

## Quarterly Activities Report and Appendix 4C For Quarter Ending 31 December 2024

### Highlights

- **Foresta Group Holdings Limited** (ASX: FGH, “FORESTA” or the “Company”) entered into a convertible note agreement with an entity associated with the Company’s director, Mr Russell Allen, for an investment of 2 million Australian dollars (\$2,000,000 AUD).
- FORESTA received a placement of new fully paid ordinary shares (“New Shares”) to raise \$1,100,000 AUD (before costs).
- FORESTA signed an exclusive *Technology License Agreement* (“Agreement”) with **E3 Carbon GmbH** (“E3 CARBON”) to license their advanced torrefaction technology (“Technology”).
- FORESTA received a letter of intent from Lawter Inc. NZ for torrefied wood pellets, wood rosin and wood turpentine.
- FORESTA’s flagship project is included in New Zealand’s Fast-Track Approvals Act 2024.

### Convertible Note Agreement

FORESTA entered into a convertible note agreement with an entity associated with the Company’s director, Mr Russell Allen, for an investment of 2 million Australian dollars (\$2,000,000 AUD) (before costs) through a convertible note subscription. The proceeds of the convertible notes will provide the Company with general working capital.

### Placement to Raise \$1,100,000 AUD

The Placement was offered at an issue price of \$0.005, representing a 25% premium to the last closing price of the Company’s shares of \$0.004 per share on 30 September 2024 (being the last recorded closing sale price of the Shares on ASX prior to the Company’s suspension from the commencement of trading on 1 October 2024). The Placement was supported by new and existing sophisticated and professional investors, and directors of the Company. The Company has issued a total of 220,000,000 New Shares, with investors receiving one (1) free attaching unlisted option for each New Share issued, exercisable at \$0.02 with a 2-year expiry (“New Option”).

### Proposed Offtake Arrangements

FORESTA signed a Letter of Intent with **Lawter (NZ) Limited** (LAWTER), which outlines the intention of LAWTER to purchase the following products from our proposed manufacturing facility in Kawerau, New Zealand:

- Torrefied wood pellets (approx. 1,200 tonnes per annum)
- Wood rosin (approx. 4,000 tonnes per annum)
- Wood turpentine (approx. 1,000 tonnes per annum)

This collaboration highlights the demand for sustainable and innovative alternatives to fossil fuel products.



## Technology License Agreement with E3 CARBON

Pursuant to the terms of the Agreement, E3 CARBON has granted to the Company an unconditional exclusive license to use the Technology in New Zealand and Australia until 31 December 2025. The Company has also been granted an exclusive license to use the Technology in New Zealand for a period of fifteen (15) years, subject to the satisfaction (or waiver) of certain conditions subsequent which must be satisfied or waived on or before 31 December 2025, unless otherwise agreed by FORESTA and E3 CARBON.

Founded in 2015 and headquartered in Hamburg, Germany, E3 CARBON is on a mission to turn CO<sub>2</sub>-neutral torrefied biomass (biocarbon) into a new global commodity. E3 CARBON, together with UK-based Ceramic Drying Systems Limited (“CDS”), have developed a leading torrefaction process ready for commercial and industrial scaling. Founded in 1983, CDS is among the key engineering and equipment suppliers for industrial thermal treatment and torrefaction systems, with teams located in 10 different countries. This key strategic partnership will enable FORESTA to produce high-quality ‘torrefied wood pellets’, a sustainable and efficient biomass fuel, at the Company’s flagship integrated manufacturing facility to be developed in Kawerau, New Zealand. E3 CARBON’s industry-leading torrefaction technology will allow the production of high-quality torrefied wood pellets in a highly efficient manner to meet the stringent requirements of national and international markets.

## Fast-Track Approval

Stage 1 (construction and operation of a pine chemical and torrefied wood pellet plant) of the Company’s flagship project in Kawerau, New Zealand, is included as one of 22 renewable energy projects in New Zealand’s Fast-Track Approvals Act 2024 (Act).

The purpose of the Fast-track Approvals legislation is to provide a streamlined decision-making process to facilitate the delivery of infrastructure and development projects with significant regional and/or national benefits, which currently includes a total of 149 ‘listed projects’ comprising housing or land developments, renewable energy projects, mining projects and other roading, quarrying and farming projects.

## Project Development

### Kawerau

#### Utilities

A comprehensive feasibility study on water supply and wastewater systems has been completed to ensure there are no constraints that could impact our processes.

#### Power

Horizon has been engaged to initiate the power design study, marking an important step toward securing the necessary energy infrastructure for the project.

## Regional Infrastructure Fund Application

We submitted an application to the Regional Infrastructure Fund, accompanied by the required supporting documentation on 16 December 2024. A detailed meeting was held with the Kānoa (MBIE) Investment Director to discuss our proposal, ensuring clarity and alignment with funding objectives.

## Earthworks Consent (Stage 1)

The Stage 1 Earthworks Consent application remains under review. A meeting with the Bay of Plenty Regional Council (BOPRC) has been scheduled for late January 2025 to address and resolve outstanding queries, moving us closer to approval.

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# foresta



## Forest Supply and Collaborative Partnerships

Key supply opportunities within New Zealand's forestry sector have been identified, with contractual negotiations now in their final stages. Concurrently, we are building and strengthening relationships with local Māori iwi and corporations. Recognising their role as kaitiaki (guardians) of the land and forests, we aim to foster partnerships that support economic opportunities, cultural preservation, and sustainable stewardship of natural resources.

In addition, we are actively engaging with government bodies, including local and regional councils and the Crown, to ensure our project aligns with national policies and regional development goals.

## Apple Tree Creek

Lease negotiations are currently underway, with ongoing discussions focused on the termination of the lease. These talks are progressing, and updates will be provided as decisions are finalised.

Work Health and Safety (WHS) authorities have formally acknowledged the reclassification of the site as a chemical storage facility, reflecting its current use and compliance requirements.

Efforts to relocate or sell assets from the site are ongoing. These activities are being conducted with the aim of maximising value and ensuring efficient management of resources during this transitional period.

## Financials

Payments to related parties include compensation paid to Directors for services performed and executive consulting fees for Directors providing executive consulting services to the Board, which were \$319,000 for the quarter (exc GST of \$32,000).

Foresta Group Holdings Limited had a cash balance of \$598,000, as at 31 December 2024.

For more information please contact:

### Foresta Group Holdings Limited

Henry Cheng

*Executive Chairman*

Email: [info@forestagroup.com.au](mailto:info@forestagroup.com.au)

## Authorisation Statement

This release has been authorised to be given to the ASX by the Board of Foresta Group Holdings Limited.

## About Foresta Group Holdings

FORESTA is positioning itself to become a leading global supplier of natural and renewable pine chemicals and biomass pellets. It has developed a proprietary process to naturally extract pine chemicals by employing the tree's own solvent chemicals to extract rosin and terpenes. These products are commonly used in industrial manufacturing and are a key input to everyday end products. These products include adhesives, gum, inks, paint, car tyres and perfume.

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

#### Name of entity

FORESTA GROUP HOLDINGS LIMITED

#### ABN

18 074 969 056

#### Quarter ended ("current quarter")

31 December 2024

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | -                          | -                                     |
| 1.2 Payments for  |                            |                                       |
| (a) research and development                              | -                          | -                                     |
| (b) product manufacturing and operating costs             | (162)                      | (174)                                 |
| (c) advertising and marketing                             | (27)                       | (28)                                  |
| (d) leased assets   | -                          | -                                     |
| (e) staff costs   | (572)                      | (1,001)                               |
| (f) administration and corporate costs                    | (616)                      | (842)                                 |
| 1.3 Dividends received (see note 3)                       | -                          | -                                     |
| 1.4 Interest received                                     | -                          | -                                     |
| 1.5 Interest and other costs of finance paid              | (13)                       | (40)                                  |
| 1.6 Income taxes paid                                     | -                          | -                                     |
| 1.7 Government grants and tax incentives                  | -                          | -                                     |
| 1.8 Other (Insurance recoveries)                          | 800                        | 800                                   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(590)</b>               | <b>(1,285)</b>                        |

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| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
| <b>2.</b>                                   | <b>Cash flows from investing activities</b>   |                                    |  |
| 2.1   | Payments to acquire or for:   |                                    |  |
|   | (a) entities  | -                                  | -  |
|   | (b) businesses  | -                                  | -  |
|   | (c) property, plant and equipment   | -                                  | (42)   |
|   | (d) investments   | -                                  | -  |
|   | (e) intellectual property   | -                                  | -  |
|   | (f) other non-current assets  | -                                  | -  |
| 2.2   | Proceeds from disposal of:  |                                    |  |
|   | (a) entities  | -                                  | -  |
|   | (b) businesses  | -                                  | -  |
|   | (c) property, plant and equipment   | -                                  | 184  |
|   | (d) investments   | -                                  | -  |
|   | (e) intellectual property   | -                                  | -  |
|   | (f) other non-current assets  | -                                  | -  |
| 2.3   | Cash flows from loans to other entities   | -                                  | -  |
| 2.4   | Dividends received (see note 3)   | -                                  | -  |
| 2.5   | Other - Proceeds received on acquisition of Essential Queensland Pty Ltd                | -                                  | -  |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b>                                   | <b>-</b>                           | <b>142</b>                                     |
| <b>3.</b>                                   | <b>Cash flows from financing activities</b>   |                                    |  |
| 3.1   | Proceeds from issues of equity securities (excluding convertible debt securities)       | 1,150                              | 1,150  |
| 3.2   | Proceeds from issue of convertible debt securities                                      | -                                  | 575  |
| 3.3   | Proceeds from exercise of options   | -                                  | -  |
| 3.4   | Transaction costs related to issues of equity securities or convertible debt securities | (19)                               | (19)   |
| 3.5   | Proceeds from borrowings  | -                                  | -  |
| 3.6   | Repayment of borrowings   | -                                  | -  |
| 3.7   | Transaction costs related to loans and borrowings                                       | -                                  | -  |

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| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
| 3.8   | Dividends paid  | -                                  | -  |
| 3.9   | Other (principal portion of finance leases)           | (61)                               | (126)  |
| <b>3.10</b>                                 | <b>Net cash from / (used in) financing activities</b> | <b>1,070</b>                       | <b>1,580</b>                                   |

|            |  |            |            |
|------------|--|------------|------------|
| <b>4.</b>  | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |            |            |
| 4.1        | Cash and cash equivalents at beginning of period                             | 131        | 186        |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | (590)      | (1,285)    |
| 4.3        | Net cash from / (used in) investing activities (item 2.6 above)              | -          | 142        |
| 4.4        | Net cash from / (used in) financing activities (item 3.10 above)             | 1,070      | 1,580      |
| 4.5        | Effect of movement in exchange rates on cash held                            | (13)       | (25)       |
| <b>4.6</b> | <b>Cash and cash equivalents at end of period</b>                            | <b>598</b> | <b>598</b> |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 598                                | 131                                 |
| 5.2        | Call deposits   | -                                  | -                                   |
| 5.3        | Bank overdrafts   | -                                  | -                                   |
| 5.4        | Other (provide details)   | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>598</b>                         | <b>131</b>                          |

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| 6. Payments to related parties of the entity and their associates                           | Current quarter<br>\$A'000 |
|---|----------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | 319                        |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | -                          |

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

6.1 Payments to related parties, including fees paid to directors were \$319,000 (excluding GST of \$32,000). Foresta Group Holdings Limited has a cash balance of \$598,000 as at 31 December 2024.

Items included in item 6.1 include:

- Director's fees – Compensation paid to Directors for services performed.
- Executive consulting fees – Fees paid to Directors providing executive consulting services to the Board



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| <b>7. Financing facilities</b>  | <b>Total facility amount at quarter end \$A'000</b> | <b>Amount drawn at quarter end \$A'000</b> |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>  |   |  |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |   |  |
| 7.1 Loan facilities   | 8   | 8  |
| 7.2 Credit standby arrangements   | -   | -  |
| 7.3 Other (convertible notes)   | 75  | 75   |
| 7.4 <b>Total financing facilities</b>   | 83  | 83   |
| 7.5 <b>Unused financing facilities available at quarter end</b>   |   | 0  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. |   |  |





7.1 The Company has short-term borrowing facilities on insurance premiums, being:

| Facility supplier      | BOQ Finance – Insurance Premium Funding | BOQ Finance – Insurance Premium Funding |
|------------------------|---|---|
| Principal amount       | \$14,053                                | \$15,641                                |
| Monthly repayments     | \$1,257                                 | \$1,392                                 |
| Interest               | 17.85%                                  | 14.57%                                  |
| Term                   | 12 months – ending 31 January 2025      | 12 months – ending 30 May 2025          |
| Balance at 31 Dec 2024 | \$1,239                                 | \$6,758                                 |

7.3 The Company has entered into the following convertible note.

|                        | Convertible Note  |
|------------------------|---|
| Principal amount       | \$75,000  |
| Issue date             | 12 September 2024   |
| Monthly repayments     | Nil   |
| Interest               | 10% per annum capitalised annually and payable on conversion or redemption  |
| Maturity Date          | 12 September 2027   |
| Security               | Against all present and after acquired property of the Company.   |
| Conversion             | The convertible notes can be converted at the sole discretion of the subscriber. The conversion price is \$0.01 per share and the subscriber will receive one free attaching unlisted option exercisable at \$0.02 on the date that is one year from the date of issue. |
| Balance at 31 Dec 2024 | \$75,000  |

| 8.  | Estimated cash available for future operating activities      | \$A'000 |
|-----|---|---------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9)     | (590)   |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6)           | 598     |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | -       |
| 8.4 | Total available funding (item 8.2 + item 8.3)                 | 598     |





8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)**

1.01

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes, as announced on 3 October 2024 the Company received a partial payment of \$800,000 from insurers in relation to the incident at Apple Tree Creek site and will continue negotiations during the upcoming quarter for the remaining balance. In addition, as announced on 30 October 2024, the Company has entered into a convertible note agreement with an entity associated with the Company's director Mr Russell Allen, under the terms of the agreement the company will receive \$2,000,000 on or around 31 March 2025.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects it will have sufficient funds to continue operations in the short term through the points detailed in 8.6.1 and 8.6.2 above.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

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## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 January 2025.....

Authorised by: By the Board.....

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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