

9 May 2014

RECOMMENDED ACQUISITION OF DART ENERGY LIMITED BY IGAS ENERGY PLC

Please find attached for release to the market a Joint Statement from IGas Energy Plc and Dart Energy Limited in relation to a recommended acquisition of Dart Energy Limited by Igas Energy plc.

For and on behalf of the Board
Paul Marshall, Company Secretary

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RIS/ASX Release

Joint Statement from IGas Energy Plc and Dart Energy Limited

9 May 2014

RECOMMENDED ACQUISITION OF DART ENERGY LIMITED BY IGAS ENERGY PLC

- The Boards of IGas Energy Plc (“**IGas**”) and Dart Energy Limited (“**Dart**”) are pleased to announce that they have reached agreement on the terms of a recommended acquisition by IGas of Dart, which values the total share capital of Dart at approximately A\$211.5 million on a fully diluted basis (being equivalent to £117.1 million)¹.
- The acquisition will be via an Australian Scheme of Arrangement on a share exchange basis.
- Dart shareholders will receive 0.08117 IGas shares for each Dart share, equivalent to A\$0.1898 per Dart share based on the A\$:£ exchange rate and closing share price of IGas on 8 May 2014, and will hold approximately 30.5% of the enlarged company on a fully diluted basis².
- The combination of IGas and Dart will create a market leading onshore UK oil and gas company with the largest area in the UK under licence of over 1 million net acres including major UK shale basins.
- The Dart Board unanimously recommends Dart shareholders vote in favour of the Scheme (as defined below) in the absence of a superior proposal and subject to an independent expert concluding the Scheme is in the best interests of Dart shareholders.
- Significant shareholders of Dart, holding voting rights over a total of 337,662,293 Dart shares, representing 30.5% of the total voting rights of Dart, including 16.3% held by a subsidiary of New Hope Corporation Limited (“**New Hope**”), have indicated their intention to support the transaction in the absence of a superior proposal and subject to an independent expert concluding the Scheme is in the best interests of Dart shareholders.
- The IGas Board unanimously recommends IGas shareholders support the transaction and grant approval for the IGas Directors’ authority to allot the consideration shares. The Directors of IGas, together with significant shareholders holding voting rights over a total of 89,838,479 IGas shares (representing 43.54% of the total voting rights of IGas) have indicated their support for the transaction.
- Dart has cancelled its planned listing on the AIM Market of the London Stock Exchange (“**AIM**”). However, upon implementation, the transaction will provide Dart shareholders with IGas consideration shares that will be admitted to trading on AIM.

The Boards of IGas and Dart are pleased to announce today that they have entered into a Scheme Implementation Agreement (“**SIA**”) through which it is proposed that IGas will acquire the entire issued

¹ Based on the A\$:£ exchange rate of 1.806 and the closing share price of IGas on 8 May 2014. Dart fully diluted value calculated using the treasury stock method at the equivalent offer price per Dart share.

² Dart fully diluted value calculated using the treasury stock method at the equivalent offer price per Dart share.

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share capital of Dart by way of a Scheme of Arrangement under Australian law (“**Scheme**”). A full copy of the SIA is attached in Appendix A.

The Boards of IGas and Dart believe that a combination of IGas and Dart would create a UK national energy champion:

- The combination of IGas and Dart will create a market leading onshore UK oil and gas company with the largest area in the UK under licence of over 1 million net acres including major UK shale basins
- A financially strengthened group complemented by the underlying core cash flows, cash balances and unused debt capacity, and a work programme for 13 licences funded by GDF SUEZ and 2 funded by Total E&P UK
- A proven operator in the UK onshore sector with a track record of drilling wells safely and on budget, placing the enlarged group in a strong position to deliver on its existing asset base and for future licensing rounds
- A combined entity that would possess a team of over 200 staff including subsurface, drilling, commercial and legal experts ideally positioned to lead the UK shale gas industry
- A combined group with increased scale, market capitalisation and trading liquidity.

IGas' CEO Andrew Austin said: “This transaction puts IGas at the heart of unlocking Britain’s energy potential. It demonstrates our commitment to, and confidence in, the UK onshore oil and gas sector. This is a British success story establishing IGas as a key contributor to UK energy mix and security. The transaction further strengthens our position financially, operationally and also significantly increases our licenced acreage as we seek to unlock the untapped energy resource that exists in Britain.”

Dart's CEO John McGoldrick added: “We are delighted with today’s announcement, as we believe that it heralds a new era for the UK gas industry. Success in the oil and gas business comes from scale, and the combination of Dart and IGas achieves that scale, creating a clear market leader with a vastly greater depth in terms of asset base, access to capital and operating capability, all of which will be critical to achieving long-term success. We believe this transaction is in the best interests of Dart shareholders – both in terms of the immediate premium being achieved, and in terms of the ability to participate in the long-term value creation potential of the UK shale industry, which we consider will be one of the defining energy market stories of this century.”

Transaction Summary

The transaction values the total share capital of Dart at approximately A\$211.5 million on a fully diluted basis (being equivalent to £117.1 million)³. Upon implementation of the Scheme, Dart shareholders will receive 0.08117 IGas shares for each Dart share (“**Consideration Shares**”), equivalent to a price per Dart share of A\$0.1898. The enlarged group will be approximately 30.5% owned by the current Dart shareholders on a fully diluted basis⁴.

The equivalent offer price of A\$0.1898 per Dart share represents:

- A premium of 40.6% over the closing price of Dart Shares on ASX on 8 May 2014 of A\$0.135;

³ Based on the A\$:£ exchange rate of 1.806 and the closing share price of IGas on 8 May 2014. Dart fully diluted value calculated using the treasury stock method at the equivalent offer price per Dart share

⁴ Dart fully diluted value calculated using the treasury stock method at the equivalent offer price per Dart share.

- A premium of 62.8% over the average closing price of Dart Shares on ASX over the month to 8 May 2014 of A\$0.117; and
- A premium of 59.8% over the average closing price of Dart Shares on ASX over the three months to 8 May 2014 of A\$0.119.

IGas will apply for the Consideration Shares to be admitted to trading on AIM on implementation of the transaction. Dart's ASX listing will be cancelled when the Scheme becomes effective.

Following implementation of the Scheme, Robert Neale, current Non-Executive Chairman of Dart, will join the IGas Board.

Information on IGas

IGas is listed on AIM with a market capitalisation of approximately £270 million. One of the leading explorers and producers of onshore hydrocarbons in the UK, IGas produces approximately 3,000 barrels of oil and gas equivalent per day from 110 sites across the country. It operates assets in the North West of England, the East Midlands, the Weald Basin in Southern England and Northern Scotland.

IGas currently operates the UK's only Coal Bed Methane ("CBM") pilot site at Warrington in the North West of England and is currently appraising and exploring its North West and East Midlands acreage for its shale and CBM potential.

IGas has played a key role in Britain's onshore energy production; safely exploring, developing and producing oil and gas at its sites for over three decades. IGas management and technical teams have many years of experience in onshore energy production and most live and work in the communities in which it operates.

Information on Dart

Dart is an Australian Securities Exchange ("ASX") listed company whose business is the exploration for and production of unconventional gas, principally shale gas and CBM. Dart's key focus is on its 24 licences in the UK, which are considered prospective for shale gas and/or CBM, with sizeable independently assessed shale gas and CBM resources and reserves. Dart has, to-date, entered into farm-out agreements with two international oil and gas "majors", GDF SUEZ and Total E&P UK, for the funding and execution of shale gas and CBM exploration work programmes on some of these UK licences over the next three years. In addition, Dart's CBM project at PEDL 133 in Scotland is development ready, subject to the outcome of an on-going planning appeal, and, if developed, could result in the Dart's first commercial gas sales in 2016. In addition, Dart holds licence interests in Australia, Germany, Belgium, Indonesia and India, none of which are considered core to Dart's current strategy.

Dart reported a pre-tax loss of A\$136 million in its audited accounts for the financial year to 30 June 2013, including non-cash impairments of A\$120 million. Adjusted for non-cash impairments, the underlying pre-tax loss for the financial year to 30 June 2013 was A\$16 million. As at 31 March 2014, Dart had a net cash position (excluding A\$4.4 million currently utilised as bank guarantees), of A\$29.8 million and is currently debt free.

Effect of Transaction on Dart's Proposed AIM Listing and Divestment Plans

In light of the proposed transaction, the intended admission of Dart to AIM, which was scheduled to occur on 12 May 2014, has been cancelled. However, upon implementation, the transaction will provide Dart shareholders with IGas Consideration Shares that will be admitted to trading on AIM.

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IGas' intention is to divest all non-UK assets of Dart in an orderly process, with a view to maximising cash return and enabling all resources and opportunities to be applied to the UK unconventional gas opportunity.

Dart Board Recommendation and Intentions

The Board of Dart has evaluated the offer from IGas and believes the Scheme provides Dart shareholders with the opportunity to realise attractive and immediate value for their Dart shares at a substantial premium, as well as the ability to participate in significant upside potential and long term value creation through the continued ownership of IGas shares.

Therefore, the Board of Dart unanimously recommends that Dart shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of Dart shareholders.

Subject to those same qualifications, each Director of Dart intends to vote all the Dart shares held or controlled by them in favour of the Scheme.

Dart Major Shareholder Intentions

Significant shareholders of Dart, holding voting rights over a total of 337,662,293 Dart shares, representing 30.5% of the total voting rights of Dart shares (including 16.3% held by New Hope), have indicated their intention to support the transaction in the absence of a superior proposal and subject to an independent expert concluding the Scheme is in the best interests of Dart shareholders.

Small Shareholder Dealing Facility

Following implementation of the Scheme, former Dart shareholders whose holdings of Consideration Shares are valued at A\$5,000 or less will be able to elect to have the Consideration Shares issued to them under the Scheme sold on their behalf by a third party broker, through a share dealing facility.

Key Terms and Timetable

The Scheme is subject to a condition relating to IGas finalising due diligence investigations in respect of Dart by 23 May 2014, and IGas being satisfied with the outcome of that due diligence. In addition, the Scheme will be subject to various conditions precedent including:

- Australian Foreign Investment Review Board approval;
- ASX, ASIC and other regulatory approvals;
- third party consents, including under certain of Dart's exploration licences;
- Dart shareholder and court approval for the Scheme;
- approval by IGas shareholders for the IGas directors' authority to allot the Consideration Shares;
- the independent expert appointed by Dart concluding that the Scheme is in the best interests of Dart's shareholders;
- no material adverse change arising in respect of either Dart or IGas; and

- other customary conditions.

The SIA contains customary exclusivity provisions in favour of IGas, including no talk, no shop and due diligence provisions. In addition, the SIA contains provisions for reimbursement of limited transaction fees and costs between the parties in the event either is in breach of certain material conditions and obligations in a manner customary for public M&A activity in Australia.

A Scheme Booklet containing information relating to the Scheme, reasons for the Dart directors' unanimous recommendation, an independent expert's report and details of the Dart shareholder meeting to consider the Scheme is expected to be sent to Dart shareholders during July 2014 with a Dart shareholder meeting to vote on the proposed Scheme expected to be held during August 2014.

The general meeting of the IGas shareholders to approve the IGas Directors' authority to allot the Consideration Shares is expected to be held in late August 2014.

Subject to the approval of all conditions to the Scheme, it is anticipated that the Scheme will proceed according to the following timetable:

KEY MILESTONE	TARGET DATE
First Court hearing to convene Scheme Meeting	Mid July 2014
Scheme Booklet despatched to Dart Shareholders	Late July 2014
Scheme Meeting for Dart Shareholders to vote on the Scheme	Late August 2014
Second Court Hearing to approve Scheme	Late August 2014
IGas General Meeting	Late August 2014
Scheme Implementation Date	September 2014

These dates are indicative only and subject to change.

Proposed IGas Director

In relation to the proposed appointment of Robert Neale, current Non-Executive Chairman of Dart, to the board of directors of IGas, the following information is disclosed by IGas pursuant to Schedule Two paragraph (g) of the AIM Rules for Companies. Robert Charles Neale, aged 69, is or has been a member of the administrative, management or supervisory bodies, or director or partner of the following companies or partnerships within the five years prior to the publication of this announcement:

<i>Current directorships / Partnerships:</i>	<i>Past directorships / Partnerships:</i>
Acron Holdings Pty Ltd. Australian Coal Association Australian Coal Research Limited Dart Energy Limited Planet Gas Ltd. Queensland Resources Council Rank Pty Ltd. Westside Corporation Ltd.	Acland Pastoral Co. Pty Ltd. Andrew Wright Holdings Pty Ltd. Arkdale Pty Ltd. Bridgepoint Cooper Basin Pty Ltd. Bridgepoint Energy Ltd. Bridgepoint Eromanga Pty Ltd. Bridgepoint Energy Qld Pty Ltd. Colton Coal Pty Ltd. eCOALogical Fuels Pty Ltd. Elimatta Patoral Pty Ltd. Elmsvale Pty Ltd. Estwood Pty Ltd. Fowlers Engineering Pty Ltd. Hueridge Pty Ltd. Jeebropilly Collieries Pty Ltd. Krestlake Pty Ltd.

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	Lenton Management and Marketing Pty Ltd. Mattvale Pty Ltd. New Acland Coal Pty Ltd. New Hope Coal Marketing Pty Ltd. New Hope Collieries Pty Ltd. New Hope Corporation Ltd. New Hope Energy USA Inc. New Hope Energy Pty Ltd. New Hope Exploration Pty Ltd. New Hope Services Pty Ltd. New Hope Water Pty Ltd. New Lenton Coal Pty Ltd. New Oakleigh Coal Pty Ltd. New Saraji Coal Pty Ltd. Northern Energy Corporation Ltd. Parkland Coal Terminal Pty Ltd. Quantex Energy Inc. Quantex Research Company Queensland Bulk Handling Pty Ltd. Seven Mile Coal Pty Ltd. Taroom Coal Pty Ltd. Tetard Holdings Pty Ltd. Tivoli Coal Hawaii Pty Ltd. Tivoli Collieries Pty Ltd. Uniford Pty Ltd. Yamala Coal Pty Ltd.
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There are no further disclosures to be made in respect of Robert Neale under Schedule Two paragraph (g) of the AIM Rules for Companies.

In accordance with Schedule Four of the AIM Rules for Companies, IGas intends to provide an update on the details of the service contract for Robert Neale in due course.

Advisers

IGas has retained Jefferies International Limited as financial adviser, Nominated Adviser and joint broker and law firms Morrison & Foerster (UK) LLP in the United Kingdom and Minter Ellison in Australia as legal advisers.

Dart has retained Macquarie Capital (Australia) Limited as financial adviser and law firms Pinsent Masons LLP in the United Kingdom and Corrs Chambers Westgarth in Australia as legal advisers.

For further information please contact:

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Disclaimers

Jefferies International Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for IGas and no one else in connection with the Scheme and will not be responsible to anyone other than IGas for providing the protections afforded to clients of Jefferies International Limited nor for providing advice in relation to matters described herein, nor for providing advice in relation to the Scheme or any matter or arrangement referred to herein.

Macquarie Capital (Australia) Limited is acting exclusively for Dart and no one else in connection with the Scheme and will not be responsible to anyone other than Dart in relation to matters described herein, nor for providing advice in relation to the Scheme or any matter or arrangement referred to herein.

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Scheme implementation agreement

Dart Energy Limited (**Target**)

IGas Energy plc (**Bidder**)

MinterEllison

L A W Y E R S

Scheme implementation agreement

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Details

Date

Parties

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ABN 21 122 588 505
Short form name **Target**
Notice details
Attention: John McGoldrick/Jessel Gair
Email: jmcgoldrick@dartgas.com/jgair@dartgas.com

Name **IGas Energy plc**
Address 7 Down Street, London W1J 7AJ, United Kingdom
Short form name **Bidder**
Notice details
Attention: Andrew Austin/Stephen Bowler
Email: andrew.austin@igasplc.com/stephen.bowler@igasplc.com

Background

- A Target and Bidder have agreed to implement the Proposed Transaction on and subject to the terms and conditions of this agreement.
- B Target and Bidder have agreed certain other matters in connection with the Proposed Transaction as set out in this agreement.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this agreement, unless the context otherwise requires, the following words and expressions have meanings as follows:

Admission Document means the document dated 4 April 2014 and published by Target (as a "quoted applicant" under the AIM Rules) in accordance with Rule 3 and Schedule One of the AIM Rules in connection with the admission of the entire issued share capital of the Target to trading on AIM becoming effective within the meaning of the AIM Rules.

Adviser means any person who is engaged to provide professional advice of any type (including legal, accounting, consulting or financial advice) to Target or Bidder.

AIM means the AIM market of the London Stock Exchange plc.

AIM Rules means the AIM Rules for Companies as amended from time to time.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this agreement and Target was the designated body.

ASX means ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market operated by it.

Authorised Person means, in respect of a person:

- (a) a director, officer, partner, member or employee of the person;
- (b) an Adviser of the person; and
- (c) a director, officer or employee of an Adviser of the person.

Bidder Board means the means the board of directors of Bidder as constituted from time to time (or any committee of that Board constituted from time to time to consider the relevant matter).

Bidder Break Fee has the meaning given in clause 13.6.

Bidder Costs is defined in clause 13.2(a).

Bidder Director means a director of Bidder from time to time.

Bidder Exploration Licence means any UK petroleum exploration development licence in which any member of the Bidder Group has an economic interest and which is either:

- (a) the subject of active material production activity (i.e. producing in excess of 5% of annualised Bidder Group total production); or
- (b) in the exploration or development phase and in respect of which there exists an active joint operating agreement to which a member of the Bidder Group is a party.

Bidder Group means Bidder and its Subsidiaries.

Bidder Information means such information regarding Bidder that is provided by or on behalf of Bidder to Target or the Independent Expert:

- (a) to enable the Scheme Booklet to be prepared and completed in compliance with all applicable laws;
- (b) to enable applications for Regulatory Approvals to be made; and
- (c) otherwise in compliance with Bidder's obligations under clause 6.2(a).

Bidder Material Adverse Change means any of the following happening, being announced, disclosed or otherwise becoming known to Target (whether it becomes public or not) after the date of this agreement:

- (a) any event or circumstance which constitutes or gives rise to or may (upon the passage of time, the fulfilment of any condition, or the giving of notice or taking of any other action by a Governmental Agency or any other person) give rise to the suspension, revocation, disclaimer, invalidity, unenforceability, materially adverse variation, premature lapse or premature termination of all or any material rights under any Bidder Exploration Licence (other than planned relinquishment or abandonment) or any Bidder Material Contract;
- (b) the occurrence of the outbreak of war (including civil war), outbreak of hostilities (whether war is declared or not) or terrorism, mobilization of armed forces, insurrection, general civil unrest (other than public protest or opposition to drilling activity), or similar event within 25 kilometres of any of the areas subject of a Bidder Exploration Licence;
- (c) without limiting the generality of the foregoing, any event, action, proceeding, circumstance or change in circumstance that (individually or with others) has or is reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability, future production or prospects of Bidder and its Subsidiaries taken as a whole, including but not limited to any one or more of the following effects:
 - (i) when considered together with any related events, occurrences or matters, but disregarding the effects of any unrelated events, occurrences or matters, a diminution in the net assets of the Bidder Group by \$10,000,000 or more; or
 - (ii) the incurring of any obligations, liabilities, costs or expenses (contingent or otherwise), other than in the ordinary course of business or pursuant to M&A activity approved by the Bidder Board, where the quantum (whether individually or when aggregated with all such other events) exceeds \$10,000,000,

other than those matters, events or occurrences that are, or arise:

- (a) as a direct result or consequence of the announcement and/or implementation of the Proposed Transaction;
- (b) as a result of any planning policy introduced under any revisions to the National Planning Policy Framework or the Scottish Planning Policy; or
- (c) from general changes in economic, political, business, industry or market conditions (including changes in oil or gas prices) which:
 - (i) are not specific to the Bidder Group; or
 - (ii) affect the Bidder Group in substantially the same manner as its customers and competitors.

Bidder Material Contract means any contractual arrangement to which any member of the Bidder Group is a party which would either be:

- (a) disclosable as a material contract for the purposes of the AIM Rules (pursuant to section 22 of Annex I to the Prospectus Rules published by the FCA in the United Kingdom) were the Bidder producing an admission document as at the date of this agreement and which is a contract with continuing obligations (actual or contingent) in excess of \$5m; or
- (b) material to the Bidder on grounds of accounting for \$5m of gross revenues (in the last, current or, on an estimated basis, the next financial year).

Bidder Options means all share options granted by the Bidder pursuant to its employee share plans and long-term incentive plans details of which have been provided to the Target in writing.

Bidder Prescribed Occurrence means the occurrence of any of the following on or after the date of this agreement and before 8.00am on the Second Court Date:

- (a) Bidder converts all or any of its shares into a larger or smaller number of shares;
- (b) any member of the Bidder Group resolves to reduce its share capital in any way (other than Bidder Subsidiaries pursuant to intra-group arrangements which have no material effect on the net assets of the Bidder Group taken as a whole);
- (c) any member of the Bidder Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement;
- (d) any member of the Bidder Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than pursuant to farm-in or farm-out transactions in the ordinary course of business or pursuant to M&A activity approved by the Bidder Board;
- (e) any member of the Bidder Group creates or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property, other than in the usual and ordinary course of business consistent with past practice;
- (f) any member of the Bidder Group becomes Insolvent,
provided that a Bidder Prescribed Occurrence will not include any matter:
 - (g) required to be done or procured by Bidder pursuant to this agreement or the Scheme;
 - (h) required by law or by an order of a court or Governmental Agency;
 - (i) expressly permitted pursuant to this agreement; or
 - (j) the undertaking of which Target has approved in writing (which approval must not be unreasonably withheld or delayed).

Bidder Shareholder means each person who is registered in the register maintained by Bidder as a holder of Bidder Shares.

Bidder Shares means a fully paid ordinary share of 10p each in the capital of Bidder.

Bidder Warranties means the representations and warranties of Bidder set out in clause 11.1.

Break Fee means the Bidder Break Fee or Target Break Fee, as appropriate.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Brisbane, Australia or in London, England.

CMA means the Competition and Markets Authority (UK).

Competing Proposal means any proposal, offer or transaction by a third party (other than Bidder or its Related Bodies Corporate) that, if completed, would mean:

- (a) a person would acquire a relevant interest or voting power in 20% or more of the Target Shares or of the securities of any of member of the Target Group;
- (b) a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 20% or more of the Target Shares or of the securities of any member of the Target Group;
- (c) a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantial part of the business conducted by, or assets or property of, Target or any member of the Target Group, except as permitted under clause 9.3;
- (d) a person would acquire Control of Target or any member of the Target Group;
- (e) a person may otherwise acquire, or merge with, Target or any member of the Target Group (including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership); or
- (f) Target will issue, on a fully diluted basis, 20% or more of its capital as consideration for the assets or share capital of another person,

or any proposal by Target to implement any reorganisation of capital which would require it to abandon, or otherwise fail to proceed with, the Transaction. Each successive material modification or variation of any proposal, offer or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.

Conditions means the conditions set out in clause 4.1 and **Condition** means any one of them.

Control has the meaning given under section 50AA of the Corporations Act. **Controlled** has the equivalent meaning.

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

Counter Proposal is defined in clause 12.7(d).

Court means the Supreme Court of Queensland or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

DECC means the Department of Energy and Climate Change (UK).

Deed Poll means the deed poll to be executed by Bidder prior to the date the Scheme Booklet is despatched to Target Shareholders, in such form as the parties agree in writing acting reasonably.

Due Diligence Period means the period from the date of this agreement until 6.00pm (London time) on 23 May 2014, or such other time as the parties agree.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date, with respect to the Scheme, means the date on which the Scheme becomes Effective.

Encumbrance includes any interest or equity of any person (including any right to acquire, option or right of pre-emption); any mortgage, charge, pledge, lien, assignment, hypothecation,

security interest (including any created by Law), title retention or other security agreement or arrangement, or net profit interest or net production interest; and any rental, hire purchase, credit or conditional sale or other agreement for payment on deferred terms.

End Date means;

- (a) 12 November 2014; or
- (b) such other date and time agreed in writing between Bidder and Target.

Excluded Shareholder means any Target Shareholder who is Bidder or a Related Body Corporate of Bidder.

Exclusivity Period means the period commencing on the date of this agreement and ending on the earliest of:

- (a) the End Date;
- (b) the Effective Date of the Scheme; and
- (c) the date this agreement is terminated in accordance with its terms.

First Court Date means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act.

Governmental Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, and includes ASIC, ASX, AIM, DECC, the CMA and any regulatory organisation established under statute or any regulation with jurisdiction over Bidder, Target or their respective Subsidiaries.

Headcount Test means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Target Shareholders present and voting, either in person or by proxy.

Implementation Date means, with respect to the Scheme, the fifth Business Day, or such other Business Day as the parties agree, following the Record Date for the Scheme.

Independent Expert means an expert, independent of the parties, engaged by Target in good faith to opine on whether the Scheme is in the best interests of Target Shareholders.

Independent Expert's Report means the report from the Independent Expert commissioned by Target for inclusion in the Scheme Booklet, which includes a statement by the Independent Expert as to whether, in its opinion, the Scheme is in the best interests of Target Shareholders, and includes any update of that report by the Independent Expert.

Ineligible Foreign Shareholder means a Target Shareholder whose address as shown in the Target's members' register is located outside Australia and its external territories, New Zealand, the United Kingdom, Hong Kong and any other jurisdictions as may be agreed in writing by Target and Bidder (unless Bidder is satisfied that it is permitted to allot and issue New Bidder Shares to that Target Shareholder pursuant to the Scheme by the laws of that place).

Insolvency Event means in relation to a person:

- (a) **insolvency official:** the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days;

- (b) **arrangements**: the entry by the person into a compromise or arrangement with its creditors generally;
- (c) **winding up**: the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (d) **suspends payments**: the person suspends or threatens to suspend payment of its debts as and when they become due;
- (e) **ceasing business**: the person ceases or threatens to cease to carry on business;
- (f) **insolvency**: the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (g) **deregistration**: the person being deregistered as a company or otherwise dissolved;
- (h) **deed of company arrangement**: the person executing a deed of company arrangement;
- (i) **person as trustee or partner**: the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:
- (i) a breach of trust or obligation as partner by the person;
 - (ii) the person acting outside the scope of its powers as trustee or partner;
 - (iii) a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability;
 - (iv) the assets of the trust or partnership being insufficient to discharge the liability; or
- (j) **analogous events**: anything analogous to those set out in any of paragraphs (a) to (i) inclusive occurs in relation to the person under the laws of a foreign jurisdiction,

and a person shall be **Insolvent** if any event specified in paragraphs (a) to (j) inclusive occur in respect of that person.

Law includes all applicable legislation, statutes, directives, regulations, judgments, decisions, decrees, orders, instruments, by-laws, and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and the European Union or other supranational bodies, rules of common law, customary law and equity and all civil or other codes and all other laws of, or having effect in, any jurisdiction from time to time and whether before or after the date of this agreement.

Listing Rules means the official listing rules of ASX as amended from time to time.

New Bidder Shares means the new Bidder Shares to be issued under the terms of the Scheme as Scheme Consideration.

Proposed Transaction means the proposed acquisition by Bidder, in accordance with the terms and conditions of this agreement, of all of the Target Shares (other than the Target Shares held by an Excluded Shareholder) through the implementation of the Scheme.

Prospectus means the prospectus dated 30 September 2013 issued by the Bidder in connection with the issue of senior secured guaranteed callable bonds.

Prospectus Rules means the prospectus rules of the United Kingdom Financial Conduct Authority.

Record Date means, in respect of the Scheme, 7.00pm on the fifth Business Day (or such other Business Day as the parties agree in writing) following the Effective Date.

Regulatory Approval means:

- (a) any approval, consent, authorisation, registration, filing, lodgment, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Governmental Agency; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Governmental Agency intervened or acted in any way within a specified period after lodgment, filing, registration or notification, the expiry of that period without intervention or action.

Related Body Corporate of a person, means a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted.

Relevant Notice is defined in clause 12.7(b)(iv)(B).

Rival Bidder is defined in clause 12.7(c).

RG 60 means Regulatory Guide 60 issued by ASIC.

Scheme means the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Target and Scheme Shareholders in respect of all Scheme Shares, in such form as the parties agree in writing, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by each party.

Scheme Booklet means the explanatory booklet to be prepared by Target in respect of the Proposed Transaction in accordance with the terms of this agreement and to be despatched to Target Shareholders.

Scheme Consideration means the consideration to be provided to each of the Scheme Shareholders under the terms of the Scheme, being 0.08117 New Bidder Shares for every Scheme Share (subject to clauses 5.4 and 5.5).

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Share means a Target Share on issue as at the Record Date other than any Target Share then held by an Excluded Shareholder (but including any such Target Share held on behalf of one or more third parties or otherwise in a fiduciary capacity).

Scheme Shareholder means a person who holds one or more Scheme Shares.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

Share Splitting means the splitting by a holder of Target Shares into two or more parcels of Target Shares whether or not it results in any change in beneficial ownership of the Target Shares.

Small Shareholder has the meaning given by clause 5.6(a).

Steering Committee means a working committee for the Proposed Transaction made up of:

- (a) John McGoldrick and Eytan Uliel from Target;
- (b) Andrew Austin and John Blaymires from Bidder; and
- (c) such other representatives of management of each of the Target and the Bidder as the parties may agree from time to time.

Subject Australian PELs means the Target Exploration Licences issued in the State of New South Wales and held by the Target Group that have the identification numbers PEL 456, PEL 458, PEL 459, PEL 460, PEL 463, and PEL 464.

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal which the Target Board determines, acting in good faith and in order to satisfy what the Target Board reasonably considers to be its fiduciary or statutory duties, would, if completed substantially in accordance with its terms, be likely to result in a transaction more favourable to Target Shareholders than the Proposed Transaction having regard to matters including consideration, conditionality, funding, certainty and timing.

Takeovers Panel means the Australian Takeovers Panel.

Target Board means the board of directors of Target as constituted from time to time (or any committee of that board constituted from time to time to consider the Proposed Transaction on behalf of Target).

Target Break Fee has the meaning given in clause 13.3.

Target Director means a director of Target from time to time.

Target Exploration Licence means each licence referred to in Schedule 2.

Target Group means Target and its Subsidiaries.

Target Material Adverse Change means any of the following happening, being announced, disclosed or otherwise becoming known to Bidder (whether it becomes public or not) after the date of this agreement:

- (a) the planning appeal in respect of proposed activity on PEDL 133 is decided in a manner that renders the PEDL 133 project impracticable or impossible;
- (b) any event or circumstance which constitutes or gives rise to or may (upon the passage of time, the fulfilment of any condition, or the giving of notice or taking of any other action by a Governmental Agency or any other person) give rise to the suspension, revocation, disclaimer, invalidity, unenforceability, materially adverse variation, premature lapse or premature termination of all or any material rights under any Target Exploration Licence (other than planned relinquishment or abandonment) or any Target Material Contract;
- (c) the occurrence of the outbreak of war (including civil war), outbreak of hostilities (whether war is declared or not) or terrorism, mobilization of armed forces, insurrection, general civil unrest (other than public protest or opposition to drilling activity), or similar event within 25 kilometres of any of the areas subject of a Target Exploration Licence;
- (d) the occurrence of the nationalization or expropriation by a Governmental Agency in any jurisdiction in which a Target Exploration Licence exists of privately owned or held natural resource exploration or mining rights or other property or rights required for the use or enjoyment of those natural resource exploration or mining rights;

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- (e) the grant of mining or other rights or interests of any kind over all or part of any area covered by or the subject of a Target Exploration Licence to any person other than the holder(s) of that Target Exploration Licence (in that capacity) which materially conflict or could reasonably be expected to materially conflict with the enjoyment of the rights conferred or purported to be conferred by that Target Exploration Licence;
 - (f) without limiting the generality of the foregoing, any event, action, proceeding, circumstance or change in circumstance that (individually or with others) has or is reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability, future production or prospects of Target and its Subsidiaries taken as a whole, including but not limited to any one or more of the following effects:
 - (i) when considered together with any related events, occurrences or matters, but disregarding the effects of any unrelated events, occurrences or matters, a diminution in the net assets of the Target Group by \$10,000,000 or more; or
 - (ii) the incurring of any obligations, liabilities, costs or expenses (contingent or otherwise) where the quantum (whether individually or when aggregated with all such other events) exceeds \$10,000,000,

other than those matters, events or occurrences that are, or arise:

- (a) as a direct result or consequence of the announcement and/or implementation of the Proposed Transaction;
- (b) as a result of any planning policy introduced under any revisions to the National Planning Policy Framework or the Scottish Planning Policy; or
- (c) from general changes in economic, political, business, industry or market conditions (including changes in oil or gas prices) which:
 - (i) are not specific to the Target Group; or
 - (ii) affect the Target Group in substantially the same manner as its customers and competitors.

Target Material Contract any contractual arrangement to which any member of the Target Group is a party which would either be:

- (a) disclosable as a material contract for the purposes of the AIM Rules (pursuant to section 22 of Annex I to the Prospectus Rules published by the FCA in the United Kingdom) were the Target producing an admission document as at the date of this agreement and which is a contract with continuing obligations (actual or contingent) in excess of \$5m; or
- (b) material to the Target on grounds of accounting for \$5m of gross revenues (in the last, current or, on an estimated basis, the next financial year).

Target Options means the unlisted options granted by Target detailed in Schedule 3.

Target Prescribed Occurrence means the occurrence of any of the following on or after the date of this agreement and before 8.00am on the Second Court Date:

- (a) Target converts all or any of its shares into a larger or smaller number of shares (see section 254H of the Corporations Act);
- (b) any member of the Target Group resolves to reduce its share capital in any way;
- (c) any member of the Target Group:
 - (i) enters into a buy-back agreement; or

- (ii) resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- (d) except for an issue of Target Shares upon the exercise of Target Options, any member of the Target Group issues shares, or grants a performance right, an option or a warrant or other analogous instrument over or in respect of its shares, or agrees to make such an issue or grant such a right, option, warrant or instrument;
- (e) any member of the Target Group issues, or agrees to issue, convertible notes;
- (f) any member of the Target Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) any member of the Target Group creates or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property, other than in the usual and ordinary course of business consistent with past practice;
- (h) any member of the Target Group becomes Insolvent,
- provided that a Target Prescribed Occurrence will not include any matter:
- (i) required to be done or procured by Target pursuant to this agreement or the Scheme;
- (j) required by law or by an order of a court or Governmental Agency;
- (k) expressly permitted pursuant to this agreement (including clause 9.3); or
- (l) the undertaking of which Bidder has approved in writing (which approval must not be unreasonably withheld or delayed).

Target Share means an issued fully paid ordinary share in the capital of Target.

Target Shareholder means each person who is registered in the register maintained by Target under section 168(1) of the Corporations Act as a holder of Target Shares.

Target Warranties means the representations and warranties of Target set out in clause 11.3.

Timetable means the indicative timetable in relation to the Proposed Transaction set out in Schedule 1 with such modifications as may be agreed in writing by the parties.

1.2 Interpretation

In this agreement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, \$A, AUD, dollar** or **\$** is to Australian currency;
- (f) a reference to **£, GBP** or **STG** is to the lawful currency of the United Kingdom;
- (g) a reference to time is to Brisbane, Australia time;
- (h) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;

- (i) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (j) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (k) a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;
- (l) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2. Agreement to propose Scheme

- (a) Target agrees to propose and implement the Scheme on and subject to the terms and conditions of this agreement, and substantially in accordance with the Timetable.
- (b) Bidder agrees to assist Target in proposing and implementing the Scheme on and subject to the terms and conditions of this agreement, and substantially in accordance with the Timetable.

3. Due Diligence by Bidder

3.1 Enquiries by Bidder

At any time during the Due Diligence Period, Bidder may require Target to provide any and all information to Bidder which is, in any way, connected with the Target Group, its business or operations and which is necessary, in the reasonable opinion of Bidder, for the purpose of allowing Bidder to complete an analysis of the contingent liabilities of the Target Group and the provisions made for such contingent liabilities.

3.2 Obligations on Target to provide information

- (a) Target must provide any information required by Bidder under clause 3.1 that is within the possession or control of the Target Group, or that is reasonably accessible or capable of being reasonably compiled by Target from information within the possession or control of Target Group, to the extent it is reasonable for a purchaser of all of the Target Shares to request that information and to the extent the information would be considered material by a purchaser of all of the Target Shares, acting reasonably.
- (b) Target must provide the information to Bidder under clause 3.2(a) as soon as reasonably practicable after the information is requested by Bidder:
- (i) through the electronic data room established by Target; or
 - (ii) by making it available for inspection in legible hard copy form or on computer at Target's registered office.

3.3 Right of termination for failure to provide information

Bidder may, within 3 Business Days after the end of the Due Diligence Period, terminate this agreement by notice in writing to Target if Target:

- (a) breaches its obligations under clause 3.2; or
- (b) has not provided to Bidder all information required by Bidder under clause 3.1 within 3 Business Days before the end of the Due Diligence Period.

3.4 Right of termination or change of terms for adverse due diligence findings

Bidder may, at any time within 3 Business Days after the end of the Due Diligence Period, terminate this agreement by notice in writing to Target if the contingent liabilities of the Target Group exceed the provision made for the same (in the sum of \$11.4m as at 31 December 2013) by more than \$10m in the reasonable opinion of the Bidder.

4. Conditions precedent and pre-implementation steps

4.1 Conditions to Scheme

Subject to this clause 4, the Scheme will not become Effective until each of the following conditions precedent is satisfied or waived to the extent and in the manner set out in this clause 4:

- (a) **(FIRB)** before 8.00am on the Second Court Date, the Treasurer of the Commonwealth of Australia either:
 - (i) issues a notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) **(FATA)** stating that the Commonwealth Government does not object to the acquisition of the Target Shares by Bidder under the Proposed Transaction; or
 - (ii) has ceased to be empowered to make any order under the FATA in relation to the acquisition of the Target Shares by Bidder under the Proposed Transaction;
- (b) **(ASIC and ASX)** before 8.00am on the Second Court Date, ASIC and ASX issue or provide such consents or approvals as are necessary or which Target and Bidder agree are necessary or desirable to implement the Proposed Transaction and such consent, approval or other act has not been withdrawn or revoked before 8.00am on the Second Court Date;
- (c) **(Other Regulatory Approvals)** before 8:00am on the Second Court Date, all Regulatory Approvals that Target and Bidder, acting reasonably, agree within 3 Business Days of the end of the Due Diligence Period are required to implement the Scheme are granted or obtained and those Regulatory Approvals are not withdrawn or revoked before 8.00am on the Second Court Date;
- (d) **(Independent Expert)** the Independent Expert concluding in the Independent Expert's Report that in its opinion the Scheme is in the best interests of Scheme Shareholders and the Independent Expert not having publicly changed, withdrawn or qualified this conclusion on or before 8.00am on the Second Court Date;
- (e) **(Shareholder approval)** the Scheme is approved by Target Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act (or, where clause 4.6 applies, the majority required under section 411(4)(a)(ii)(B) of the Corporations Act);
- (f) **(Court approval)** the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (acting reasonably);

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- (g) (**Bidder Shareholder approval**) before 8.00am on the Second Court Date, the Bidder Shareholders having given the directors of Bidder authority to allot the New Bidder Shares by the majority required under the *Companies Act 2006* (UK);
 - (h) (**AIM Admission**) before 8.00am on the Second Court Date, application has been made for the New Bidder Shares to be admitted to trading on AIM and AIM has not indicated that admission may be withheld, restricted, delayed or subject to non-customary conditions;
 - (i) (**Change of control consents under Australian exploration licences**) before 8.00am on the Second Court Date, all approvals of any Minister or other Governmental Agency are obtained as required under the terms of the Subject Australian PELs in respect of the proposed change in the control of the licence holder and/or foreign acquisition of the licence holder that will arise as result of the Proposed Transaction;
 - (j) (**Other change of control consents**) before 8.00am on the Second Court Date, all approvals of any relevant contractual counterparties having such rights to termination in respect of the proposed change in the control of the relevant member of the Target Group (direct or indirect) that will arise as result of the Proposed Transaction, as agreed between the parties;
 - (k) (**Third party consents**) before 8.00am on the Second Court Date, all consents, waivers and approvals of a third party which the Bidder and the Target agree, acting reasonably, within 3 Business Days of the end of the Due Diligence Period are necessary to implement the Proposed Transaction are obtained. If any such consents, waivers and/or approvals are granted subject to conditions, those conditions must be reasonably acceptable to the Bidder and Target;
 - (l) (**No Target Prescribed Occurrence**) no Target Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;
 - (m) (**No Bidder Prescribed Occurrence**) no Bidder Prescribed Occurrence occurs between the date of this agreement and 8.00am on the Second Court Date;
 - (n) (**Restraints**) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Governmental Agency or other legal restraint or prohibition preventing the Scheme is in effect at 8.00am on the Second Court Date;
 - (o) (**No Target Material Adverse Change**) there is no Target Material Adverse Change between the date of this agreement and 8.00am on the Second Court Date;
 - (p) (**No Bidder Material Adverse Change**) there is no Bidder Material Adverse Change between the date of this agreement and 8.00am on the Second Court Date;
 - (q) (**Target Warranties**) the Target Warranties being true and correct in all material respects on the date of this agreement and at 8.00am on the Second Court Date;
 - (r) (**Bidder Warranties**) the Bidder Warranties being true and correct in all material respects on the date of this agreement and at 8.00am on the Second Court Date.

4.2 Benefit and waiver of conditions precedent

- (a) The Conditions in clauses 4.1(a), 4.1(e), 4.1(f) and 4.1(g) are for the benefit of each party and any breach or non-fulfilment of any of them cannot be waived.
- (b) The Conditions in clauses 4.1(b), 4.1(c) and 4.1(n) are for the benefit of each party and any breach or non-fulfilment of any of them may only be waived (if capable of waiver) with the written consent of both parties.

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- (c) The Conditions in clauses 4.1(i), 4.1(j), 4.1(k), 4.1(l), 4.1(o) and 4.1(q) are for the sole benefit of Bidder and any breach or non-fulfilment of any of them may only be waived by Bidder giving its written consent.
 - (d) The Conditions in clauses 4.1(d), 4.1(h), 4.1(m), 4.1(p) and 4.1(r) are for the sole benefit of Target and any breach or non-fulfilment of any of them may only be waived by Target giving its written consent.
 - (e) A party entitled to waive the breach or non-fulfilment of a Condition pursuant to this clause 4.2 (either individually or jointly) may do so in its absolute discretion.
 - (f) Any waiver of the breach or non-fulfilment of a Condition by a party who is entitled to do so pursuant to this clause 4.2 is only effective if such waiver is given on or prior to 8.00am on the Second Court Date.
 - (g) If a party waives the breach or non-fulfilment of any Condition pursuant to this clause 4.2, that waiver will not preclude it from suing the other party for any breach of this agreement (including without limitation in respect of a breach that resulted in the non-fulfilment of the Condition that was waived).

4.3 Procuring satisfaction of the Conditions

- (a) Target and Bidder will use their respective reasonable endeavours to procure that each of the Conditions is satisfied as soon as reasonably practicable after the date of this agreement or continues to be satisfied at all times until the last time they are to be satisfied (as the case may require).
- (b) Each of Target and Bidder must:
 - (i) promptly apply for all notices, consents, approvals and Regulatory Approvals necessary in order to satisfy the Conditions in clauses 4.1(a), 4.1(b), 4.1(c) and 4.1(i) and provide the other party with a copy of all such applications;
 - (ii) take all the steps for which it is responsible as part of the process to obtain the notices, consents, approvals and Regulatory Approvals necessary in order to satisfy the Conditions in clauses 4.1(a), 4.1(b), 4.1(c) and 4.1(i);
 - (iii) respond, at the earliest practicable time, to all requests for information in respect of the applications for notices, consents, approvals and Regulatory Approvals necessary in order to satisfy the Conditions in clauses 4.1(a), 4.1(b), 4.1(c) and 4.1(i);
 - (iv) provide the other with all information and assistance reasonably requested in connection with the applications for notices, consents, approvals and Regulatory Approvals necessary in order to satisfy the Conditions in clauses 4.1(a), 4.1(b), 4.1(c) and 4.1(i); and
 - (v) so far as it is able, allow the other and its Authorised Persons the opportunity to be present and make submissions at any meetings with any regulatory body relating to the notices, consents, approvals and Regulatory Approvals necessary in order to satisfy the Conditions in clauses 4.1(a), 4.1(b), 4.1(c) and 4.1(i).
- (c) Each of Target and Bidder must use their respective reasonable endeavours to agree a proposed strategy to obtain any consents, waivers or approvals of a third party required to satisfy the Condition in clauses 4.1(j) and 4.1(k), and then must each use their best endeavours to expeditiously seek those consents, waivers or approvals in accordance with the agreed strategy.

4.4 Notifications

Each of Bidder and Target must:

- (a) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) promptly notify the other in writing if it becomes aware that any Condition has been satisfied; and
- (c) promptly notify the other in writing if it becomes aware that any Condition has been breached or is or has become incapable of being satisfied (having regard to the respective obligations of each party under clause 4.3(b)).

4.5 Certificate

On the Second Court Date, Bidder and Target will provide a joint certificate to the Court confirming whether or not the Conditions (other than the Condition set out in clause 4.1(f)) have been satisfied or waived in accordance with the terms of this agreement.

4.6 Scheme voted down

If the Scheme is not approved by Target Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test and Target or Bidder considers, acting reasonably, that Share Splitting or some abusive or improper conduct may have caused or contributed to the Headcount Test not having been satisfied then Target must:

- (a) apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
- (b) make such submissions to the Court and file such evidence as counsel engaged by Target to represent it in Court proceedings related to the Scheme, in consultation with Bidder, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test.

4.7 Conditions not capable of being fulfilled

- (a) Subject to clause 4.7(b), if a Condition becomes incapable of being satisfied before the End Date, then unless the relevant Condition (where capable of waiver) is waived:
 - (i) in relation to the Conditions in clauses 4.1(a), 4.1(b), 4.1(c), 4.1(e), 4.1(f), 4.1(g) and 4.1(n), either Bidder or Target may terminate this agreement by giving the other notice without any liability to any party by reason of that termination alone;
 - (ii) in relation to the Conditions in clauses 4.1(i), 4.1(j), 4.1(k), 4.1(l), 4.1(o) and 4.1(q), Bidder may terminate this agreement by giving Target notice without any liability to any party by reason of that termination alone; and
 - (iii) in relation to the Conditions in clauses 4.1(d), 4.1(h), 4.1(m), 4.1(p) and 4.1(r), Target may terminate this agreement by giving Bidder notice without any liability to any other party by reason of that termination alone.
- (b) A party will not be entitled to terminate this agreement pursuant to clause 4.7(a) if the relevant Condition has not been satisfied as a result of a breach of this agreement by that party.

4.8 Interpretation

For the purposes of this clause 4, a Condition will be incapable of satisfaction, or incapable of being fulfilled if:

- (a) in the case of any of the Conditions in clauses 4.1(a), 4.1(b), 4.1(c) and 4.1(i) – the relevant authority makes or has made a final adverse determination in writing to the effect that it will not provide the notice, consent, approval or Regulatory Approval, or will only provide the notice, consent, approval or Regulatory Approval subject to conditions that are not reasonably satisfactory to Bidder; and
- (b) in all other cases – there is an act, failure to act or occurrence that will prevent the Condition being satisfied by the End Date (and the breach or non-fulfilment that would otherwise have occurred has not already been waived in accordance with this agreement).

5. Scheme structure

5.1 Scheme

The parties acknowledge and agree that, subject to the Scheme becoming Effective, on the Implementation Date the general effect of the Scheme will be that all of the Scheme Shares will be transferred to Bidder and the Scheme Shareholders will be entitled to receive, for each Scheme Share held at the Record Date, the Scheme Consideration.

5.2 Scheme Consideration

- (a) Bidder covenants in favour of Target (in its own right and separately as trustee for each of the Scheme Shareholders), in consideration for the transfer to Bidder of the Scheme Shares held by each Scheme Shareholder under the terms of the Scheme, to provide to each Scheme Shareholder the Scheme Consideration in accordance with the terms of the Scheme.
- (b) Subject to clauses 5.4 and 5.5 and to the Scheme becoming Effective, on the Implementation Date the transactions which form part of the Scheme will be implemented in accordance with the terms of the Scheme which will provide that:
 - (i) subject to the provision of the Scheme Consideration, all existing Target Shares at the Record Date will be transferred to Bidder or its nominee and they will accept that transfer; and
 - (ii) in exchange, each Scheme Shareholder will receive the Scheme Consideration.

5.3 Allotment and issue of New Bidder Shares

Subject to clauses 5.4 and 5.5 and to the Scheme becoming Effective, Bidder must:

- (a) allot and issue the New Bidder Shares to Scheme Shareholders in accordance with the Scheme on terms such that each New Bidder Share will rank equally in all respects with each existing Bidder Share;
- (b) do everything reasonably necessary to ensure that the New Bidder Shares are admitted to trading on AIM and that trading in the New Bidder Shares commences by the first Business Day after the Implementation Date; and
- (c) ensure that on allotment, each New Bidder Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

5.4 Treatment of foreign Target Shareholders

Unless Bidder is satisfied that the laws of an Ineligible Foreign Shareholder's country of residence (as shown in the register of Target Shareholders) permit the issue of New Bidder Shares to the

Ineligible Foreign Shareholder either unconditionally or after compliance with terms which Bidder reasonably regards as acceptable and practical, Bidder will not issue any New Bidder Shares to Ineligible Foreign Shareholders, and instead will issue the New Bidder Shares that would otherwise have been issued to the Ineligible Foreign Shareholders to a nominee appointed by Bidder. Bidder will procure that the nominee sell those New Bidder Shares on-market and remit the proceeds from that sale (after deducting any selling costs and taxes) to Bidder. Bidder will then remit the proceeds it receives to the Ineligible Foreign Shareholders in accordance with their entitlement.

5.5 Treatment of fractions

Any fractional entitlement of a Scheme Shareholder to a part of a New Bidder Share will be rounded up or down to the nearest whole number of New Bidder Shares (rounded up if the fractional entitlement is equal to or greater than one half, and rounded down if the fractional entitlement is less than one half). The Scheme will contain standard provisions under which Bidder will have the discretion to deem the holdings of two or more Scheme Shareholders to be held by one Scheme Shareholder to prevent any Share Splitting designed to obtain unfair advantage by reference to such rounding.

5.6 Small Shareholder dealing facility

- (a) Bidder must procure that certain former Target Shareholders whose holdings of New Bidder Shares are valued at A\$5,000 on the Effective Date or less (**Small Shareholders**) are invited to elect to have the New Bidder Shares issued to them under the Scheme sold on their behalf by a third party broker (**Share Dealing Facility**) on the following terms:
- (i) the Share Dealing Facility will be implemented after implementation of the Scheme;
 - (ii) participation in the Share Dealing Facility will be by election only, no former Target Shareholder will be compulsorily required to sell any New Bidder Shares issued to them under the Scheme;
 - (iii) the third party broker will attempt to sell those New Bidder Shares on-market and remit the proceeds from that sale (after deducting any selling costs and taxes) to each former Target Shareholder who elects to participate in the Share Dealing Facility;
 - (iv) the sale of New Bidder Shares under the Share Dealing Facility by the third party broker will be on a reasonable endeavours basis, with no guarantee that any New Bidder Shares will be sold and with no guarantee of the sale price that may be achieved;
 - (v) the timing of sales of New Bidder Shares under the Share Dealing Facility may, at the absolute discretion of the Bidder and the third party broker, be staged over an appropriate period of time in order for those New Bidder Shares to be sold in an orderly manner; and
 - (vi) such other terms as the Bidder determines, acting reasonably.
- (b) The parties must ensure that the Scheme Booklet includes a form or such other mechanism under which Small Shareholders may elect to participate in the Share Dealing Facility (such election to be on an 'opt in' basis).

5.7 Target Options

Each of Target and Bidder must use their respective reasonable endeavours to agree a proposed strategy to ensure that all of the Target Options are either acquired by Bidder or its nominee or are

cancelled, and then must each use their best endeavours to expeditiously seek to acquire and/or cancel the Target Options in accordance with the agreed strategy.

5.8 Deed Poll

Bidder covenants in favour of Target (in its own right and separately as trustee for each of the Scheme Shareholders) to execute and deliver the Deed Poll prior to the First Court Date.

6. Scheme – parties' respective implementation obligations

6.1 Target's obligations

Target must take all steps reasonably necessary to implement the Scheme as soon as reasonably practicable after the date of this agreement and substantially in accordance with the Timetable, including without limitation taking each of the following steps:

- (a) **(Scheme Booklet)** prepare the Scheme Booklet in compliance with all applicable laws (in particular with the Corporations Act, RG 60 and the Listing Rules);
- (b) **(drafts of Scheme Booklet)** make available to Bidder drafts of the Scheme Booklet (excluding any draft of the Independent Expert's Report), consult with Bidder in relation to the content of those drafts (other than the Bidder Information), and consider in good faith, for the purpose of amending those drafts, comments from Bidder on those drafts;
- (c) **(experts)** provide all assistance and information reasonably requested by any experts appointed by Target and/or Bidder in connection with the Proposed Transaction;
- (d) **(approval of Bidder Information)** seek approval from Bidder for the form and context in which the Bidder Information appears in the Scheme Booklet, which approval Bidder must not unreasonably withhold or delay, and Target must not lodge the Scheme Booklet with ASIC until such approval is obtained from Bidder;
- (e) **(liaison with ASIC)** as soon as reasonably practicable after the date of this agreement:
 - (i) provide an advanced draft of the Scheme Booklet to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act; and
 - (ii) liaise with ASIC during the period of its consideration of that draft of the Scheme Booklet and keep Bidder reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet and use reasonable endeavours, in consultation with Bidder, to resolve any such matters;
- (f) **(approval of Scheme Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the Target Board, or of a committee of the Target Board appointed for the purpose, is held to consider approving the Scheme Booklet for despatch to the Target Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act;
- (g) **(section 411(17)(b) statements)** apply to ASIC for the production of statements in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (h) **(first Court hearing)** lodge all documents with the Court and take all other reasonable steps to ensure that promptly after, and provided that, the approval in clause 4.1(f) has been received, an application is heard by the Court for an order under section 411(1) of the Corporations Act directing Target to convene the Scheme Meeting;
- (i) **(registration of Scheme Booklet)** if the Court directs Target to convene the Scheme Meeting, as soon as possible after such orders are made, request ASIC to register the

explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;

- (j) **(convening Scheme Meeting)** take all reasonable steps necessary to comply with the orders of the Court including, as required, despatching the Scheme Booklet to the Target Shareholders and convening and holding the Scheme Meeting, provided that if this agreement is terminated under clause 16 Target will take all steps reasonably required to ensure the Scheme Meeting is not held;
- (k) **(Court approval application if parties agree that conditions are capable of being satisfied)** if the resolution submitted to the Scheme Meeting is passed by the majorities required under the Corporations Act (or, where clause 4.6 applies, the majority required under section 411(4)(a)(ii)(B) of the Corporations Act) and, if necessary, the parties agree on the Business Day immediately following the Scheme Meeting that it can be reasonably expected that all of the Conditions will be satisfied or waived prior to the proposed Second Court Date, apply (and, to the extent necessary, re-apply) to the Court for orders approving the Scheme;
- (l) **(implementation of Scheme)** if the Scheme is approved by the Court:
 - (i) subject to the Listing Rules, promptly lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act;
 - (ii) determine entitlements to the Scheme Consideration as at the Record Date in accordance with the Scheme;
 - (iii) execute proper instruments of transfer of and, subject to payment of the Scheme Consideration, effect and register the transfer of the Scheme Shares to Bidder on the Implementation Date; and
 - (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme;
- (m) **(documents)** consult with Bidder in relation to the content of the documents required for the purpose of the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders); and
- (n) **(compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this agreement are effected in accordance with all applicable laws and regulations.

6.2 Bidder's obligations

Bidder must take all steps reasonably necessary to assist Target to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable including, without limitation, taking each of the following steps:

- (a) **(Bidder Information)** provide to Target all information regarding Bidder, the Scheme Consideration, and Bidder's intentions with respect to the assets, business and employees of Target if the Scheme is approved and implemented that is required by all applicable laws (in particular with the Corporations Act, RG 60 and the Listing Rules) for inclusion in the Scheme Booklet;
- (b) **(Consultation regarding Bidder Information)** consult with Target in relation to the content of the information provided under clause 6.2(a) and consider in good faith, for the purpose of amending the disclosure of that information in the Scheme Booklet, comments from Target in relation to that information;

- For personal use only
- (c) **(AIM Admission)** do everything reasonably necessary to ensure that the New Bidder Shares are admitted to trading on AIM;
 - (d) **(experts)** promptly provide all assistance and information reasonably requested by any experts appointed by Target and/or Bidder in connection with the Proposed Transaction;
 - (e) **(Representation)** procure that, if requested by Target, Bidder is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act; and
 - (f) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this agreement are effected in accordance with all applicable laws and regulations.

6.3 New information

- (a) Target must provide to Bidder all such further or new information of which Target becomes aware that arises after the Scheme Booklet has been despatched until the date of the Scheme Meeting where this is or may be necessary to ensure that the Scheme Booklet continues to comply with the Corporations Act, RG 60 and the Listing Rules.
- (b) Bidder must provide to Target all such further or new information of which Bidder becomes aware that arises after the Scheme Booklet has been despatched until the date of the Scheme Meeting where this is or may be necessary to ensure that the Bidder Information continues to comply with the Corporations Act, RG 60 and the Listing Rules.

6.4 Verification

- (a) Target must undertake reasonable verification processes in relation to the information included in the Scheme Booklet (other than the Bidder Information) so as to ensure that such information is not misleading or deceptive in any material respect (whether by omission or otherwise) and must provide evidence reasonably satisfactory to Bidder that such verification processes have been carried out.
- (b) Bidder must undertake reasonable verification processes in relation to the Bidder Information so as to ensure that such information is not misleading or deceptive in any material respect (whether by omission or otherwise) and must provide evidence reasonably satisfactory to Target that such verification processes have been carried out.

6.5 Responsibility statements

The Scheme Booklet will include a responsibility statement, in a form to be agreed by the parties, that will contain words to the following effect:

- (a) that, to the maximum extent possible at law, Target will not be responsible for any Bidder Information or any statements directly derived from Bidder Information and will disclaim any liability for Bidder Information or such statements appearing in the Scheme Booklet; and
- (b) that, to the maximum extent possible at law, Bidder will not be responsible for any information appearing in the Scheme Booklet other than the Bidder Information and will disclaim any liability for any information appearing in the Scheme Booklet other than the Bidder Information.

6.6 Disagreement on content

If Bidder and Target disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of any information appearing in the Scheme Booklet other than the Bidder Information, the Target Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet; and
- (b) if the disagreement relates to the form or content of the Bidder Information, Target will make such amendments to the form or content of the disputed part of the Bidder Information as Bidder reasonably requires.

7. Target Board recommendation

7.1 Recommendation

Subject to clause 7.3, Target represents and warrants to Bidder, as at the date of this agreement, that it has been advised by each Target Director that he or she will recommend that Target Shareholders vote in favour of the Scheme, qualified only by the words to the effect of 'in the absence of a superior proposal' and 'the Independent Expert concluding that the Scheme is in the best interests of Target Shareholders'.

7.2 Scheme Booklet to contain recommendation

Subject to clause 7.3, Target must ensure that the Scheme Booklet includes:

- (a) a unanimous recommendation by the Target Board that Target Shareholders vote in favour of the Scheme, qualified only by the words to the effect of 'in the absence of a superior proposal'; and
- (b) a statement by each Target Director that he or she will vote in favour of the Scheme in respect of all Target Shares controlled or held by, or on behalf of, that Target Director, qualified only by the words to the effect of 'in the absence of a superior proposal'.

7.3 Withdrawal or modification of recommendation

Target represents and warrants to Bidder, as at the date of this agreement, that it has been advised by each Target Director that he does not intend to:

- (a) change, withdraw or modify his recommendation of the Scheme; and
- (b) make any public statement or take any other action that is inconsistent with his recommendation of the Scheme,

in each case except where:

- (c) the Independent Expert concludes that the Scheme is not in the best interests of Target Shareholders;
- (d) having concluded that the Scheme is in the best interests of Target Shareholders, the Independent Expert publicly changes, withdraws or qualifies this conclusion; or
- (e) Target receives a Competing Proposal and the Target Board determines, after all of Bidder's rights under clause 12.7 have been exhausted, that the Competing Proposal constitutes a Superior Proposal.

8. Bidder Board recommendation

8.1 Recommendation

Subject to clause 8.3, Bidder represents and warrants to Target, as at the date of this agreement, that it has been advised by each Bidder Director that he or she will recommend that Bidder Shareholders vote in favour of the resolution to approve the allotment of New Bidder Shares referred to in clause 4.1(g).

8.2 Notice of meeting to contain recommendation

Subject to clause 8.3, Bidder must ensure that the notice of meeting sent to Bidder Shareholders to consider and, if thought fit, approve the allotment of New Bidder Shares referred to in clause 4.1(g) includes:

- (a) a unanimous recommendation by the Bidder Board that Bidder Shareholders vote in favour of the resolution; and
- (b) a statement by each Bidder Director that he or she will vote in favour of the resolution in respect of all voting rights attaching to Bidder Shares controlled or held by, or on behalf of, that Bidder Director.

8.3 Withdrawal or modification of recommendation

Bidder represents and warrants to Target, as at the date of this agreement, that it has been advised by each Bidder Director that he or she does not intend to:

- (a) change, withdraw or modify his or her recommendation referred to in clause 8.1; and
- (b) make any public statement or take any other action that is inconsistent with such recommendation,

in each case except where the Bidder Board has obtained written advice from Bidder's external UK legal adviser practising in the area of corporate law that making the recommendation referred to in clause 8.1 is likely to constitute a breach of the fiduciary or statutory obligations of the Bidder Board or would otherwise be unlawful.

9. Conduct of business before the Implementation Date

9.1 Conduct of Target business and Bidder business

Subject to clause 9.3, from the date of this agreement up to and including the Implementation Date, Bidder and Target must conduct and must cause each of their respective Subsidiaries to conduct their businesses in the ordinary and usual course of business and:

- (a) operate those businesses consistent with past practice, in substantially the same manner as previously conducted;
- (b) use reasonable endeavours to preserve their relationships with customers, suppliers, landlords, licensors, licensees and others having material business dealings with them, and to retain the services of all key employees;
- (c) use reasonable endeavours to ensure that all assets are maintained in the normal course consistent with past practice;
- (d) use reasonable endeavours to comply in all material respects with all material contracts and with all applicable laws, authorisations and licenses; and
- (e) not take any action or fail to take any action within its reasonable control (or that of its Subsidiaries) where that action or failure to take an action (as appropriate) would, or

would be likely to, prevent a Condition being satisfied or result in a Condition not being satisfied.

9.2 Target prohibited actions

Subject to clause 9.3, Target must not, and must procure that the Target Group does not:

- (a) increase the remuneration of, or pay any bonus (excluding sales commission under existing sales commission arrangements), or issue any securities or options to, or otherwise vary the employment agreements or retainers with, any of its directors, employees or consultants with an existing annual total fixed remuneration greater than \$100,000 (**Senior Executive**), other than in respect of proposed retention arrangements on the terms that have been disclosed to Bidder prior to the date of this agreement;
- (b) accelerate the rights of any of its directors or Senior Executives to benefits of any kind;
- (c) pay a director or Senior Executive a termination payment or place them on retainer or other arrangement under which they receive remuneration, other than as provided for in an existing employment contract in place as at the date of this agreement and a copy of which has previously been disclosed to Bidder;
- (d) enter or agree to enter into any agreement in respect of the employment or engagement of a person as a Senior Executive unless:
 - (i) the agreement includes a probationary period of at least three months;
 - (ii) the agreement does not include any change of control provision which would be triggered by the Scheme;
 - (iii) Bidder is provided with a reasonable opportunity to interview the prospective employee or consultant; and
 - (iv) Target takes into consideration any reasonable comments of Bidder prior to determining whether to enter into such agreement;
- (e) permit any of its insurances to lapse or do anything that would make any policy of insurances void or voidable;
- (f) give or agree to give a financial benefit to a related party;
- (g) enter into any new financing arrangements in excess of \$5 million in aggregate;
- (h) enters into any arrangement under which a member of the Target Group may be required to advance or provide financial accommodation to another party, other than in the ordinary course of business;
- (i) modify the rules of any share based incentive plan or the terms of issue of any Target Options;
- (j) exercise or waive any pre-emptive rights or rights of first or last refusal in respect of any shares, assets or property held by another person prior to the final date on which those rights may be exercised;
- (k) declare, pay or distribute any dividend, bonus or other share of its profits or assets by way of dividend, capital reduction or otherwise;
- (l) amend its constitution;
- (m) alter the nature or scope of its business in any material way;
- (n) enter into any transaction other than on arm's length terms and for full and proper consideration;

- (o) acquire (whether by one transaction or by a series of transactions) the whole or a substantial or material part of the business, undertaking or assets of any other person;
- (p) dispose of (whether by one transaction or by a series of transactions related or not) and whether or not in the ordinary course of business the whole or any substantial or material part of its business, undertaking or (except in the ordinary course of business) any other of its assets;
- (q) allow to subsist or redeem any Encumbrance over the whole, or any substantial part, of its undertaking, property or assets;
- (r) enter into any joint venture, partnership or agreement or arrangement for the sharing of profits or assets;
- (s) commence, compromise, settle, waive a right in respect of or discontinue any legal or arbitration proceedings (other than routine debt collection);
- (t) do anything to affect the continuation and validity of all licences and consents upon which its business depends or fail to renew any such licence or consent;
- (u) do anything to affect the value or existing use of any of the premises of the company, including making any material alterations to the same or terminating or giving a notice to terminate any lease or licence under which any premises is held or varying the terms thereof; or
- (v) agree to do any of the matters set out above.

9.3 Target and Bidder permitted activities

The obligations of Target and Bidder under clauses 9.1 and 9.2 do not apply in respect of any matter:

- (a) required to be done or procured pursuant to this agreement or the Scheme;
- (b) required by law or by an order of a court or Governmental Agency;
- (c) in the case of the Target, relating to the full or partial disposal of oil and gas exploration licences and associated assets held by the Target Group in any jurisdiction outside the United Kingdom, on the condition that, before agreeing to any such disposal on terms that are materially different from those previously advised to the Bidder or publicly disclosed, the Target must consult with Bidder in relation to the proposed disposal and consider, in good faith, the views of Bidder in relation to the proposed disposal; or
- (d) the undertaking of which Bidder or Target (as appropriate) has approved in writing (which approval must not be unreasonably withheld or delayed).

9.4 Access

In the period from the date of this agreement to the Implementation Date, Target must provide Bidder (and any member of the Steering Committee appointed by the Bidder) with all reasonable access during normal business hours and on reasonable notice to the management, offices, books, records and business operations of Target that Bidder reasonably requires in order to implement the Proposed Transaction, for Bidder to prepare for the transition of ownership of the Target Group or for the Bidder to consider properly and fully any request for approval under clause 9.3.

9.5 Steering Committee

- (a) The parties must establish a Steering Committee as soon as reasonably practicable, and in any event within 5 Business Days, after the date of this agreement. The role of the Steering Committee will be to act as a forum for consultation and planning by parties to:

- (i) implement the Proposed Transaction;
- (ii) manage and supervise all discussions with, and applications to, any Governmental Agency and other regulatory bodies and any contract or other negotiations with any joint venture partners relating to any Target Exploration Licence; and
- (iii) ensure the smooth transition of the management of the business and affairs of the Target Group to Bidder following the implementation of the Scheme.
- (b) Nothing in this clause 9.5 requires a party to act at the direction of another party. The business of each party will continue to operate independently from the other and each member of the Steering Committee will report to the board of their respective appointor until the Implementation Date. The parties agree that nothing in this agreement constitutes the relationship of a partnership or a joint venture between the parties.

10. Reconstitution of boards and Bidder Board appointment

10.1 Reconstitution of Target Group Boards

- (a) On the Implementation Date, Target must take all actions necessary (and in accordance with the constitution of the Target Group member, the Corporations Act and the Listing Rules) to appoint the persons nominated by Bidder as new Target Directors and new directors of each Subsidiary.
- (b) On the Implementation Date, Target must:
- (i) procure that all Target Directors (other than the new Target Directors appointed pursuant to clause 10.1 or any Target Directors who the Bidder determines will remain as Target Directors) resign from the Target Board by providing to the Target Board their resignation in writing (such resignation to include a statement to the effect that the outgoing director has no claim outstanding against any member of the Target Group); and
- (ii) procure that, unless otherwise directed by the Bidder, each director of each Subsidiary of Target resigns from their office by providing to the board of the relevant Subsidiary of Target their resignation in writing (such resignation to include a statement to the effect that the outgoing director has no claim outstanding against any member of the Target Group).

10.2 Appointment to Bidder Board

On the Implementation Date, conditional on the reconstitution of the Target Group boards being effected pursuant to clause 10.1, Bidder must take all actions necessary to appoint Mr Robert Neale as a new director of Bidder.

11. Representations and warranties

11.1 Bidder representations

- (a) Bidder represents and warrants to Target each of the matters set out in clause 11.1(b) as at the date of this agreement and at all subsequent times until and including 8.00am on the Second Court Date (except that where any statement is expressed to be made only at a particular date it is given only at that date).
- (b) Bidder represents and warrants that:
- (i) Bidder is a validly existing corporation registered under the laws of its place of incorporation;

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- (ii) the execution and delivery of this agreement has been properly authorised by all necessary corporate action and Bidder has full corporate power and lawful authority to execute and deliver this agreement and, subject to the satisfaction of the Conditions, to perform or cause to be performed its obligations under this agreement;
 - (iii) this agreement constitutes legal, valid and binding obligations on it and this agreement does not result in a breach of or default under any deed or any writ, order or injunction, rule or regulation to which Bidder is a party or is bound;
 - (iv) the Bidder Information provided to Target in accordance with clause 6.2(a) for inclusion in the Scheme Booklet will:
 - (A) be provided in good faith;
 - (B) comply in all material respects with the requirements of the Corporations Act, the Listing Rules and RG 60; and
 - (C) be provided on the understanding that the Target will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the requirements of the Corporations Act;
 - (v) as at the date the Scheme Booklet is despatched to Target Shareholders, the Bidder Information, in the form and context in which that information appears in the version of the Scheme Booklet registered by ASIC under section 412(6) of the Corporations Act will not be misleading or deceptive in any material respect (whether by omission or otherwise);
 - (vi) all information provided by or on behalf of Bidder to the Independent Expert to enable the Independent Expert's Report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purposes of preparing the Independent Expert's Report for inclusion in the Scheme Booklet; and
 - (vii) as at the date of this agreement, and save with respect to the matters the subject of this agreement, Bidder is not in breach of its continuous disclosure obligations under the AIM Rules and is not relying on the guidance to AIM Rule 11 to withhold any information from disclosure (other than in relation to the Proposed Transaction or as disclosed in writing to Target on or before the date of this agreement);
 - (viii) the issued Bidder securities as of the date of this agreement are:
 - (A) 206,316,001 Bidder Shares; and
 - (B) the Bidder Options,and the Bidder Group has not issued, or agreed to issue, any other securities or instruments which may convert into shares or any other securities in Bidder other than those in respect of which Bidder has made a public announcement before the date of this agreement or of which Target has otherwise been notified in writing before the date of this agreement;
 - (ix) as at its date the Prospectus contained all particulars and information required by, and complied in all respects with, the applicable provisions of the Prospectus

Rules, the Companies Act 2006 and all other relevant and applicable laws and regulations in the United Kingdom;

- (x) as at its date the Prospectus all statements of fact contained in the Prospectus were true and accurate in all respects and not misleading and each expression of opinion, intention or expectation of Bidder and/or the Bidder Board contained in the Prospectus was made on reasonable grounds and is truly and honestly held by the Bidder Board and was made after due and careful consideration and enquiry;
- (xi) as at its date the Prospectus contained all information with regard to Bidder and the Bidder Group which Bidder reasonably considered necessary to enable investors to form a full understanding of the assets and liabilities, financial position, profits and losses and prospects of Bidder and any other matter contained in the Prospectus;
- (xii) there was no fact or information which was not disclosed in the Prospectus with regard to Bidder and the Bidder Group, the omission of which made any statement of fact or any estimate, expression of opinion, intention or expectation of Bidder and/or the Bidder Board contained in the Prospectus untrue, inaccurate or misleading in any material respect or which was material for disclosure in the Prospectus;
- (xiii) as at the date of the Prospectus the statement relating to working capital in the Prospectus represented the true and honest opinion of the Bidder Board arrived at after due and careful enquiry; and
- (xiv) as at the date of the Prospectus the sections headed 'Summary', 'Selected Financial Information' and 'Description of Igas and the Group' contained in the Prospectus accurately represented the true and honest belief of the Bidder Board arrived at after due and careful enquiry.

11.2 Bidder's indemnity

Bidder agrees with Target to indemnify and keep indemnified Target against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which Target may suffer or incur by reason of any breach of any of the representations and warranties in clauses 11.1(a) or 11.1(b).

11.3 Target representations

- (a) Target represents and warrants to Bidder each of the matters set out in clause 11.3(b) as at the date of this agreement and at all subsequent times until and including 8.00am on the Second Court Date (except that where any statement is expressed to be made only at a particular date it is given only at that date).
- (b) Target represents and warrants that:
 - (i) Target is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this agreement by Target has been properly authorised by all necessary corporate action and Target has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
 - (iii) this agreement constitutes legal, valid and binding obligations on Target and the execution of this agreement of itself does not result in a breach of or default under

any agreement or deed or any writ, order or injunction, rule or regulation to which Target or any of its Subsidiaries is a party or to which they are bound;

- (iv) the information contained in the Scheme Booklet (other than the Bidder Information and information directly based on the Bidder Information):
 - (A) will be prepared and included in the Scheme Booklet in good faith; and
 - (B) will comply in all material respects with the requirements of the Corporations Act, Listing Rules and RG 60;
- (v) as at the date the Scheme Booklet is despatched to Target Shareholders, the Scheme Booklet registered by ASIC under section 412(6) of the Corporations Act (excluding the Bidder Information, information directly based on the Bidder Information and the Independent Expert's Report) will not be misleading or deceptive in any material respect (whether by omission or otherwise);
- (vi) as at the date of this agreement, Target is not in breach of its continuous disclosure obligations under the Listing Rules and is not relying on the exclusion in Listing Rule 3.1A to withhold any information from disclosure (other than in relation to the Proposed Transaction or as disclosed in writing to Bidder on or before the date of this agreement);
- (vii) the issued Target securities as of the date of this agreement are:
 - (A) 1,108,752,733 Target Shares;
 - (B) 6,035,000 executive options to be issued Target Shares with an exercise price of \$0.98625 with an expiry date of 31 July 2014; and
 - (C) the Target Options,and the Target Group has not issued, or agreed to issue, any other securities or instruments which may convert into Shares or any other securities in Target;
- (viii) the Admission Document contains all particulars and information required by, and complies in all respects with, the applicable provisions of the AIM Rules, the Companies Act 2006 and all other relevant and applicable laws and regulations in the United Kingdom;
- (ix) all statements of fact contained in the Admission Document are true and accurate in all material respects and not misleading and each expression of opinion, intention or expectation of Target and/or the Target Board contained in the Admission Document is made on reasonable grounds and is truly and honestly held by the Target Board and has been made after due and careful consideration and enquiry;
- (x) combined with the information already in the public domain, the Admission Document contains all information with regard to Target and the Target Group which Target reasonably considered necessary to enable investors to form a full understanding of the assets and liabilities, financial position, profits and losses and prospects of Target and the Target Shares and the rights attaching to the Target Shares and any other matter contained in the Admission Document;
- (xi) there is no fact or information which is not disclosed in the Admission Document with regard to Target and the Target Group, the omission of which makes any statement of fact or any estimate, expression of opinion, intention or expectation of Target and/or the Target Board contained in the Admission Document untrue,

inaccurate or misleading in any material respect or which is material for disclosure in the Admission Document;

- (xii) the statement relating to working capital in the Admission Document represents the true and honest opinion of the Target Board arrived at after due and careful enquiry; and
- (xiii) the sections headed 'Summary Financial Information, Current Trading and Prospects for the Group', and 'Summary Information' contained in the Admission Document accurately represent the true and honest belief of the Target Board arrived at after due and careful enquiry.

11.4 Target's indemnity

Target agrees with Bidder to indemnify and keep indemnified Bidder from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which Bidder may suffer or incur by reason of any breach of any of the representations and warranties in clauses 11.3(a) or 11.3(b).

11.5 Notifications

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 11.

11.6 Survival of representations

Each representation and warranty in clauses 11.1 and 11.3:

- (a) is severable;
- (b) will survive the termination of this agreement; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this agreement.

11.7 Survival of indemnities

Each indemnity in this agreement (including those in clauses 11.2 and 11.4) will:

- (a) be severable;
- (b) be a continuing obligation;
- (c) constitute a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this agreement; and
- (d) survive the termination of this agreement.

12. Exclusivity

12.1 AIM Listing

- (a) Target undertakes to Bidder that, on or promptly after execution of this agreement, Target will withdraw its application for the admission of Target Shares to trade on AIM.
- (b) Subject to clause 12.1(c), during the Exclusivity Period Target must not, and must ensure that its Related Bodies Corporate do not, make any application to have any class of its shares admitted or listed to trade, or quoted on, any stock exchange.
- (c) Target may apply for quotation on ASX of any Target Shares permitted by the terms of this agreement to be issued during the Exclusivity Period.

12.2 No existing discussions

Other than in relation to the discussions with Bidder in connection with the Proposed Transaction and this agreement, Target represents and warrants to Bidder that, as at the date of this agreement:

- (a) neither itself, its Related Bodies Corporate nor any of their respective Authorised Persons is a party to any agreement with a third party entered into for the purpose of facilitating a Competing Proposal; and
- (b) neither itself, its Related Bodies Corporate nor any of their respective Authorised Persons is participating in any discussions or negotiations with a third party that concern, or that could reasonably be expected to lead to, a Competing Proposal.

12.3 No-shop

During the Exclusivity Period, Target must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly solicit, invite, initiate or encourage any Competing Proposal or any enquiries, negotiations or discussions with any third party in relation to (or that could reasonably be expected to lead to) a Competing Proposal, or communicate any intention to do any of these things.

12.4 No-talk

Subject to clause 12.8, during the Exclusivity Period, Target must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly:

- (a) negotiate or enter into or participate in negotiations or discussions with any person; or
- (b) communicate any intention to do any of these things,

in relation to (or which may reasonably be expected to lead to) a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, encouraged or initiated by Target or any of its Related Bodies Corporate, or that person has publicly announced the Competing Proposal.

12.5 No due diligence

Subject to clause 12.8, during the Exclusivity Period, except with the prior written consent of Bidder, Target must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not:

- (a) solicit, invite, initiate, encourage, facilitate or permit any person (other than Bidder) to undertake due diligence investigations in respect of Target, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
- (b) directly or indirectly make available to any person (other than Bidder) or permit any such person to receive any non-public information relating to Target, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

12.6 Notification of approaches

- (a) During the Exclusivity Period, Target must promptly notify Bidder in writing of:
 - (i) any approach, inquiry or proposal made by any person to Target, any of its Related Bodies Corporate or any of their respective Authorised Persons, to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, a Competing Proposal; and

- For personal use only
- (ii) any request made by any person to Target, any of its Related Bodies Corporate, or any of their respective Authorised Persons, for any information relating to Target, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.
 - (b) Subject to clause 12.8, a notice given under clause 12.6(a) must be accompanied by all material details of the relevant event, including (as the case may be):
 - (i) the identity of the person who made the relevant approach, inquiry or proposal to initiate discussions or negotiations referred to in clause 12.6(a)(i), or who made the relevant request for information referred to in clause 12.6(a)(ii); and
 - (ii) the material terms and conditions (including price, conditions precedent, timetable and break fee (if any)) of any Competing Proposal or any proposed Competing Proposal (to the extent known).
 - (c) During the Exclusivity Period, Target must promptly provide Bidder with:
 - (i) in the case of written materials, a copy of; or
 - (ii) in any other case, a written statement of,

any non-public information relating to Target, its Related Bodies Corporate, or any of their businesses and operations made available or received by any person in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal and which has not previously been provided to Bidder.

12.7 Target's response to Rival Bidder and Bidder's right to respond

- (a) If Target is permitted by virtue of clause 12.8 to engage in activity that would otherwise breach clauses 12.4, 12.5 and 12.6(b), Target must enter into a confidentiality agreement with the Rival Bidder on customary terms unless Target has entered into a relevant confidentiality agreement with the Rival Bidder prior to the date of this agreement.
- (b) If Target receives a Competing Proposal and as a result, any Target Director proposes to either:
 - (i) change, withdraw or modify his or her recommendation of the Scheme; or
 - (ii) approve or recommend entry into any agreement, commitment, arrangement or understanding relating to the Competing Proposal (other than a confidentiality agreement contemplated by clause 12.7(a)),

Target must ensure that no Target Director does so:

- (iii) unless the Competing Proposal is bona fide; and
- (iv) until each of the following has occurred:
 - (A) the Target Directors have made the determination contemplated by clause 12.8(b) in respect of that Competing Proposal;
 - (B) Target has given Bidder notice (**Relevant Notice**) of the Target Director's proposal to take the action referred to in clauses 12.7(b)(i) or 12.7(b)(ii) (subject to Bidder's rights under clause 12.7(d)), including details of the grounds on which the Target Directors propose to take such action;

- (C) subject to clause 12.7(c), Target has given Bidder all information that would be required by clause 12.6(b) as if it was not subject in any way to clause 12.8;
- (D) Bidder's rights under clause 12.7(d) have been exhausted; and
- (E) the Target Directors have made the determination contemplated by clause 12.8(b) in respect of that Competing Proposal after Bidder's rights under clause 12.7(d) have been exhausted and after evaluation of any Counter Proposal.
- (c) Prior to giving Bidder the information under clause 12.7(b)(iv)(C), Target must advise the person who has made the applicable Competing Proposal (**Rival Bidder**) that the Rival Bidder's name and other details which may identify the Rival Bidder will be provided by Target to Bidder on a confidential basis.
- (d) If Target gives a Relevant Notice to Bidder under clause 12.7(b)(iv)(B), Bidder will have the right, but not the obligation, at any time during the period of three Business Days following receipt of the Relevant Notice to amend the terms of the Proposed Transaction including increasing the amount of consideration offered under the Proposed Transaction or proposing any other form of transaction (each a **Counter Proposal**), and if it does so then the Target Board must review the Counter Proposal in good faith. If the Target Board determines that the Counter Proposal would be more favourable, or at least no less favourable, to Target and the Target Shareholders than the Competing Proposal (having regard to the matters noted in clause 12.8(b)), then Target and Bidder must use their best endeavours to agree the amendments to this agreement that are reasonably necessary to reflect the Counter Proposal and to enter into an amended agreement to give effect to those amendments and to implement the Counter Proposal.
- (e) For the purposes of this clause 12.7, each successive material modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

12.8 Fiduciary out

The obligations in clauses 12.4, 12.5 and 12.6(b) do not apply to the extent they restrict Target or any Target Director from taking or refusing to take any action with respect to a Competing Proposal (in relation to which there has been no contravention of this clause 12) provided that:

- (a) the Competing Proposal is bona fide and is made by or on behalf of a person that the Target Board considers is of reputable commercial standing;
- (b) the Target Board has determined in good faith after:
- (i) consultation with Target's financial advisers, that the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal; and
 - (ii) receiving advice from Target's external Australian legal adviser practising in the area of corporate law,

that failing to take the action or refuse to take the action (as the case may be) with respect to the Competing Proposal would be likely to constitute a breach of the fiduciary or statutory obligations of the Target Board or would otherwise be unlawful.

13. Break Fees

13.1 Declarations

Each party represents and warrants to the other that it would not have entered into this agreement without the benefit of clause 13 and it would not have entered into and continued the negotiations leading up to this agreement (and conducted due diligence on the other party) unless it had a reasonable expectation that the other party would agree to enter into a clause of this kind.

13.2 Target Break Fee - acknowledgments

- (a) Target acknowledges that Bidder has incurred:
- (i) significant external advisory costs;
 - (ii) some internal costs of a similar kind (including directors and management time costs, risk management costs and capital costs);
 - (iii) out-of-pocket expenses; and
 - (iv) reasonable opportunity costs incurred by Bidder in pursuing the Proposed Transaction or in not pursuing other alternative acquisitions or strategic initiatives, in relation to the Proposed Transaction and will incur further costs if the Proposed Transaction is announced but is not successful (**Bidder Costs**).
- (b) Target represents and warrants that:
- (i) it has received legal advice on this agreement and the operation of this clause 13; and
 - (ii) it considers this clause 13 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 13 in order to secure the significant benefits to it (and the Target Shareholders) resulting from the Proposed Transaction.

13.3 Target Break Fee - agreement on Bidder Costs

The parties acknowledge that the amount of the Bidder Costs is inherently unascertainable and that, even after termination of this agreement, the Bidder Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the Bidder Costs that Bidder will suffer if the Proposed Transaction does not proceed, the parties agree that, for the purposes of this clause 13, the Bidder Costs will be the sum of \$2,115,000 (**Target Break Fee**).

13.4 Target Break Fee - Reimbursement of Bidder Costs

- (a) Target agrees to pay to Bidder the Target Break Fee if at any time after the date of this agreement and before the earlier of the Effective Date, the End Date or any earlier date referred to below, any of the following events occur:
- (i) any Target Director, before this agreement is terminated:
 - (A) fails to recommend the Scheme in the manner described in clause 7.1;
 - (B) withdraws or adversely changes or modifies his recommendation of the Scheme or makes any public statement, or takes any other action that is inconsistent with a recommendation of the Scheme, including where a Competing Proposal is announced and is recommended by any Target Director,

other than as a result of the Independent Expert concluding in the Independent Expert's Report or in any supplementary report that the Scheme is not in the best interests of Target Shareholders (other than because of a Competing Proposal);

- For personal use only
- (ii) a Competing Proposal is announced before the End Date and, within 12 months of the Competing Proposal being announced, the Competing Proposal results in a person or persons (other than a member of the Bidder Group) obtaining Control of Target, or acquiring (directly or indirectly) an interest in all or a substantial part of the business or assets of the Target Group; or
 - (iii) Bidder terminates this agreement under clause 16.1(a)(i) (material breach).
- (b) The payment of the Target Break Fee by Target to Bidder provided for in this clause 13.4 must be made within 5 Business Days of receipt of a written demand for payment by Bidder. The demand may only be made after the occurrence of an event referred to in clause 13.4(a). Target is only liable to pay the Target Break Fee once.
 - (c) Bidder must refund any Target Break Fee paid to it if it or any of its Related Bodies Corporate becomes the registered holder of in excess of 50% of the Target Shares prior to the End Date.

13.5 Bidder Break Fee - acknowledgments

- (a) Bidder acknowledges that Target has incurred:
 - (i) significant external advisory costs;
 - (ii) some internal costs of a similar kind (including directors and management time costs, risk management costs and capital costs);
 - (iii) out-of-pocket expenses; and
 - (iv) reasonable opportunity costs incurred by Target in pursuing the Proposed Transaction or in not pursuing other alternative acquisitions or strategic initiatives, in relation to the Proposed Transaction and will incur further costs if the Proposed Transaction is announced but is not successful (**Target Costs**).
- (b) Bidder represents and warrants that:
 - (i) it has received legal advice on this agreement and the operation of this clause 13; and
 - (ii) it considers this clause 13 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 13 in order to secure the significant benefits to it (and its shareholders) resulting from the Proposed Transaction.

13.6 Bidder Break Fee - agreement on Target Costs

The parties acknowledge that the amount of the Target Costs is inherently unascertainable and that, even after termination of this agreement, the Target Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the Target Costs that Target will suffer if the Proposed Transaction does not proceed, the parties agree that, for the purposes of this clause 13, the Target Costs will be equal to the sum of \$1,057,500 (**Bidder Break Fee**).

13.7 Bidder Break Fee - Reimbursement of Target Costs

- (a) Bidder agrees to pay to Target the Bidder Break Fee if at any time after the date of this agreement and before the earlier of the Effective Date and the End Date, any of the following events occur:
 - (i) any Bidder Director fails to provide the recommendation referred to in clause 8.1; or

- (ii) withdraws or adversely changes or modifies his recommendation or makes any public statement, or takes any other action that is inconsistent with that recommendation; or
- (iii) Target terminates this agreement under clause 16.1(a)(i) (material breach).
- (b) The payment of the Bidder Break Fee by Bidder to Target provided for in this clause 13 must be made within 5 Business Days of receipt of a written demand for payment by Target. The demand may only be made after the occurrence of an event referred to in clause 13.7(a). Bidder is only liable to pay the Bidder Break Fee once.

14. Modification of Break Fee or exclusivity arrangements

14.1 Modifications following regulatory intervention

If any of the following occurs:

- (a) a Governmental Agency finds that all or any part of the payment required to be made under clause 13 or an exclusivity arrangement under clause 12 is unacceptable or unenforceable; or
- (b) as a result of an application to the Takeovers Panel, the Takeovers Panel indicates that, in the absence of a written undertaking under section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the amount of the Break Fee or the circumstances in which it is to be paid or the circumstances in relation to an exclusivity arrangement under clause 12, it will make a declaration of unacceptable circumstances, then, subject to clause 14.2:
- (c) the parties must amend clause 12 and/or 13 to the extent required to give effect to the requirements of the Governmental Agency or the Takeovers Panel (as the case may be) and (in circumstances referred to in clause 14.1(b)) must give the required undertaking(s); and
- (d) neither the occurrence of any of the events referred to in clauses 14.1(a) or 14.1(b) nor the amendment of clause 12 and/or 13 will be taken to be a breach of, or permit any party to terminate, this agreement.

14.2 No requirement to act unless decision final

The parties are only required to take steps under clause 14.1(c) in relation to any requirement of a Governmental Agency or the Takeovers Panel if:

- (a) no appeal or review proceeding is available from the decision to impose that requirement or the period for lodging an appeal or commencing review proceedings has expired without an appeal having been lodged or review proceedings commenced; or
- (b) Bidder and Target agree in writing not to appeal or seek review of the decision to impose that requirement.

14.3 Appeals and review of regulatory decisions

Nothing in this agreement requires either party to appeal or seek review of any decision of a Governmental Agency or the Takeovers Panel referred to in clauses 14.1(a) or 14.1(b). If either Bidder or Target wishes to appeal or seek review of any such decision then the other must make submissions in the course of those proceedings supporting the review made by the first party.

14.4 Determination by Governmental Agency

If a Governmental Agency determines that payment of all or any part of a Break Fee is unacceptable, unlawful or involves a breach of the fiduciary or statutory duties of the members of

the Target Board or the Bidder Board, as relevant, (**Impugned Amount**) and either no appeal from that determination is available or the period for lodging an appeal has expired without having an appeal having been lodged then:

- (a) the obligation to pay the Break Fee does not apply to the extent of the Impugned Amount; and
- (b) if Bidder or Target (as relevant) has received any part of the Impugned Amount, it must refund it within 5 Business Days after that determination is made or the period for lodging has expired, whichever is later.

15. Confidentiality and Public Announcement

15.1 Confidentiality

- (a) Each party acknowledges and agrees that:
 - (i) information provided by either party to the other, or obtained by either party from the other, in the course of proposing, negotiating or implementing the Proposed Transaction (including information provided before or after the date of this agreement); and
 - (ii) all copies of information, agreements and those parts of the notes and other records referred to above,

is strictly confidential (**Confidential Information**) and may not be disclosed to any third party (except as permitted by this agreement).

- (b) For the avoidance of doubt, information that is known by a party before the date of this agreement and that was not obtained on a confidential basis from another other party in the course of proposing, negotiating or implementing the Proposed Transaction is not Confidential Information.
- (c) Confidential Information may only be disclosed by a party:
 - (i) to a Related Body Corporate or any director, officer, consultant, agent or Adviser of that party (or of any Related Body Corporate) for the purpose of implementing the Proposed Transaction, provided that the disclosing party ensures that the recipient only uses it for the purposes of implementing the Proposed Transaction and otherwise complies with these terms of confidentiality; and
 - (ii) if disclosure is required by law, the rules of a stock exchange, or any requirement of a court or Governmental Agency.

15.2 Public Announcements on execution

Immediately after the execution of this agreement, the parties must issue public announcements in a form previously agreed to in writing between them.

15.3 Further public announcements

Except in relation to a Competing Proposal and subject to any requirement by law, the Listing Rules or the AIM Rules to make any immediate announcement where it is not reasonably practical to consult with the other party, any further public announcements by Target or Bidder in relation to, or in connection with, the Proposed Transaction or any other transaction the subject of this agreement or the Scheme may only be made in a form approved by each party in writing (acting reasonably).

16. Termination

16.1 Termination by notice

- (a) In addition to the termination rights in clause 4.7, Bidder or Target may, by notice in writing to the other, terminate this agreement at any time prior to 8.00 am on the Second Court Date:
- (i) if the other is in material breach of any of its obligations under this agreement (including a material breach of a representation or warranty), and, if capable of remedy, the other party has failed to remedy that breach within five Business Days (or 5.00 pm on the day before the Second Court Date if earlier) of receipt by it of a notice in writing from the terminating party setting out details of the relevant circumstance and requesting the other party to remedy the breach;
 - (ii) if the other party or any Subsidiary of the other party becomes Insolvent;
 - (iii) if the Court refuses to make any order directing Target to convene the Scheme Meeting, provided that both Target and Bidder have met and consulted in good faith and agreed that they do not wish to proceed with the Scheme; or
 - (iv) if the Effective Date for the Scheme has not occurred on or before the End Date.
- (b) Target may, by notice in writing to Bidder, terminate this agreement at any time prior to 8.00am on the Second Court Date if at any time before then:
- (i) any Target Director publicly recommends a Superior Proposal as permitted by clause 7.3(e) and does not, within three Business Days, reinstate their recommendation of the Proposed Transaction; or
 - (ii) any Bidder Director fails to make the recommendation referred to in clause 8.1; or
 - (iii) any Bidder Director withdraws or adversely changes or modifies his or her recommendation referred to in clause 8.1 or makes any public statement or takes any other action that is inconsistent with such recommendation.
- (c) Bidder may, by notice in writing to Target, terminate this agreement at any time prior to 8.00am on the Second Court Date if at any time before then any Target Director:
- (i) fails to recommend the Scheme in the manner described in clause 7.1; or
 - (ii) withdraws or adversely changes or modifies his recommendation of the Scheme or makes any public statement, or takes any other action that is inconsistent with a recommendation of the Scheme, including where a Competing Proposal is announced and is recommended by any Target Director.

16.2 Automatic termination

Without limiting any other term of this agreement but subject to clause 4.6, this agreement will terminate automatically if the Scheme is not approved by Target Shareholders at the Scheme Meeting by the necessary majorities required under section 411(4)(a)(ii) of the Corporations Act.

16.3 Effect of termination

- (a) In the event of termination of this agreement under clause 3.3, 3.4, 4.7, 16.1 or 16.2, this agreement will become void and have no effect, except that the provisions of clauses 11.6, 11.7, 13, 14, 15, 16.3 and 18.3 to 18.17 (inclusive) survive termination.
- (b) Termination of this agreement does not affect any accrued rights of a party in respect of a breach of this agreement prior to termination.

17. Notices

Any communication under or in connection with this agreement:

- (a) must be in writing;
- (b) must be addressed as shown on the Details page (or as otherwise notified by that party to the other party from time to time);
- (c) must be signed by the party making the communication or by a person duly authorised by that party (including an Adviser);
- (d) must be delivered or posted by prepaid post to the address or sent by email to the addressee, in accordance with clause 17(b); and
- (e) will be deemed to be received by the addressee:
 - (i) **(in the case of prepaid post)** on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting to an address outside Australia;
 - (ii) **(in the case of email)** at the time it left the e-mail gateway of the server of the giver of the notice, unless the giver of the notice receives notification that the email has not been delivered, or unless that time is not a Business Day, or is after 5.00pm on a Business Day, in the jurisdiction of the address of the recipient, when that communication will be deemed to be received at 9.00am on the next Business Day in the jurisdiction of the recipient; and
 - (iii) **(in the case of delivery by hand)** on delivery at the address of the addressee as provided in clause 17(b), unless that delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be deemed to be received at 9.00am on the next Business Day.

18. General

18.1 Further acts

Each party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by any other party to give effect to this agreement.

18.2 Timetable

The parties agree that the Timetable is indicative only and is not binding on the parties.

18.3 Payments

Unless otherwise expressly provided in this agreement, where an amount is required to be paid to a party (the **Receiving Party**) by another party under this agreement, that amount shall be paid:

- (a) in immediately available and irrevocable funds by electronic transfer to a bank account or accounts notified by the Receiving Party in writing on or before the due date for payment, or in other such immediately payable funds as the parties may agree; and
- (b) without deduction, withholding or set-off.

18.4 Consents or approvals

A party may:

- (a) give conditionally or unconditionally; or
- (b) withhold,

its approval or consent in its absolute discretion unless this agreement expressly provides otherwise.

18.5 GST

- (a) Any reference in this clause 18.5 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this agreement does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this agreement is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this agreement but for the application of this clause 18.5(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 18.5(c) does not apply to any taxable supply under or in connection with this agreement that is expressly stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 18.5 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

18.6 Stamp duty

Bidder must pay all stamp duties (if any) and any fines and penalties with respect to stamp duty in respect of this agreement or the Scheme or the steps to be taken under this agreement or the Scheme (including without limitation the acquisition or transfer of Scheme Shares pursuant to the Scheme).

18.7 Expenses

Except as otherwise provided in this agreement, each party will pay its own costs and expenses in connection with the negotiation, preparation, execution, and performance of this agreement and the Scheme Booklet and the proposed, attempted or actual implementation of this agreement and the Scheme.

18.8 Amendments

This agreement may only be varied by a document signed by or on behalf of each of the parties.

18.9 Assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this agreement without the prior written consent of each other party, which consent that other party may give or withhold in its absolute discretion.

18.10 Business Day

Except where otherwise expressly provided, where under this agreement the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing will be done on the next Business Day.

18.11 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this agreement by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this agreement.
- (b) Any waiver or consent given by any party under this agreement will only be effective and binding on that party if it is given or confirmed in writing by that party or a person authorised by that party (including an Adviser).
- (c) No waiver of a breach of any term of this agreement will operate as a waiver of another breach of that term or of a breach of any other term of this agreement.
- (d) Nothing in this agreement obliges a party to exercise a right to waive any conditional term of this agreement that may be in its power.

18.12 Release of officers and directors

- (a) Subject to the Corporations Act, none of the past, present or future officers and directors of Target will be liable for anything done or purported to be done in connection with the Scheme or any transaction contemplated by this agreement in good faith, but nothing in this clause excludes any liability that may arise from wilful misconduct or bad faith on the part of such a person. Target receives and holds the benefit of this release, as agent for its directors and officers.
- (b) Subject to the Corporations Act, none of the past, present or future officers and directors of Bidder will be liable for anything done or purported to be done in connection with the Scheme or any transaction contemplated by this agreement in good faith, but nothing in this clause excludes any liability that may arise from wilful misconduct or bad faith on the part of such a person. Bidder receives and holds the benefit of this release, as agent for its directors and officers.

18.13 Counterparts

- (a) This agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the agreement of each party who has executed and delivered that counterpart. Each counterpart is an original but the counterparts together are one and the same agreement.
- (b) This agreement is binding on the parties on the exchange of duly executed counterparts.
- (c) The parties agree that a copy of an original executed counterpart sent by facsimile machine to the facsimile number or by email to the email address of the other party specified in clause 17, instead of the original, is sufficient evidence of the execution of the original and may be produced in evidence for all purposes in place of the original.

18.14 Entire agreement

- (a) This agreement:
 - (i) embodies the entire understanding of the parties and constitutes the entire terms agreed on between the parties; and

- (ii) supersedes any prior agreement (whether or not in writing) between the parties.
- (b) Despite clause 18.14(a), the confidentiality agreement dated 1 May 2014 continues to apply to the parties in accordance with its terms, except to the extent of any express inconsistency, in which case this agreement prevails.

18.15 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement.
- (b) Each party acknowledges and confirms that it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement.

18.16 No merger

The rights and obligations of the parties will not merge on completion of any transaction under this agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

18.17 Governing law

- (a) This agreement is governed by and will be construed according to the laws of Queensland.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Queensland and of the courts competent to determine appeals from those courts.

Schedule 1 – Indicative Timetable

The following table sets out at a high level the key dates in relation to the implementation of the Scheme.

KEY MILESTONE	TARGET DATE
First Court hearing to convene Scheme Meeting	Mid July 2014
Scheme Booklet despatched to Dart Shareholders	Late July 2014
Scheme Meeting for Dart Shareholders to vote on the Scheme	Late August 2014
Second Court Hearing to approve Scheme	Late August 2014
IGas General Meeting	Late August 2014
Scheme Implementation Date	September 2014

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Schedule 2 – Target Exploration Licences

<i>United Kingdom</i>	<i>New South Wales, Australia</i>
PEDL 012	PEL 456
PEDL 133	PEL 458
PEDL 139	PEL 459
PEDL 140	PEL 460
PEDL 146	PEL 463
PEDL 147	PEL 464
PEDL 159	
PEDL 161	
PEDL 163	
PEDL 173	
PEDL 174	
PEDL 178	
PEDL 179	
PEDL 185	
PEDL 186	
PEDL 187	
PEDL 188	
PEDL 189	
PEDL 200	
PEDL 207	
PEDL 210	
EXL 273	
EXL 288	
PL 162-1	

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Schedule 3 – Target Options

<i>Description</i>	<i>Number</i>	<i>Exercise price</i>	<i>Expiry date</i>
Executive options	1,775,000	\$0.98	31/07/2015
Executive options	175,000	\$1.15	31/07/2015
A-Class	9,462,500	\$0.40	15/12/2014
B-Class	18,375,000	\$0.40	15/12/2014
C-Class	2,137,500	\$0.40	15/12/2014
D-Class	1,147,500	\$0.40	15/12/2014
E-Class	765,000	\$0.40	15/12/2014
F-Class	412,500	\$0.40	15/12/2014
G-Class	131,250	\$0.7879	10/08/2015
H-Class	78,750	\$0.7879	10/08/2015
I-Class	52,500	\$0.7879	10/08/2015
J-Class	620,571	\$0.01	15/12/2014
Employee options	8,000,000	\$0.13	30/06/2019
Employee options	8,000,000	\$0.14	30/06/2020

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