

Venice Energy Pty Ltd

PRE IPO CONVERTIBLE NOTE RAISING \$6.0M

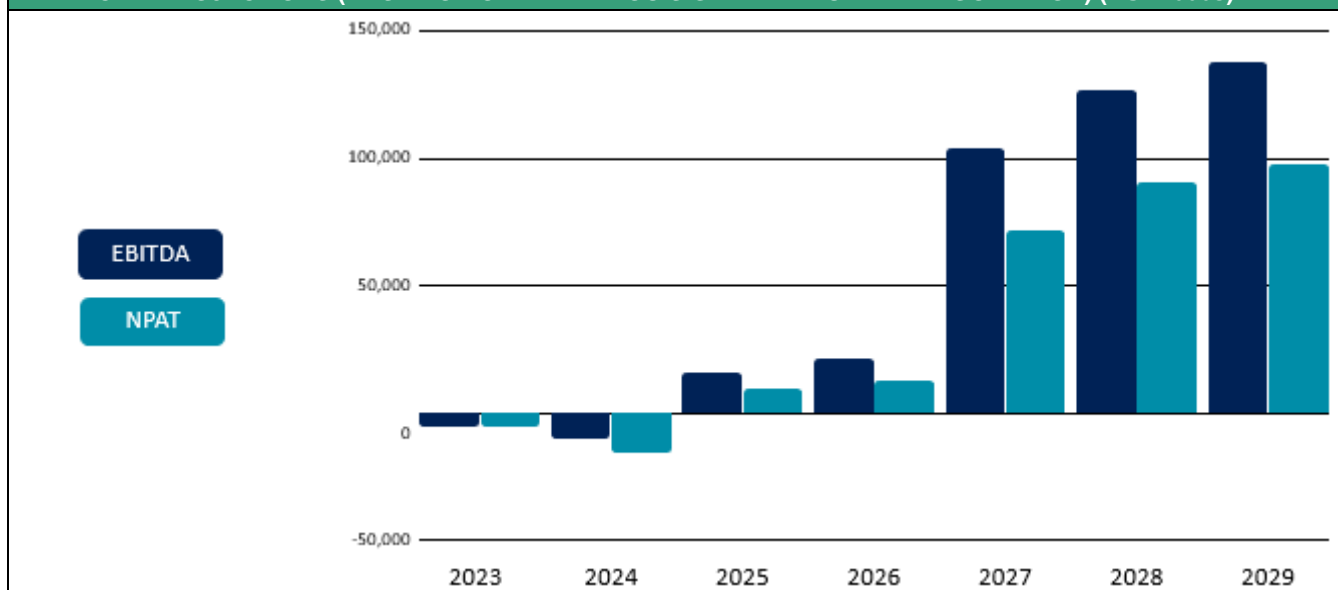
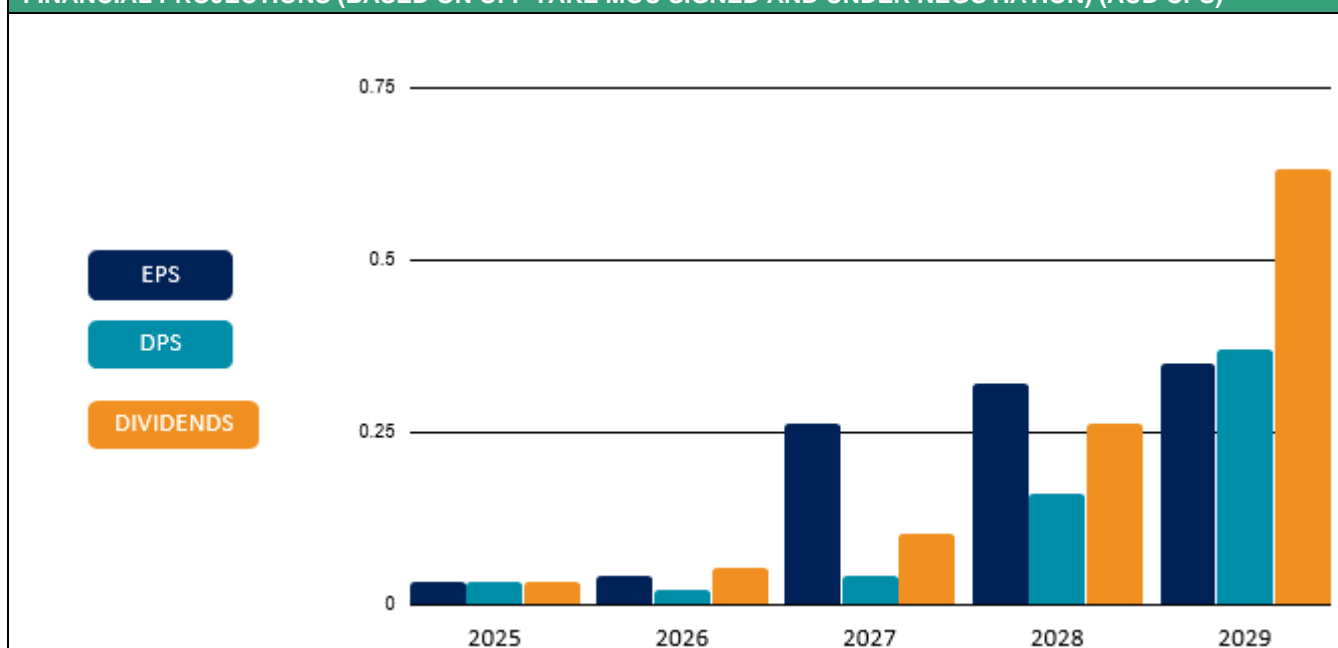
Offer is for Sophisticated and Professional Investors only

OFFER SUMMARY TERMS	
Issuer	Venice Energy Pty Ltd Limited (“Venice”, or the “Company”).
Lead Manager	Sequoia Corporate Finance Pty Ltd (“Sequoia”)
Background	Venice is developing the world’s first LNG import facility that is entirely powered by renewable energy. The LNG Import and Storage terminal will be located at Outer Harbor, ~14kms from Adelaide and has been designated as “essential infrastructure” by the South Australian State Government.
Offer Structure and Size	Venice is seeking to raise A\$6.0 million by way of a convertible note. Conversion is to ordinary shares at fixed 15% discount to the listing price on ASX, subject to the firm meeting listing criteria (or other defined conversion event) (“Offer”). The Offer is open to professional, and sophisticated investors under section 708 of the Corporations Act.
Securities Offered	Convertible Notes convertible into Ordinary Shares upon a conversion event
Industry	Oil & Gas Storage & Transportation
Indicative Key Convertible Note Terms	<ul style="list-style-type: none"> Raising \$6.0 million via a convertible note with Face Value of \$1.00 per note. Conversion into ordinary shares at a 15% discount to the IPO price (expected to be A\$0.44 per share) Coupon rate of 12% per annum Conversion at IPO, planned for Q3 CY2022, or otherwise on a sale event with a maturity date of 31 March 2023

COMPANY OVERVIEW
<p>Venice Energy will commence construction in 2022 on the world’s first renewables powered LNG import facility. Creating a Liquefied Natural Gas (LNG)-to-power industry in South Australia (SA) will open the global gas market to south -eastern Australia. This will improve energy security, grid stability and provide firm, dispatchable power to support the state’s world leading renewable energy sector.</p> <p>Venice will be an infrastructure owner, with customers responsible for sourcing their own LNG and bringing it to Venice’s terminal for conversion to gas. The FRSU is acquired and operated under lease from GasLog, one of the world’s largest suppliers of this equipment. The operation is underpinned by a Terminal Use Agreement. The company will receive a tariff for processing LNG via its Floating Storage & Regasification Unit (FSRU). The FSRU has approvals to deliver 110 PJ’s annually, representing 20% of the national gas market size.</p> <p>Construction on stage 1 will create more than 350 jobs and around 50 new permanent jobs once operational. South Australian Government has granted approval, providing ability for project to commence construction once funded</p>

WHY WE LIKE VENICE
<ul style="list-style-type: none"> Venice Energy can provide a means to supply reliable gas into SA and the rest of southeastern Australia Simple, scalable and de-risked commercial model where Venice takes a fixed toll charge per GJ processed Scaled construction process sees first gas delivered to FRSU within 24 months of IPO, providing nearer term revenues. Liquefying gas reduces its volume by >600x, making it a practical size for storage and transportation in purpose-built tankers. LNG is widely recognised as a clean, safe and convenient form of energy, which can be readily supplied to distant markets. Advantages of FRSU terminals include cost effectiveness, time efficiency and minimised footprint compared to land-based solutions It will reduce reliance on coal generation in Victoria by offsetting up to 3m metric tons of CO2 per annum 21% of total project capacity (150PJs) already covered by MOU agreements, with another 53% under Draft MOU arrangements.

FINANCIAL PROJECTIONS (BASED ON OFF TAKE MOU SIGNED AND UNDER NEGOTIATION)											
Highlights & Valuation		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Highlights											
Revenues	AUD '000s	-	2,571	0	-	-	88,348	98,771	183,273	208,075	219,443
EBIT	AUD '000s	-	896	(910)	(51)	(5,350)	(10,387)	15,363	21,033	103,451	126,803
NPAT	AUD '000s	-	822	(1,047)	(815)	(5,367)	(15,548)	9,480	12,552	71,448	89,956
Shares	'000s	-	-	-	279,307	279,307	279,307	279,307	279,307	279,307	279,307
EPS	AUD/Share	-	-	-	(0.00)	(0.02)	(0.06)	0.03	0.04	0.26	0.32
Dividends	AUD '000s	-	-	-	-	-	(9,507)	(4,725)	(10,664)	(44,870)	(102,895)
DPS	AUD/Share	-	-	-	-	-	0.03	0.02	0.04	0.16	0.37
Net Debt/Cash	AUD '000s	-	917	5,469	71,987	29,844	145,317	128,969	111,156	30,237	6,880
Valuation											
EBIT Margin	%	-	34.8%	-	-	-	17.4%	21.3%	56.4%	60.9%	62.5%
Invested Capital	AUD '000s	-	1,474	5,371	144,566	32,172	219,114	197,191	182,120	110,735	129,275
ROIC (EBIT)	%	-	60.7%	(16.9%)	(0.0%)	(16.6%)	(4.7%)	7.8%	11.5%	93.4%	98.1%
FCF	AUD '000s	-	7	96	(2,444)	(104,140)	(135,128)	16,234	27,068	83,848	95,729
FCF per Share	AUD/Share	-	-	-	(0.01)	(0.37)	(0.48)	0.06	0.10	0.30	0.34

FINANCIAL PROJECTIONS (BASED ON OFF TAKE MOU SIGNED AND UNDER NEGOTIATION) (AUD '000s)

FINANCIAL PROJECTIONS (BASED ON OFF TAKE MOU SIGNED AND UNDER NEGOTIATION) (AUD CPS)

HIGHLY CAPABLE BOARD & SENIOR MANAGEMENT

Kym Winter-Dewhirst Managing Director	A former Group Vice President for BHP, he has worked on a range of complex projects across a number of diverse commodities. Kym specialises in project approvals, government regulation and legislation, community and indigenous engagement.
Gavin Loduwick Chief Financial Officer	Gavin has over 25 years' experience in Corporate Finance, Investment Banking, Treasury and Financial Management, Risk Management and Natural Resources
Herman Kleynhans Non-Executive Director	Herman is Managing Partner at IG Partners within the Cyient group. IGP is an Australian management consultancy with offices in Melbourne, Brisbane, Perth and Santiago that works extensively with the energy and resources sectors as well as transport logistics and government.

PROPOSED USE OF FUNDS			
	Use of funds	\$A	%
	Working Capital	\$3,000,000	50.00%
	Legal and Regulatory Approvals	\$1,000,000	16.67%
	Authorized Retailer License	\$1,500,000	25.00%
	Offer Costs	\$500,000	8.33%
	TOTAL	\$6,000,000	100%

INDICATIVE CAPITAL STRUCTURE AT IPO*			
33% of the Company expected to be held by board and management at IPO excluding ESOP			
		Shares (m)	Holding (%)
	Board and management (excl. ESOP)	90.0	32.6
	Series 1 and 2 Secured Note Holders	25.7	9.3
	Series 3 Pre-IPO Offer @ 15% discount to IPO price	16.0	5.8
	Initial Public Offering (\$61.25M @ 44c)	139.2	50.4
	Options	5.0	1.8
	Total	275.97	100.0%

TIMETABLE* (Indicative dates, subject to earlier closing)	
Offer Open	Monday 14 March 2022
Offer Closes	Friday 8 April 2022
Allocation confirmation and documents due	Thursday 14 April 2022
Settlement	Thursday 21 April 2022
Target Listing	Q3 CY 2022
Note*: This timetable is indicative only and is subject to change without notice. All dates and times refer to AEDT.	

SEQUOIA CONTACTS	
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ELIGIBLE INVESTORS EXAMPLE CERTIFICATION REQUIREMENTS	
Sophisticated Investor – 708(8)	<p>This Offer is made to you on the basis that:</p> <p>(a) in the last 2 years, a qualified accountant has certified that you are a sophisticated investor as described in section 708(8)(c) of the Corporations Act (that is, you have net assets of over A\$2.5 million or annual income in excess of A\$250,000); or</p> <p>(b) you are controlled (as the defined in section 50AA of the Corporations Act) by a person referred to in paragraph (a); or</p> <p>(c) you will be investing a minimum of A\$500,000 under the Offer.</p> <p>Note: where you are participating in the Offer under paragraph (a) or (b) above, you are required to provide a copy of the certification referred to therein, if you have not already done so or the certification has expired.</p>
Experienced Investor – 708(10)	<p>This Offer is made to you through a designated by an AFSL holder in accordance with the requirements of section 708(10) of the Corporations Act</p> <p>Note: You are required to provide an “experienced investor” certificate in the form satisfactory to the Company before the Company can accept your application under the Offer.</p>
Professional Investor – 708(11)	<p>This Offer is made to you on the basis that you are a professional investor within the meaning of section 708(11) of the Corporations Act (for example, you are a securities licensee acting as principal or you are a person who controls at least A\$10 million for the purposes of investment in securities)</p>

	<p>Note: you may be required to provide evidence to the Company or the Lead Manager of your qualification as a professional investor within the meaning of section 708(11) of the <i>Corporations Act 2001 (Cth)</i>.</p>
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INTERNATIONAL OFFER RESTRICTIONS

This document does not, and is not intended to, constitute an offer of, or invitation to invest in, and no action has been taken to register or qualify nor permit the offer of, securities in any jurisdiction in which it would be unlawful.

Without limiting the foregoing, an offer of securities in Australia may be restricted by the Corporations Act. Any persons who reside in Australia and who come into possession of this document should seek advice on and observe any such restrictions.

This document is not available for distribution to, and no offer of securities will be made to or solicited from, and no securities will be issued under this document to, any person who resides in or has their registered office located in Australia, other than persons who qualify to be sophisticated investor or professional investor as defined in section 708(8), 708(10) and 708(11) of the Corporations Act.

Notwithstanding, the Lead Manager may solicit offers and sales of Shares with a limited number of persons that are “qualified institutional buyers” (QIBs), as such term is defined in Rule 144A under the U.S. Securities Act, in each case in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and in accordance with applicable U.S. state securities laws. Outside the United States, the Shares may be offered and sold in offshore transactions in compliance with Regulation S under the U.S. Securities Act (Regulation S) and the laws of the jurisdiction in which the Shares are being offered and sold.

DISCLOSURE

Sequoia Corporate Finance Pty Ltd ACN 602 219 072 is a Corporate Authorised Representative No 469074 of Sequoia Wealth Management Pty Limited, ACN 002 314 310, AFSL No. 472387) (**Sequoia, we or us**). Sequoia and/or its associated entities, directors and/or its employees may have a material interest in, and may earn brokerage, fees, commissions or other benefits and advantages from, the Offer or any securities referred to in this document or may provide services to the Company and/or its controlled entities and related bodies corporate (**Group Companies**).

This document is not available for distribution outside Australia and may not be passed on to any third party or person without the prior written consent of Sequoia.

Without limiting the foregoing, Sequoia, its associated entities (including, without limitation, its shareholders), their respective principals directors, and staff and persons associated with them (**Parties**) may have an interest in the Company or any of the other Group Companies and may participate in the Offer detailed herein. The Parties may earn brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether directly or indirectly, in connection with any dealing by any investor in the securities referred to herein, or otherwise in relation to the Offer generally.

At the time of writing, the Parties do not intend to hold any board, director or management roles in the Company. Sequoia advises that some or all of its representatives may be remunerated wholly or partly by way of commission.

The Parties make no recommendation as to whether you should participate in the Offer by the Company.

Without limiting the foregoing, an offer of securities in Australia may be restricted by the Corporations Act. Any persons who reside in Australia and who come into possession of this document should seek advice on and observe any such restrictions.

Sequoia has been mandated to act as Lead Manager and as such will receive fees for this service.

DISCLAIMER

This Offer is made to you on the basis that you are a sophisticated investor as described in section 708(8) of the Corporations Act (see definition above), an experienced investor as described in section 708(10) of the Corporations Act (that is this Offer is made to you through an Australian Financial Services Licensee – see definition above) or a professional investor within the meaning of section 708(11) of the Corporations Act (for example, you are a securities licensee acting as principal or you are a person who controls at least A\$10 million for the purposes of investment in securities) (each an **Eligible Investor**). If you are not an Eligible Investor or have received this by mistake, please delete this document, related emails and attachments.

While this document is based on sources considered reliable, the Parties do not present, warrant or guarantee, either expressly or impliedly, that the information contained in this document is complete and accurate in every respect. The Parties do not accept any responsibility to inform recipients of this document of any matter that subsequently comes to notice which may affect any of the information contained in this document.

This document contains, and is intended to provide, background information of the Group Companies only and does not purport to cover all relevant information about any potential investment in the Company nor full terms of the Offer. Additionally, This document does not, and is not intended to, make any recommendation, nor provide any financial or other advice, upon which you may reasonably rely without taking further and more specific advice. Nor does it provide any warranty or assurance to you concerning the performance of the Group Companies.

The Company is not a 'disclosing entity' (as defined in section 111AC of the Corporations Act 2001 (Cth)) and therefore is not required to disclose to ASX or any other regulator any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Company's securities. This document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'propose', 'potential', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at

the date of this document, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors.

Sequoia, its Directors, employees and representatives cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Unless otherwise provided or stated herein, all data contained in charts, graphs and tables is based on information available at the date of this document.

The Group Companies and the Parties do not give any assurance that there will be any Convertible Notes available or offered for subscription, or allocated to you, under the Offer. Any offer of Convertible Notes under the Offer will be at the Company's discretion, in consultation with Sequoia, and subject to compliance with any regulatory requirements under the Corporations Act.

The people referred to in this document are not endorsing this document or its contents.

Before deciding whether to invest in the Company and/or participate in the Offer, you should make your own independent assessment and investigation of the Offer and the companies and securities referred to herein (including, without limitation, the full terms of the Offer) and whether to participate based on your own enquires and seek appropriate independent advice, if necessary, to determine the suitability of the Offer in light of your personal circumstances, including your financial and taxation position.

Additionally, the Company may require you to sign a subscription agreement or letter and/or other documents in order to apply for the Convertible Notes and Shares issued on conversion of those Convertible Notes referred to in this document and/or accept of any Convertible Notes under the Offer (**Subscription Documents**). Before deciding whether to participate in and/or accept the Offer, you should read (and where necessary, seek independent advice on) the Subscription Documents, which set out the full terms of the Offer by the Company, and to the extent of inconsistency, override the key terms of the Offer set out herein.

Before making a decision, you should read important information about complaints and Sequoia's Financial Services Guide at www.sequoia.com.au.

Securities of small-cap companies typically involve a higher degree of risk and more volatility than securities of more established companies. As such, an investment in the Company must be considered as speculative. In particular, the Company is not currently listed on any stock exchange and therefore there is currently no readily available market for sale of the Company's securities.

Neither the Group Companies, the Parties nor any of their directors, officers, employees, advisers and associated persons are liable for any direct, indirect or consequential loss or damage suffered by any person as a result of its reliance upon any s statement in this document and all of those losses and damages re expressly disclaimed.

CONFIDENTIALITY

You acknowledge that information disclosed to you by Sequoia in connection with the Offer is proprietary or confidential. The contents of this document must not be reproduced or transmitted to or discussed with any other person (other than your officers, employees and professional advisers on a needs-to-know basis) at any time whatsoever, unless otherwise agree in writing with Sequoia.

This document includes information which may be price sensitive, and which is not yet in the public domain. You must not purchase or sell any securities of any type in the Company or procure another person to do so until permitted to do so by law, and you agree that you will not act in breach of the insider trading provisions set out in Division 3 of Part 7.10 of the Corporations Act. Except as stated in this document, you must not and must not permit any of your officers, employees, agents, contractors, or related entities to use or to disclose to any person any information disclosed to you by us in connection with the Placement without our prior written consent, which consent may not be unreasonably withheld. You must also take all precautions reasonably necessary to prevent accidental disclosure of any of any information about the Company or the Capital Raise.

This paragraph does not apply to any information which:

1. is generally available to the public (other than as a result of the wrongful disclosure);
2. is required to be disclosed by any law; or
3. is disclosed by you to your professional advisers for the purpose of seeking advice.