Delivery risks

Delivery of the Company's services under client contracts may be adversely impacted due to any of the following factors:

- government regulation;
- equipment failure;
- equipment or manpower shortages;
- force majeure;
- explosions or fires; and
- environmental hazards and risks

all of which could have a material adverse effect on the Company's financial position, financial performance, cash flows and growth prospects.

3.2.11 Contractual arrangements

The Company is a party to a number of contracts, particularly customer contracts and contracts with its major suppliers. Failure by any party to a contract with the Company to comply with their obligations could have a material adverse effect on the financial position, financial performance, cash flows and growth prospects of the Company.

3.2.12 Key relationship breakdowns

The Company relies upon its close and long-standing business relationships with a number of key suppliers, distributors and clients in order to maintain and grow its market share. The Company does not have in place formal written contracts with all of its key suppliers, distributors and clients. The deterioration of any such key relationships or a change in the circumstances or requirements of the key suppliers, distributors and/or clients, or market conditions generally, could therefore have significant operational and financial implications for the Company.

3.2.13 Manufacturing and quality risk

There is a risk that the Company's products may not be manufactured in a timely fashion (particularly in response to elevated levels of customer demand) at an appropriate cost or to the required quality standards of customers and regulatory bodies. These risks have been mitigated by utilising either manufacturers with quality certification and the experience and capability to be able to produce each assembly to the relevant standard or by sourcing and using appropriate materials in the manufacturing process. Both elements are continually monitored to assist in achieving product standards.

3.2.14 Reliance on Key Personnel

The Company's businesses are reliant on a number of key personnel and the loss of the services of one or more of these individuals could adversely affect the Company. In addition, the Company's plans for expansion will require it to recruit and train new employees. Although the Company expects to be able to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The Company intends to mitigate these risks by entering into service contracts with any new employees and, where appropriate, may establish employee incentive plans to encourage employees' loyalty to the Company.

3.2.15 Currency Risk

A number of the Company's customers and suppliers are domiciled in foreign countries and a part of the Company's ongoing revenue stream from customers and payment obligations to those suppliers are denominated in foreign currencies. This exposure to foreign currency may adversely affect the Company's business if the Australian dollar was to materially alter in value. The Company has a currency hedging strategy in order to attempt to mitigate its exposure to fluctuating currency exchange rates.

3.2.16 Refinancing banking facilities

The Company utilises banking facilities in its day-to-day activities, including the use of bank guarantees, letters of credit and trade finance. Historically, the Company has successfully refinanced its banking facilities. However, there is a refinancing risk that replacement bank facilities will not be available or will not be available on terms as favourable to the Company as its previous banking facilities. If the Company is not able to refinance its banking facilities when they fall due, it could have a materially adverse impact on the Company's financial position and its ability to continue trading as a going concern.

3.2.17 Prospective Information

No assurances as to future profitability or dividends can be given as they are dependent on future earnings and the working capital requirements of the Company.

There can be no guarantee that the business plans and strategies of the Board will ultimately prove to be valid or accurate. The business plans and strategies of the Board depend on various factors many of which are outside the control of the Company.

3.3 General Investment Risks

3.3.1 Price of New Shares may fluctuate

The price of the New Shares on the ASX may rise and fall due to numerous factors including:

- general economic conditions, including inflation, interest rates, and exchange rates;
- changes to government policy, legislation or regulation;
- variations in the prices of other listed stocks in general;
- inclusion or removal from major market indices;
- the nature of competition in the markets in which the Company operates; and
- other general operational and business risks.

It is the nature of equity markets that a company's share price is subject to wide fluctuations, which may not reflect the underlying value of the company.

3.3.2 Trading in Shares

Although the Company is listed on ASX, there is no assurance that an active trading market for its Shares will be sustained. There is also no assurance that the market price for the Shares will not decline below the Issue Price. The market price of Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Shares in the market, the Company's actual financial and operating results and broader market-wide fluctuations.

3.3.3 Taxation

Any change to the current taxation regime in Australia or to the interpretation of Australian taxation laws by the Australian Taxation Office may increase the amount of tax paid by the Company or affect the treatment of tax losses that may have otherwise reduced the tax payable by the Company or affect the use of the Company's existing franking credits. The Company obtains external expert advice on the application of the tax laws to its operations. The Company is not currently in dispute with any revenue authority in respect to any taxation matter.

Personal tax liabilities are the responsibility of each individual investor. The Company is not responsible for taxation or penalties incurred by investors.

3.3.4 Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board ('AASB') and are outside the Directors' and the Company's control. Changes to accounting standards issued by AASB or changes to the commonly held views on the application of those standards could materially impact the volatility of the Company's reported earnings and adversely affect the financial performance and position reported in the Company's financial statements.

3.3.5 Force majeure

Force majeure events including natural disasters, sabotage, the outbreak of international hostilities and acts of terrorism may cause an adverse change in investor sentiment with respect to the stock market generally or the Company specifically. Some force majeure events are uninsurable.

3.3.6 Investment risk

An investment in New Shares should be considered **speculative**. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

4

Additional information

4.1 Effect of the Offer on control of the Company

The potential effect that the Offer will have on the control of the Company will depend on the take up by Eligible Shareholders of their Entitlement.

If all Eligible Shareholders each subscribe for their full Entitlement, then each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will remain the same, subject only to changes resulting from Excluded Shareholders being unable to participate in the Offer, and there will be no effect on control of the Company.

To the extent that an Eligible Shareholder does not take up its Entitlement, the proportionate shareholding interest of that Eligible Shareholder in the Company will be diluted. The proportionate shareholding interest of the Excluded Shareholders will be diluted because those Excluded Shareholders are not entitled to participate in the Offer.

As at the date of this Offer Document, the following three shareholders are the only Shareholders who have notified the Company that they are substantial shareholders ('Existing Substantial Shareholders'):

Existing Substantial Shareholder	Number of Shares	Voting power in Company
Anthony Australia Pty Limited and its associate	47,368,619	50.54%
Paul Douglas Sharp and his associates	13,097,757	13.98%
KV Management (Nominees) Pty Limited	6,630,141	7.07%

Both Mr Peter Wise, the executive chairman of Tag Pacific, and Mr Nathan Wise, the managing director and chief executive officer of Tag Pacific, are directors of Anthony Australia Pty Limited.

As at the date of this Offer Document, Anthony Australia Pty Limited has advised the Board that it intends to take up its Entitlement in full, representing 19,337,829 New Shares for a subscription price of \$773,513.16. Although Anthony Australia Pty Limited has a voting power of 50.54% at the date of this Offer Document, its Entitlement is only 19,337,829 New Shares because it only holds 35,159,689 Shares (37.5% of the total Shares on issue in the Company at the date of this Offer Document).

The balance of its voting power arises because the Company has a relevant interest in 12,208,930 Shares in itself, as a result of existing pre-emptive rights arrangements. Anthony Australia Pty Limited is also deemed to have a relevant interest in those 12,208,930 Shares.

In the event that Anthony Australia Pty Limited was the only Eligible Shareholder to take up its Entitlement then all other Shareholders would be diluted and the voting power of Anthony Australia Pty Limited would increase from 50.54% to 59.00%. In that unlikely scenario, the voting power of each of the Existing Substantial Shareholders would be as follows:

Existing Substantial Shareholder	Number of Shares	Voting power in Company
Anthony Australia Pty Limited and its associate	66,706,448	59.00%
Paul Douglas Sharp and his associates	13,097,757	11.59%
KV Management (Nominees) Pty Limited	6,630,141	5.86%

In the event that all of the Existing Substantial Shareholders were the only Eligible Shareholders to take up their Entitlements, then all other Shareholders would be diluted and the voting power of each of the Existing Substantial Shareholders would increase as follows:

Existing Substantial Shareholder	Number of Shares	Voting power in Company
Anthony Australia Pty Limited and its associate	66,706,448	53.84%
Paul Douglas Sharp and his associates	20,301,524	16.38%
KV Management (Nominees) Pty Limited	10,276,719	8.29%

The following table demonstrates the maximum possible increase in the voting power of Anthony Australia Pty Limited as a result of the Rights Issue and the maximum dilutionary effect the Rights Issue will have on Shareholders other than Anthony Australia Pty Limited at the close of the Offer, assuming that Anthony Australia Pty Limited subscribes for its full Entitlement under the Rights Issue on the basis of 100%, 75%, 50%, 25% and nil subscription by Shareholders other than Anthony Australia Pty Limited.

The table below does not take into account any placement of the Shortfall.

% participation by other holders	Number of New Shares issued to other holders	Number of New Shares issued to Anthony Australia Pty Limited	Total number of New Shares issued	Total number of Shares on issue post Offer	Voting power of Anthony Australia Pty Limited	Maximum dilution to other holders that do not participate
100%	32,206,933	19,337,829	51,544,762	145,262,511	45.92%	0.00%
75%	24,155,200	19,337,829	43,493,029	137,210,778	48.62%	4.95%
50%	16,103,467	19,337,829	35,441,296	129,159,045	51.65%	8.57%
25%	8,051,733	19,337,829	27,389,562	121,107,311	55.08%	10.60%
0%	0	19,337,829	19,337,829	113,055,578	59.00%	10.69%

Allocation of Shortfall

If there is a Shortfall, the Directors have a discretion to place the whole or any part of the Shortfall.

The Directors are aware that if the Offer is significantly undersubscribed, any placement of the Shortfall may have control effects on the Company. If the Directors exercise their discretion to place the whole or any part of a Shortfall, they will endeavour to do so by allocating the Shortfall to various sophisticated, professional or exempt investors, in order to mitigate any control effects which may arise from issuing the Shortfall to a single or small number of investors.

In any event, no subscriber will be permitted to acquire New Shares under the Shortfall to the extent that such acquisition would result in that subscriber having a voting power in the Company in excess of 20% (after the close of the Offer and the placement of the Shortfall).

4.2 Taxation

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer. The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax advisers.

4.3 Privacy

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth).

The Company (and the share registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, provide facilities and services you request and carry out appropriate administration.

Access to information may also be provided to the Company's related bodies corporate, agents and service providers, regulatory bodies, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance form, the Share Registry will not be able to process your application for New Shares or administer your holding of Shares appropriately.

5

Glossary

In this Offer Document:

\$ means Australian dollars, unless otherwise specified.

Applicant means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.

Application Money means the aggregate of money payable for New Shares applied for in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investment Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Board means the board of directors of the Company.

Closing Date means the last day for payment and return of Entitlement and Acceptance Forms, being 5:00pm (Sydney time) on 18 December 2015.

Company or **Tag Pacific** means Tag Pacific Limited ABN 73 009 485 625.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder at the Record Date who is not an Excluded Shareholder.

Entitlement means the number of New Shares that an Eligible Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Excluded Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom

Existing Shares means Shares on issue as at 7:00pm (Sydney time) on the Record Date.

Issue Price means 4.0 cents per New Share.

Listing Rules means the official rules of ASX.

New Share means a new share to be issued under this Offer Document.

Nominee means the holder of an Australian financial services licence that has been approved by ASIC as nominee of the Excluded Shareholders under section 615 of the Corporations Act for the purposes of this Rights Issue.

Offer means the pro rata non-renounceable rights issue offer by the Company to Eligible Shareholders to subscribe for 11 New Shares for every 20 Existing Shares held on the Record Date at the Issue Price, to raise an amount of up to approximately \$2,061,790.

Offer Document means this document.

Official Quotation means 'quotation' (as the term is used in the Listing Rules) of all of the New Shares on ASX when allotted.

Quoted Options means the 9,965,872 options to acquire Shares that are quoted on the ASX and that are referred to in Section 1.4.

Record Date means 7:00pm (Sydney time) on 4 December 2015.

Rights Issue means the non-renounceable pro rata rights issue conducted pursuant to this Offer Document under which approximately 51,544,762 New Shares will be offered to Eligible Shareholders on the basis of 11 New Shares for every 20 Existing Shares held by Eligible Shareholders at the Record Date at 4.0 cents per New Share.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Share Registry means Computershare Investor Services Pty Limited ACN 078 279 277.

Shortfall means the number of New Shares offered under the Offer for which valid applications for New Shares have not been received from Eligible Shareholders before 5:00pm on the Closing Date.

Unquoted Options means the 3,029,000 options to acquire Shares that are referred to in Section 1.4.

6

Corporate directory

Directors

Peter Wise

Executive Chairman

Nathan Wise

Managing Director and Chief Executive Officer

Gary Cohen

Non-executive director

Robert Constable

Non-executive director

Robert Moran

Non-executive director

Richard Peterson

Non-executive director

Gary Weiss

Non-executive director

Company Secretary

Darrell Godin

Registered Office

Level 30

133 Castlereagh Street

Sydney NSW 2000

Phone: +61 2 8275 6000

Fax: +61 2 8275 6060

Website: www.tagpac.com

Lawyers to the Offer

Landerer & Company

Level 31

133 Castlereagh Street

Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited

GPO Box 505

Melbourne VIC 3001

Phone: 1300 850 505 (within Australia)

+61 3 9415 4000 (outside Australia)

Website: www.computershare.com

ASX Code

TAG

Website

www.tagpac.com

tagpac.com