

AUSTRAL WASTE GROUP LIMITED

22 November 2005

LODGEMENT OF PROSPECTUS WITH ASIC PROPOSED LISTING ON ASX

Earlier today, Austral Waste Group Limited lodged a prospectus with ASIC. The prospectus proposes a capital raising and ultimately, listing on the ASX. A copy of the prospectus is attached to this announcement.

Key terms of the prospectus include:

- Amount to be raised is \$2.8 million (minimum) and \$3.8 million (maximum);
- issue price of 20 cents per share;
- prospectus open to the public 30 November 2005;
- prospectus closes 30 December 2005;
- expected to commence trading on the ASX on 30 January 2005.

If you require any further information, please contact Nick Kephala (Chairman) on 0419 309 737

About Austral Waste Group Limited:

Austral Waste Group Limited (formerly Growth Platform Limited) is a public company that listed on the Newcastle Stock Exchange on 27 April 2005 (NSX code: GPD). The company is an integrated waste management business, currently with operations in Western Australia, focused on resource recovery. The company has plans to expand its operations throughout Australia in all areas of the waste industry, with a particular focus on recycling.



AUSTRAL WASTE GROUP LIMITED
ACN 110 475 799

PROSPECTUS

For an offer of 14,000,000 Shares at an issue price of 20 cents each, to raise \$2,800,000.

CORPORATE DIRECTORY

Directors

Nicholas Michael Kephala
Non-Executive Chairman

Mr Stephen Downer Hobbs
Independent Director

Mr Christian McMahon
Executive Director

Company Secretary

Mr Nicholas Michael Kephala

Registered Office

Suite 34, 1 Aristoc Road
Glen Waverley Victoria 3150

Corporate Adviser

Delta Capital Pty Limited
AFS Licence Number 277935
Level 25
Exchange Plaza
2 The Esplanade
Perth WA 6000

Legal Advisers to the Offer

Kelly & Co
Level 17
Santos House
81 King William Street
Adelaide SA 5000

Share Registry

Computershare Investor Services Pty
Limited
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

Auditors

PKF Chartered Accountants
Level 11, CGU Tower
485 LaTrobe Street
Melbourne Victoria 3000

IMPORTANT NOTES

This Prospectus is dated 22 November 2005 and was lodged with the Australian Securities and Investments Commission on 22 November 2005.

Austral Waste Group Limited ACN 110 475 799 will apply for listing and quotation of the Shares on the Australian Stock Exchange Limited within seven days of the date of this Prospectus.

ASIC and the ASX take no responsibility for the contents of this Prospectus. No securities will be allotted, issued or sold on the basis of this Prospectus after 13 months of the date of this Prospectus.

No person is authorised to give any information or to make any representations in connection with this Offer that are not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Offer.

The Company will not accept applications for Shares offered under this Prospectus during the Exposure Period (a period defined by section 727(3) of the Corporations Act). If the Exposure Period is extended, applications will not be processed until after the expiry of the extended Exposure Period. No preference will be conferred on applications for shares to be offered under the Prospectus received during the Exposure Period. The purpose of the Exposure Period is to enable examination of the Prospectus by market participants prior to the raising of funds. That examination might result in the identification of deficiencies in the Prospectus and, in those circumstances, any application for shares to be offered under the Prospectus that has been received might need to be dealt with in accordance with section 724 of the Corporations Act.

This Offer is made available to Australian residents. The Prospectus does not constitute an offer or an invitation in any place outside Australia where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, outside Australia.

Prospective investors should read the entire Prospectus. If in doubt, prospective investors should consult a stockbroker, solicitor, accountant or other professional adviser for guidance on the merits of this Offer.

Definitions and Interpretation

Defined terms and abbreviations included in this Prospectus are explained in the Glossary.

Financial Amounts

The financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise.

TABLE OF CONTENTS

IMPORTANT NOTES	2
TABLE OF CONTENTS	3
INVESTMENT HIGHLIGHTS	5
1. CHAIRMAN'S LETTER	6
2. DETAILS OF OFFER	7
3. COMPANY OVERVIEW	10
4. DESCRIPTION OF THE WASTE INDUSTRY	16
5. FORECAST FINANCIAL INFORMATION	18
6. INDEPENDENT REVIEW REPORT	25
7. FINANCIAL HISTORY	30
8. INDEPENDENT ACCOUNTANT'S REPORT	40
9. DIRECTORS & ORGANISATIONAL CHART	44
10. RISK FACTORS	46
11. ADDITIONAL INFORMATION	48
12. GLOSSARY	61

Investment Highlights

- Established and diverse business operations in the waste industry
- Operations provide access to significant waste streams, opening up possibilities for recycling operations
- Well placed for organic growth and to acquire other waste industry assets
- Experienced and enthusiastic management
- Strong Board of Directors with public company experience and proven track record with growth companies
- Strong balance sheet

OFFER SUMMARY

Offer Price	\$0.20 per share	
Number of New Shares being offered under this Prospectus	Minimum	Maximum
	14,000,000	19,000,000
Value of Capital to be raised under this Prospectus	\$2,800,000	\$3,800,000
Number of Shares on issue following the Offer	32,560,000	37,560,000
Market Capitalisation of Austral Waste at the Offer Price (approx) if fully subscribed.	\$6.5 million	\$7.5 million

INDICATIVE TIMETABLE

Offer opens	29 November 2005
Offer closes	30 December 2005
NSX Listing Ceases	23 January 2006
Expected despatch of shareholder statements	24 January 2006
Expected commencement of trading on ASX	30 January 2006

These dates are indicative only. Austral Waste, in consultation with the Corporate Adviser, reserves the right to vary any date and/or time of any component of the Offer without notice.

Investors are encouraged to apply as early as possible after the Offer opens as the Offer may close earlier than the date specified.

1. Chairman's Letter



Suite 34, 1 Aristoc Road, Glen Waverley VIC 3150, PO Box 507 South Yarra VIC 3141

22 November 2005

Dear Investor,

The Board of Directors of Austral Waste Group Limited are pleased to invite you to become a shareholder in Austral Waste Group Limited, a company that has existing waste management operations, and plans to expand quickly into an integrated waste management company.

Our society continues to generate more waste each year. Whilst recycling efforts are improving, they must continue to grow at a faster rate than the increase in waste generation.

Austral Waste plans to leverage off the experience of its Board and management to establish waste management operations throughout Australia, with a particular emphasis on recycling. We will focus on opportunities which offer strong profit margins, growth prospects and market positioning.

Our decision to acquire the Statewide Waste business, which is located in Warrnambool, Victoria, was not driven by short term price/earnings ratios. Rather, we focused on the market positioning that the business has, namely:

- a centrally located and fully permitted transfer station with limited competition;
- an EPA exempted compost site which has limited competition and significant growth prospects;
- a good profit margin and strong growth prospects.

Statewide's business fundamentals are very compelling, and we are excited by the opportunities to grow this business in the years to come. We intend to apply a similar investment philosophy to any future acquisition prospects.

Austral Waste is currently listed on the NSX and is seeking to list on the ASX.

The Directors of Austral Waste have, consistent with their previously stated aims, secured acquisitions of waste management assets as part of the Company's plans to grow into an integrated waste management company. The capital raised by this Prospectus will be used to retire debt associated with the acquisitions and assist with the migration of the Company to the ASX. The Directors believe a migration of the Company's listing to the ASX will give the Company a greater profile and access to capital in order to further advance the Company's growth opportunities.

This Prospectus offers 14,000,000 shares at \$0.20 per share payable in full upon application but may accept oversubscriptions of up to an additional 5,000,000 shares. Immediately after listing on the ASX, Austral Waste will, at the offer price of \$0.20, have a market capitalisation of approximately \$6.0 million, a strong asset backing, strong prospects for growth and minimal debt.

Together with my fellow directors, I am delighted to be able to offer you this investment opportunity and thoroughly commend the offer to you.

Join us as we challenge the inevitability of waste.

Yours sincerely,

Nick Kephalas

Chairman

Austral Waste Group Limited

Telephone: +61-3-9574 7526

Fax: +61-3-9574 7520

2. Details of Offer

Austral Waste is currently listed on the NSX and is seeking admission to the official list of the ASX.

This Prospectus offers 14 million New Shares at \$0.20 each to raise \$2.8 million.

Minimum Subscription

The minimum subscription is 14 million New Shares at \$0.20 each to raise \$2.8 million.

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Minimum Subscription

The minimum subscription is 14 million New Shares at \$0.20 each to raise \$2.8 million.

If the minimum subscription is not achieved within four months of the date of this Prospectus, then none of the New Shares offered under this Prospectus will be allotted unless an exemption is granted by ASIC permitting such allotment. If no allotment is made, at the discretion of the Directors, either: all Application Monies will be refunded without interest to Applicants; or, a supplementary or replacement prospectus will be lodged with ASIC and provided to Applicants, with Applicants having one month after the receipt of the supplementary or replacement prospectus to withdraw their applications and receive a refund of their Application Monies if they choose.

Oversubscriptions

The Company reserves the right to accept oversubscriptions of up to a further 5 million New Shares under this Offer to raise a maximum of \$3.8 million.

How to Apply

An Application for New Shares can only be made by completing the Application Form accompanying this Prospectus. The minimum application is for 10,000 New Shares and thereafter in multiples of 1000 New Shares. Detailed instructions on the correct method of completing the Application Form are set out on the reverse of that form.

Lodgement of Application Forms

Application Forms must be accompanied by a personal cheque or a bank draft payable in Australian dollars, drawn on an Australian branch of an Australian represented bank, for an amount equal to the number of New Shares for which you wish to apply multiplied by the Offer Price of \$0.20 per New Share. Cheques should be made payable to 'Austral Waste Group Limited Share Offer' and crossed 'Not Negotiable'. Completed Application Forms and Application Monies should be mailed or delivered to the Company's Share Registry at the address shown on the reverse side of the Application Form at the end of this Prospectus by no later than 5.00pm (Melbourne time) on 30 December 2005.

The Company reserves the right in consultation with the Corporate Adviser to close the Offer early without prior notice or to extend it. Applicants are encouraged to lodge their Applications as early as possible.

Allocation of Shares

The Directors will proceed to allot New Shares as soon as possible after the close of the Offer and once the Company has received permission for official quotation of the New Shares from the ASX either unconditionally or on conditions acceptable to the Directors. The Directors reserve the right to allocate to any Applicant a lesser number of New Shares than that applied for, or to decline any Application. Where no allocation is made to a particular Applicant or the number of New Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant as soon as practicable after the Closing Date. No interest will be paid on refunded Application Monies.

In accordance with the Corporations Act before the allotment and issue of New Shares pursuant to this Prospectus all Application Monies shall be held by the Company in trust pending allotment of the New Shares or refund. Any interest earned on Application Monies will be retained by the Company.

Successful Applicants will be notified in writing of the number of New Shares allotted to them as soon as possible following the allocation being made after the close of the Offer.

Distribution Fee

The Company will pay a fee of 4% to participating stockbrokers on amounts raised by or through them in respect of any Application forms bearing their stamp.

Application of Funds

The funds derived from the Offer will be applied to: pay for Offer costs, reduce debt, and fund other growth opportunities, that may include acquisitions and other strategic alliances, including taking minority investments in companies with synergistic assets to provide the Company with additional opportunities for growth. A summary of how the funds raised will be utilized is set out in the table below:

	Minimum subscription (\$2.8 million)	Maximum subscription (\$3.8 million)
Description	Amount	
costs and expenses associated with the Offer	\$350,000	\$393,170
working capital	\$350,000	\$1,306,830
reduction of bank debt	\$2,100,000	\$2,100,000
Total	\$2,800,000	\$3,800,000

No Issue of Shares After 13 Months

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

ASX Listing

The Company will apply to ASX within seven days of the date of this Prospectus for it to be admitted to the Official List of ASX and for official quotation of all Shares (other than Shares that may be classified as restricted securities).

The Company's existing listing on NSX will cease as part of the Company becoming listed on ASX. Shareholder approval has been obtained for the withdrawal of the Company's listing on NSX subject to the admission of the Company on ASX.

It is expected that the Company will trade under the ASX Code "AWG".

If application for official quotation is not made within seven days after the lodgement of this Prospectus or permission for official quotation is not granted or deemed granted within three months after the date of issue of this Prospectus none of the New Shares offered under this Prospectus will be allotted unless an exemption is granted by ASIC permitting such allotment. If no allotment is made, at the discretion of the Directors, either: all Application Monies will be refunded without interest to Applicants; or, a supplementary or replacement prospectus will be lodged with ASIC and provided to Applicants, with Applicants having one month after the receipt of the supplementary or replacement prospectus to withdraw their applications and receive a refund of their Application Monies if they choose.

The fact that the ASX may admit the Company to its Official List is not to be taken as an indication of the merits of the Company or the New Shares. ASX and NSX and their officers and employees take no responsibility for the contents of this Prospectus and the reports which it contains.

Restricted Securities

ASX may, as a condition of granting the Company's application for official quotation of the Shares, classify certain Shares and options as restricted securities.

Prior to quotation on ASX, it will be necessary for the holders of the restricted securities to enter into restriction agreements with the Company. The effect of the restriction agreements will be that the restricted securities cannot be dealt with for a period as determined by ASX.

Clearing House Electronic Sub-Register System (CHES)

The Company will apply to participate in CHES. ASX Settlement and Transfer Corporation Pty Limited, a wholly owned subsidiary of ASX, operates CHES in accordance with the ASX Listing Rules and the ASTC Settlement Rules. On admission to CHES, the Company will operate an electronic issuer sponsored sub-register and an electronic CHES sub-register. The two sub-registers together will make up the Company's principal register of securities.

The Company will not issue certificates. Instead, as soon as practicable after allotment, Applicants who elect to hold their Shares on the issuer sponsored sub-register will be provided with a holding statement (similar to a bank account statement) which sets out the number of Shares allotted to each investor under this Prospectus at allotment time. CHES (acting on behalf of the Company) will provide each holder of Shares with a holding statement that confirms the number of Shares so recorded in the name of that holder.

Following distribution of these initial holding statements to all successful Applicants, an updated holding statement will only be provided at the end of any subsequent month during which the balance of the investor's holding of Shares changes. Holder of Shares may also request a statement at any time.

A holding statement (whether issued by CHES or the Company) will also provide details of a Shareholder's Holder Identification Number (HIN) in the case of a holding on the CHES sub-register or Shareholder Reference Number in the case of a holding on the issuer sponsored sub-register.

Overseas Shareholders

The distribution of this Prospectus in jurisdictions outside the Commonwealth of Australia may be restricted by law and persons into whose possession this Prospectus comes should seek advice on and observe any such restriction. Any failure to comply with such restrictions may constitute a violation of those securities laws.

This Prospectus does not constitute an offer in any place which, or to any person to whom, it would not be lawful to make such an offer. This Prospectus may not be supplied to the public in any jurisdiction outside the Commonwealth of Australia in which any registration, qualification or other requirement exists with respect to any public offering of securities.

Taxation

The taxation consequences of any investment in Shares will depend on the investor's particular circumstances. It is the responsibility of the particular investor to make their own enquiries concerning the taxation consequences of an investment in the Company. If investors are in any doubt as to what action to take, they should consult their accountant, solicitor or other professional adviser.

Enquiries

Questions relating to this Prospectus or how to complete the Application Form should be directed to the Corporate Adviser on 08 9267 4200. Applicants with questions regarding the contents of this Prospectus should contact their stockbroker, accountant, solicitor or other professional adviser.

3. Company Overview

3.1 History

Austral Waste is an integrated waste management company and listed on NSX on 27 April 2005 with a market capitalisation of approximately \$3.3 million. On listing, the Company's main asset apart from cash was the SAW business, a waste management business specialising in the maintenance and service of spray booths. Since listing, the Company disposed of the SAW business and took an assignment of a materials recovery facility contract in Perth. It has also signed a contract to acquire the Statewide Waste business with operations in Warrnambool (Victoria), and an ex quarry site in Melbourne, subject to obtaining a permit to operate a transfer station.

Leveraging off its existing business units, the Company intends to grow aggressively by:

- providing working capital and capital expenditure to grow its existing business units;
- acquiring other waste industry assets and providing them with working capital to fund an aggressive growth strategy; and
- investing in companies with strategic and synergistic assets to provide Austral Waste with additional exposure to the industry and to give it further opportunities to increase shareholder value.

Section 3.2 expands on the existing business operations of Austral Waste and its growth prospects, and Section 3.3 outlines Austral Waste's strategic vision.

3.2 About Austral Waste

3.2.1 Perth operations – Wangara Contract

As announced on 9 May 2005, Austral Waste's wholly owned subsidiary, Austral Waste Recycling (WA) Pty Ltd ("**AWRWA**") took the assignment of a materials recovery facility ("**MRF**") contract at Wangara, Perth. AWRWA receives and processes the residential/household kerbside recycling

collections from the Councils of the City of Wanneroo, City of Swan and City of Joondalup. There are in excess of 120,000 households within this region.

Approximately 1,200 tonnes of recyclable waste per month is currently received by AWRWA at the MRF situated at Wangara, Perth. The site is owned by the City of Wanneroo. The waste is delivered by each Council, which picks it up directly via household kerbside collections. AWRWA then processes the waste through a series of baler, trammels and a limited amount of hand sorting, with a view to recovering all recyclable products for the purposes of sale. Recovered products include paper, cardboard, plastics, aluminium, glass, steel and batteries.

AWRWA is paid a monthly fee based on the amount of tonnes of product recovered.

Competitors

At present AWRWA has an exclusive contract with its Council customers and as such there are no competitors. The contract was due to expire on 31 December 2006 however the City of Wanneroo has extended it to 31 December 2007.

Growth Opportunities for AWRWA

As presently structured, AWRWA's growth prospects under its existing contractual obligations are limited. The contract was assigned to the Company in May 2005 by an administrator and as such at the time of the assignment there was limited scope for negotiating alterations to the contract. However AWRWA is well placed to enter into new negotiations with the relevant Councils at the end of the existing contract. It is unlikely that AWRWA would re-tender for the contract as presently structured. However, future opportunities include:

- Expanding the resource recovery operations to other parts of Western Australia.

- Acquiring (from the City of Warrnambool) and upgrading the resource recovery facility site and running it as a private enterprise, open to the public. Ownership of the facility may allow AWRWA to control the recycling process and maximize the benefit of owning the waste stream.
- Opportunities exist for AWRWA to leverage off the experience gained from operating the Wangara MRF and expanding its operations into other States of Australia. Operating the Wangara facility has provided AWRWA with a detailed understanding of the economics associated with running a MRF.

3.2.2 Statewide Waste – Warrnambool Operations

On 18 November 2005, Austral Waste, via wholly owned subsidiaries, entered into a formal Sale Agreement to acquire the business assets of the Statewide Waste group, a business based in Warrnambool, Victoria. Completion of acquisition of the Statewide group business is conditional on several matters including consent of the EPA to a transfer of necessary exemptions and permits to Company. Further details of the conditions of completion and the Sale Agreement are set out in the Additional Information Section 11.8 under "Material Contracts".

As at the date of this Prospectus, all of the conditions had not been satisfied. However, completion is expected by 2 January 2006.

The Statewide Waste group effectively has the following business units:

- a **transfer station** ("**Central Waste & Garden**") located at Koroit Street, Warrnambool. The land will be acquired by Austral Waste Group and is fully permitted to operate as a transfer station. Facilities have recently been upgraded and the site receives and sorts waste. Customers include the local Council, local businesses and the general public. Sources of income include fees to receive the waste, and payments for the sale of recycled products. There is also a bin hire and "garden supplies" business. The transfer station is centrally located in the city of Warrnambool, and its location is one of the major selling points;
- a **composting business** located at Panmure, near Warrnambool, Victoria. The site is fully licensed by the EPA to receive waste soils/sludge. The waste is processed and mixed with green waste received at the transfer station and the resulting product is sold as soil to the public. Sources of income include fees to receive the waste and payments for the sale of soil. It is considered that the EPA licence attached to this site has considerable value;
- a **bio solids business** which provides services to Wannon Water (formerly South West Water).

Customers and Competitors of the Statewide Waste Group

Customers of each business unit are as follows:

Business Unit	Customer base
Transfer Station – Central Waste and Garden	Councils, builders, gardeners and the general public
Composting Business – Statewide Environmental Solutions	Companies in the food, dairy and other industries
Bio-Solids Business	Wannon Water

The major competitors of each business are:

Business Unit	Major Competitors	Comments
Transfer Station – <i>Central Waste and Garden</i>	Bartons Transfer Station Transwest	Bartons currently charging up to \$80 per tonne more than Statewide and in a location that is not as central as Central Waste and Garden. Do not operate a transfer station, rather only use their site to co-ordinate waste streams received from their cartage business and to conduct a bin hire business.
Composting Business – Statewide Environmental Solutions	Camperdown Composting Company	Situated approximately 45 kilometres from Statewide's site. Has limited capacity to expand.
Bio solids business	Bartons Waste, Transwest	As the operations are under contract, there is currently no competition. However once the contract comes up for tender in the future, it is anticipated that the tender process will be competitive. Statewide is however well placed due to the specially developed plant and infrastructure that it uses.

Growth Opportunities for Statewide Waste

Set out below are the growth opportunities for the Statewide Waste Group, division by division.

Transfer Station (Central Waste and Garden)

The growth opportunities for the transfer station include:

- expansion of the Company's bin hire operations. At present, the Company hires out 5 large bins (18 cubic metres) and 14 smaller bins (3 cubic metres). It is the Company's intention to immediately increase the number of bins on hire to in excess of 100, and ultimately to in excess of 300, and to aggressively market the bins in the market place. Revenue from such an expansion will come from the hire of the bins (most of which will be permanently located at the site of the customers) and also from the sale of recycled products received in the bins.
- Undertake an advertising campaign to expand the Company's transfer station operations. The transfer station has only recently been upgraded, and market awareness of the services offered is still considered to be limited. It is considered that an advertising campaign will see a material uplift in use of the transfer station by the general public and business operators such as builders and the gardening industry.
- Participate in future tenders for the collection, transport and receipt of waste from the City of Warrnambool, the Moyne Shire Council and other regional Councils.

Composting business

- Actively target new customers. At present the Company receives waste sludge from a few customers. The Company does not receive all of the customers' waste and there are many

corporate customers in the region who at this stage are not aware of the Company's services.

- Consider new markets for the compost products produced by the Company. This may include bagging compost and selling it to retailers in small bags, which would significantly increase the average price per cubic metre received for the product.

3.2.3 Melbourne Transfer Station

Austral Waste has, via a 100% subsidiary, Austral Waste (Vic) Pty Ltd ("**AWR Vic**"), signed a conditional contract to acquire a parcel of land in suburban Melbourne ("**the Property**").

The Property comprises 3 hectares of land zoned "special use", and is an ex-quarry site with approximately 180,000 cubic metres of airspace.

At the request of AWR Vic, the acquisition of the Property is conditional on AWR Vic being granted a permit by the requisite Council to construct and operate a waste transfer station. Pursuant to the terms of the contract, AWR Vic is provided with up to 10 months to obtain the permit (i.e. to approximately the end of June 2006), and if the permit has not been obtained by that time, either has the option to settle the purchase of the land regardless, or request an extension to the contract on terms to be mutually agreed.

The total purchase price of the land will be, inclusive of stamp duty and related costs, approximately \$2.4 million. A deposit of 5% has been paid, with a further 5% to be paid once the condition (i.e. obtaining the permit) is met.

The application for a transfer station permit has been lodged with the relevant Council. It is expected that a final decision will not be received until the middle of calendar year 2006.

Should the permit be issued, the cost of constructing the transfer station will be approximately \$500,000, with a further \$400,000 required for working capital purposes. In the event that the permit is issued and the purchase of the land proceeds, total cash requirements are therefore expected to be in the order of \$3.5 million. Austral Waste intends to fund the acquisition and development costs from bank facilities to the extent possible with the balance to be funded from internal resources or further equity. It is anticipated that construction will take approximately 3 to 6 months. As a consequence, the site is expected to be operational late 2006/early 2007.

If the purchase proceeds, and the transfer station established, it is anticipated that, when fully matured, the site will receive in excess of 100,000 cubic metres per annum of inert (construction and demolition) waste from commercial customers. Current gate fees at comparable transfer stations and landfills exceed \$25 per tonne and are increasing at a rate much greater than inflation. It is estimated that up to 80% of the waste received will be recycled in one form or another, and clean soil received will be used to rehabilitate the site, thereby arguably increasing its value. Any waste received which cannot be recycled will be sent to appropriate landfill sites or alternative waste management facilities.

3.2.4 Other Opportunities

The Company has recently negotiated options to acquire another 2 waste management assets. The options allow the Company to investigate in detail the merits of acquiring those assets. The following is a brief description of the 2 assets:

(a) Regional Landfill

The Company has entered into a memorandum of understanding (MOU) to purchase a landfill located in regional Victoria on a 75-hectare property, for \$5 million. A fee of \$225,000 has been paid in accordance with the MOU. If the Company does not proceed with the acquisition, the fee will be forfeited. Under the MOU, the Company and the vendors are to negotiate formal sale documents. The Company is

currently conducting detailed due diligence which a decision on whether to proceed with acquisition of the landfill will be made.

The landfill is licensed by the EPA to accept inert (construction and demolition) waste, putrescible (household) waste, asbestos waste and certain prescribed wastes. It has in excess of 1 million cubic metres of airspace available to it, approximately 600,000 cubic metres of which will only be available upon further extractive works. It is anticipated that quarrying and selling the rock will be a profit centre in its own right.

Customers of the landfill include the local Councils and private operators.

If acquired, the Company will seek to expand the operations by establishing a compost site similar to the one operated by Statewide Waste at Panmure.

The Directors anticipate the acquisition will be funded from bank facilities to the extent possible with the balance to be funded from internal resources or further equity.

(b) Waxed Cardboard Recycling Business

The Company has been granted an option to purchase a waxed cardboard recycling business, located in suburban Melbourne, for \$90,000. An option fee of \$45,000 has been paid and the option must be exercised within 75 days. If the option is exercised the \$45,000 option fee will be applied towards payment of the purchase price.

The business recycles waxed cardboard, which cannot otherwise be recycled by most cardboard recycling companies, and manufactures "fire logs" which are a replacement product for firewood, briquet and sawdust products for use in open fires and slow combustion heaters.

The Company is currently conducting detailed due diligence on the business and a decision on whether to acquire will be made at the end of the option period.

The Directors anticipate the acquisition will be funded from internal resources.

3.3 Strategic Vision for Austral Waste

Austral Waste will continue a controlled expansion program with a view to ultimately becoming a significant integrated waste management company, with operations including (but not limited to):

- Ownership of transfer stations and, to a lesser extent, landfills licensed to receive all waste types, including but not limited to prescribed waste, inert (construction) waste and putrescible (household) waste;
- The collection and cartage of waste directly from waste producers;
- The establishment of licensed recycling (resource recovery) operations to treat and recycle waste and to sell by-products produced.

Austral Waste will focus on business operations with strong gross profit margins and strong market positioning, including high barriers to entry. While the focus of the Company will be on Victorian and Western Australian assets as the Company is already operating in those States, the Company would not rule out acquisitions in other States or indeed overseas if the opportunity was otherwise considered appropriate.

If, for whatever reason, either or both of the conditional contracts for purchase of the Statewide Waste business or the Melbourne transfer site fail to complete, the Company will seek to acquire other waste management assets.

4 Description of the Waste Industry

4.1 Global Waste Management Industry

In an article titled 'Bulging Waste', in the OECD *Environment Directorate*, published on June 15, 2001 it was stated:

*"More economic growth means more waste to get rid of, or at least that has been the case so far, with a 40% increase in municipal waste in OECD countries between 1980 and 1997 to some 500 kilos of it per person per year. A key environmental question for the future is therefore decoupling economic growth from the increase in waste, according to the latest OECD Environmental Outlook: ... if current trends continue, the total amount of municipal waste generated in OECD countries during that time (to 2020) is forecast to grow even faster, rising by a further 43% to 640 kilos per person (about the size of a small rhinoceros) or a total 770 million tonnes per year. And in non-OECD countries, municipal waste generation is expected to increase roughly at the same rate as GDP, which means that by 2020 it would be double the 1995 level, or around 1,300 million tonnes per year."*¹

¹http://www.oecdobserver.org/news/fullstory.php/aid/498/Bulging_waste.html

4.2 Australian Waste Management Industry

The Australian Environment Industry Directory 2004 sets out the waste flow in Australia in 2001 as follows:

Waste Flow (MILLION TONNES PER ANNUM)	Municipal	Commercial & Industrial	Commercial & Demolition	Total
Waste Generated	8.4	9.2	10.8	28.4
Less: Recycled/Reprocessed	(1.9)	(4.0)	(4.6)	(10.5)
Leaves: Inert Landfill	0	3.0	4.8	7.8
Putrescible Landfill	6.5	2.2	1.4	10.1

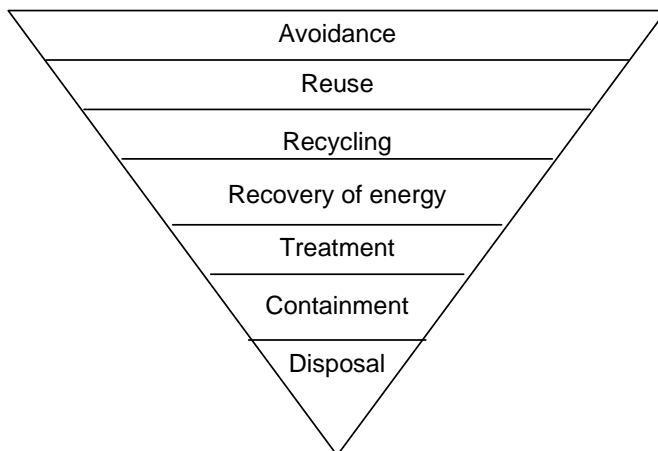
Source: Australian Environment Industry Directory 2004

The table above details the waste generated in Australia. Around one third of Australian waste is generated by the municipal sector and deposited in putrescible landfill, with the balance produced by industry and the construction and demolition sectors and deposited in inert landfill. Furthermore, the statistics indicate that over one third of all Australian waste generated is recycled.

4.3 Victorian Waste Management Industry and Regulation

The Waste Hierarchy

Victoria's waste management hierarchy, established in legislation under the *Environment Protection Act 1970*, states that wastes should be managed in accordance with the following order of preference:-



In September 2005, EcoRecycle Victoria, the state government agency responsible for waste planning and promoting the sustainable use of resources, released a draft 10-year strategy, *Sustainability in Action: Towards Zero Waste*. In that report, EcoRecycle Victoria stated:

While recycling is an important step sustainability, it has had little impact on growing trend of waste generation. Without substantial change in our thinking at resources and waste, in the next decade we likely to have an additional three million tonnes solid waste to manage."

"During the past two decades there has been a growing recognition of the environmental impacts of waste, along with community demands for change...The focus on recycling has increased and there is more concern about maintaining high environmental standards at landfills."

5 Forecast Financial Information

5.1 Introduction and Basis of Preparation

The forecasts contained in this Section are based on an assessment of the present economic and operating conditions and on a number of best estimate assumptions, as set out in Section 5.3, regarding future events and actions which, at the date of this Prospectus, Austral Waste expects to take place. The Directors have used due care and attention in the preparation of the forecast financial information and consider the assumptions to be reasonable when viewed as a whole.

Forecasts by their very nature are subject to uncertainty and unexpected events may occur. Whilst every precaution has been taken in forecasting these future events, many events are outside the control of the Directors. Circumstances and events often do not occur as anticipated and results may therefore be materially different from those that are forecast. As such, no guarantee can be given that these forecasts will be achieved.

All information presented in this section should be read in conjunction with the Directors' best-estimate forecast assumptions set out in this Section, the historical financial results of Austral Waste and Statewide Group set out in Section 7, the risk factors outlined in Section 10, the Independent Review Report set out in Section 6, a description of the key assumptions underlying the forecast financial information as set out in Section 5.3, a summary of the Company's key accounting policies described in Section 7.4 and an analysis of the sensitivity of the forecasts to changes in key assumptions as set out in Section 5.4 of this Prospectus.

The forecast financial information has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards ("A-IFRS"). A-IFRS are applicable for reporting periods beginning on or after 1 January 2005.

This section outlines the basis of preparation of the forecast financial information included in the Prospectus.

5.2 Forecast Consolidated Statements of Financial Performance

The forecasts are comprised of:

- Forecast consolidated statement of financial performance for the 6 months ending 31 December 2005. These forecasts contain actual unaudited financial results for Austral Waste for the four months to 31 October 2005 and forecast financial results for the two months to 31 December 2005;
- Forecast consolidated statement of financial performance for the 6 months ending 30 June 2006. These forecasts incorporate the forecasts of Austral Waste together with the forecasts for the Statewide Waste Group from the expected date of acquisition, being 2 January 2006; and
- Forecast consolidated statement of financial performance for the 6 months ending 31 December 2006.

Forecast Statement of Financial Performance

	6 months ending 31 Dec 2005 \$'000	6 months ending 30 June 2006 \$'000	6 months ending 31 Dec 2006 \$'000
Revenue from operating activities:			
Wangara tonnage fees	853	834	853
Transfer Station - Waste received	-	214	216
Transfer Station - Bin hire revenue	-	56	138
Transfer Station - Product Sales	-	60	60
Compost Site - Waste received	-	245	300
Biosolids Cartage	-	130	130
Total revenue from ordinary activities	853	1,539	1,697
Costs from operating activities:			
Wangara:			
Employment expense	503	498	503
Freight	67	66	67
Repairs and maintenance	50	54	50
Fuel	22	24	22
Other fixed and operating expenses	112	113	112
Statewide Waste Group:			
Employment expense	-	136	147
Fuel	-	71	84
Repairs and maintenance	-	60	60
Landfill	-	43	43
Other fixed and operating expenses	-	118	118
Head office costs	124	143	132
Total expenses from ordinary activities	878	1,326	1,338
Profit/(loss) from ordinary activities before depreciation, interest and tax expense	(25)	213	359
Depreciation	13	109	109
Interest	3	43	38
Profit/(loss) from ordinary activities before tax	(41)	61	212
Income tax (expense)/benefit related to ordinary activities	116	(8)	(53)
Profit from ordinary activities after income tax expense	75	53	159

5.3 Specific Forecast Assumptions

(a) Revenue

The major components of forecast revenue are as follows:

Wangara - Contract Revenue

The forecast revenue is based on actual volume of waste received in the financial year ended 30 June 2005 increased by 3 percent to reflect an expected increase in volume through organic growth. The rates adopted are in accordance with the agreed rates under the contract with Wannon Council.

Statewide Waste – Transfer Station

There are three sources of revenue generated by the transfer station: waste fees, product sales and bin hire.

- Waste fees – forecast revenue is based on actual revenue for the four months ended 31 October 2005 extrapolated for a 12 month period from the expected date of acquisition of 2 January 2006. Whilst this is significantly higher than the revenue generated in the 2005 financial year, the increase is supported by the winning of additional work for the Warrnambool City Council.
- Bin hire – currently revenue from bin hire is minimal with actual revenue for the year ended 30 June 2005 of approximately \$40,000. The Company intends to increase the size of the bin hire business by acquiring more bins and employing a business

development manager to procure new customers. The new bins will be funded from available funds post the capital raising in the Prospectus and are forecast to cost approximately \$100,000.

Currently the business has 19 bins available for hire. The Company has allowed for the acquisition of 121 new bins and that a gradual uptake of such bins will occur over the forecast period, increasing the number of bins hired from 30 in January 2006 to 140 bins by December 2006. Currently the bins are hired out on average once per month. It is forecast that the number of times the bins will be hired per month will gradually increase to an average of 2.5 times per month from the month of May onwards. The forecast increase in bin hire usage is anticipated due to employment of a business development manager which is expected to lead to new customers.

- Product sales – forecast revenue is based on actual revenue for the four months ended 31 October 2005 extrapolated for a 12 month period from the expected date of acquisition of 2 January 2006. The amount forecast represents an increase of 10 percent on revenue generated in the 2005 financial year. This compares to year to date growth compared to the prior year of 52 percent.

Statewide Waste – Compost Division

The Compost Division forecast revenue assumes growth of approximately 50 percent on compost revenue achieved in the year ended 30 June 2005 of \$354,000 and 45 percent growth on compost revenue achieved in the four months ended 31 October 2005 of \$140,000. The growth is expected to be derived from actively targeting new customers. This will be undertaken by the new business development manager together with existing Austral Waste management. At present Statewide Waste receives waste sludge from a few customers. There are many corporates in the Warrnambool region which do not currently utilise the services provided by Statewide Waste which will be targeted as new clients.

Statewide Waste – Biosolids Division

The Biosolids division forecasts are based on the existing contract with Wannon Water (formerly South West Water Authority) to provide cartage services. The contract is for a period of two years starting May 2005. No revenue has been incorporated for the confectionery waste business previously undertaken by this division as it will not be a focus area going forward.

(b) Operating Costs – Wangara Contract

The major operating expenses included in the forecasts have been based on the following assumptions:

Employment Expense

These costs incorporate permanent and contract labour, based on existing staff levels. The forecast has been prepared based on actual costs for the five months ended 30 September 2005, extrapolated out over the forecast period.

Freight

Freight has been forecast at a rate of 8 percent of Wangara Contract revenue. This is consistent with the rate achieved in five months to 30 September 2005.

Repairs and Maintenance Expense

These costs represent expenditures on existing assets in order to keep those assets in good working order. They include servicing, minor upgrades and other related

expenditures to capital and site equipment. Costs in this category have averaged 4 percent of Wangara Contract revenue over five months to 30 September 2005. Forecast costs for this category in the year ending 31 December 2006 are 5 percent of Wangara Contract revenues.

Fuel

Fuel has been forecast at a rate of 3 percent of Wangara Contract revenue. Fuel costs averaged 3 percent of Wangara Contract revenue over the five months to 30 September 2005.

Other Fixed and Operating Costs

Other fixed and operating costs include such items as strapping, tools, insurance, utility costs, rent and other operational costs. These costs are forecast on a basis which is consistent with the actual operating costs incurred during previous financial periods.

(c) Operating Costs - Statewide Waste Group

The major operating expenses included in the forecasts have been based on the following assumptions:

Employment Expense

These costs are based on existing staff levels however increases in employment costs have been applied to the Statewide Waste Group to take into account new staff members required to replace the outgoing vendor and his family members, who did not extract a salary. Increases have also been incorporated to support the forecast growth and operational requirements.

Fuel

Fuel expense has been forecast to increase by 40 percent compared to fuel expense in the 2005 financial year. The increase reflects the additional fuel costs expected to be incurred as a result of the increase in bin hire revenue. The increase also has regard to increased fuel consumption for running of plant and equipment at the compost and transfer station sites as a result of the expected increase in revenue.

Repairs and Maintenance Expense

These costs represent expenditures on plant and equipment and trucks and include servicing, minor upgrades and other related expenditures. Costs in this category have averaged 10 percent of Statewide Waste Group's operating revenue over the last two years. Forecast costs for this category in year ending 31 December 2006 are expected to be 8 percent of operating revenues.

Landfill Fees

Landfill fees have been forecast at 20 percent of Statewide Waste Group's waste revenue received by the Transfer Station. This compares to 18 percent of waste revenue incurred in the year ended 30 June 2005.

Other Fixed and Operating Costs

Other fixed and operating costs include such items as advertising, insurance, professional services, utility costs, permits and fees, rent, telephone and other operational costs. These costs are forecast on a basis which is consistent with the actual operating costs incurred during previous financial years with the exception of freight and insurance. Freight has

historically been much higher due primarily to freight costs associated with delivering the confectionary to the Bio Solids Division. As this will not be a focus of the Statewide Waste Group going forward, the revenue and associated costs of this part of the Bio Solids division have been excluded, including freight. Forecast insurance is based on quotes received by Austral Waste.

(d) Head Office Costs

Head office costs include directors fees, bookkeeping, accounting, printing of statutory and annual reports, audit costs, legal fees, ASX and share registry fees, head office rent, and consulting fees. These are based on actual costs incurred by the Company historically adjusted to reflect the hiring of a part time Chief Financial Officer.

Head office costs also include option expense pertaining to the issue of options to Mr. Christian McMahon as detailed in Section 11.5. These have been valued by the Directors using the Black Scholes Model and in accordance with A-IFRS at approximately \$2,000.

(e) Depreciation of Property, Plant and Equipment

Depreciation methods and rates are consistent with the rates used historically for Austral Waste. Depreciation for Statewide Waste is based on the Directors estimate of useful life for the plant and equipment which has been assessed to be between 5 and 25 years with an average of 8 years.

(f) Interest Expense

Forecast interest expense relates to existing finance leases of Austral Waste and bank borrowings in respect of the acquisition of the Statewide Waste Group. Interest on bank borrowings is calculated at the rate of 8.03 percent.

(g) Income Tax Expense

Austral Waste had tax losses of approximately \$347,000 as at 30 June 2005 which were not taken up as an asset as it was not virtually certain that the losses would be utilised in the future. In addition, based on the Company's activities and future expected performance at 30 June 2005, the tax losses did not meet the test of recognition as an asset under A-IFRS. Under A-IFRS, the losses can be taken up as an asset if it is probable that the losses will be utilised in the future. As it is projected that Austral Waste will generate profits in the year ended 30 June 2006 following the acquisition of the Statewide Waste Group, under A-IFRS, the tax losses will be taken up as an asset as at 31 December 2005. This results in a tax benefit in the period ended 31 December 2005. This tax benefit is increased in the same period by the forecast losses in the six months ending 31 December 2005. In the following periods the income tax expense is impacted by the tax amortisation of the capital raising costs which are amortised over a period of five years.

(h) Other General Assumptions

In addition to the specific assumptions listed above, the forecasts for the six month periods ending 31 December 2005, 30 June 2006 and 31 December 2006 have also been based on the following general assumptions:

- i. there are no material changes to Australian Accounting Standards, Statements of Accounting Concepts, or other mandatory reporting requirements, being Urgent Issues Group Consensus Views, and the Corporations Act which would have a material effect on Austral Wastes' financial results for the forecast period;

- ii. Austral Wastes' accounting policies remain consistent with those disclosed in Section 7.4;
- iii. economic conditions do not materially deteriorate and adversely affect the level of waste output by domestic households or commercial industry;
- iv. there is no adverse change in local, State or Federal legislation generally with respect to waste management, control emissions or Austral Waste's core business functions. It should be noted that in such an event all waste management businesses will be affected, not only Austral Waste;
- v. there is no material change in industrial, political or economic conditions generally which will adversely affect the Company;
- vi. the level of competitor activity in the market in which Austral Waste operates does not increase significantly;
- vii. the Offer is fully subscribed and proceeds have been received by mid January 2006;
- viii. the acquisition of the Statewide Waste Group occurs on 2 January 2006;
- ix. there are no further issue of Shares during the forecast period; and
- x. the Australian economy is expected to enjoy a sustained period of low inflationary growth.

Although it is the intention of Austral Waste to make further acquisitions, due to uncertainty as to the timing and value of such acquisitions, the forecasts do not reflect any acquisitions and associated funding of such acquisitions.

However, as stated in Section 3.2.3 of the Prospectus, the Company has signed a conditional contract to acquire an ex-quarry site in suburban Melbourne. The contract is conditional upon the relevant Council issuing a waste transfer station permit. If the permit is not issued, the contract will be terminated. The application for the permit has been lodged with the relevant Council.

There are certain costs associated with entering into the contract and applying for the permit. If the permit is issued and the purchase proceeds, these costs will be capitalised as part of the cost of the acquisition of the site. If the permit is not issued, these costs will be expensed, most likely in year ending 30 June 2006. The expected costs are in the vicinity of \$96,000. This amount has been included in the sensitivity analysis.

The Company has also negotiated options to acquire waste management assets described in Section 3.2.4. If the Company does not proceed with either or both of these acquisitions the costs incurred by the Company in respect of such negotiations will be expensed. This amount has been included in the sensitivity analysis.

The Directors have given all due care and attention to the forecasts before their adoption, but forecasts are by their nature subject to uncertainty and unexpected events, many of which are beyond the control of the Directors. Accordingly the Directors assessment of the forecasts may vary materially from the actual results and there can be no guarantee or assurance that the forecasts will be achieved.

5.4 Sensitivity Analysis

The Directors' forecasts for Austral Waste are sensitive to a number of key assumptions as outlined above. Set out below is a summary of the impact on profit after tax arising from changes in the specified variables. The sensitivity analysis is not intended to be indicative or predictive of the complete range of variations that may occur. Investors are advised to take care in interpreting the sensitivity analysis below. The sensitivity analysis treats each movement in an operating variable in isolation from changes in other variables. In practice, management would respond to any adverse change in one variable by taking appropriate

action to minimize its impact. The effect of such mitigating action has been excluded from the sensitivity analysis.

Key Assumption / Factor	Variation	Impact on NPAT \$'000					
		6 months to		6 months to		6 months to	
		31 Dec 2005		30 June 2006		31 Dec 2006	
		+	-	+	-	+	-
Austral Waste:							
Revenue	+/-10%	60	(60)	58	(58)	60	(60)
Operating expenses	+/-10%	54	(54)	53	(53)	54	(54)
Head office costs	+/-20%	17	(17)	18	(18)	18	(18)
Permit costs to be written off if contract to acquire ex-quarry site terminated		-	-	-	(96)	-	-
Costs written off if options to acquire waste management asset not exercised					(270)		
Statewide Waste Group:							
Revenue Transfer Station							
- waste	+/-10%	-	-	15	(15)	15	(15)
- bin hire	+/-20%	-	-	8	(8)	19	(19)
Revenue Compost Site	+/-20%	-	-	34	(34)	42	(42)
Employee expenses	+/-20%	-	-	19	(19)	21	(21)
Other costs excluding employee costs	+/-10%	-	-	20	(20)	21	(21)

6 Independent Review Report

PKF Corporate Advisory



21 November 2005

The Board of Directors
The Directors
Austral Waste Group Limited
Suite 64, 1 Aristoc Road
GLEN WAVERLEY VIC 3150

PKF Corporate Advisory Services (Vic) Pty Ltd
ABN 97 007 267 558
Australian Financial Services Licence 255377

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Dear Directors

INDEPENDENT REVIEW REPORT ON THE DIRECTORS' FORECASTS

Introduction

This Independent Review Report on the Directors' Forecasts ("Report") has been prepared by PKF Corporate Advisory Services (Vic) Pty Limited ("PKF Corporate") at the request of the Directors of Austral Waste Limited ("Austral Waste") for inclusion in a prospectus for Austral Waste to be dated on or about 21 November 2005 relating to the public invitation to subscribe for 14 million fully paid ordinary shares at an issue price \$0.20 per share to raise \$2.8 million before costs, ("Prospectus") with provision for oversubscriptions to raise up to a further \$1 million.

Expressions defined in the Prospectus have the same meaning in this report.

PKF Corporate holds the appropriate Financial Services Licence required by the Corporations Act 2001 for the issue of this report. Included at Appendix 1 is our Financial Services Guide which must accompany this Report.

Background

Austral Waste (formerly known as Growth Platform Limited) is a public company incorporated on 12 August 2004 to search for opportunities to acquire assets and businesses in the waste management industry. On 27 April 2005, the Company listed on the Newcastle Stock Exchange. On 18 November 2005, Austral Waste entered into an unconditional contract to acquire the assets and businesses of the Statewide Waste Group as set out in Sections 3.2.2 and 11.8 of the Prospectus. The anticipated acquisition date for the assets and businesses of the Statewide Waste Group is 2 January 2006.

PKF Corporate has been requested to:

- form an opinion on whether the Directors' Forecasts for the consolidated statements of financial performance for the six months ended 31 December 2005, the six months ended 30 June 2006 and the six months ended 31 December 2006 as set out in section 5.2 of the Prospectus, have been properly prepared based on the best estimate assumptions as set out in Section 5.3 and in accordance with Australian Equivalents to International Reporting Standards ("A-IFRS") as they apply to Austral Waste. Austral Waste's accounting policies for the financial year ended 30 June 2005 and the impacts of A-IFRS are disclosed in Section 7.4 of the Prospectus (refer Notes 1 and 2); and

- report whether anything has come to our attention, which would cause us to believe that the assumptions underlying the Directors' Forecasts, when taken as a whole, do not provide a reasonable basis for the preparation of the Directors' Forecasts.

The forecast consolidated statements of financial performance are herein referred to collectively as the "Directors' Forecasts".

This report does not form the basis of an independent expert's opinion with respect to the valuation of Austral Waste or a valuation of the share issue price of \$0.20 per share nor does it address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment.

Basis of Preparation

The Directors' Forecasts are set out in Section 5.2 of the Prospectus. The Directors are responsible for the preparation and presentation of the Directors' Forecasts, including the best estimate assumptions on which they are based and the sensitivities of the Directors' Forecasts to changes in key assumptions. The Directors' Forecasts reflect the Directors best estimate assumptions as to future events and actions which management expects to take place at the date that the information is prepared.

The Directors' Forecasts are based on numerous assumptions and are subject to significant uncertainties and contingencies, many of which are outside the control of Austral Waste. Accordingly, actual results during the forecast period may vary materially from the Directors' Forecasts, as some events and circumstances may not occur as expected, or could not be reasonably foreseen. While evidence may be available to support the assumptions on which the Directors' Forecasts are based, such evidence is generally future orientated and therefore not capable of independent substantiation.

The sensitivity of the Directors' Forecasts to changes in key assumptions is set out in Section 5.4 of the Prospectus. The risks to which the business of Austral Waste is exposed are detailed in Section 10 of the Prospectus. The Directors' Forecasts should be considered in conjunction with the analysis in these sections.

Scope of Procedures

We have examined the best estimate assumptions underlying the Directors' Forecasts in accordance with Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports". In conducting our review of the Directors' Forecasts, rather than an audit, we have considered the key requirements of AUS804 "The Audit of Prospective Financial Information". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary. These procedures included discussion with the Directors and management of the Company and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that:

- the best estimate assumptions do not provide a reasonable basis for the preparation of the Directors' Forecasts;
- in all material respects, the Directors' Forecasts are not properly prepared on the basis of the best estimate assumptions; and
- the Directors' Forecasts are not presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia and the A-IFRS accounting policies of the Company disclosed in Section 7.4 of the Prospectus so as to present a view of the Company which is not inconsistent with our understanding of the Company's past, current and future operations.

Our review of the Directors' Forecasts, that are based on best estimate assumptions, is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express and audit opinion on the Directors' Forecasts included in the Prospectus.

Opinion

Based on our review of the Directors' Forecasts as set out in Section 5.2 of the Prospectus, which is not an audit, and based on our review of the reasonableness of the Directors' best estimate assumptions giving rise to the prospective financial information, nothing has come to our attention which causes us to believe that:

- the Directors' best estimate assumptions set out in Section 5.3 of the Prospectus do not provide a reasonable basis for the preparation of the Directors' Forecasts; and
- The Directors' Forecasts are not properly compiled on the basis of the Directors' best estimate assumptions and are not presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the A-IFRS accounting policies adopted by the Company disclosed in Section 7.4 of the Prospectus.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Company and the Directors. If events do not occur as assumed, actual results achieved and distributions provided by the Company may vary significantly from the Directors' Forecasts. Accordingly we do not confirm or guarantee the achievement of the Directors' Forecasts, as future events, by their very nature, are not capable of independent substantiation. Investors should have regard to the Sensitivity Analysis and Risk Factors detailed in Section 5.4 and Section 9 of the Prospectus respectively.

Subsequent Events

To the best of the knowledge and belief of PKF Corporate, there have been no material items, transactions or events subsequent to the date of this report not otherwise disclosed in this report or the Prospectus that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

Independence

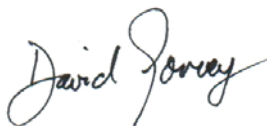
Neither PKF Chartered Accountants, PKF Corporate, (a wholly owned entity of PKF), nor the persons preparing this report have any interest in the securities of Austral Waste, or any interests in the outcome of the Offer, or other interests that would be reasonably regarded as capable of affecting their ability to give an unbiased opinion in this matter. PKF provides audit services to the Company and will receive professional fees for the preparation of this report, the conduct of financial due diligence services, and the preparation of the Independent Accountant's Report at Section 8 of this Prospectus.

Yours faithfully

PKF Corporate Advisory Services (Vic) Pty Ltd



P Murone
Director



D J Garvey
Director

Appendix 1: Financial Services Guide

PKF Corporate Advisory Services (Vic) Pty Limited ("PKF Corporate") has been engaged to issue general financial product advice in the form of an Independent Review Report on the Director's Forecasts ("Report"), to be provided to you.

PKF Corporate holds an Australian Financial Services Licence - No: 255377.

Financial Services Guide

As a result of the Report being provided to you, we are required to issue to you a Financial Services Guide ("FSG"). The FSG is designed to help retail clients make a decision as to their use of general financial product advice and so as to comply with our obligations as an Australian Financial Services Licensee. This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services ;
- the basis on which we, or our staff or any associates, are remunerated;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial Services We Are Licensed To Provide

We hold an Australian Financial Services Licence which authorises us to provide general financial product advice for securities to wholesale and retail clients.

We provide financial product advice by virtue of an engagement to issue a Report in connection with the issue of securities of another person.

The Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly, but will be provided with a copy of the Report because of your connection with the matters on which the Report has been issued.

The Report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

General Financial Product Advice

The Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Before you act on this general advice, you should consider the appropriateness of the advice having regard to your own objectives, financial situation and needs. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits That We May Receive

We have charged fees for providing the Report. Our fees have been agreed on either a fixed fee or time cost basis and will be paid by the party who engaged us to provide the Report.

Except for the fees referred to above, neither PKF Corporate, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with, the provision of the Report.

Remuneration Or Other Benefits Received By Our Employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKF Corporate or related entities, but any bonuses paid are not directly in connected with any assignment and, in particular, are not directly related to the engagement for which the Report was provided.

Referrals

PKF Corporate does not pay commissions or provide any other benefits to any parties or persons for referring clients to us in connection with the reports that we are licensed to provide.

Associations and Relationships

PKF Corporate is the licensed corporate advisory arm of PKF Melbourne, Chartered Accountants and Business Advisers ("PKF Melbourne"). The directors of PKF Corporate may also be partners in PKF Melbourne.

PKF Melbourne is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients. PKF Corporate and PKF Melbourne operate independently of the interstate members of PKF Australia Limited.

Complaints Resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory Services (Vic) Pty Limited, Level 11, CGU Tower, 485 La Trobe Street, Melbourne Vic 3000.

On receipt of a written complaint, we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. A complainant not satisfied with the outcome of the above process, or PKF Corporate's determination, has the right to refer the matter to the Financial Industry Complaints Service ("FICS"). FICS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKF Corporate is a member of FICS. FICS may be contacted directly via the details set out below.

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
Melbourne VIC 8007
Toll free: 1300 78 08 08
Facsimile: (03) 9621 2291
Email: www.fics@fics.asn.au

7 Financial History

Set out below is a summary of the audited consolidated statement of financial performance of the Austral Waste Group for the period ended 30 June 2005 and the unaudited consolidated statement of financial performance for the four months ended 31 October 2005. Also set out below is the unaudited aggregated statement of financial performance for the Statewide Waste Group for the financial years ended 30 June 2004 and 30 June 2005. This aggregated statement of financial performance of the Statewide Waste Group has been subject to review by the Independent Accountant as set out in Section 8.

The information presented below for Austral Waste and the Statewide Waste Group is in accordance with A-GAAP and A-IFRS, with a reconciliation between A-IFRS estimates and A-GAAP included in the table. Based on work performed by the Company, results under A-IFRS and A-GAAP are not materially different for both Austral Waste and Statewide Group.

7.1 Consolidated Statements of Financial Performance - Austral Waste Group

Austral Waste was incorporated on 12 August 2004 and as such the first financial period for the Company is the period ended 30 June 2005. The financial results for the year ended 30 June 2005 have been adjusted to show separately the results of the SAW business of Austral Waste (Vic) Pty Ltd that was sold effective 1 July 2005. The historical financial information for the Austral Waste Group for the year ended 30 June 2005 has been subject to an independent review as detailed in the Independent Accountants Report set out in Section 8. The results for the four months ended 31 October 2005 have not been subject to an independent review.

	Period ended 30 June 2005		4 months ended 31 Oct 05	
	Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000	\$'000
Revenue from operating activities:				
Revenue from sale of goods		49	49	-
Revenue from services	272	278	550	551
	272	327	599	551
Revenue from non operating activities:				
Interest income	19	-	19	17
	19	-	19	17
Total revenue from ordinary activities	291	327	618	568
Costs from operating activities ¹ :				
Cost of goods sold (excluding employee expenses)	50	163	213	127
Salaries & employee benefits expenses	290	160	450	397
Other expenses	55	-	55	30
Professional Fees	65	3	68	9
Borrowing cost expense	1	-	1	2
Bad debts	-	20	20	-
Write down of plant and equipment	-	28	28	-
Rental	5	27	32	17
Motor vehicle	-	23	23	-
Administration	15	30	45	5
Total Expenses	481	454	935	587
Operating loss before tax and depreciation	(190)	(127)	(317)	(36)
Depreciation expense	3	19	22	9
Operating loss from ordinary activities before tax	(193)	(146)	(339)	(45)
Income tax on ordinary activities	-	-	-	-
Loss from ordinary activities after income tax	(193)	(146)	(339)	(40)
A-IFRS adjustments - option based payments	27	-	27	
Operating loss after tax as restated under AIFRS	(220)	(146)	(366)	(40)

¹ Included in the continuing operations in the year ended 30 June 2005 are approximately \$90,000 in due diligence costs relating to an acquisition that did not eventuate.

7.2 Consolidated Statements of Financial Performance – Statewide Waste Group

The summary historical financial information for the Statewide Waste Group is based on the unaudited aggregated financial statements of two entities, the Harrington Family Trust and the Dingfox Trust, for the financial years ended 30 June 2004 and 30 June 2005 provided to the Company by the Statewide Waste Group. The accounting policies adopted in the preparation of the summary Statewide Waste Group historical financial information is consistent with accounting policies adopted of the Austral Waste Group.

The historical results for the Statewide Waste Group have not been reported below the EBITDA line as the Statewide Waste Group operated under a substantially different asset, gearing and tax structure to that which it is expected to operate under the forecast period. Accordingly, depreciation, tax expense, interest expense and amortization have not been included in the historical consolidated statements of financial performance as this information is not considered by Directors to be meaningful to a potential investor in Austral Waste.

The historical aggregated statements of financial performance do not purport to represent what the actual results of operations would have been had the Statewide Waste Group been owned by Austral Waste throughout those periods. However for the purpose of comparing past and future performance, the Directors of Austral Waste believe that the aggregated statements of financial performance provide a meaningful presentation of the underlying financial performance of the Statewide Waste Group.

The aggregated historical financial information for the Statewide Waste Group has not been audited but has been subject to review by the Independent Accountant as set out in their Report in Section 8.

	Notes	Year ended 30 June 04 \$	Year ended 30 June 05 \$
Revenue from operating activities			
Transfer Station			
- Waste		229	345
- Product Sales		81	109
- Bin Hire		8	40
Compost Division		334	354
Bio Solids Division		629	363
Total revenue from operating activities		1,261	1,211
Cost of goods sold (raw materials)		131	73
Gross Profit		1,130	1,138
Expenses			
Salaries & employee benefits expenses		210	168
Freight		106	82
Fuel		110	111
Repairs and maintenance		128	132
Land fill		37	62
Other		178	264
Total Expenses		769	819
EBITDA		361	319

7.3 Statements of Financial Position

The consolidated statement of financial position represents the financial position of the Group as at 30 June 2005. The pro-forma consolidated statement of financial position represents the consolidated statement of financial position as at 30 June 2005 adjusted for the acquisition of the Statewide Waste Group business and the capital raising transactions as if those transactions had taken place on 30 June 2005. The financial information has been prepared on the basis of the significant accounting policies adopted by the Company set out in Note 1.

Statements of Financial Position

	Notes	*Consolidated 30 June 2005 \$'000	Pro-forma Adjustments ³ \$'000	Pro forma Consolidated 30 June 2005 \$'000
CURRENT ASSETS				
Cash assets	4	1,056	(145)	911
Receivables		291	-	291
Inventories	5	26	(26)	-
Other current assets		82	-	82
TOTAL CURRENT ASSETS		1,455	(171)	1,284
NON-CURRENT ASSETS				
Property, plant & equipment	6	326	2,682	3,008
Intangible assets	7	15	1,223	1,238
TOTAL NON-CURRENT ASSETS		341	3,905	4,246
TOTAL ASSETS		1,796	3,734	5,530
CURRENT LIABILITIES				
Payables		234	-	234
Interest bearing liabilities	8	78	(22)	56
Provisions	9	26	(21)	5
TOTAL CURRENT LIABILITIES		338	(43)	295
NON-CURRENT LIABILITIES				
Interest bearing liabilities	10	120	936	1,056
TOTAL NON-CURRENT LIABILITIES		120	936	1,056
TOTAL LIABILITIES		458	893	1,351
NET ASSETS		1,338	2,841	4,179
EQUITY				
Contributed equity	11	1,677	2,841	4,518
Accumulated losses		- (339)	-	- (339)
TOTAL EQUITY		1,338	2,872	4,210

* Under A-IFRS as at 30 June 2005, contributed equity would increase by \$26,600 and accumulated losses would increase by \$26,600, with total equity unchanged. Refer to 2005 annual report for further details.

7.4 Notes To and Forming Part of the Financial Information

1. Summary of Significant Accounting Policies

The historical and pro-forma financial information has been prepared in accordance with the measurement requirements, but not all disclosure requirements, of Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. In the view of Directors of Austral Waste, the omitted disclosures provide limited relevant information to potential investors.

The financial information has been prepared in accordance with the historical cost convention. The accounting policies stated below have been consistently applied in the periods presented in the historical and pro-forma financial information.

The significant accounting policies under A-GAAP, which have been adopted in the preparation and presentation of the historical financial information, including notes to the financial statements are detailed below. Also set out in Note 2 below are the material differences between A-GAAP and A-IFRS as they impact Austral Waste. As previously stated, based on work performed by the Company, the historical financial position of Austral Waste Group as at 30 June 2005 is not materially different under A-GAAP or A-IFRS. As a result of the acquisition of the Statewide Waste Group, the Company will recognize a tax asset associated with tax losses in the financial period ended 31 December 2005. Recognition of this asset is discussed further below:

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled entities. A controlled entity is an entity controlled by the Company. Control exists where the Company has the capacity to dominate the decision making in relation to the financial and operating policies of other entities so that the other entities operate with the Company to achieve the objectives of the Company. All inter-company balances and transactions between the entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. The operating results of the controlled entities have been included from the date control was obtained.

(b) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

(c) Receivables

Receivables are recognised as the amounts due. Collectibility of receivables is reviewed on an ongoing basis. Debts which are believed to be uncollectible are written off. A provision is raised for amounts for which collection is considered doubtful.

(d) Recoverable amount

Where the carrying amount of an individual non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

(e) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is determined having reference to existing markets.

(f) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of each item of property, plant and equipment on a straight-line basis over the expected useful life of the asset.

(g) Intangibles

The intellectual property associated with the assignment of the Wangara contract (\$12,500) is being amortised on a straight-line basis over a 2.5 year period, representing the time left to run on the contract.

(h) Payables

Liabilities are recognised for amounts to be paid subsequent to the reporting date for goods and services received, whether or not billed, by the consolidated entity prior to the reporting date.

(i) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the obligation.

(j) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Contributed equity includes converting financial instruments where the conversion terms can be identified with reasonable certainty at balance date.

(k) Revenue recognition

Amounts disclosed as revenue are net of returns and trade allowances and are recognised on provision of the goods and / or services.

(l) Taxes

Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the Statement of Financial Performance is matched with the accounting profit / (loss) after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation.

Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- (i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- (ii) For receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables.

(m) Employee benefits

Wages and salaries and annual leave

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is possible that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and other employee benefits expected to be settled within 12 months, and measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of other employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Superannuation

The amount charged to the Statement of Financial Performance in respect of superannuation represents the contributions made by the consolidated entity to the employees' nominated superannuation funds.

(n) Leases

Operating leases

Lease payments for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Finance leased assets

Lease assets classified as finance lease are recognised as assets. The amount initially brought to account is the present value of the minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

(o) Investments

Investments in controlled entities are recorded at lower of cost or recoverable amount.

(p) Inventories

Inventories are valued at the lower of cost and net realisable value.

2. Implications of Australian Equivalents to International Financial Reporting Standards

Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Austral Waste as a result of the adoption of A-IFRS.

(a) Intangible Assets

Under A-GAAP, purchased goodwill and other identifiable intangible assets were required to be amortised on a straight-line basis over a period not exceeding 20 years. In addition, the unamortised balance of goodwill was required to be reviewed at each reporting date and recognised as an expense in the statement of financial performance to the extent that future benefits were no longer probable.

Under A-IFRS, goodwill is no longer subject to amortisation but becomes subject to an annual impairment test. Therefore Austral Waste will be required to test goodwill for impairment at least annually. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will exist are not known yet.

(b) Impairment of Assets

Under A-GAAP, non current assets measured at cost were subject to a recoverable amount test at each reporting date. Where the carrying amount exceeded the recoverable amount, the asset was written down.

A-IFRS imposes an impairment test to both current and non current assets. In particular, it requires the use of discounted cash flows when calculating an asset's recoverable amount. Austral Waste has considered its non current assets and has determined that there is no impairment as at 30 June 2005. Future impairments will be recognised as an expense.

(c) Income Tax

Under A-GAAP, the tax effect of items of income and expense were recognised in the statement of financial performance in one period but were taxable or deductible in other years were included in the calculation of the accounting income tax expense and reflected as deferred tax assets and liabilities in the statement of financial position.

A-IFRS requires a balance sheet method of accounting for taxation. Under this approach deferred tax is calculated as the tax expected to be payable or recoverable on differences between the tax based of assets and liabilities and their carrying amounts for financial reporting purposes.

Austral Waste had tax losses of approximately \$347,000 as at 30 June 2005 which were not taken up as an asset as it was not virtually certain that the losses would be utilised in the future. In addition, based on the Company's activities and expected future performance, the tax losses did not meet the test for recognition as an asset under A-IFRS. Under A-IFRS, the losses can be taken up as an asset if it is probable that the losses will be utilised in the future. As it is projected that Austral Waste will generate profits in the year ended 30 June 2006 following the acquisition of the Statewide Waste Group, under A-IFRS, the tax losses will be taken up as an asset as at 31 December 2005.

(d) Share-Based Payments

Under A-GAAP, there was no requirement to recognise an expense in respect of share-based payments. Public companies were required to disclose the value of equity instruments granted to directors and some entities have recognised an expense for this amount but there was no uniformity of practice and no requirements to recognise as an expense.

Under A-IFRS, where an equity instrument is granted to an employee or supplier, the value of that instrument must be determined at the date of grant and that value must be expensed on a pro rata basis between the date of grant and the date the instrument fully vests with the employee.

Austral Waste has issued options to Directors. These have been shown in the historical financial statements as an adjustment to the Statement of Financial Performance and an expense has been included in the Directors' Forecasts.

3. Pro-Forma Consolidated Statement of Financial Position

The pro-forma consolidated statement of financial position has been based on the consolidated statement of financial position at 30 June 2005, and reflects the following events and transactions as if they had happened at that date:

(a) Divestment Transactions

On 6 July 2005 the Company sold the SAW business owned by Austral Waste (Vic) Pty Ltd. The sale occurred after the reporting date and was made effective on and from 1 July 2005. The business was sold for a total consideration of \$113,333 made up of \$5,000 in cash and the cancellation of 625,000 shares in the Company. The book value of the assets sold to and liabilities assumed by the purchaser were as follows:

- Assets sold - inventory \$25,565, motor vehicles \$80,244 and plant and equipment of \$114,449; and
- Liabilities assumed - hire purchase arrangements relating to the motor vehicles of \$85,610 and leave liability of \$21,315.

(b) Acquisition Transactions

Austral Waste has signed a Sale Agreement to acquire the business and assets of the Statewide Waste Group. The acquisition is subject to the matters referred to in Section 11.8.

The acquisition transactions to be consummated by Austral Waste are as follows:

- Austral Waste will acquire the business and assets of the Statewide Waste Group for \$3.9 million (plus acquisition costs of \$200,000). The Vendors have elected to receive part of the consideration (\$500,000) in the form of shares at \$0.20 per share.
- The land will be acquired in Statewide Holdings Pty Ltd and the other business assets and operations in Statewide Waste Pty Ltd. Both companies are wholly owned subsidiaries of Austral Waste.

Austral Waste will borrow \$3.1 million from BankWest to acquire the business and assets of the Statewide Waste Group. On the completion of the Offer, Austral Waste intends to reduce the level of the BankWest debt to a maximum of \$1 million. Refer below for further detail.

Tangible net assets acquired and the determination of goodwill on acquisition are as follows:

Goodwill Calculation	\$'000
Purchase Consideration	
Cash	3,900
Costs of acquisition (legal, accounting, stamp duty)	200
Total	4,100
Net Tangible Assets Acquired (at fair value):	
Land and buildings (including stamp duty)	1,477
Plant and equipment	1,400
Total	2,877
Goodwill on Acquisition	
Goodwill	1,223
Total	1,223

Tangible assets have been valued at the cost of acquisition. The cost of acquisition represents the fair value of the assets acquired. The fair value of the above assets have been assessed as follows:

1. All property, plant and equipment, excluding land, have been assessed at expected replacement costs as determined by the directors.
2. Land has been assessed based on independent valuation plus stamp duty costs.

(c) Capital Raising and Interest Bearing Debt Transactions

The capital raising transactions include:

- Borrowing of \$3.1 million to fund the acquisition of the Statewide Waste Group;
- subscription of 14 million new fully paid ordinary shares for an issue price of \$0.20 per share for a total of \$2.8 million;
- payment of share issue expenses of approximately \$350,000 as if they had occurred as at 30 June 2005; and
- repayment of \$2.1 million of borrowings as detailed above.

	Consolidated 30 June 2005 \$'000	Consolidated Pro-forma 30 June 2005 \$'000
4. Cash		
Cash assets of Austral Waste	1,056	1,056
Cash from sale of business	-	5
Receipt of \$3.1 bank debt from BankWest	-	3,100
Issue of 14 million shares at \$0.20 per share	-	2,800
Purchase of Statewide business net of costs	-	(3,600)
Reduction of loan owing to BankWest	-	(2,100)
Payment of share issue expenses from proceeds of the Offer inclusive of transaction costs and GST	-	(350)
	1,056	911
5. Inventories		
Inventories	26	26
Sale of business	-	(26)
	26	-
6. Property, Plant and Equipment		
Plant and equipment of Austral Waste	326	326
Sale of business	-	(195)
Statewide Waste plant and equipment	-	1,400
Statewide Waste land and buildings	-	1,477
	326	3,008
7. Intangible Assets		
Intangible assets of Austral Waste	15	15
Goodwill on acquisition of Statewide Waste Group	-	1,223
	15	1,238
8. Current Interest Bearing Liabilities		
Lease liabilities of Austral Waste	78	78
Sale of business	-	(22)
	78	56

9. Non-Current Interest Bearing Liabilities

Lease liabilities of Austral Waste	120	120
Sale of business	-	(64)
Interest bearing liabilities	-	1,000
	198	1,056

Consolidated	Consolidated
30 June 2005	Pro-forma
\$'000	30 June 2005
	\$'000

10. Provisions

Provision for employee benefits of Austral Waste	26	26
Sale of business	-	(21)
	26	5

11. Contributed Equity

16,685,000 fully paid ordinary shares	1,677	1,677
Cancellation of 625,000 shares	-	(109)
Issue of 14 million new shares	-	2,800
Issue of 2.5 million shares	-	500
Capital raising costs – Prospectus Offer	-	(350)
16,060,000 fully paid ordinary shares (pro forma 32,560,000)	1,677	4,518

12. Commitments

Refer Section 3.2 of the Prospectus.

8 Independent Accountant's Report

PKF Corporate Advisory



21 November 2005

The Board of Directors
Austral Waste Group Limited
Suite 64, 1 Aristoc Road
GLEN WAVERLEY VIC 3150

Dear Directors

PKF Corporate Advisory Services (Vic) Pty Ltd
ABN 97 007 267 558
Australian Financial Services Licence 255377

Level 11, CGU Tower
485 La Trobe Street, Melbourne 3000
GPO Box 5099BB, Melbourne VIC 3001

Tel: 61 3 9603 1700
Fax: 61 3 9602 3870

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INDEPENDENT ACCOUNTANT'S REPORT

INTRODUCTION

This report has been prepared by PKF Corporate Advisory Services (Vic) Pty Ltd ("PKF Corporate") for inclusion in a prospectus for Austral Waste Limited ("Austral Waste") to be dated on or about 21 November 2005 relating to a public invitation to subscribe for 14 million new fully paid ordinary shares at an issue price of \$0.20 per share to raise up to \$2.8 million, ("Prospectus") with provision for oversubscriptions to raise up to a further \$1 million.

Expressions defined in the Prospectus have the same meaning in this report.

BACKGROUND

Austral Waste (formerly known as Growth Platform Limited) is a public company incorporated on 12 August 2004 to search for opportunities to acquire assets and business in the waste management industry. On 27 April 2005, the Company listed on the Newcastle Stock Exchange. On 18 November 2005, Austral Waste entered into an unconditional contract to acquire the assets and businesses of the Statewide Waste Group as set out in Sections 3.2.2 and 11.8 of the Prospectus. The anticipated acquisition date for the assets and businesses of the Statewide Waste Group is 2 January 2006.

The audited consolidated historical financial information for Austral Waste presented in Sections 7.1 and Section 7.3 of the Prospectus for the financial period ended 30 June 2005 has been extracted from the Company's general purpose financial statements. PKF Chartered Accountants issued an unqualified audit opinion in respect of Austral Waste's general purpose financial statements for the financial period ended 30 June 2005.

The aggregated statements of financial performance of the Statewide Waste Group presented in Section 7.2 of the Prospectus for the financial years ended 30 June 2004 and 30 June 2005 have been compiled from the unaudited financial statements of the underlying businesses. The aggregated statements of financial performance have been prepared to provide potential investors with an understanding of the underlying financial performance of the businesses which are to be acquired by Austral Waste. Further and better particulars in relation to the acquisition of the Statewide Waste Group is included in Sections 3.2.2 and 11.8 of the Prospectus and further details on the fair value of assets to be acquired from the Statewide Waste Group is included in Note 3(b) of Section 7.4 of the Prospectus.

The historical and pro-forma financial information presented in Section 7 of the Prospectus has been prepared in accordance with the measurement and recognition requirements of applicable Australian Accounting Standards for the financial periods ended 30 June 2005. However, the financial information

presented in Section 7 of the Prospectus is in an abbreviated form insofar as it does not include all of the disclosures required by applicable Australian Accounting Standards prepared in accordance with the Corporations Act 2001. The impact of Adoption of Australian equivalents to International Financial Reporting Standards are disclosed in Section 7 of the Prospectus.

This report does not form the basis of an independent expert opinion with respect to the valuation of Austral Waste or a valuation of the share issue price of \$0.20 per share. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. We have not been requested to consider the prospects for Austral Waste, the securities on offer, nor the merits and risks associated with becoming a shareholder, and accordingly, take no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report.

SCOPE

You have requested PKF Corporate to prepare a report covering the following information:

- the historical consolidated statement of financial performance and consolidated historical statement of financial position of Austral Waste for the financial period ended 30 June 2005, as set out in Sections 7.1 and 7.3 of the Prospectus, respectively;
- the historical aggregated statements of financial performance of the Statewide Waste Group of business for the financial years ended 30 June 2004 and 30 June 2005 as set out in Section 7.2 of the Prospectus; and
- the pro-forma minimum subscription consolidated statement of financial position as at 30 June 2005 which assumes the issue of 14 million fully paid ordinary shares, the receipt of \$2.8 million from the proceeds of the Offer and acquisition of the Statewide Waste Group of businesses as set out in Section 7.3 of the Prospectus.

The Directors are responsible for the preparation and presentation of the financial information set out in Sections 7.1 to 7.4 of the Prospectus. We have conducted our review in accordance with Australian Auditing Standards AUS 902 relating to review engagements and to report whether anything has come to our attention which would cause us to believe that the historical and pro-forma financial information for the relevant periods are not presented fairly in accordance with the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. Review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit and, accordingly, we do not express an audit opinion. Our examination included:

- enquiries of Directors and other officers of Austral Waste;
- review of the audit work papers of PKF in relation to the audit of Austral Waste's general purpose financial statements for the period ended 30 June 2005;
- review of workpapers, accounting records and other documents provided by Austral Waste;
- review of the methodology by which the historical and pro forma financial information was prepared;
- review of the arithmetical accuracy of the historical and pro forma financial information;
- review of the consistent application of the underlying assumptions to the pro forma financial information; and

- review of the consistent application of the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by Austral Waste disclosed in the Prospectus.

The pro-forma financial information presented in Section 7.3 of the Prospectus has been prepared on the basis of receipt of the minimum subscription. If oversubscriptions of up to \$1 million are accepted the cash assets, contributed equity and total equity contained in the pro-forma statement of financial position will increase.

OPINION

Historical Financial Information for Austral Waste

Based on the scope of our review, which is not an audit, nothing has come to our attention which would cause us to believe that the summarised consolidated historical statements of financial performance and financial position for the period ended 30 June 2005 has not been fairly presented in accordance with the recognition and measurement requirements prescribed in Australian Accounting Standards and other mandatory professional reporting requirements and accounting policies adopted by Austral Waste as disclosed in Section 7.4.

Historical Financial Information for Statewide Waste Group

Based on the scope of our review, which is not an audit, nothing has come to our attention which could cause us to believe that the summarised aggregated statements of financial performance for the Statewide Waste Group of businesses for the financial years ended 30 June 2004 and 30 June 2005 has not been fairly presented in accordance with the recognition and measurement requirements prescribed in Australian Accounting Standards and other mandatory professional reporting requirements and accounting policies adopted by Austral Waste as disclosed in Section 7.4.

Pro-Forma Financial Information

Based on the scope of our review, which is not an audit, nothing has come to our attention which would cause us to believe that the pro-forma minimum subscription consolidated statement of financial position set out in Section 7.3 of the Prospectus as at 30 June 2005 and the assumptions on which it is based, as set out in Section 7.4 of the Prospectus, are not fairly presented on the basis of the pro-forma adjustments and in accordance with the recognition and measurement requirements prescribed in Australian Accounting Standards and other mandatory professional reporting requirements and accounting policies adopted by Austral Waste as disclosed in Section 7.4, and on the assumption that all the transactions contemplated in the Prospectus as summarised in Section 7.4 were undertaken at 30 June 2005.

SUBSEQUENT EVENTS

To the best of PKF Corporate's knowledge and belief, there have been no material items, transactions or events subsequent to 30 June 2005, or to the date of this report, not otherwise disclosed in this report or in the Prospectus that have come to our attention during the course of our review which would cause the information in this report to be misleading.

INDEPENDENCE

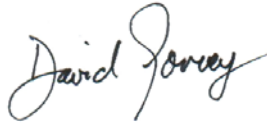
Neither PKF Chartered Accountants, PKF Corporate, (a wholly owned entity of PKF), nor the persons preparing this report have any interest in the securities of Austral Waste, or any interests in the outcome of the Offer, or other interests that would be reasonably regarded as capable of affecting their ability to give an unbiased opinion in this matter. PKF provides audit services to the Company and will receive professional fees for the preparation of this report, the conduct of financial due diligence services, and the preparation of the Independent Review Report on the Directors' Forecasts at Section 6 of this Prospectus.

Yours faithfully

PKF Corporate Advisory Services (Vic) Pty Ltd



P Murone
Director



D Garvey
Director

9 Directors & Organisational Chart

9.1 Directors

Nicholas Michael Kephala
Non-Executive Chairman

Mr Kephala is a professional public company director and the executive director of NMK Group Pty Ltd.

Mr Kephala managed the initial public offering ("IPO") of Baxter Group Limited (ASX: BAX) a waste management company in August 2002. The initial public offering raised \$13.2 million on a market capitalization of \$33 million. Mr Kephala was a non-executive director from the IPO until late June 2004. The share price of

Baxter has increased from \$1.00 at the time of the IPO in August 2002 to its current price of \$5.30. Mr Kephala has been a director of other ASX listed companies.

Prior to his current roles, Mr Kephala was the principal of boutique law firm, NMK Lawyers, based in Collins Street, Melbourne. The firm comprised 7 lawyers and further support staff, and serviced a client base including public companies, SME's and high wealth individuals.

Stephen Downer Hobbs
Non-Executive and Independent Director

Mr Hobbs has extensive experience in professional legal and accounting practices and in private business.

Mr Hobbs practised as a commercial lawyer in Adelaide for 7 years, providing advice primarily in the areas of taxation, commercial property and franchising. Mr Hobbs then joined chartered accounting firm Horwath NT in Alice Springs in its audit and investigation section and, as Audit Manager, was personally involved in the conduct of statutory financial audits and financial investigations and the provision of financial management services. This role

included a 3 month secondment to the Horwath office in Wellington, New Zealand.

Subsequently Mr Hobbs has been employed in management and bookmaking roles in the sports bookmaking industry and has completed a 3 month contract with the Growth Solutions department of Deloitte Alice Springs. Mr Hobbs has been an independent director of Austral Waste Limited since its incorporation and is currently the Managing Director and Chief Executive Officer of Portland International Limited, a company which is developing a sports bookmaking operation.

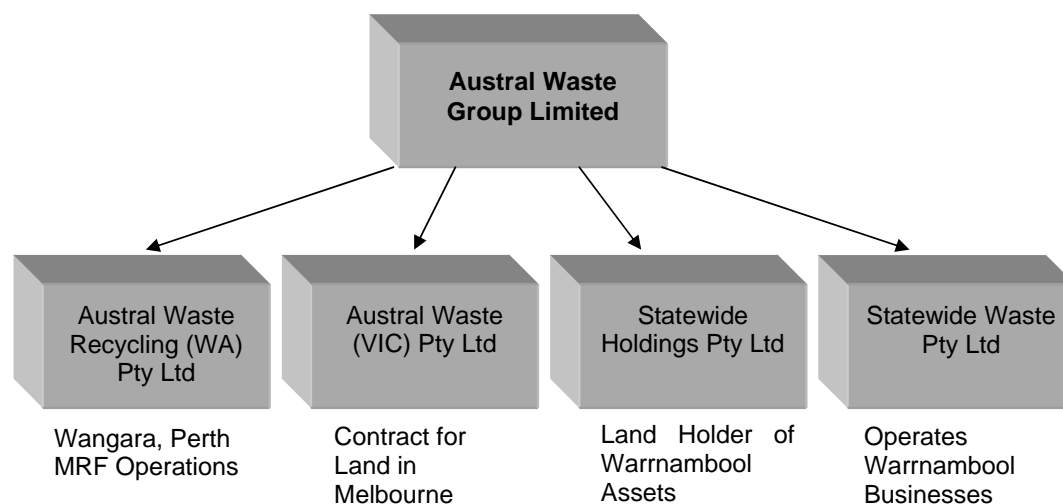
Mr Christian McMahon
Executive Director

Mr McMahon has tertiary qualifications in environmental science and postgraduate qualifications in mining and finance. He spent a number of years in the mining and construction materials extraction industries before ultimately moving into the waste

industry. Mr McMahon was most recently employed as Operations Manager of Baxter Waste Group Ltd where he was responsible for several landfill sites in Melbourne, a transfer station, a bin hire business and a sand extraction business.

9.2 Corporate Structure

The corporate structure of Austral Waste is as follows. All subsidiaries are 100% owned by Austral Waste.



9.3 Major Shareholders

The substantial shareholders of the Company immediately following listing on ASX will be:

Name	Minimum Subscription (\$2.8m)		Maximum Subscription (\$3.8m)	
	No. of Shares	% of issued capital	No. of Shares	% of issued capital
Cityrose Holdings Pty Ltd (an associate of Nicholas Kephala) ¹	4,780,000	15.90	4,780,000	13.63
Verigreen Pty Ltd ¹	1,500,000	4.99	1,500,000	4.28
New Shares	14,000,000	45.67	19,000,000	54.19
Statewide Vendors ⁴	2,500,000	7.67%	2,500,000	6.66
Others	9,780,000	32.25	9,780,000	27.90
TOTAL⁴	32,560,000²	100³	37,660,000²	100³

¹ Assuming no New Shares are taken up by the substantial shareholder.

² The total share capital of the Company takes into account the selective share capital reduction of 625,000 ordinary Shares in the Company held by Caroline Ann Pirie approved by Shareholders at the Annual General Meeting of the Company held on 15 November 2005. The earliest date that the share capital reduction can actually take place is 2 December 2005, being 14 days after notice of the resolution approving the share capital reduction was lodged by the Company with ASIC.

³ May not total to 100% due to roundings.

⁴ 2.5 million shares to be issued to the Vendors of the Statewide Waste Group business as part sale consideration.

10 Risk Factors

There are a number of risk factors that may affect the operating and financial performance of Austral Waste. While some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, some fall outside the control of the Company and cannot be mitigated. There are also general risks associated with any investment in shares and investors should therefore consider their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest in Austral Waste.

The main risk factors applicable to an investment in Austral Waste include, but are not limited to the following:

10.1 Licensing and Regulation

Austral Waste assumes the risks applicable to an operator in the waste management industry. These risks include exposure to environmental laws and local government regulations pertinent to its activities. Activities will include the receipt of both inert and putrescible waste, and the composting of both green waste and waste sludges. In order to mitigate the risk of a breach of any applicable environmental or planning laws, Austral Waste maintains procedures ensuring both management and staff strictly supervise the site operations in accordance with the terms and conditions of the applicable permits and licences. Furthermore, Austral Waste has established an Occupational Health and Safety plan to reduce safety risks on site.

Inspections by officers of the EPA of the Company's business premises assist with the monitoring of the operational risk of the Company's sites.

Austral Waste operates in an environmentally sensitive industry, which may be subject to political pressure affecting industry regulations at a future time.

The Company cannot predict the impact of future regulatory or legislative changes on

its business; however, new regulation or legislation may have a material adverse effect on the business of the Company. In addition, regulatory or legislative change may increase the cost of compliance and increase the risk of non-compliance.

10.2 Operational

The Company's businesses focus on extracting and reselling recyclable material from the waste received by the Company. Any waste not recyclable will need to be alternatively treated or sent to landfill or other waste disposal facilities.

There is a risk that the proportion non-recyclable waste bears to total waste received may increase beyond current experience and expectations resulting in higher operating costs.

With increasing community awareness of the need to recycle and concerted efforts by municipal councils, communities are beginning to increase recycling. The Directors believe that if anything, the proportion of recyclable material received will increase rather than decrease and that more sorting will be done prior to receipt of the waste thereby reducing the Company's sorting costs.

10.3 Prices

Whilst pricing in the waste industry has tended to grow strongly in recent years the price the Company can charge for receipt of waste and the price that can be charged for recycled product sold by the Company may in fact decrease over time due to a number of factors including increased competition.

10.4 Economy

Demand for Austral Waste products will be affected by the strength or weakness of the Australian and Victorian economies.

Interest rate fluctuations may change the future cost of capital. This may affect the viability of potential acquisitions and/or the cost of financing new business initiatives that require the use of debt funding. Assuming the Company receives the minimum number of subscriptions, the Company will pay down debt to \$1 million.

10.5 Stock Market

Investors should recognise that the price of the Shares may fall as well as rise. The Shares carry no guarantee in respect of profitability, dividends, return on capital or price at which they may be traded on ASX. If an investor sells Shares, the amount received may be more or less than the amount originally invested. Many factors will affect the price of Shares, including local and international stock markets, movements in interest rates, economic conditions and investor sentiment.

10.6 Tax Reform

Federal or State government may introduce tax, duties or other imposts that may have a materially adverse effect on the business of the Company.

10.7 Other

Management will need to integrate acquisitions should further assets or businesses be purchased following the ASX listing. Austral Waste management are experienced in acquiring waste management assets and businesses, so expect to be able to integrate acquisitions effectively over time.

Changes in accounting policies and standards may affect the future financial results of Austral Waste. It is noted that accounting standards change regularly and that Austral Waste will not be immune from changes in accounting standards.

Austral Waste will require skilled labour to carry on its business activities. Austral Waste currently has sufficient labour resources to carry out its activities and this is not expected to change in the near future. However, there may be some difficulty or delay in recruiting suitably qualified staff for specialist positions if the Company grows rapidly. Staffing issues are taken into account when considering new acquisitions.

Austral Waste has no known significant outstanding legal actions that will affect future operations.

11 Additional Information

11.1 Company history

Austral Waste was incorporated on 12 August 2004 as a public company and has a balance date of 30 June.

11.2 Tax Status

Austral Waste will be taxed as a public company.

11.3 Capital structure

The share capital structure of Austral Waste after the issue of New Shares under this Prospectus will be as follows:

	Shares		Options
	Minimum subscription	Maximum subscription	
Current issued capital	16,060,000	16,060,000	-
Issue of New Shares	14,000,000	19,000,000	-
Statewide Vendor Shares	2,500,000	2,500,000	
Incentive Options	-		1,050,000**
Director Options			1,000,000
2010 Options			500,000
Total*	32,560,000*	37,560,000*	2,555,000

*Assumes cancellation of 625,000 shares to occur on 2 December 2005 but includes 2.5 million shares to be issued to the Vendors of the Statewide Waste Group as part consideration

11.4 Rights and liabilities attaching to Shares and Constitution

The rights and liabilities attaching to ownership of the New Shares arise from a combination of the Company's Constitution, statute and general law. The Constitution of the Company may be inspected during normal business hours at the Company's registered office.

A summary of the more significant rights attaching to the Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders. The summary assumes that the Company is admitted to the Official List of ASX.

Voting

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each Share held. In the case of an equality of votes, the Chairman has a casting vote.

General Meeting

Each Shareholder is entitled to receive notice of and to attend and vote at general meetings of the Company and to receive all financial statements, notices and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

Dividends

The Directors may determine from time to time to distribute profits of the Company by way of dividends. Subject to any special terms and conditions of issue of Shares, such dividends are payable in proportion to the amounts paid on the Share during any portion of the period in respect of which the dividend is paid.

Transfer

A Shareholder may transfer all or any of the Shares by a transfer document in any form permitted by the Listing Rules or the ASTC Settlement Rules or in any other form that the Directors approve. The Directors may decline to register a transfer of Shares which are not CHES approved securities if the Listing Rules provide or require that registration of the transfer may or should be refused.

Issue of Further Shares

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue shares or grant options over shares in and other securities of the Company on such terms and conditions as they think appropriate.

Variation of Rights

The rights, privileges and restrictions attaching to any shares can only be altered with the approval of a resolution passed at a separate general meeting of the holders of the class of shares concerned by a three quarters majority of those holders, who being entitled to do so, vote at that meeting, or with the written consent of the holders of at least three quarters of the shares of that class on issue.

Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution, distribute the assets of the Company among the Shareholders as the liquidator determines.

Directors

The minimum number of Directors is three and the maximum number is ten unless the Company passes a resolution varying the number. Questions arising at a meeting of Directors are to be decided by a majority vote. In certain circumstances the Chairman has a casting vote.

Alteration to Constitution

The Constitution can only be amended by special resolution passed at a general meeting of the Company. The Company must give at least 28 days notice of its intention to propose a resolution as a special resolution.

11.5 Options

Incentive Options – Mr Joe Fekete

The Company issued Incentive Options over unissued capital to Mr Joe Fekete when he was a director and chief financial officer of the Company.

The terms of the Incentive Options are:

- exercise price: \$0.30 per option
- the options vest in full on the date of issue
- the options expire 5 years after their issue and may be exercised:

- one third at any time after six months following the listing of Austral Waste on NSX
- one third at any time after 12 months following the listing of Austral Waste on NSX
- one third at any time after 18 months following the listing of Austral Waste on NSX
- if the Company after having granted these options reduces its issued share capital or subdivides or consolidates its Shares, the number of Shares issued to the option holder on exercise of an option will be reduced, subdivided or consolidated as the case may be, in accordance with the NSX Listing Rules
- the options are not transferable
- options will not be listed on NSX but application will be made for quotation of the shares resulting from the exercise of the options
- on issue of the resulting shares, they will rank equally with Austral Waste ordinary shares on issue at that time
- the options will expire upon a holder ceasing to be an employee of the Company as a result of termination for cause.

Incentive Options – Mr Christian McMahon

Shareholders have approved the issue of 800,000 Incentive Options to Mr McMahon. The terms of the Incentive Options are:

- exercise price: \$0.30
- The options vest as follows:
 - vesting upon Shareholder approval being obtained (i.e. 15/11/05) - 100,000, with no profit hurdles;
 - Upon the expiration of 6 months in the employ of the Company (31/12/05) – 200,000 options that are exercisable at the expiration of the first financial year when and if the Company's audited net profit before tax exceeds \$500,000;
 - Upon the expiration of 12 months in the employ of the Company (30/6/06) – 300,000 options that are exercisable at the expiration of the first financial year when and if the Company's audited net profit before tax exceeds \$1,000,000;
 - Upon the expiration of 18 months in the employ of the Company (31/12/06) – 200,000 options that are exercisable at the expiration of the first financial year when and if the Company's audited net profit before tax exceeds \$1,500,000;
- The options expire 5 years after their issue and may be exercised at any time after vesting.
- If the Company after having granted these options reduces its issued share capital or subdivides or consolidates its Shares, the number of Shares issued to the option holder on exercise of an option will be reduced, subdivided or consolidated as the case may be, in accordance with the NSX Listing Rules;
- The options are not transferable;
- Options will not be listed on NSX but application will be made for quotation of the shares resulting from the exercise of the options;
- On issue of the resulting shares, they will rank equally with Growth Platform ordinary shares on issue at that time;
- The options will expire upon a holder ceasing to be an employee of the Company as a result of termination for cause.

Director Options

The Director Options have the following terms:

- exercise price: \$0.50 per option.
- the options vest in full on the date of issue.
- the options expire 31 March 2010 and may be exercised at any time prior to expiry
- if the Company after having granted these options reduces its issued share capital or subdivides or consolidates its Shares, the number of Shares issued to the option holder on exercise of an option will be reduced, subdivided or consolidated as the case may be, in accordance with the NSX Listing Rules
- the options are transferable
- options will not be listed on NSX but application will be made for quotation of the shares resulting from the exercise of the options
- on issue of the resulting shares, they will rank equally with Austral Waste ordinary shares on issue at that time.

2010 Options

The Company has issued 500,000 options as part of the underwriting fee associated with the Company's capital raising undertaken in April 2005 ("**2010 Options**"). The 2010 Options have the following terms:

- exercise price: \$0.25 per option.
- the options vest in full on the date of issue.
- the options expire 31 March 2010 and may be exercised at any time prior to expiry
- if the Company after having granted these options reduces its issued share capital or subdivides or consolidates its Shares, the number of Shares issued to the option holder on exercise of an option will be reduced, subdivided or consolidated as the case may be, in accordance with the NSX Listing Rules
- the options are transferable
- options will not be listed on NSX but application will be made for quotation of the shares resulting from the exercise of the options
- on issue of the resulting shares, they will rank equally with Austral Waste ordinary shares on issue at that time.

11.6 Corporate governance

The Board has responsibility for the overall corporate governance of the Company and for protecting the rights and interests of Shareholders. The Board is currently comprised of one executive Director and two non-executive Directors.

The composition of the Board is subject to shareholder approval in accordance with the Company's constitution. All nominations for appointment to the Company's Board are reviewed by the Board. At each annual general meeting one third of the Board of Directors (apart from the Managing Director) will retire and each retiring Director, if he or she so chooses, can offer themselves for re-election.

The Company's policies regarding the terms and conditions of remuneration of Board members are approved by the Board on the basis of independent professional advice.

The remuneration and terms and conditions of employment for the Chief Executive Officer and other senior executives are reviewed and approved by the Board of Directors after seeking independent professional advice.

Non-Executive Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the Company's expense. The Chairman's prior approval of any expenditure is required but will not be unreasonably withheld.

The Board is the vehicle to facilitate the identification of significant areas of business risks to implement procedures to manage such risks and to develop policies regarding the establishment and maintenance of appropriate ethical standards.

The Board's responsibilities include:

- establishing a strategic plan for the Company and goals for achievement of that plan;
- monitoring the performance and remuneration of management against these goals;
- ensuring that the Company has adequate reporting systems and internal controls;
- establishing and monitoring policies to ensure that the Company complies with all applicable laws and regulations; and
- ensuring that satisfactory arrangements are in place for auditing the Company's financial affairs and that the scope of the external audit is adequate.

11.7 Directors' interests and benefits

Other than as set out in this Prospectus, no Director or proposed Director of the Company has, or during the last two years has had, an interest in:

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

and no amounts (whether in cash or shares or otherwise) have been paid or agreed to be paid to any Director or proposed Director of the Company, either to induce him or her to become, or to qualify him or her as, a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of the Company or the Offer.

Interest in securities

Directors are not required under the Constitution of the Company to hold any Shares in the Company. No Director as at the date of this Prospectus has a beneficial interest in any Shares or Options in the Company other than as set out below.

Director	Ordinary Shares	Incentive Options⁽¹⁾	Director Options⁽²⁾
Mr Nicholas Kephala	4,780,000	-	500,000 ⁽³⁾
Mr Stephen Hobbs	-	-	250,000
Mr Christian McMahon	50,000	800,000	-

(1) 250,000 Incentive Options held by former director, Mr Joe Fekete

(2) 250,000 Director Options held by former director, Mr Joe Fekete

(3) Mr Kephala directed that these options be issued to his nominees as follows: 150,000 to Kasteal Pty. Ltd. ACN 052 262 110; 50,000 to Ms Margy Nixon; and 300,000 to Virginia Louise Wallace.

Directors may acquire New Shares pursuant to this Prospectus.

Remuneration

Under the Company's Constitution, Directors may be paid a fee for ordinary services performed as a Director.

Mr Christian McMahon as an Executive Director is engaged as a contractor by the Company and is entitled to remuneration at the rate of \$424 per day plus GST. Mr McMahon does not receive any Directors fees.

The maximum amount of remuneration that may be paid to non-executive Directors has been set at \$100,000. This remuneration may be divided among the non-executive Directors in such fashion as the Board may determine. The current non-executive Directors are to receive Directors fees as follows

Nicholas Kephala	\$36,000 per annum
Stephen Hobbs	\$20,000 per annum

The maximum aggregate remuneration has been fixed to enable the Company to pay Directors fees to any new non-executive Directors that may be appointed to the Company post float or to allow for increases in the levels of fees over time.

Under the ASX Listing Rules, the maximum fees payable to non executive Directors may not be increased without prior approval from the Company at a general meeting.

The Directors may be paid all travelling and other expenses properly incurred by them in attending meetings of the Directors or any committee of Directors or general meetings of Austral Waste or otherwise in connection with the execution of their duties as Directors.

In addition, any non-executive Director who is called to perform extra services or to make special exertions or to undertake any executive or other work for the Company beyond their ordinary duties may, subject to the law, be remunerated by a fixed sum or a salary as determined by the Directors. This sum may be either in addition to or in substitution for their fees for ordinary services.

Other Interests

NMK Group Pty Ltd (ABN 17 091 706 811), a Company related to Mr Nick Kephala, will receive from the Corporate Adviser a fee of 4% of the amount of subscriptions referred from investors to the Corporate Adviser for subscriptions of up to 2.5 million New Shares. If NMK Group Pty Ltd itself acquired all of the placed shares, then Mr Kephala's voting power (and that of his associates) in the Company would be 23.7%, assuming the minimum number of subscriptions are achieved. NMK Group Pty Ltd will be entitled to the 4% placement fee if it takes up all the placed shares.

Mr Christian McMahon will receive from the Corporate Adviser a fee of 4% of the amount of subscriptions referred from investors to the Corporate Adviser for subscriptions of up to 2.5 million New Shares.

By Directors' Deeds, the Company has agreed to provide all Directors with access to board papers and other Company documents, and to indemnify and insure Directors to the fullest extent allowed by the Corporations Act. The Directors are obliged to inform the Company of any dealings in shares in the Company so that the Company can satisfy its ASX reporting requirements.

11.8 Material Contracts

The Directors consider that the contracts described below and elsewhere in the Prospectus are those which an investor would reasonably regard as material and which they and their professional advisers would reasonably require to make an informed assessment of the Offer.

Set out below is a summary of the following material contracts and their substantive terms.

(a) Statewide Waste Group Sale and Purchase Agreement

The Company announced on 3 October 2005 that it had entered into a heads of agreement to acquire the business of the Statewide Waste Group. Formal sale documentation was executed on 18 November 2005 ("**Sale Agreement**").

The vendors of the business are Statewide Waste Management Pty Ltd ACN 009 572 399, and Mr and Mrs Kevin Harrington ("the **Vendors**").

The purchase price of the business of the Statewide Waste Group is \$2,500,000 consisting of plant and equipment and goodwill, plus \$1,400,000 for the real property acquired in respect of the business. The purchase price is to be satisfied by the payment of \$3,400,000 and the issue of 2.5 million shares in the Company at \$0.20 per share.

The obligation of the parties to complete the sale and purchase of the business are subject to the satisfaction of certain conditions, the following of which are outstanding as of the date of this Prospectus:

1. In respect of the lease of the Panmure property (part of the composting business) completion is conditional on securing an extension of the term of the lease for a term of at least seven years, with at least two options for further terms of at least five years.
2. The EPA must grant a transfer, or issue new, licences permits and exemptions to the Company in respect of the Koroit Street transfer station. The operations of the Statewide Waste Group are currently conducted under appropriate authorisations from the EPA.
3. For structural efficiency, the Company will hold the land in an entity separate from the entity operating the Statewide Group business. Accordingly, settlement of the sale and

purchase of the real property in respect of the Koroit Street transfer station from the Vendors to a subsidiary of the Company must be completed as a condition of the Sale Agreement.

4. The Company has the right under the Sale Agreement to nominate a number of key personnel to be retained. The Sale Agreement is conditional on the Vendors procuring the services of certain key personnel as nominated by the Company being retained.
5. Other than the properly sorted waste products at the Koroit Street transfer station and the compost materials located at the Panmure compost site, the Vendors must remove all waste from the premises of the Statewide Waste Group.

The directors anticipate that subject to the satisfaction of the above conditions, settlement of the Sale Agreement will occur by 2 January 2006.

The Vendors have warranted the accuracy and content of the information provided to the Company and indemnify the Company against any loss or damage in connection with a breach of the warranties. The warranties remain in full force and effect until three years from the eventual settlement date.

Under the Sale Agreement, the Company acquires the respective business names and unregistered trademarks of the business of the Statewide Waste Group.

The Company has agreed to pay any stamp duty assessable on or in respect of the Sale Agreement.

(b) Wangara Contract

On 9 May 2005, the Company took an assignment, via its wholly owned subsidiary, Austral Waste Recycling (WA) Pty Ltd ("**AWRWA**"), of a contract for the recovery and processing of household curbside recycled products ("**MRA**"). Further details of the MRA are discussed in Section 3.2.1.

Under the MRA, AWRWA leases the premises and plant and equipment from the City of Wanneroo, Perth (the "**City**"). AWRWA must at its cost maintain the premises and plant and equipment in good working order and repair. The City is obliged to meet some of the costs of repair for some specific plant and equipment.

The City collects household curbside recyclable products and delivers the materials to AWRWA for processing. The recyclable material includes glass bottles and jars, mixed plastic and mixed paper, steel and aluminium cans, cardboard and newspaper.

The recyclable materials remain the property of the City. AWRWA takes delivery of the products, sorts and packs the product into bales and containers for transportation and sale by the City.

AWRWA cannot receive any deliveries of recyclable material from any party other than the City.

AWRWA charges the City a service fee per tonne of material that is processed. AWRWA is required to process at least five tonnes of material per hour during the periods of operation.

The City has agreed to an extension of the MRA until 31 December 2007.

AWRWA cannot assign or sub-contract any of its powers or obligations under the MRA.

The MRA can be terminated by the City where AWRWA has committed a material breach of the agreement; an insolvency event occurs in respect of AWRWA; or any other event occurs which in the reasonable opinion of the City materially affects the ability of AWRWA to comply with its obligations under the MRA.

(c) **Melbourne Transfer Station Site**

The Company, through its wholly owned subsidiary, Austral Waste (Vic) Pty Ltd ("**AWR Vic**"), entered into a contract on 2 September 2005 for the purchase of land in Melbourne ("**Land Sale Contract**"). Further details of this deal are in Section 3.2.3.

The vendor has provided the Company with the statutory statement pursuant to section 32 of the Sale of Land Act 1962 (Vic).

Completion of the acquisition of the property under the Land Sale Contract is conditional on the grant to AWR Vic by the respective Council of an appropriate waste transfer station permit (the "**Condition**"). The Condition must be satisfied within 10 months from the time that the Land Sale Contract was entered into.

The Condition is for the benefit of AWR Vic and should the Condition not have been satisfied within the time limit AWR Vic may:

1. complete the purchase of the land; or
2. extend the time limit under the Land Sale Contract on terms to be mutually agreed.

The total purchase price for the land is \$2.4 million. A further deposit of 5% has been paid. A further deposit payment of 5% of the purchase price must be paid upon satisfaction of the Condition. In addition, AWR Vic has agreed to pay the vendor monthly installments of \$6,000 per month from November 2005 to February 2006 and \$12,000 per month from March 2006 to June 2006. These installments are payable monthly in advance over and above the \$2.4 million purchase price and are non-refundable. If the Condition is satisfied, AWR Vic is not liable to make any further installments.

The Land Sale Contract contains the usual terms and conditions and warranties in documents of that type.

(d) **BankWest Facility**

The Company has entered into a commercial financing facility with the Bank of Western Australia Limited ("**BankWest**").

Under the terms of the commercial facility ("**Facility**"), the Company has available to it a commercial advance of up to \$3,100,000, reducing to \$2,000,000 within three months from the initial drawdown.

The applicable interest rate in respect of the Facility is the Bank Bill Rate plus 2.5% per annum for the first 3 months and the Bank Bill Rate plus 2% per annum thereafter plus a facility fee of 0.25%. The term of the Facility is three years and three months from initial drawdown date, subject to annual review.

To secure the Company's obligations to BankWest, the Company will provide security comprising the following:

- a first ranking registered mortgage provided by Statewide Holdings Pty Ltd over the Koroit Street freehold property to be acquired following the purchase of the Statewide Waste Group;

- a first ranking registered fixed and floating charge over the assets, interests, undertakings and uncalled capital of the Company and its subsidiaries;
- corporate guarantee and indemnities from the Company's subsidiaries; and
- any other security, or amended security, required by BankWest from time to time.

During the term of the Facility the Company must comply with the following financial undertakings:

- Maintain an interest cover ratio ("**ICR**") of 2 times in respect of each period at the end of which ICR is measured. ICR will be measured annually on a consolidated group basis, as EBITDA divided by interest expense; and
- Maintain a debt service cover ("**DSCR**") ratio of 1.5 times in respect of each period at the end of which DSCR is measured. DSCR will be measured as EBITDA on a consolidated group basis divided by the aggregate of interest expense and scheduled amortisation in respect of the Facility.

In addition, during the term of the Facility the Company must not, without BankWest's consent:

1. make any payment (whether by way of salary, fees or other remuneration) to any Director or other officer of the Company (or any person who is associated with or related to any such person) other than in the ordinary course of business;
2. repay any loan or other financial accommodation to any related entity of the Company, any guarantor or any related entity or any guarantor;
3. create any security interest or allow one to exist on the whole or any part of the Company's present or future property;
4. provide any loan or other financial accommodation to any person;
5. borrow or raise money or incur any financial indebtedness or enter into any finance lease, operating lease or hire purchase agreement, unless agreed by BankWest in writing; or
6. dispose of any property other than in the ordinary course of business for full consideration in money or moneys worth on an arms length basis.

The formal Facility documentation is to be in BankWest's standard form, including various general terms, conditions and undertakings, and various representations and warranties.

11.9 Expenses Of The Offer

The expenses of the Offer are estimated as follows:

	Minimum Subscription	Maximum Subscription
	\$	
Broker Fees & Expenses	212,000	252,000
Legal Fees	47,500	47,500
Accounting Fees	30,000	30,000
Share Registry	4,500	5,000
Printing, postage and other costs	2,300	2,300
ASX Listing Fees	22,700	25,370
Estimate of GST non-refundable	31,000	31,000
TOTAL (GST Exclusive)	350,000	393,170

These GST exclusive expenses have been paid or will be payable by the Company.

11.10 Disclosure Of Interests Of Non-Directors

Delta Capital Pty Limited has acted as Corporate Adviser of the Offer. Under the Mandate Agreement, the Company is obliged to pay the Corporate Adviser an Advisory fee of \$100,000 (excluding GST) plus 4% of the amounts raised by it.

Kelly & Co Lawyers has acted as solicitors to the Offer and has performed work in relation to preparing the due diligence program, performing due diligence enquiries on corporate legal matters and performing work in relation to this Prospectus and corporate structuring. The Company estimates that it will pay amounts totalling approximately \$47,500.00 (excluding GST and disbursements) to Kelly & Co. in respect of this work.

PKF Chartered Accountants has performed work in relation to the due diligence enquiries on financial matters. PKF Corporate Advisory Services (Vic) Pty Ltd a wholly owned entity of PKF has performed work in relation to the due diligence enquiries on financial matters and prepared the Independent's Accountant Report and the Independent Review Report In respect of all PKF and PKF Corporate Advisory Services (Vic) Pty Ltd work, the Company estimates it will pay approximately \$30,000.00 (excluding GST and disbursements).

11.11 Litigation

Neither Austral Waste nor its subsidiaries are involved in any material legal or arbitration proceedings nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

11.12 Consents

Delta Capital Pty Limited has given and before lodgement of the Prospectus has not withdrawn its written consent to be named in the Prospectus as Corporate Adviser in the form and context in which it is named.

Delta Capital Pty Limited has only been involved in the preparation of that part of the Prospectus where they are named as Corporate Advisers to the Offer. *Delta Capital Pty Limited* specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in the Prospectus. *Delta Capital Pty Limited* has not authorised or caused the issue of the Prospectus and take no responsibility for its contents.

Kelly & Co. has given and before lodgement of the Prospectus has not withdrawn its written consent to be named in the Prospectus as Legal Advisers to the Offer in the form and context in which it is named.

Kelly & Co. has only been involved in the preparation of that part of the Prospectus where they are named as Legal advisers to the Offer. *Kelly & Co.* specifically disclaims liability to any person in the event of any omission from, or any false or misleading statement included elsewhere in the Prospectus. *Kelly & Co.* has not authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

PKF has given and before lodgement of the Prospectus has not withdrawn its written consent to being named in the Prospectus as Auditors for the Company in the form and context in which it is named in the Prospectus.

PKF has only been involved in the preparation of that part of the Prospectus where they are named as Auditors. *PKF* specifically disclaims liability to any person in the event of any of the omission from, or any false or misleading statement included elsewhere in the Prospectus. *PKF* has not authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

PKF Corporate Advisory Services (Vic) Pty Ltd has given and before lodgement of the Prospectus has not withdrawn its written consent to the inclusion in the Prospectus of the Independent Accountant's Report and the Independent Review Report in the form and context in which they appear and references to those reports in the Prospectus.

PKF Corporate Advisory Services (Vic) Pty Ltd has only been involved in the preparation of the Independent Accountant's Report and the Independent Review Report. *PKF Corporate Advisory Services (Vic) Pty Ltd* specifically disclaims liability to any person in the event of any of the omission from, or any false or misleading statement included elsewhere in the Prospectus. *PKF Corporate Advisory Services (Vic) Pty Ltd* has not authorised or caused the issue of the Prospectus and takes no responsibility for its contents.

Computershare Investor Services Pty Limited has given and before lodgement of the Prospectus has not withdrawn its written consent to being named in the Prospectus as Share Registrar in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. *Computershare Investor Services Pty Limited* has not authorized or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

11.13 Restricted Securities

The following securities are subject to NSX compulsory escrow.

	Shares
Cityrose Holdings Pty Ltd	3,966,000
Others*	4,379,900

*Held by initial seed investors not related to any directors.

The ASX may classify the above Shares as restricted securities.

The ASX Listing Rules precludes holders of restricted securities from disposing of those securities or an interest in those securities or agreeing to dispose of those securities or an interest in those securities for the relevant restriction periods. The holder will also be precluded from granting a security interest over those securities.

Restriction agreements will be entered into by the holders of the restricted securities in favour of the ASX reflecting the restriction requirements. The agreement will be in the form required by the Listing Rules.

ASX may review these restrictions during consideration of the Company's application for admission to the Official List of ASX. ASX may also, at its discretion, waive or vary the requirements in accordance with the Listing Rules of ASX in the event that an affected holder and the Company apply for a review of any escrow restrictions.

11.14 Privacy

By completing the Application Form, you will be supplying personal information within the meaning of the Privacy Act 1988 (Cth).

If you do not supply all information requested on the Application Form, your application will not be able to be processed.

Your personal information will be used for the maintenance of a register of members as required by the Corporations Act, and to communicate with you in relation to this offer, and if New Shares are issued to you, in relation to the future affairs of the Company. Your personal information may be disclosed to the share registrar and other parties to further these purposes.

11.15 Statement by Directors

Each Director has consented in writing to and has authorised the issue of the Prospectus and has not withdrawn that consent.

Signed by Nicholas Michael Kephala on behalf of the Company.



Dated 22 November 2005

12 GLOSSARY

Applicant means a person who submits an Application.

Application means an application for a specific number of Shares pursuant to this Prospectus.

Application Form means the application form attached to this Prospectus.

Application Monies means the amount of \$0.20 multiplied by the number of Shares for which an Applicant has applied.

ASIC means the Australian Securities and Investments Commission.

ASTC means the ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532, a wholly owned subsidiary of the ASX.

ASX means the Australian Stock Exchange Limited ABN 98 008 624 691.

Board means the board of Directors for the time being of the Company.

Company or **Austral Waste** means Austral Waste Group Limited Ltd ACN 110 475 799.

Constitution means the Constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the Directors for the time being of the Company.

EPA means the Environmental Protection Authority

Group means the Company and each of its wholly owned subsidiaries,

Incentive Option means a right to subscribe for a Share as described in Section 11.5.

Issue means the issue of New Shares pursuant to this Prospectus.

Listing Rules means the official Listing Rules of ASX and any other rules of ASX which are applicable while any Shares are admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

New Shares means the Shares offered for subscription pursuant to this Prospectus.

Offer means the offer of New Shares for subscription under this Prospectus.

Offer Price means the price of \$0.20 for New Shares issued under this Prospectus.

Official List means the official list of entities that ASX has admitted and not removed.

Prospectus means this prospectus.

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

Shareholder means any person holding Shares.

Shares means ordinary fully paid shares in the Company.

Statewide Waste Group means the waste management business owned by Statewide Waste Management Pty Ltd (ACN 009 572 399) more particularly described in Section 3.2.2).

2010 Option means a right to subscribe for a Share as described in Section 11.5.

Intentionally Left Blank

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- E** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
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Lodgement of Applications

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Application Forms must be received no later than 5pm Melbourne time on 30 December 2005.

Correct Form of Registrable Title

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Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated space(s) at Section C on the Application Form.

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