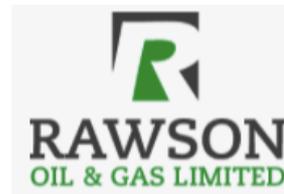




LAKES OIL N.L.



ASX ANNOUNCEMENT

31 July 2018

RECOMMENDED TAKEOVER OFFER FOR RAWSON OIL & GAS LIMITED BY LAKES OIL N.L.

Highlights

- *Lakes Oil to make an off-market takeover Offer to acquire all of the issued shares in Rawson.*
- *Lakes Oil is offering 15 (fifteen) Lakes Oil shares for every 1 (one) Rawson share.*
- *Lakes Oil's Offer values Rawson at \$3.75m.¹*
- *Rawson Directors unanimously recommend that Rawson shareholders **ACCEPT THE OFFER**, in the absence of a Superior Proposal.*
- *Lakes Oil has entered into a Pre-Bid Acceptance Deed with major Rawson shareholders in respect of 19.99% of the Rawson shares on issue.*
- *Lakes Oil has also agreed to provide Rawson with a \$750,000 secured working capital facility.²*
- *Rawson shareholders will hold up to 5.6% of Lakes Oil after completion of the acquisition of Rawson.³*
- *Mr Richard Ash, Director of Rawson, will be offered a position on the Board of Lakes Oil as soon as Lakes Oil has acquired a relevant interest in more than 50.1% of Rawson shares on issue and the Offer has become unconditional.*

¹ Based upon a 30 day volume weighted average Lakes Oil share price of \$0.00221456 and allowing for the issue of Rawson shares pursuant to the Put and Call Option announced by Rawson on 18 July 2016 (for a total Rawson issued share capital of 112,754,222).

² Subject to a number of conditions, including relevantly, receipt by Rawson of all necessary regulatory waivers, determinations or consents.

³ Lakes Oil currently intends to undertake a capital raising in the near term which may have a dilutive effect on Rawson shareholders. The details as to the price and size in respect of that capital raising are not yet finalised. Refer below for further information. This percentage assumes 100% acceptance of the Offer, includes the 14,707,072 Rawson shares to be issued on exercise of the Put and Call Option announced by Rawson on 18 July 2016 but exclusive of any Rawson shares to be issued on exercise of the Rawson Options (which, as noted above, are currently intended to be dealt with by private treaty). This also assumes no further dilution arising from the exercise of any Lakes Oil options.

For personal use only

- *The acquisition of Rawson by Lakes Oil will allow the companies' exploration positions to be integrated and more efficiently pursued, with particular focus on both near-term and longer-term potential of Otway Basin opportunities.*

Lakes Oil N.L. (**Lakes Oil**, ASX:LKO) and Rawson Oil & Gas Limited (**Rawson**, ASX:RAW) are pleased to jointly announce they have entered into a Bid Implementation Deed (**BID**) pursuant to which Lakes Oil will make a conditional off-market takeover offer to acquire all of the issued shares of Rawson at an offer price of 15 (fifteen) Lakes Oil Shares for each Rawson share (**Offer**).⁴

A copy of the BID is attached as Annexure A to this announcement.

Integration of Rawson into Lakes Oil will:

- provide opportunities for costs to be reduced through synergies and efficiencies (which at this stage have not been quantified);
- deliver a combined exploration portfolio with improved geological and geopolitical diversity; and
- allow synergies to be realised across the companies' respective onshore Otway Basin exploration opportunities, with near-term drilling of the Nangwarry-1 well being a valuable precursor to longer-term realisation of the massive potential of Lakes Oil's Portland Energy Project.

The Board of Directors of Rawson **unanimously recommends** that Rawson shareholders accept the Offer, in the absence of a Superior Proposal.

All of the Directors of Rawson intend to accept, or procure the acceptance of, the Offer in respect of any Rawson shares that they own or control, in the absence of a Superior Proposal.

Offer Details

Under the Offer, Rawson shareholders will receive consideration of 15 (fifteen) new Lakes Oil shares for each Rawson share held.

The Offer extends to any Rawson shares that are issued as a result of the exercise of options during the period of the Offer. However, Lakes Oil also intends to enter into private treaty arrangements with Rawson optionholders to acquire or cancel their options in exchange for options in Lakes Oil (on comparable terms, taking into account the exchange ratio under the Offer, the exercise price of such options and their expiry).

The Offer is subject to customary conditions, including (but not limited to) the following:

- minimum Offer acceptance of 50.1%;
- no material adverse change of circumstances; and

⁴ The entitlement to receive Lakes Oil shares is subject to the usual provisions in respect of foreign securities laws. Lakes Oil's Bidder's Statement will set out what entitlement Rawson shareholders resident in foreign jurisdictions will have to bid consideration and any nominee sale provisions that may apply.

- no prescribed occurrences (for example, but not limited to, appointment of a liquidator).

The Offer conditions are set out in Schedule 3 of the BID, a copy of which is being released to the ASX together with this announcement (refer Annexure A).

The BID also sets out exclusivity arrangements that have been agreed between Lakes Oil and Rawson. In particular, “no shop” and “no talk” restrictions apply to Rawson, and Lakes Oil has a right to make a counter-proposal in the event Rawson receives a competing proposal from a third party. An agreed break fee of \$33,404 may also be payable by Rawson to Lakes Oil in specified circumstances.

Pre-Bid Acceptance Deed

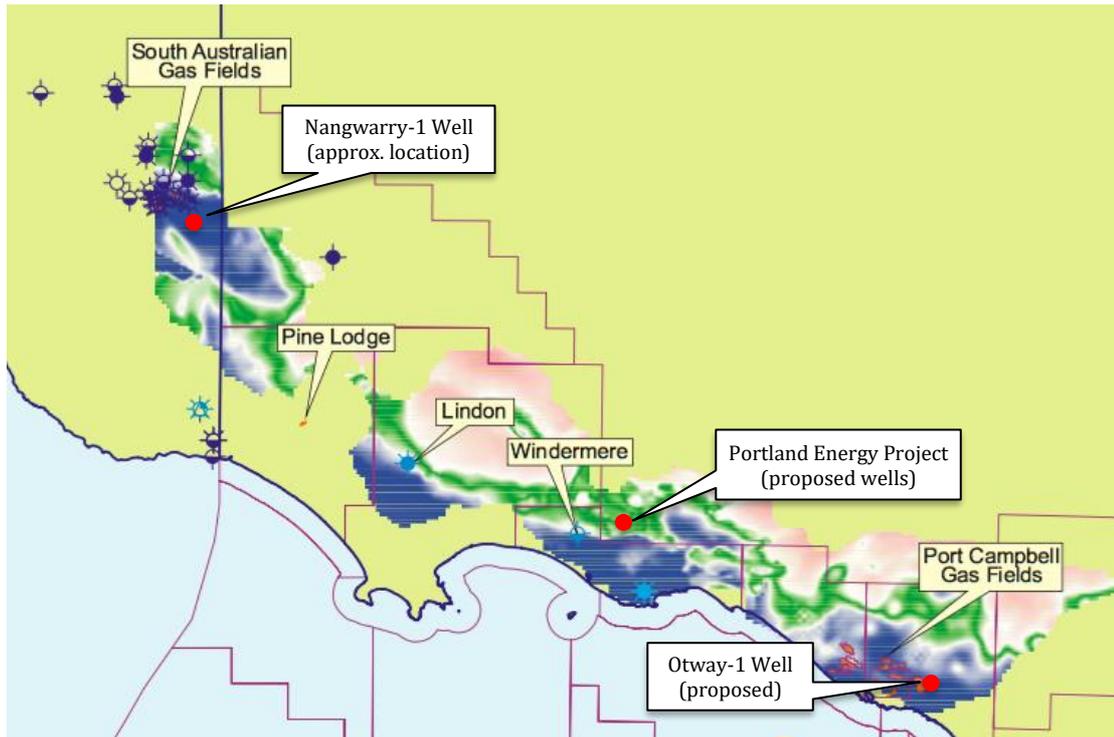
The Offer has the support of Rawson’s major shareholders Lynley Jane Hardie and Hardie Garnet Pty Limited (**Major Shareholders**) who have entered into a Pre-Bid Acceptance Deed for their respective shares which gives Lakes Oil a relevant interest in respect of 19.9% of the Rawson shares on issue.⁵

Rationale for Transaction

The Boards of Lakes Oil and Rawson consider that the combination of the two companies will provide significant strategic and financial benefits and upside to both companies’ shareholders. Key benefits include:

- The companies combined exploration portfolios will afford better geological and geopolitical diversity. Exploration activities may be advanced in one jurisdiction while preparatory work, or other challenges, are addressed in another.
- Of particular importance is the opportunity to realise synergies between the companies onshore Otway Basin involvements. As depicted in the figure below, Lakes Oil’s western Victorian exploration wells target the same formations as those to be drilled in the near-term by Rawson at Nangwarry. Lakes Oil has experience with design and operation of exploration drilling activities of this nature, and will utilise that experience in management of the Nangwarry-1 well. Further, a successful outcome from the Nangwarry-1 well will reinforce the potential of Lakes Oil’s Victorian acreage, where exploration activity is presently stalled as a consequence of unprecedented exploration bans imposed by the Victorian Government.

⁵ The Major Shareholders hold additional Rawson shares, however they have no obligation to accept the Offer in respect of the balance of their Rawson shareholdings, and may dispose of those shares to a third party at any time.



The Figure above⁶ shows that the Astral 1 petroleum system (essentially the Crayfish Subgroup, including the Pretty Hill and Sawpit Sandstones) extends across much of the onshore Otway Basin, with the best potential for production of gas considered to be in proximity to the green shaded areas of peak historic hydrocarbon generation.

- Integration of the companies' operations will provide opportunities for costs to be reduced through synergies and efficiencies (which at this stage have not been quantified).

Ownership composition post-merger

The respective ownership composition post-merger will be:⁷

- 94.4% Lakes Oil Shareholders; and
- 5.6% Rawson Shareholders.

Lakes Oil also intends to undertake a capital raising in the near term. While the details (including the size) of the capital raising have not yet been finalised, Lakes Oil currently anticipates raising between \$8.5 million and \$10 million. Dependent upon the final structure of the capital raising, Lakes Oil also expects that new shares issued for the capital raising will be not more than 13.5% of

⁶ Reproduced from Figure 10 of O'Brien, G.W. & Thomas, J.H., 2007. A technical assessment of the yet-to-find hydrocarbon resource inventory, offshore and onshore Otway Basin, Victoria, Australia. Victorian Initiative for Minerals and Petroleum Report 90, Department of Primary Industries. Additional annotations in respect of the Nangwarry-1 Well, Portland Energy Project and Otway-1 Well added by Lakes Oil.

⁷ Assuming 100% acceptance, inclusive of the 14,707,072 Rawson shares to be issued on exercise of the Put and Call Option announced by Rawson on 18 July 2016 but exclusive of any Rawson shares to be issued on exercise of the Rawson Options (which, as noted above, are currently intended to be dealt with by private treaty). This also assumes no further dilution arising from the exercise of any Lakes Oil options.

shares otherwise on issue after completion of the takeover of Rawson. The Offer is not conditional upon the capital raising.

Interim Funding

In conjunction with the BID, Lakes Oil has entered into a Secured Loan Facility Agreement with Rawson to meet Rawson's working capital requirements while the Offer proceeds. This facility is important to ensure that preparations for drilling of the Nangwarry-1 well can proceed unhindered.

Details of the Secured Loan Facility Agreement are set out in Annexure A to the BID. Upon satisfaction of a number of conditions (including where Lakes Oil obtains a relevant interest in at least 50.1% of all of the Rawson Shares or the Offer is declared, or has become unconditional), the facility will provide Rawson with access to up to \$750,000, to be drawn down as necessary to meet cash requirements, at an interest rate of 10%. Loan funds will be secured by Rawson's assets subject to receipt by Rawson of all necessary regulatory waivers, determinations or consents.

Indicative Timetable

Lakes Oil anticipates lodgment and dispatch of its Bidder's Statement in the coming days. Rawson's Target's Statement in response to the Offer is expected to be lodged and dispatched a short time thereafter.



Chris Tonkin
Chairman, Lakes Oil NL



Allister Richardson
Chairman, Rawson Oil & Gas Limited

For personal use only

Background of Lakes Oil N.L.

Lakes Oil is an ASX listed company engaged in oil and gas exploration and development onshore in Australia.

Lakes Oil is Australia's oldest operating petroleum exploration company. Lakes Oil was established in 1946, listed on the ASX in April 1955, but delisted in 1959 after being taken over by Woodside (Lakes Entrance) Oil NL, as the latter company acquired a spread of exploration acreage.

Lakes Oil was relisted in 1985 and, since then, has spent around \$100m exploring within both the onshore Gippsland and Otway Basins, easily surpassing the onshore Victorian exploration efforts of any other entity. However, since 2012 Lakes Oil's Victorian exploration efforts have been negligible owing to unprecedented onshore exploration bans introduced by the Victorian Government at a time when Victoria, and the Australian East Coast generally, is facing gas supply shortfalls and high prices.

Lakes Oil has legal action underway against the Victorian Government, the purpose of which is to require the Victorian Government to abide by the state's petroleum legislation and to allow exploration activity to resume. Lakes Oil's Victorian petroleum exploration authorities are highly prospective and, at the time of introduction of the onshore exploration ban, plans had been finalised for drilling of wells.

Lakes Oil has tenure to the most prospective of Victoria's onshore petroleum exploration acreage, and is poised to move quickly to commercial production as soon as the Victorian onshore exploration restrictions are overturned or renounced.

The independently estimated contingent recoverable gas resource of Lakes Oil's Wombat and adjoining Trifon-Gangell gas fields is 329 PJ and 390 PJ, respectively, at the 50% probability level. *(Source of estimate: Gafney, Cline and Associates, as reproduced on pages 24-25 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).*

The potential of Lakes Oil's 'Portland Energy Project', which is based upon a Focus Area in the southwestern corner of the company's 100% owned PEP175 to the north of Port Fairy, is independently estimated at 8.3 Tcf of gas recoverable from the Eumeralla Formation and 3.2 Tcf recoverable from

deeper Formations (at a 50% confidence level). (Source of estimate: SRK Consulting (Australasia) Pty Ltd, as reproduced on page 29 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).

Background of Rawson Oil & Gas Limited

Rawson Oil and Gas Limited is an Australian-listed company focused on commercialising its existing assets in the Otway Basin in South Australia by conducting a drilling program whilst at the same time building a high impact oil and gas portfolio in Papua New Guinea.

In the Otway Basin, South Australia, Rawson holds two onshore licences, targeting conventional gas prospects, located close to infrastructure, with multiple gas-sales options available in a discovery case.

Rawson's PNG portfolio includes two licences along the North Coast of Papua New Guinea, in the North New Guinea and Cape Vogel basins.

For personal use only

ANNEXURE A - Bid Implementation Deed

For personal use only

Bid Implementation Deed

Lakes Oil NL ACN 004 247 214 (**Bidder**)

Rawson Oil and Gas Limited ACN 082 752 985 (**Target**)



1.	Definitions and interpretation	6
1.1	Definitions	6
1.2	Interpretation	11
1.3	Parties	12
2.	Implementation of the Takeover Bid	12
2.1	Agreed Announcement	12
2.2	Bidder to make Takeover Bid	13
2.3	Target's assessment of Takeover Bid	13
2.4	No legal obligation for Independent Expert's Report	13
3.	Co-operation	13
3.1	General Obligations	13
3.2	Access to Information	13
3.3	Implementation obligations of the Target	13
4.	Target recommendations	14
4.1	Directors' recommendations	14
4.2	Change, withdrawal or modification of recommendations	14
5.	Facilitation of Takeover Bid	14
5.1	Bidder's Statement	14
5.2	Target's Statement	14
5.3	Early dispatch of Offers	14
5.4	Promote and assist with the Takeover Bid	15
5.5	Foreign Target Shareholders	15
5.6	Bid Conditions	15
5.7	Secured Working Capital Loan Facility	16
5.8	Conduct of business	16
5.9	Prohibited Actions	17
5.10	Share register	18
5.11	Acquisition or cancellation of Unlisted Target Options	18
5.12	Appointment of Directors to Board of Target	18
5.13	Appointment of Director to Board of Bidder	19
6.	Takeover Bid – variation and waiver	19
6.1	Variation	19
6.2	Waiver	19
7.	Warranties	19
7.1	Target's warranties	19
7.2	Qualifications to Target warranties	21
7.3	Bidder warranties	21
7.4	Reliance by parties	22
7.5	Notifications	22
7.6	Status of warranties	22
7.7	Release	22
8.	Exclusivity	23
8.1	Cease existing discussions	23
8.2	No shop restriction	23
8.3	No talk restriction	23
8.4	No due diligence	23
8.5	Notification and matching right	24
8.6	Normal provision of information	25
8.7	Time of the essence	25
9.	Break Fee	25
9.1	Acknowledgements	25
9.2	Undertaking to pay Break Fee	26
9.3	Demand for payment	26
9.4	Nature of payment	27
9.5	Compliance with law	27
10.	Public announcements and disclosure of information	28

For personal use only



10.1	Requirement for consultation	28
10.2	Disclosure of information	28
11.	Termination	28
11.1	Termination by either the Bidder or the Target	28
11.2	Termination by Target	28
11.3	Termination by Bidder	29
11.4	Effect of termination	29
12.	Confidentiality.....	29
12.1	Disclosure of Confidential Information	29
12.2	Bidder's Statement and Target's Statement	29
12.3	Disclosure by recipient of Confidential Information	29
12.4	Exceptions	30
12.5	Termination	30
13.	Notices	30
13.1	Form	30
13.2	Manner	30
13.3	Time	31
13.4	Initial details	31
13.5	Changes	31
14.	Governing law and jurisdiction	31
14.1	Governing law	31
14.2	Jurisdiction	31
15.	Miscellaneous.....	32
15.1	Exercise rights	32
15.2	Legal effect	32
15.3	Merger	32
15.4	Moratorium legislation	32
15.5	No assignment	32
15.6	Remedies cumulative	32
15.7	Severability	32
15.8	Further assurance	32
15.9	Costs	32
15.10	Taxes	33
15.11	Time	33
15.12	Variation	33
15.13	Waiver	33
15.14	Counterparts	33
15.15	Whole agreement	33

For personal use only

Bid Implementation Deed



Date 31 July 2018

Parties

Lakes Oil NL ACN 004 247 214 of Level 14, 500 Collins Street, Melbourne, Victoria 3000 (**Bidder**)

Rawson Oil and Gas Limited (formerly Rawson Resources Limited) ACN 082 752 985 of Level 32, 19-29 Marin Place, Sydney, New South Wales 2000 (**Target**)

Background

- A. The Bidder is proposing to make a Takeover Bid for the Target.
- B. The Target Directors are proposing to recommend the Takeover Bid, in the absence of a Superior Proposal.
- C. At the request of the Target, the Bidder is proposing to extend the Secured Loan Facility to the Target.
- D. The parties have entered into this document to agree on certain matters in relation to the facilitation of the Takeover Bid and the Secured Loan Facility.

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this deed:

Adviser means, in relation to an entity, a person who in the ordinary course of its business provides services as a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant and who has been engaged in that capacity in connection with the Takeover Bid, or any response to it, by the entity.

Agreed Announcement means the announcement in relation to the Takeover Bid to be made jointly by the Bidder and the Target to the ASX following execution of this deed, in the form set out in Schedule 2.

Agreed Bid Terms means the terms and conditions set out or referred to in Schedule 1.

Announcement Date means:

- (a) immediately on the Execution Date; or
- (b) if this deed is executed on a day that is not a Trading Day, the first Trading Day immediately following the Execution Date.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means the ASX Limited or the Australian Securities Exchange as appropriate.

Authorised Officer of a party which is a corporation means:

- (a) an employee of the party whose title contains either of the words director or manager;

For personal use only



- (b) where the party is the Bidder, a solicitor acting on behalf of the party; or
- (c) a person appointed by the party to act as an Authorised Officer for the purposes of this deed and notified to the others.

Bid Conditions means those conditions to which the Offer is subject to, as set out in Schedule 3.

Bidder Directors means all of the directors of the Bidder from time to time and **Bidder Director** means a director of the Bidder.

Bidder Group means the Bidder and its Subsidiaries.

Bidder Shares means fully paid ordinary shares in the capital of the Bidder.

Bidder's Statement has the meaning given to that term in the Corporations Act.

Break Fee has the meaning given in clause 9.2.

Business Day means a day on which banking institutions generally are open in Brisbane, Queensland but excluding Saturdays, Sundays and public holidays.

Claim means any claim, demand, legal proceedings or cause of action including any claim demand, legal proceeding or cause of action based in contract, based in tort, under common law or under statute.

Confidentiality Deed means the confidentiality deeds dated on or about 9 February 2018 and 28 April 2018 between the Bidder and the Target.

Competing Proposal means any expression of interest, proposal, offer, transaction, arrangement or arrangement:

- (a) which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):
 - (1) holding a Relevant Interest or economic interest in (or the have the right to acquire a Relevant Interest or economic interest in) 50% or more of the Target Shares;
 - (2) directly or indirectly acquiring or obtaining an economic interest in all or substantially all of the business conducted by, or assets or property of, the Target Group;
 - (3) acquiring Control of the Target; or
 - (4) otherwise acquiring, or merging with, the Target,

whether by way of takeover bid, scheme of arrangement, shareholder-approved transaction, capital reduction, share buy-back, sale or purchase of securities, issue of securities, sale of assets, strategic alliance, dual listed company structure (or other synthetic merger), joint venture, partnership, or other transaction or arrangement; or

- (b) which requires or would require the Target or any Target Director to change, withdraw or modify their recommendation of the Takeover Bid.

Confidential Information means any information provided by one party to another party, or otherwise obtained by a party, whether obtained before or after execution of this deed, in connection with this deed including:

For personal use only



- (a) any confidential business information, documents, records, financial information, reports, technical information and forecasts which relate to a party or the business of a party;
- (b) any information which is by its nature confidential or which the other party knows, or ought to know, is confidential;
- (c) any intellectual property of a party;
- (d) the fact that the Confidential Information may be or has been provided; and
- (e) the terms and conditions of this deed,

but does not include:

- (f) information which is in or becomes part of the public domain, other than through a breach of this deed or an obligation of confidence owed to a party; or
- (g) information which a party can prove was independently acquired or developed without breaching any of its obligations set out in this deed.

Control has the meaning given in section 50AA of the Corporations Act.

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

Disclosed means Fairly Disclosed:

- (a) by one party in writing to the other party prior to the date of this document;
- (b) in any announcement made by the Target on the ASX prior to the date of this document.

Due Diligence Material means all documents and information provided by the Target or its Advisers to the Bidder or its Advisers prior to the Execution Date (for the purpose of carrying out a due diligence investigation of the Target, its business, assets, interests and prospects, including all written answers to questions raised by the Bidder or its Advisers in relation to one or more documents provided, or the contents of any one or more of those documents).

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Execution Date means the date of execution of this deed by the parties.

Exclusivity Period means the period commencing on the Execution Date and expiring on the earlier of:

- (a) termination of this deed; or
- (b) the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed).

Facility Deed means the secured loan facility deed between the Target and Bidder dated on or about the date of this deed set out in Annexure A.

For personal use only



Fairly Disclosed means sufficient information has been disclosed that a sophisticated investor, experienced in transactions of the nature of the Takeover Bid and familiar with the business of the Target would be aware of the substance and significance of the information.

Foreign Target Shareholder means a Target Shareholder:

- (a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories; or
- (b) whose address shown in the Register is a place outside Australia and its external territories or who is acting on behalf of such a person,

unless the Bidder determines that:
- (c) it is lawful and not unduly onerous or unduly impractical to issue that Target Shareholder with the Bidder Shares on completion of the Offer; and
- (d) it is lawful for the Target Shareholder to participate in the Offer by the law of the relevant place outside of Australia and its external territories.

Government Body means:

- (a) any person, body or other thing exercising an executive, legislative, judicial or other governmental function of any country or political subdivision of any country;
- (b) any public authority constituted by or under a law of any country or political subdivision of any country; and
- (c) any person deriving a power directly or indirectly from any other Government Body.

Listing Rules means the Official Listing Rules of the ASX.

Material Contract means a contract or commitment requiring payments over the term of the contract in excess of A\$25,000.

Optionholder means a registered holder of Options.

Options means an option issued by the Target prior to the date of this deed, to acquire by way of issue a Target Share.

Options List means a list setting out the identity of each Optionholder, together with:

- (a) the current address of the Optionholder to which the Options Offer should be sent;
- (b) the number of Options held;
- (c) the expiry date of such Options; and
- (d) the consideration proposed to be offered by the Bidder in exchange for the cancellation of such Options under the terms of the Options Offer.

Options Offer means the offer by the Bidder to the relevant Optionholders in respect of the Options on the terms set out in Schedule 5 (which offers will only become unconditional if the Offer becomes unconditional and any necessary waiver is granted).

Offer has the meaning given to that term in clause 2.2(b).

For personal use only



Offer Period means the period during which the Offer is open for acceptance as specified in Schedule 1.

Officer means, in relation to an entity, its directors, officers and employees.

Permitted Indebtedness means the indebtedness referred to in clause 5.7(b).

Principal Outstanding has the meaning as defined in the Facility Deed.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Register means the share and option register of the Target (as appropriate) and **Registry** has a corresponding meaning.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Representative of a party means:

- (a) a Related Body Corporate of the party;
- (b) an Officer of the party or any of the party's Subsidiaries; or
- (c) an Adviser to the party or any of the party's Subsidiaries.

Restricted Payment means:

- (a) any management, consulting, monitoring or other shareholder or directors' fees or bonuses or payment of a similar nature to a Restricted Person;
- (b) any payments made or agreed to be made to a Restricted Person in respect of any share or loan capital in any member of the Target Group being issued, redeemed, purchased or repaid or any other return of capital by a member of the Target Group,

but does not include:

- (c) any payments that are expressly permitted or required to be done under this deed;
- (d) any payment made in the ordinary course of business that a member of the Target Group has budgeted to undertake; and
- (e) any payment which is approved in writing by the Bidder (acting reasonably).

Restricted Person means any Target Shareholder or Target Director of the Target or any of their Associates.

Rights means all accretions, rights and benefits of whatever kind attaching to or arising from the Target Shares directly or indirectly at or after the Announcement Date (including all dividends and all rights to receive them and rights to receive or subscribe for shares, notes, bonds, options or other securities or entitlements declared, paid or issued by the Target or any Subsidiary of the Target).

Secured Loan Facility means the A\$750,000 secured working capital loan facility to be extended to the Target in accordance with the Facility Deed.

For personal use only

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

Superior Proposal means a bona fide Competing Proposal after the Execution Date which the Target Directors have determined, acting in good faith and in order to satisfy what the Target Directors consider to be their fiduciary or statutory duties (and after having taken written advice from their external financial and legal advisers):

- (a) is reasonably capable of being valued and completed on a timely basis, taking into account all aspects of the Competing Proposal, including the identity of the person making it, and any legal, financial, regulatory and timing considerations and any conditions precedent; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Target Shareholders (as a whole) than the Takeover Bid, (as such Takeover Bid may be amended or varied following application of the matching rights in clause 8.5) taking into account all the terms and conditions of the Competing Proposal and the identity of the person making the Competing Proposal.

Takeover Bid has the meaning given to that term in clause 2.2(a).

Target Directors means all of the directors of the Target from time to time and **Target Director** means a director of the Target.

Target Business means the business or businesses carried on by the Target and its Subsidiaries at the Execution Date.

Target Group means the Target and its Subsidiaries.

Target Shares means fully paid ordinary shares in the capital of the Target.

Target Shareholder means a registered holder of one or more Target Shares.

Target's Statement has the meaning given to that term in the Corporations Act.

Target Unlisted Options means those Options specified in Schedule 4.

Tax means any present or future tax, levy, deduction, impost, withholding, charge or duty which is levied or imposed by any Government Body together with any interest, penalty or fine on those amounts.

Tenements means PEL 154, PEL155, PPL 549, PPL 560, APPL 550, APPL 594, APPL 622 and APPL 633.

Third Party means a person other than an entity within the Bidder Group.

Trading Day has the meaning given in the Listing Rules.

Unacceptable Circumstances has the meaning given in section 657A of the Corporations Act.

1.2 Interpretation

- (a) Unless the contrary intention appears, a reference in this deed to:
 - (1) this deed or another document includes any variation or replacement of it despite any change in the identity of the parties;
 - (2) one gender includes the others;

For personal use only

- (3) the singular includes the plural and the plural includes the singular;
- (4) a person, partnership, corporation, trust, association, joint venture, unincorporated body, Government Body or other entity includes any other of them;
- (5) a party includes the party's executors, administrators, successors, substitutes (including a person who becomes a party by novation) and permitted assigns;
- (6) any statute, ordinance, code or other law includes regulations and other instruments under any of them and consolidations, amendments, re-enactments or replacements of any of them;
- (7) money is to Australian dollars, unless otherwise stated; and
- (8) a time is a reference to Brisbane time unless otherwise specified.
- (b) The words include, including, such as, for example and similar expressions are not to be construed as words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents or index are for convenience only and do not affect the interpretation of this deed.
- (e) A provision of this deed must not be construed to the disadvantage of a party merely because that party or its advisers were responsible for the preparation of the deed or the inclusion of the provision in the deed.
- (f) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.
- (g) If an act is required to be done on a particular day it must be done before 5.00pm on that day or it will be considered to have been done on the following day.
- (h) Where a warranty is given 'so far as the Target is aware' or with a similar qualification as to the Target's awareness or knowledge, the Target will be deemed to know or be aware of a particular fact, matter or circumstance only if a director or employee of the Target is actually aware of that fact, matter or circumstance as at the Execution Date following reasonable inquiry.

1.3 Parties

- (a) If a party consists of more than one person, this deed binds each of them separately and any two or more of them jointly.
- (b) An agreement, covenant, obligation, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them separately.
- (c) An agreement, covenant, obligation, representation or warranty on the part of two or more persons binds them jointly and each of them separately.

2. Implementation of the Takeover Bid

2.1 Agreed Announcement

For personal use only

The Target and the Bidder must release the Agreed Announcement to the ASX on the Announcement Date.

2.2 Bidder to make Takeover Bid

- (a) The Bidder acknowledges and agrees that, upon the release of the Agreed Announcement on the ASX company announcements platform, it will be deemed to have publicly proposed to make a takeover bid to acquire all of the Target Shares under Chapter 6 of the Corporations Act on the Agreed Bid Terms (**Takeover Bid**).
- (b) The Bidder agrees to make offers for the Target Shares under the Takeover Bid on terms no less favourable than that publicly proposed (**Offer**).

2.3 Target's assessment of Takeover Bid

The Target represents and warrants that:

- (a) the Target Directors have met and considered the possibility of the Bidder agreeing to make the Takeover Bid; and
- (b) all of the Target Directors have informed the Target that they will unanimously recommend that Target Shareholders accept the Offer (and it is their intention to accept the Offer in respect of all of the Target Shares that they own or control or otherwise have a Relevant Interest in), in each case subject only to the qualification that there is no Superior Proposal.

2.4 No legal obligation for Independent Expert's Report

The Target acknowledges that an expert's report for the Target Statement is not required under section 640 of the Corporations Act or otherwise, and the Target agrees that it will not commission such a report in connection with the Offer.

3. Co-operation

3.1 General Obligations

The Target and the Bidder must use reasonable endeavours, and must procure that its Representatives work in good faith and in a timely and co-operative fashion with the other party in order to implement the Takeover Bid.

3.2 Access to Information

To the extent reasonably required to implement the Takeover Bid, each party must following a written request from the other party giving a reasonable period of notice, provide the other party and its Representatives with any documents, records and other information during normal business hours (subject to any existing confidentiality obligations owed by third parties, or applicable privacy laws) reasonably requested by them prior to the earlier of the end of the Offer Period and the date when this deed is terminated.

3.3 Implementation obligations of the Target

The Target must:

- (a) provide all necessary information about the Register to the Bidder which the Bidder requires in order to assist it to solicit acceptances under the Takeover Bid; and
- (b) direct the Registry to promptly provide any information that the Bidder reasonably requests in relation to the Register (including any sub-register) and, where requested

by the Bidder, the Target must procure such information to be provided to the Bidder in such electronic form as is reasonably requested by the Bidder.

4. Target recommendations

4.1 Directors' recommendations

Subject to clause 4.2, the Target undertakes to use its best endeavours to procure that:

- (a) the Target Directors will unanimously recommend (including in the Target's Statement) that Target Shareholders accept the Offer, in the absence of a Superior Proposal; and
- (b) the Target's Statement and each other public announcement or document publicly released by the Target in relation to the Offer will include a statement by the Target Directors to the effect described in clause 4.1(a) and to the effect that it is the intention of each Target Director to accept the Offer in respect of all of the Target Shares that they own or control or otherwise have a Relevant Interest in, in the absence of a Superior Proposal.

4.2 Change, withdrawal or modification of recommendations

A Target Director must not change, withdraw or modify his or her recommendation under clause 4.1(a) or statement under clause 4.1(b) or make a recommendation or statement that is inconsistent with such recommendation or statement, unless:

- (a) if relevant, the Target has complied with its obligations under clause 8; and
- (b) that Target Director, acting in good faith, determines (after taking written advice from the Target's or his or her own external financial and legal advisers) that he or she, is by virtue of his or her fiduciary or statutory duties, required to change, withdraw or modify such recommendation or statement or make a recommendation or statement that is inconsistent with it.

5. Facilitation of Takeover Bid

5.1 Bidder's Statement

- (a) The Bidder will give the Target a reasonable opportunity to review the draft of the Bidder's Statement in the form in which the Bidder proposes to lodge that document with ASIC, and will consult in good faith with the Target and act reasonably with respect to any comments the Target may have.
- (b) The Target must provide any assistance and information reasonably requested by the Bidder to enable the Bidder to prepare and finalise the Bidder's Statement.

5.2 Target's Statement

- (a) The Target will give the Bidder a reasonable opportunity to review the draft of the Target's Statement in the form in which the Target proposes to lodge that document with ASIC and will consult in good faith with the Bidder and act reasonably with respect to any comments the Bidder may have.
- (b) The Bidder must provide any assistance and information reasonably requested by the Target to enable the Target to prepare and finalise the Target's Statement.

5.3 Early dispatch of Offers

For personal use only

- (a) The Target agrees, and represents and warrants that all of the Target Directors have agreed, that the Bidder's Statement may be despatched to Target Shareholders on a date nominated by the Bidder that is earlier than the date for sending under Item 6 of section 633(1) of the Corporations Act.
- (b) At the request of the Bidder, the Target must use reasonable endeavours to ensure that its Target's Statement is despatched to Target Shareholders as soon as possible after the Bidder's Statement is despatched.

5.4 Promote and assist with the Takeover Bid

- (a) From the Announcement Date until the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed), the Target will procure that the chairman of directors, the general manager and such other senior executives as reasonably requested by the Bidder will participate in efforts reasonably required by the Bidder to promote the merits of the Takeover Bid, including but not limited to:
 - (1) meeting with key Target Shareholders if requested to do so by the Bidder; and
 - (2) communicating with the Target's employees, customers and contractual counter-parties.
- (b) The Target will direct its share registry to provide the Bidder with such assistance as it may reasonably require in implementing and promoting the Takeover Bid.
- (c) The Target will provide the Bidder with such assistance as it may reasonably require in establishing or operating any institutional or shareholder acceptance facility relating to the Offer.

5.5 Foreign Target Shareholders

Unless:

- (a) the Bidder is satisfied that the laws of a Foreign Target Shareholder's country of residence (as shown in the Register) permit the issue of Bidder Shares to the Foreign Target Shareholder (either unconditionally or after compliance with conditions which the Bidder regards as acceptable and not unduly onerous and not unduly impractical); or
- (b) ASIC relief permits otherwise,

the Bidder will issue the Bidder Shares to which a Foreign Target Shareholder would otherwise become entitled due to acceptance of the Offer or due to compulsory acquisition under the Corporations Act, to a nominee appointed by the Bidder who will sell those Bidder Shares and pay to that Foreign Target Shareholder the proceeds received, after deducting any applicable brokerage, taxes and charges in accordance with the Offer.

5.6 Bid Conditions

- (a) From the Announcement Date until the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed), the Target will not, and will procure that each of its Subsidiaries does not, without the Bidder's prior consent, take any action or omit to do anything which will, or is likely to, result in any of the Bid Conditions being breached.



- (b) To avoid any doubt, in this deed a reference to a Bid Condition being breached includes a reference to a Bid Condition not being, or not being capable of being, satisfied.
- (c) If any event occurs or becomes apparent which would cause any of the Bid Conditions to be breached or prevent them from being able to be satisfied, the Target or the Bidder must, to the extent such information is within the relevant party's actual knowledge, as soon as reasonably practicable notify the other of the event.
- (d) Nothing in clause 5.6 prevents the Target or the Bidder or the Target Directors or Bidder Directors from taking, or failing to take, action where, acting in good faith and reasonably, the Target Directors and Bidder Directors consider that to do otherwise would, or would be likely to constitute a breach of their statutory or fiduciary duties.

5.7 Secured Working Capital Loan Facility

- (a) On the Execution Date, the parties agree to enter into the Facility Deed.
- (b) The parties acknowledge that the Principal Outstanding (and any amounts pursuant to the Facility Deed) constitutes Permitted Indebtedness for the purposes of this deed.

5.8 Conduct of business

- (a) From the Announcement Date until the earlier of the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed) and termination of this deed, the Target will, and will procure that each of its Subsidiaries will:
 - (1) conduct the Target Group's business and operations in the usual and ordinary course consistent with the manner in which each such business and operations were conducted immediately prior to the Execution Date, and must consult with the Bidder on the manner of conduct of the Target Group's business and operations;
 - (2) make all reasonable efforts to:
 - (A) keep available the services of their officers and employees; and
 - (B) preserve their relationships with Public Authorities, customers, suppliers, landlords, trade unions, licensors, licensees and others with whom they have business dealings;
 - (3) not enter any lines of business or other activities in which the Target Group is not engaged at the Execution Date;
 - (4) respond to any reasonable request from the Bidder for information concerning the Target Group and its business and operations;
 - (5) ensure that the Bidder is kept up-to-date on any discussions, correspondence and negotiations between any member of the Target Group and any Public Authority on any matter;
 - (6) subject to the Confidentiality Deeds, provide the Bidder and its Representatives reasonable access to officers and employees, offices and other facilities, and books and records of members of the Target Group, and otherwise provide reasonable co-operation to the Bidder and its Representatives, for the purpose of:

For personal use only



- (A) the Bidder and its Representatives understanding the business and operation of the Target Group;
 - (B) the Bidder and its Representatives doing all things necessary or desirable under this deed or in connection with the Offer; or
 - (C) the Bidder and its Representatives planning for the integration of the Target Group into the Bidder Group assuming the Offer becomes unconditional and the Bidder Group holds Relevant Interests in at least 50.1% of the Target Shares; and
- (7) ensure that there is no material decrease in the amount of cash in the Target Group other than as used in the ordinary course of business.
- (b) Nothing in clause 5.8(a) restricts the ability of the Target to take any action which:
- (1) is required, permitted or contemplated by this deed;
 - (2) the Target has fully and fairly disclosed in an announcement made to ASX prior to the Execution Date or to the Bidder in writing prior to execution of this deed;
 - (3) is required to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property);
 - (4) has been agreed to in writing by the Bidder; or
 - (5) involves the incurring of reasonable costs in relation to the transactions contemplated by the Takeover Bid.

5.9 Prohibited Actions

Other than with the prior approval of the Bidder (which approval must not be unreasonably withheld or delayed) or as required by this document, the Target must not and must ensure that each member of the Target Group does not, during the period referred to in clause 5.8(a):

- (a) **(Material Contracts)** enter into or terminate a Material Contract;
- (b) **(employment contracts)** increase the remuneration of (including with regards to superannuation benefits) or benefits provided to or pay any bonus (other than in accordance with existing arrangements and in the ordinary course) or issue any securities or options to, or otherwise vary the employment agreements with, any of its:
 - (1) Directors;
 - (2) employees who earn an annual salary in excess of \$100,000, or
 - (3) any other employees once remuneration increases have reached \$150,000 in aggregate;
- (c) **(accelerate rights)** accelerate the rights of any of its directors or employees to benefits of any kind;
- (d) **(termination payments)** pay a director, executive or employee a termination payment, other than as provided for in an existing employment contract in place as at 1 January 2018 and a copy of which has previously been provided to the Bidder;
- (e) **(dividends)** announce, declare or pay any dividends;

- (f) **(information technology)** take any action in respect of its information technology systems which would have a material impact on those systems;
- (g) **(indebtedness)** incur additional financier indebtedness except as Disclosed by the Target (and, for the avoidance of doubt, such indebtedness does not restrict additional Permitted Indebtedness, draw-downs on existing working capital or overdraft facilities in the ordinary course of business);
- (h) **(Restricted Payment)** permit any Restricted Payment not previously consented to by the Bidder in writing; or
- (i) **(agree)** agree to do any of the matters set out above.

5.10 Share register

From the Execution Date until the end of the Offer Period (or, if the Offer Period does not end at the time required by this deed, the time at which the Offer Period should have ended in accordance with this deed), the Target must (without charge to the Bidder):

- (a) provide the Bidder with a copy of the register of Target Shareholders in an electronic form requested by the Bidder promptly after a request by the Bidder to do so (including any request made by the Bidder under section 641 of the Corporations Act);
- (b) provide the Bidder with a copy of the register of Target Shareholders in electronic form on the day that the Target receives a copy from its registry each time a copy is obtained; and
- (c) comply with any request of the Bidder acting reasonably, to give directions to Target Shareholders pursuant to Part 6C.2 of the Corporations Act (and provide copies of any responses to the Bidder upon request).

5.11 Acquisition or cancellation of Unlisted Target Options

- (a) As soon as practicable after the Bidder makes the Offer, the Bidder will make an Options Offer to the person set out in the Options List and conditional only on the Offer becoming unconditional and any necessary ASX Listing Rule waiver being granted.
- (b) The Target must promptly after the date of this deed apply to ASX for a necessary waiver of Listing Rule 6.23.2, and a release of any escrow restrictions on any of the Options, in relation to the Options Offer.
- (c) If the Options Offers become or are declared unconditional, the Target agrees to:
 - (1) ensure the cancellation and extinguishment of each Option held by an Optionholder who has accepted an Options Offer (the **Relevant Options**);
 - (2) to the extent necessary to cancel and extinguish the Relevant Options, amend or waive the terms of issue of the Relevant Options; and
 - (3) update the register of Optionholders to show that the relevant Optionholder is no longer the holder of the Relevant Options.

5.12 Appointment of Directors to Board of Target

The Target represents and warrants to the Bidder that as soon as practicable after the Bidder acquires a Relevant Interest in 50.1% of the Target Shares and the Offer has become unconditional, each Target Director will take all actions necessary to ensure that:

For personal use only

- (a) Two nominees of the Bidder are appointed as Target Directors; and
- (b) subject to the Bidder complying with clause 5.13 below, two of the existing Target Directors, namely Mr Allister Richardson and Mr Michael McGowan, resign as Target Directors,

provided always that the Target remains in compliance with section 201A(2) of the Corporations Act.

5.13 Appointment of Director to Board of Bidder

The Bidder represents and warrants to the Target that as soon as practicable after the Bidder acquires a Relevant Interest in 50.1% of the Target Shares and the Offer has become unconditional, Mr Richard Ash will be invited to become a Bidder Director.

6. Takeover Bid – variation and waiver

6.1 Variation

The Bidder may vary the terms and conditions of the Takeover Bid in any manner which is permitted by the Corporations Act.

6.2 Waiver

Subject to the Corporations Act, the Bidder may at any time:

- (a) declare the Takeover Bid to be free from any Bid Condition; and/or
- (b) extend the Offer Period on one or more occasion.

7. Warranties

7.1 Target's warranties

The Target represents and warrants to the Bidder that, at the Execution Date:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- (c) it has taken all necessary corporate action to authorise its entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed;
- (d) this deed constitutes legal, valid and binding obligations enforceable on the Target in accordance with its terms;
- (e) the execution and performance by it of this deed and each transaction contemplated by this deed does not and will not violate in any respect a provision of:
 - (1) a law, judgement, ruling, order or decree binding on it;
 - (2) its constitution; or
 - (3) any other document or agreement that is binding on its assets.

For personal use only



- (f) no resolutions have been passed and no other step has been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets, and no regulatory action of any nature has been taken, which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed;
- (g) it is not aware of any act, omission, event or fact that would result in one or more of the Bid Conditions being breached, except as disclosed by the Target to the Bidder in writing prior to the Execution Date;
- (h) so far as the Target is aware, all information which has been disclosed by the Target under its continuous disclosure obligations under the Corporations Act and the Listing Rules was materially true and correct at the time it was disclosed (except as subsequently disclosed), and the Target has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and there is no material information that the Target is withholding pursuant to Listing Rule 3.1A, other than as disclosed to the Bidder by the Target in writing prior to the Execution Date or previously known by the Bidder;
- (i) so far as the Target is aware, the Due Diligence Material:
- (1) is accurate and complete in all material respects; and
 - (2) contains all information that was reasonably requested by the Bidder before the Execution Date.
- (j) so far as the Target is aware, the Target and Target Group have complied in all material respects with all regulations applicable to them and orders of Public Authorities having jurisdiction over them where such non-compliance would, or would reasonably be likely to have a material adverse effect on the Target and have all material licences and permits necessary for them to conduct their respective businesses as presently being conducted and nothing has occurred which is reasonably likely to have the effect of such licences or permits being revoked or altered in any way, or not being renewed or being capable of being renewed on reasonably acceptable terms where such revocation, alteration or non renewal would, or would reasonably be likely to have a material adverse effect on the Target;
- (k) in respect of the Tenements, except to the extent that the Target has otherwise given prior disclosure to the Bidder in writing:
- (1) the Target (or an entity within the Target Group, as the case may be) holds the entire legal and beneficial interest in the Tenements;
 - (2) the Tenements are free from all Encumbrances;
 - (3) there are no actions, suits, disputes or other proceedings (including arbitration or mediation) concerning any of the Tenements and there are no circumstances which might give rise to such actions, suits, disputes or other proceedings;
 - (4) other than any contracts to which the Bidder Group is a party to, there are no off-take, marketing, agency or similar contracts, commitments or arrangements in place in relation to any of the Tenements;
 - (5) there are no unremedied breaches of the terms any of the Tenements or the environmental authorities relating to any of the Tenements;

- (6) no entity within the Target Group is under any contractual, statutory or other obligation of any kind to sell or dispose of any interest or create any Encumbrance over the Tenements;
- (7) the Tenements are not subject to cancellation or forfeiture in whole or in part for any reason; and
- (8) no entity within the Target Group is a party to any agreement under which it is bound to share the profits or pay any royalties relating to the Tenements or to waive or abandon any rights to which it is entitled relating to the Tenements; and
- (l) the Target's issued securities as at the Execution Date consist of:
- (1) 98,047,150 Target Shares; and
- (2) 13,300,000 Target Unlisted Options,

and those securities comprise the whole of the issued and outstanding share capital of the Target and it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into or be exchangeable for or entitle the holder to any Target Shares.

7.2 Qualifications to Target warranties

The Bidder acknowledges and agrees that the Target has disclosed or is deemed to have disclosed against the Target's representations and warranties set out in this deed, and the Bidder is aware of, and will be treated as having actual knowledge of, all facts, matters and circumstances that:

- (a) are provided for or described in this deed; or
- (b) are within the actual knowledge of the Bidder Group.

7.3 Bidder warranties

The Bidder represents and warrants to the Target that, at the Execution Date:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- (c) it has taken all necessary corporate action to authorise its entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed;
- (d) this deed constitutes legal, valid and binding obligations enforceable on the Bidder in accordance with its terms;
- (e) the execution and performance by it of this deed and each transaction contemplated by this deed does not and will not violate in any respect a provision of:
- (1) a law, judgement, ruling, order or decree binding on it;
- (2) its constitution; or
- (3) any other document or agreement that is binding on its assets;

For personal use only



- (f) no resolutions have been passed and no other step has been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets, and no regulatory action of any nature has been taken, which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed; and
- (g) it is not aware of any act, omission, event or fact that would result in one or more of the Bid Conditions being breached, except as disclosed by the Bidder to the Target in writing prior to the Execution Date.

7.4 Reliance by parties

Each party (**Warrantor**) acknowledges that:

- (a) in entering into this deed, the other parties have relied on the warranties provided by the Warrantor under this clause 7; and
- (b) it has not entered into this deed in reliance on any warranty made by or on behalf of the other parties or any of their officers, employees or advisers except those warranties of the parties set out in this deed.

7.5 Notifications

Each party will promptly advise the other parties in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the warranties given by it under this clause 7.

7.6 Status of warranties

Each warranty in this clause 7:

- (a) is severable;
- (b) will survive the termination of this deed; and
- (c) is given with the intent that liability under it will not be confined to breaches that are discovered prior to the Execution Date.

7.7 Release

- (a) Bidder agrees to release all rights against, and agrees that it will not make any Claim against, any officer, employee or adviser of the Target or any of its Subsidiaries in connection with:
 - (1) the Target's execution or delivery of this deed;
 - (2) any breach of any representation, covenant or warranty given by the Target in this deed; or
 - (3) any disclosure, communication or other step made or taken by any officer, employee or adviser of the Target or any of its Subsidiaries in connection with this deed (including without limitation any statement which is false or misleading whether in content or by omission),

except to the extent that the relevant person has not acted in good faith, has acted fraudulently, negligently or recklessly or has engaged in wilful misconduct.

For personal use only

- (b) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly.

8. Exclusivity

8.1 Cease existing discussions

The Target represents and warrants that, as at the Execution Date, it is not in any discussions or negotiations, and has ceased any discussions or negotiations, in respect of any Competing Proposal with any Third Party.

8.2 No shop restriction

During the Exclusivity Period, the Target must not, and must ensure that none of its Representatives directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal, or communicate any intention to do any of those things.

8.3 No talk restriction

During the Exclusivity Period, the Target must not, and must ensure that none of its Representatives, enters into, continues or participates in, negotiations or discussions with any Third Party regarding a Competing Proposal, or if to do so may be reasonably be likely to lead to a Competing Proposal, even if:

- (a) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by the Target or any of its Representatives; or
- (b) the Competing Proposal has been publicly announced,

unless the Target Directors, acting in good faith and in order to satisfy what the Target Directors reasonably consider to be their fiduciary or statutory duties, determine that:

- (c) where there is a Competing Proposal, the Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal; or
- (d) where there is not yet a Competing Proposal, the steps that the Target Directors propose to take could reasonably be expected to lead to a Competing Proposal that is a Superior Proposal.

8.4 No due diligence

Without limiting the general nature of clause 8.3, during the Exclusivity Period, the Target must not, and must ensure that its Representatives do not, make available to any Third Party, or permit any Third Party to receive any non-public information relating to any entity within the Target Group in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal, unless all of the following requirements are satisfied:

- (a) the Target Directors, acting in good faith and in order to satisfy what the Target Directors reasonably consider to be their fiduciary or statutory duties, determine that:
 - (1) where there is a Competing Proposal, the Competing Proposal is, or could reasonably be expected to lead to, a Superior Proposal; or

For personal use only

- (2) where there is not yet a Competing Proposal, the steps that the Target Directors propose to take could reasonably be expected to lead to a Competing Proposal that is a Superior Proposal; and
- (b) if the Target proposes to provide any confidential information to a Third Party, before the Target provides such information to the Third Party, the Third Party has entered into a written agreement in favour of the Target regarding the use and disclosure of the confidential information by the Third Party and that restricts the Third Party's ability to solicit the employees of the Target Group;
- (c) to the extent that such information has not been previously provided to the Bidder, the Target provides that information to the Bidder at the same time as, or as soon as reasonably practicable after, it is provided to the Third Party.

8.5 Notification and matching right

- (a) During the Exclusivity Period, the Target must immediately notify the Bidder if:
 - (1) it or, so far as it is aware, any of its Representatives, is approached (directly or indirectly) by any Third Party to engage in any activity or take any other action of a kind referred to in clause 8.3; or
 - (2) it proposes to take any action of a kind referred to in clause 8.4,

unless (and only to the extent that) the Target Directors, acting reasonably and in good faith, determine that it would be a breach of their fiduciary or statutory duties to notify the Bidder.

- (b) If the Target receives a Competing Proposal, the Target:
 - (1) must not enter into any agreement, arrangement or understanding (whether or not in writing) to undertake or give effect to a Competing Proposal; and
 - (2) must ensure that none of the Target Directors changes, withdraws or modifies their recommendation of the Takeover Bid in favour of the Competing Proposal or recommends the Competing Proposal,

unless:

- (3) the Target Directors have acting reasonably and in good faith determined that the Competing Proposal is a Superior Proposal;
- (4) the Target has complied with its notification obligations under clause 8.5(a), and is not in breach of its obligations in clauses 8.1, 8.2, 8.3 and 8.4;
- (5) the Target has first given the Bidder at least 5 clear Business Days notice in writing of the proposed action described in 8.5(b)(1) or 8.5(b)(2);
- (6) the Target has provided to the Bidder with that notice:
 - (A) all material terms of the Competing Proposal, including details of the proposed price or implied value, payment terms, form of consideration, conditions, timing and break fee (if any) provided that the Target shall be under no obligation to disclose the status of negotiations in respect of a Competing Proposal; and
 - (B) the identity of the person who has made the Competing Proposal (**Competing Party**). If the identity of the Competing Party cannot be

For personal use only

disclosed to the Bidder without the consent of the Competing Party then the Target must seek that consent. If consent is refused, the Target may only withhold the identity of the Competing Party from the Bidder if the Target Directors, acting in good faith and after having received written advice from their external legal advisers, determine that disclosing the identity of the Competing Party would constitute a breach of the Target Directors' fiduciary or statutory duties; and

- (7) in relation to clause 8.5(b)(2), clause 4.2(b) is satisfied.
- (c) During the 5 clear Business Day period referred to in clause 8.5(b)(5), the Bidder will have the right to offer a counter proposal (**Bidder Counter Proposal**) that will provide a superior outcome for Target Shareholders than the applicable Competing Proposal, and if it does so offer:
- (1) the Target and the Bidder must use their best endeavours to agree any amendments to this deed that are reasonably necessary to reflect the Bidder Counter Proposal; and
 - (2) the Target Directors must recommend the Bidder Counter Proposal to Target Shareholders and not the applicable Competing Proposal.
- (d) Any material modification to any Competing Proposal (which will include any modification relating to the price or value of any Competing Proposal) will be taken to make that proposal a new Competing Proposal in respect of which the Target must comply with its obligations under this clause 8.

8.6 Normal provision of information

Nothing in this clause 8 prevents a party from:

- (a) providing information to its Representatives;
- (b) providing information to any Public Authority;
- (c) providing information to its auditors, Advisers, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;
- (d) providing information required to be provided by law, including to satisfy its obligations of disclosure under any stock exchange listing rules or to any Public Authority; or
- (e) making presentations to brokers, portfolio investors, analysts and other third parties in the ordinary course of business.

8.7 Time of the essence

Time is of the essence in this clause 8.

9. Break Fee

9.1 Acknowledgements

This clause 9 has been agreed in circumstances where:

- (a) the Bidder and the Target believe the implementation of the Takeover Bid will provide significant benefits to their respective shareholders, and the Bidder and the Target acknowledge that, if they enter into this deed and the Takeover Bid is subsequently not implemented, the Bidder will have incurred significant costs;

- (b) both parties have received legal advice on this deed and the operation of this clause 9;
- (c) the Bidder requested provision to be made for the payments outlined in this clause 9, and would not have entered into this deed without the benefit of this clause and would not have entered into and continued the negotiations leading up to this deed unless the Target had agreed to enter into a clause of this kind; and
- (d) both the Target Directors and the Bidder Directors consider this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 9 in order to secure the Bidder's entry into this deed.

9.2 Undertaking to pay Break Fee

The Target undertakes to pay a compensating amount of A\$33,404 (**Break Fee**), to the Bidder if any of the following events occurs:

- (a) any of the Target Directors does not recommend the Takeover Bid as described in clause 4.1 or recommend against, qualifies their support of or withdraws their recommendation or approval of the Takeover Bid;
- (b) a Competing Proposal is announced or made during the Exclusivity Period and any of the Target Directors recommends that Competing Proposal or the third party who announced or made the Competing Proposal completes the Competing Proposal or acquires more than 50% of the Target;
- (c) a general meeting of the Target approves the implementation or taking of any step that would, or would be likely to, prevent a Bid Condition being satisfied or result in a Bid Condition not being satisfied;
- (d) the Target does or the Target Directors do (or omit to do) anything (whether or not it may be permitted by the terms of this deed) which results in any of the Bid Conditions in clauses 3 or 4 of Schedule 3 being breached, unless the Bidder declares the Takeover Bid free of the breached Bid Condition (which it may do so in its absolute discretion);
- (e) there is a breach of clause 8 of this deed by the Target; or
- (f) the Target is in material breach of this deed (other than clause 8), and that material breach is not remedied within 5 Business Days of the Target receiving notice to remedy from the Bidder,

provided in each case that a Break Fee will only be payable after the Offer has closed and provided that at that time the Bidder has not acquired (or gained enforceable rights to acquire) more than 90% of the Target Shares and no Break Fee will be payable where the Target terminates this deed in accordance with clause 11.1(a) or 11.1(c).

9.3 Demand for payment

- (a) Any demand by the Bidder for payment of the Break Fee must:
 - (1) be in writing;
 - (2) be made after the occurrence of the event in that clause giving rise to the payment; and
 - (3) state the circumstances giving rise to the demand.

For personal use only

- (b) The Target must pay that amount to the Bidder, by bank cheque or electronic funds transfer to an Australian bank account nominated by the Bidder, within 30 Business Days of receipt of the demand. The demand may only be made after the occurrence of an event referred to in clause 9.2 and after the Offer has closed.
- (c) The Target will not be required to pay the Break Fee more than once.

9.4 Nature of payment

- (a) The Break Fee payable by the Target to the Bidder under clause 9.2 is an amount to compensate the Bidder for:
 - (1) advisory costs;
 - (2) costs of management and directors' time;
 - (3) out-of-pocket expenses;
 - (4) opportunity costs incurred in pursuing the Takeover Bid or in not pursuing other alternative acquisitions or strategic initiatives which could have been developed to further business and objectives; and
 - (5) damage to the Bidder's reputation associated with the failed transaction and the implications of that damage to the Bidder's business,

incurred by the entities within the Bidder Group in circumstances where the Takeover Bid is not ultimately successful.

- (b) The parties acknowledge and agree that the costs actually incurred by the Bidder as described in clause 9.4(a) will be of such nature that they cannot be accurately ascertained, but that the Break Fee is a genuine and reasonable pre-estimate of the cost and loss that would actually be suffered by the Bidder Group.

9.5 Compliance with law

If:

- (a) it is found by the Takeovers Panel or a court that all or any part of the payment of the Break Fee required to be made under clause 9.2 is unlawful, involves a breach of directors' duties or constitutes Unacceptable Circumstances and the period for lodging an application for review or a notice of appeal (as applicable) has expired without such an application or notice having been lodged; or
- (b) an application for review or a notice of appeal having been lodged with the Takeovers Panel or a court within the prescribed period, it is found by the relevant review panel or appeal Court that all or any part of the payment of the Break Fee required to be made under clause 9.2 is unlawful, involves a breach of directors' duties or constitutes Unacceptable Circumstances,

then:

- (c) the undertaking under clause 9.2 (as the case may be) does not apply in respect of that part of the payment which is found to be unlawful, involving a breach of director's duties or constituting Unacceptable Circumstances; and
- (d) the Bidder must refund that part of the payment paid to the Bidder under this deed within 10 Business Days of receipt of the demand for refund.

For personal use only

10. Public announcements and disclosure of information

10.1 Requirement for consultation

- (a) Subject to clause 10.1(b), each of the Bidder and the Target party must use its best endeavours to consult with the other prior to making any public announcements in connection with this deed or the Offer (other than the Agreed Announcement which has already been agreed).
- (b) Where a party is required by applicable law or stock exchange rules to make any announcement or make any disclosure relating to matters the subject of the Offer (including any supplementary Bidder's Statement or Target's Statement), it may do so only after it has, to the maximum extent possible in the circumstances:
 - (1) given the other parties as much notice as is reasonably practicable in the context of any deadlines imposed by law or a Public Authority; and
 - (2) consulted with the other parties and acted reasonably as to the content of that announcement or disclosure.

10.2 Disclosure of information

- (a) The parties acknowledge and agree that, notwithstanding anything in the Confidentiality Deeds:
 - (1) the Bidder and its Subsidiaries will be able to disclose information as required by or under Australian law such that the Bidder and its Subsidiaries are free to acquire Target Shares under the Offer or (during the Offer Period) on-market subject to the restrictions in the Corporations Act; and
 - (2) the Target will be able to disclose information as required by or under Australian law such that the Target Directors are free to consider and recommend the Offer.
- (b) Each party shall provide the other parties with reasonable advance notice of any disclosure contemplated by clause 10.2(a), and consider in good faith and act reasonably in relation to the comments made by the other parties in relation to the form of the disclosure.

11. Termination

11.1 Termination by either the Bidder or the Target

This deed may be terminated by either the Bidder or the Target by written notice to the other if:

- (a) the other is in material breach of this deed and that breach is not remedied by that other within 5 Business Days of it receiving notice from the non-defaulting party of the details of the breach and the non-defaulting party's intention to terminate this deed;
- (b) the Bidder withdraws the Takeover Bid for any reason permitted by law including non-satisfaction of a Bid Condition;
- (c) the Bidder fails to lodge the Bidder's Statement with ASIC or dispatch offers under the Takeover Bid to Target Shareholders in accordance with the Corporations Act.

11.2 Termination by Target

The Target may terminate this deed by written notice to the Bidder if all of the Target Directors recommend a Superior Proposal, provided always that clause 8 has been complied with and the Bidder has decided not to match that Superior Proposal in accordance with clause 8.5.

11.3 Termination by Bidder

The Bidder may terminate this deed if:

- (a) a Superior Proposal is publicly announced by a Third Party in respect of the Target; or
- (b) a Target Director does not recommend the Offer to holders of Target Shares as described in clause 4 or recommends against, qualifies their support of or withdraws their recommendation or approval of the Offer; or
- (c) a Competing Proposal is announced or made during the Exclusivity Period and any of the Target Directors recommend that Competing Proposal.

11.4 Effect of termination

If this deed is terminated by a party under this clause 11, from the date of termination this deed will have no further force or effect and no party will have any further obligations under this deed, other than in respect of any accrued rights or remedies including in respect of any liability for an antecedent breach of this deed and provided that this clause 11 and clauses 1, 9, 10, 12, 13, 14 and 15 (with the exception of clause 15.8) survive termination.

12. Confidentiality

12.1 Disclosure of Confidential Information

A party (**Receiving Party**) must not disclose any Confidential Information of another party (**Supplying Party**) except:

- (a) to representatives of the Receiving Party or its Related Bodies Corporate requiring the information for the purposes of this deed;
- (b) with the written consent of the Supplying Party;
- (c) if required to do so by law or by the Listing Rules; or
- (d) if the Receiving Party is required to do so in connection with legal proceedings.

12.2 Bidder's Statement and Target's Statement

- (a) The Bidder may use Confidential Information relating to the Target for the purpose of preparing the Bidder's Statement, but must consult with the Target and act reasonably in relation to any disclosure of Confidential Information in the Bidder's Statement.
- (b) The Target may use Confidential Information relating to the Bidder for the purpose of preparing the Target's Statement, but must consult with the Bidder and act reasonably in relation to any disclosure of Confidential Information in the Target's Statement.

12.3 Disclosure by recipient of Confidential Information

- (a) A party disclosing information under clause 12.1 or 12.2 must use all reasonable endeavors to ensure that any person receiving Confidential Information from it does not disclose the information except in the circumstances permitted by this clause 12.

- (b) A party who has received Confidential Information from another under this deed must, on the request of the other party after the termination of this Deed, immediately deliver to that party all documents or other materials containing or referring to that information which are in its possession, power or control or in the possession, power or control of persons who have received Confidential Information from it under clause 12.1.

12.4 Exceptions

- (a) The obligations of confidentiality under this clause 12 do not extend to Confidential Information that (whether before or after this deed is executed):
- (1) is rightfully known or in the possession or control of the Receiving Party and is not subject to an obligation of confidence (including an obligation under this deed);
 - (2) is lawfully generally available to the public, other than as a result of a breach of this deed; or
 - (3) the Receiving Party is required by law or by the Listing Rules or by order of a court of competent jurisdiction to disclose.
- (b) The Receiving Party must, whenever practicable and permitted by law, prior to making any disclosure permitted by paragraph 12.4(a)(3), advise the Supplying Party of the form and content of the proposed disclosure and will provide the Supplying Party with a reasonable opportunity to comment on the proposed disclosure.

12.5 Termination

This clause 12 will survive termination of this deed.

13. Notices

13.1 Form

Any notice or other communication to or by any party must be:

- (a) in writing and in the English language;
- (b) addressed to the address of the recipient in clause 13.4 of this deed or to any other address as the recipient may have notified the sender; and
- (c) be signed by the party or by an Authorised Officer of the sender.

13.2 Manner

In addition to any other method of service authorised by law, notice to a party may be:

- (a) personally served on the party;
- (b) left at the party's current address for service;
- (c) sent to the party's current address for service by prepaid ordinary mail or if the address is outside Australia by prepaid airmail;
- (d) sent by facsimile to the party's current numbers for service; or
- (e) sent by electronic mail to the party's electronic mail address.



13.3 Time

If a notice is sent or delivered in the manner provided in clause 13.2 it must be treated as given to or received by the addressee in the case of:

- (a) delivery in person, when delivered;
- (b) delivery by post:
 - (1) in Australia to an Australian address the second Business Day after posting; or
 - (2) in any other case on the 5th Business Day after posting;
- (c) facsimile, when a transmission report being printed by the sender's facsimile machine stating that the document has been sent to the recipient's facsimile number; or
- (d) electronic mail, when the sender's computer reports that the message has been delivered to the electronic mail address of the addressee,

but if delivery is made after 5.00pm on a Business Day it must be treated as received on the next Business Day in that place.

13.4 Initial details

The addresses and numbers for service are initially:

Bidder

Address: Level 14, 500 Collins Street, Melbourne, Victoria 3000

Electronic Mail: roland.sleeman@lakesoil.com.au

Attention: Mr Roland Sleeman

Target

Address: Level 32, 19-29 Marin Place, Sydney, New South Wales 2000

Electronic Mail: Richard.ash@aapcapital.com

Attention: Mr Richard Ash

13.5 Changes

A party may from time to time change its address or numbers for service by notice to each other party.

14. Governing law and jurisdiction

14.1 Governing law

This deed is governed by and construed in accordance with the laws of Victoria.

14.2 Jurisdiction

Each party irrevocably:

For personal use only

- (a) submits to the non-exclusive jurisdiction of the courts of Victoria and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to this deed; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within paragraph (a).

15. Miscellaneous

15.1 Exercise rights

A single or partial exercise or waiver by a party of any right under or relating to this deed will not prevent any other exercise of that right or the exercise of any other right.

15.2 Legal effect

Each party acknowledges and agrees for the benefit of each other party that this document is intended to take effect as a deed. Each party executes this document with the intention that it will be immediately legally bound by this document.

15.3 Merger

If the liability of a party to pay money under this deed becomes merged in any deed, judgment, order or other thing, the party liable must pay interest on the amount owing from time to time under that deed, judgment, order or other thing at the higher of the rate payable under this deed and that fixed by or payable under that deed, judgment, order or other thing.

15.4 Moratorium legislation

Any law which varies, prevents or prejudicially affects the exercise by a party of any right, power or remedy conferred on it under this deed is excluded to the extent permitted by law.

15.5 No assignment

A party must not assign, transfer or novate all or any part of its rights or obligations under or relating to this deed or grant, declare, create or dispose of any right or interest in it, without the prior written consent of each other party.

15.6 Remedies cumulative

The rights and remedies under this deed are cumulative and not exclusive of any rights or remedies provided by law.

15.7 Severability

If anything in this deed is or is determined to be unenforceable, illegal, voidable or void in a jurisdiction then it is severed for that jurisdiction and the rest of this deed remains in full force and effect in all other jurisdictions.

15.8 Further assurance

Each party must promptly at its own cost do all things (including executing and delivering all documents) necessary and reasonable to give full effect to this deed and the transactions contemplated by it.

15.9 Costs

Subject to clause 9, each party is responsible for all its own costs (including legal costs) incurred in the negotiation of, and the performance of, this deed and the implementation or attempted implementation of the Bid.

15.10 Taxes

The Bidder must:

- (a) pay all Taxes which may be payable or determinable in connection with the execution, delivery, performance or enforcement of this deed or any payment or receipt or of any transaction contemplated by this deed; and
- (b) indemnify the Target against any liabilities resulting from any delay or omission by the Bidder to pay any Taxes.

15.11 Time

- (a) Time is of the essence of this deed.
- (b) If the parties agree to vary a time requirement, the time requirement so varied is of the essence of this deed.
- (c) An agreement to vary a time requirement must be in writing.

15.12 Variation

An amendment or variation to this deed is not effective unless it is in writing and signed by the parties.

15.13 Waiver

- (a) A party's waiver of a right under or relating to this deed, whether prospectively or retrospectively is not effective unless it is in writing and signed by that party.
- (b) No other act, omission or delay by a party will constitute a waiver of a right.

15.14 Counterparts

This deed may be executed in any number of counterparts each of which will be considered an original but all of which will constitute one and the same instrument. A party who has executed a counterpart of this deed may deliver it to, or exchange it with, another party by:

- (a) faxing; or
- (b) emailing a pdf (portable document format) copy of,
the executed counterpart to that other party.

15.15 Whole agreement

This deed:

- (a) is the entire agreement and understanding between the parties relating to the subject matter of this deed; and
- (b) supersedes any prior agreement, representation (written or oral) or understanding on anything connected with that subject matter.

For personal use only



For personal use only



Schedule 1 - Agreed Bid Terms

(a) **Offer for Target Shares**

The Bidder will make an offer to acquire 100% of the Target Shares.

(b) **Offer price**

15 Bidder Shares for every 1 Target Share. The Offer price may be reduced by the amount of any Rights which are paid, made or otherwise arise or accrue to a Target Shareholder.

(c) **Offer Period**

The Offer will remain open for an initial period of one month, and may be extended on one or more occasion by the Bidder in accordance with the Corporations Act.

(d) **Target Shares issued upon exercise of Options**

The Offer will extend to Target Shares that are issued prior to the end of the Offer Period upon the exercise of Options.

(e) **Conditions to Offer**

As set out in Schedule 3.

For personal use only



Schedule 2 – Agreed Announcement

ASX Announcement

For personal use only

Schedule 3 - Bid Conditions

The Offer for Target Shares and any contract that results from acceptance of the Offer for Target Shares are subject to the fulfillment of the following conditions. (Note: Terms used in this Schedule 3 have the meanings given at the end of this Schedule 3).

1. Minimum relevant interest

At or before the end of the Offer Period, the Bidder and its Related Bodies Corporate together have Relevant Interests in at least 50.1% of all the Target Shares.

2. No regulatory action

Between the Announcement Date and the end of the Offer Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (b) no action or investigation is commenced by any Public Authority ; and
- (c) no application is made to any Public Authority (other than by the Bidder or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) which restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of Target Shares under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of the Bidder in respect of the Target, or requires the divestiture by any entity within the Bidder Group of any Target Shares, or requires the divestiture of any assets of the Bidder Group or Target Group.

3. No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to the Bidder (whether or not it becomes public) where that event, change or condition has or has resulted in, or could reasonably be expected to have or result in:

- (a) without limiting the generality of sub-paragraph (b) below, liabilities, or an adverse effect on the financial or trading position, or profitability of the Target Group, taken as a whole, of an amount which (when aggregated with any other event, change or condition) would or could reasonably be expected to result in a diminution of the Target Group's Net Assets by more than 15%;
- (b) a material adverse effect on:
 - (1) the prospects of the Target Group, taken as a whole; or
 - (2) the status or terms of any material approvals, licences, tenements or permits issued by any Public Authority to any entity within the Target Group,

other than changes, events or conditions:

- (3) required or permitted by the Bid Implementation Deed;

- (4) fully and fairly disclosed by the Target in an ASX announcement or otherwise to the Bidder in writing prior to execution of the Bid Implementation Deed;
- (5) which do not relate specifically to the Target Group and which are beyond the control of Target and which arise from:
 - (A) changes in commodity prices, exchange rates or interest rates; or
 - (B) general economic or business conditions.

4. **No material acquisitions, disposals or new commitments**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither the Target nor any Subsidiary of the Target, other than with the prior written consent of the Bidder:

- (a) acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than the Specified Amount;
- (b) disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than the Specified Amount;
- (c) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement, joint venture or partnership that:
 - (1) requires payments, expenditure or the foregoing of revenue by the Target and/or any of its Subsidiaries of an amount in excess of A\$15,000.00 on any individual basis or which is, in aggregate, greater than the Specified Amount; or
 - (2) is material in the context of the Target Group and is not in the ordinary course of business;
- (d) enters into or agrees to enter into, terminates or agrees to terminate a contract, commitment or arrangement for the provision of services or a licence to a third party that is a new or existing customer that results in the Target and/or any of its Subsidiaries incurring costs greater than \$A15,000.00 on an individual basis or is, in aggregate, greater than the Specified Amount for the entire term of such contract, commitment or arrangement;
- (e) provides or agrees to provide financial accommodation or a guarantee, other than to entities within the Target Group for any amount, or receives financial accommodation other than from entities within the Target Group for any amount;
- (f) enters into, amends, or agrees to enter into or amend any material contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of the Target;
- (g) incurs, agrees to incur or bring forward the time for incurring, or granting to a third party a right the exercise of which would involve the Target or a Subsidiary incurring or agreeing to incur an amount of capital expenditure in excess of the Specified Amount, other than capital expenditure that has been announced by the Target to ASX prior to the Announcement Date;
- (h) gives or agrees to give any Encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;

For personal use only

- (i) does any of the following in respect of the Tenements:
- (1) enters into, agrees to enter into or announces any agreement to enter into any contract, commitment or arrangement (including without limitation any ore sale, ore processing, joint venture, partnership, farm-in, royalty, marketing, or off-take agreement) in relation to any of the Tenements;
 - (2) relinquishes, sells or disposes of any interest or creates any Encumbrance over any of the Tenements;
 - (3) takes any action or omits to take any action that results in or may reasonably be expected to result in a breach of the terms any of the Tenements or any environmental authority relating to any of the Tenements; or
 - (4) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender of any of the Tenements or any environmental authority relating to any of the Tenements; or
- (j) without limiting sub-paragraphs (a) to (i) above:
- (1) enters into, offers to enter into, agrees to enter into or announces any agreement for any transaction; or
 - (2) is otherwise affected by any transaction or proposal,

under which any third party would acquire any legal or economic interest in, or there would be any material diminution in, the rights granted under any tenement held by any entity within the Target Group,
- (k) announces an intention to do any of the matters referred to in sub-paragraphs (a) to (i) above,

other than:
- (l) where required or permitted by the Bid Implementation Deed; or
 - (m) as fully and fairly disclosed by the Target in an ASX announcement or to the Bidder in writing prior to execution of the Bid Implementation Deed.

5. No change of control rights

Between the Announcement Date and the end of the Offer Period (each inclusive), no person has or will have any right as a result of the Bidder making the Offer or announcing its intention to make the Offer, or acquiring Target Shares under the Offer, to:

- (a) acquire, or require the disposal of, or require any entity within the Target Group to offer to dispose of, any material asset of any entity within the Target Group;
- (b) terminate, or vary the terms or performance of, any material agreement with any entity within the Target Group;
- (c) terminate, or vary the terms of any material approvals, licenses or permits issued by any Public Authority to any entity within the Target Group; or
- (d) require repayment of any moneys borrowed by or any other indebtedness of any entity within the Target Group earlier than its stated maturity date, or withdraw or inhibit the ability of any entity within the Target Group to borrow moneys or incur indebtedness,

other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and disclosed to the ASX or as fully and fairly disclosed by the Target in an ASX announcement or otherwise to the Bidder prior to execution of the Bid Implementation Deed.

6. No material breach of this deed by the Target

Between the Announcement Date and the end of the Offer Period, the Target is not in breach of any provision of this deed in circumstances where:

- (a) that breach is material;
- (b) the Bidder has given written notice to the Target setting out that breach; and
- (c) either:
 - (1) the breach is incapable of remedy; or
 - (2) if the breach is capable of remedy but the breach is not remedied by the Target within 5 Business Days of it receiving notice from the Bidder.

7. No prescribed occurrences

During the period from the date on which the Bidder's Statement is given to the Target and the end of the Offer Period (each inclusive), none of the following events occur:

- (a) the Target converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) the Target or a Subsidiary of the Target resolves to reduce its share capital in any way;
- (c) the Target or a Subsidiary of the Target enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) the Target or a Subsidiary of the Target issues shares (other than as a result of the exercise of Options) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (e) the Target or a Subsidiary of the Target issues, or agrees to issue, convertible notes;
- (f) the Target or a Subsidiary of the Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Target or a Subsidiary of the Target charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) the Target or a Subsidiary of the Target resolves to be wound up;
- (i) a liquidator or provisional liquidator of the Target or of a Subsidiary of the Target is appointed;
- (j) a court makes an order for the winding up of the Target or of a Subsidiary of the Target;
- (k) an administrator of the Target or of a Subsidiary of the Target is appointed under section 436A, 436B or 436C of the Corporations Act;

For personal use only

Bid Implementation Deed



- (l) the Target or a Subsidiary of the Target executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the Target or a Subsidiary of the Target.

8. No prescribed occurrences between the Announcement Date and date of the Bidder's Statement

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (m) of paragraph 7 happen.

Definitions

Announcement Date means the date of announcement of the Bidder's intention to make the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited or the Australian Securities Exchange as appropriate.

Bid Implementation Deed means the deed of that name between the Bidder and the Target dated the Announcement Date.

Bidder means Lakes Oil NL ACN 004 247 214.

Bidder Group means the Bidder and its Subsidiaries.

Bidder's Statement means the bidder's statement to be prepared in relation to the Offer and includes any supplementary or replacement bidder's statement.

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

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Execution Date means the date of execution of the Bid Implementation Deed by the parties.

Net Assets means an amount equal to the net assets (being total assets less total liabilities) of the Target Group (on a consolidated basis), determined in accordance with Australian Accounting Standards as applied in the most recent financial statements of the Target prior to the Execution Date.

Offer means an off-market offer to be made by the Bidder under Chapter 6 of the Corporations Act to acquire all of the Target Shares on the terms envisaged in the Bid Implementation Deed.

Offer Period means the period during which the Offer remains open for acceptance by Target Shareholders.

Option means an option, issued by the Target prior to the Announcement Date, to subscribe for one Target Share.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

For personal use only

Bid Implementation Deed



Relevant Interest has the meaning given to that term in the Corporations Act.

Specified Amount means A\$100,000.00.

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

Target means Rawson Oil and Gas Limited ACN 082 752 985.

Target Group means the Target and its Subsidiaries.

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

Target Shareholder means a person who is the registered holder of one or more Target Shares.

Tenements means PEL 154, PEL155, PPL 549, PPL 560, APPL 550, APPL 594, APPL 622 and APPL 633.

For personal use only



Schedule 4 – Target Unlisted Options

Number of Options	Exercise Price	Expiry
7,500,000	\$0.045	1 December 2018
400,000	\$0.045	5 November 2018
5,000,000	\$0.10	1 December 2019
400,000	\$0.045	5 November 2018

For personal use only

Schedule 5 - Option Offer

Offer for Target Unlisted Options

The Bidder will make offers to acquire (or cause the cancellation of) all of the Target Unlisted Options for the prices per set out in the table below (and subject to any necessary conditions). However, each Optionholder can choose to accept such offer for all of their Options.

Number	Exercise Price	Expiry	Consideration
7,500,000	\$0.045	1 December 2018	7,500,000 Lakes Oil options exercisable at \$0.005 per share with 8 January 2021 expiry
400,000	\$0.045	5 November 2018	304,000 Lakes Oil options exercisable at \$0.005 per share with 8 January 2021 expiry
5,000,000	\$0.10	1 December 2019	2,200,000 Lakes Oil options exercisable at \$0.005 per share with 8 January 2021 expiry
400,000	\$0.045	5 November 2018	304,000 Lakes Oil options exercisable at \$0.005 per share with 8 January 2021 expiry

For personal use only

ANNEXURE A

Facility Deed

For personal use only



HopgoodGanim

LAWYERS

Facility Deed

Lakes Oil NL ACN 004 247 214 (**Financier**)

Rawson Oil and Gas Limited ACN 082 752 985 (**Borrower**)

Contact - Daniel Pinti, Partner, d.pinti@hopgoodganim.com.au

BRISBANE

Level 8, Waterfront Place, 1 Eagle Street
Brisbane Qld 4000 Australia

T +61 7 3024 0000
F +61 7 3024 0300

PO Box 7822, Waterfront Place Qld 4001 Australia

E contactus@hopgoodganim.com.au

PERTH

Level 27, Allendale Square, 77 St Georges Terrace
Perth WA 6000 Australia

T +61 8 9211 8111
F +61 8 9221 9100

PO Box Z 5312, St Georges Terrace, Perth WA 6831 Australia

www.hopgoodganim.com.au

For personal use only

Table of Contents



- 1. Reference Schedule, definitions and interpretation1
 - 1.1 Reference Schedule1
 - 1.2 Definitions2
 - 1.3 Interpretation10
 - 1.4 Business Days10
 - 1.5 Parties11
 - 1.6 Bid Implementation Deed11
- 2. Conditions precedent11
 - 2.1 Initial conditions precedent11
 - 2.2 Conditions precedent to all Drawings11
 - 2.3 Benefit of conditions12
- 3. Purpose12
- 4. Drawings12
 - 4.1 Drawdown Notice12
 - 4.2 Provision12
- 5. Payment, repayment and prepayment12
 - 5.1 Repayment - Repayment Date12
 - 5.2 Early Termination Notice13
 - 5.3 Voluntary prepayment13
 - 5.4 Redraw13
 - 5.5 Place, time and manner of payment13
 - 5.6 Late payment13
 - 5.7 Gross up13
- 6. Interest13
 - 6.1 Interest13
 - 6.2 Calculation of interest14
 - 6.3 Capitalisation14
 - 6.4 Interest on Overdue Amounts14
- 7. Representations and warranties14
 - 7.1 General14
 - 7.2 Survival of representations and warranties16
 - 7.3 Notification of changes17
- 8. Undertakings17
 - 8.1 General - positive17
 - 8.2 General - negative18
 - 8.3 Further assurances19
- 9. Events of Default19
 - 9.1 Events of Default19
 - 9.2 Consequences of default21
- 10. Indemnity22
 - 10.1 General indemnity22
 - 10.2 GST22
 - 10.3 Survival of Indemnities23
- 11. Assignment23
- 12. Notices23
 - 12.1 Form23
 - 12.2 Manner23
 - 12.3 Time24
 - 12.4 Initial details24
 - 12.5 Changes24
- 13. Governing law and jurisdiction24
 - 13.1 Governing law24
 - 13.2 Jurisdiction24
- 14. Miscellaneous25

For personal use only

Table of Contents



14.1 Exercise rights25

14.2 Legal effect25

14.3 Merger25

14.4 Moratorium legislation25

14.5 Remedies cumulative.....25

14.6 Severability25

14.7 Costs25

14.8 Taxes25

14.9 Time26

14.10 Variation26

14.11 Waiver26

14.12 Counterparts26

14.13 Whole agreement.....26

Schedule 1 - Agreed Working Capital Requirements.....27

Schedule 2 - Drawdown Notice28

Signing page.....29

For personal use only



Date 31 July 2018

Parties

Lakes Oil NL ACN 004 247 214 (**Financier**)

Rawson Oil and Gas Limited ACN 082 752 985 (**Borrower**)

It is agreed

1. Reference Schedule, definitions and interpretation

1.1 Reference Schedule

Where a term used in this deed appears in bold type in the Reference Schedule, that term has the meaning shown opposite it in the Reference Schedule.

Financier's Address Details	Address:	Level 14, 500 Collins Street, Melbourne, Victoria 3000
	Electronic Mail:	roland.sleeman@lakesoil.com.au
	Attention:	Mr Roland Sleeman
Borrower's Address Details	Address:	Level 32, 19-29 Martin Place, Sydney, New South Wales 2000
	Electronic Mail:	Richard.ash@aapcapital.com
	Attention:	Mr Richard Ash
Interest Rate	10% per annum	
Overdue Rate	13% per annum	
Interest Payment Date	The last day of each Quarter.	
Facility Limit	\$750,000	
Repayment Date	The earlier of: <ul style="list-style-type: none"> • 15 January 2020; and • the Early Termination Date. 	
Security	The "General Security Deed" between the Financier (as Secured Party) and the Borrower (as Grantor) dated on or about the date of this deed.	
Bid Implementation Deed	The "Bid Implementation Deed" between the Financier (as Bidder) and the Borrower (as Target) dated on or about the date of this deed.	

For personal use only



1.2 Definitions

In this deed:

Agreed Working Capital Requirements means the agreed working capital requirements of the Borrower as set out in Schedule 1.

Amount Owing means at any time all money then due and payable or which will or may become due for payment under this deed or any other Transaction Document to the Financier.

Approved Purpose means, in relation to the proceeds of a Drawing, any purpose that is consistent with both:

- (a) the Agreed Working Capital Requirements; and
- (b) the Drawdown Purpose specified in the Drawdown Notice relating to that Drawing.

ASX means ASX Limited ACN 008 624 691.

ASX Approval means all Authorisations required under the ASX Listing Rules (including Listing Rule 10.1) to permit the Borrower to provide the Security.

Authorisation means:

- (a) an approval, authorisation, consent, declaration, exemption, filing, licence, lodgement, notarisation, permit or waiver, however it is described including any condition attaching to it and any renewal or amendment of it; and
- (b) in relation to anything that could be prohibited or restricted by law if a Government Body acts in any way within a specified period, the expiry of that period without that action being taken.

Authorised Officer of a party which is a corporation means:

- (a) an employee of the party whose title contains either of the words Director or Manager;
- (b) a person performing the function of any of them;
- (c) a solicitor acting on behalf of the party; or
- (d) a person appointed by the party to act as an Authorised Officer for the purposes of this deed.

Business Day means:

- (a) if determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Brisbane.

Change of Control means, for a corporation, a change in:

- (a) control of the composition of the board of directors of the corporation;
- (b) control of more than half the voting rights attaching to shares in the corporation; or

For personal use only



- (c) control of more than half the issued shares of the corporation (not counting any share which carries no right to participate beyond a specified amount in the distribution of either profit or capital).

Control of a corporation means the power (whether it is legally enforceable or not) to control, whether directly or indirectly, the composition of the board of directors of that corporation, the voting rights of the majority of the voting shares of the corporation or the management of the affairs of the corporation.

Controller has the meaning given in section 9 of the Corporations Act.

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

Dispose in respect of any property means assign, transfer, sell, novate, lease, licence (or allow a surrender or variation of a lease or licence), grant an Encumbrance over, declare a trust in respect of, give control of or otherwise dispose of the property.

Distribution means:

- (a) a dividend, distribution or other amount of money or assets (whether payable as fees, share of profit or interest or by way of redemption, repayment or return of capital) in respect of any Marketable Securities issued by a Transaction Party; and
- (b) any other amount paid or payable by a Transaction Party to a holder of Marketable Securities in the Transaction Party.

Drawdown Amount means the amount of a Drawing requested in a Drawdown Notice.

Drawdown Date means the date specified in a Drawdown Notice on which a Drawing is requested.

Drawdown Notice means a notice substantially in the form of Schedule 2 and otherwise in form and substance satisfactory to the Financier requesting the provision of a Drawing and specifying the proposed Drawdown Date, Drawdown Amount and Drawdown Purpose.

Drawdown Purpose means the purpose or purposes for which the proceeds of a Drawing are to be used as specified in a Drawdown Notice.

Drawing means any utilisation of the Facility and **Drawn** will have a corresponding meaning.

Drawn Commitment means the aggregate amount of:

- (a) all Drawings that have been Drawn; and
- (b) all interest, fees, costs, expenses and other amounts that have at any time been capitalised in accordance with this deed.

Early Termination Date means the first to occur of:

- (a) the date three calendar months after the date on which a Superior Proposal is publicly announced by a Third Party;
- (b) the date three calendar months after the date on which a Target Director:
 - (1) recommends against, qualifies their support of or withdraws their recommendation or approval of the Offer to holders of Target Shares; or

For personal use only



- (2) fails to recommend the Offer to holders of Target Shares in accordance with the Bid Implementation Deed;
- (c) the date three calendar months after the date on which any Target Director recommends a Competing Proposal announced or made during the Exclusivity Period;
- (d) the date 18 calendar months after the date of the close of the Offer if, as at the date of the close of the Offer, any Bid Conditions to the Offer have not been satisfied or validly waived;
- (e) the date 18 calendar months after the date on which the Bid Implementation Deed is terminated at the election of the Financier (other than any termination due to the Borrower's default);
- (f) the date three calendar months after the date on which the Bid Implementation Deed is terminated (other than any termination to which paragraph (e) above applies); and
- (g) the date 90 days after the Financier gives to the Borrower an Early Termination Notice in accordance with clause 5.2.

Early Termination Notice has the meaning given in clause 5.2.

Encumbrance means, in relation to any property:

- (a) a Security Interest over the property; and
- (b) any of the following to the extent that they do not otherwise constitute a Security Interest:
 - (1) a profit à prendre, easement or restrictive covenant affecting the property;
 - (2) a caveat, writ of execution or monetary claim affecting the property;
 - (3) a lease or licence in respect of the property;
 - (4) an estate, interest, claim or arrangement affecting the property;
 - (5) a contract of sale or option to purchase or acquire the property; and
- (c) an agreement to grant, create, allow or register any of the interests and rights described in paragraphs (a) and (b),

whether the Encumbrance is registered or unregistered, statutory, legal or equitable.

Enforce means to exercise a right to enforce arising at law, in equity or from a Transaction Document, including a power of sale, appointment of Controller, entry into possession, collection of rents and profits, leasing and hiring.

Enforceable means, in relation to any right, that it is able to be Enforced.

Enforcement means, in relation to any right, all action taken to Enforce it.

Event of Default means any of the events or circumstances described in clause 9.1, whether or not caused by anything outside the control of any Transaction Party.

Excluded Tax means a Tax imposed by a jurisdiction:

For personal use only



- (a) on, or calculated by reference to, the net income of the Financier in the jurisdiction; or
- (b) as a result of the Financier being a resident of, organised or operating in, the jurisdiction;

but an Excluded Tax does not include a Tax:

- (1) which may otherwise fall within paragraph (a) above and which is calculated solely on or by reference to a payment (without allowance for any deduction) the Financier derives under any Transaction Document or a transaction contemplated by it; or
- (2) which may otherwise fall within paragraph (b) above solely as a result of the Financier being a party to any Transaction Document or a transaction contemplated by it.

External Administrator means an administrator, Controller, trustee, provisional liquidator, liquidator or any other person holding or appointed to an analogous office or acting or purporting to act in an analogous capacity.

Facility means the advance facility provided or to be provided by the Financier to the Borrower on the terms of this deed.

Government Body means:

- (a) any person, body, politic or other thing exercising an executive, legislative, judicial or other governmental function of any country or political subdivision of any country;
- (b) any public authority constituted by or under a law of any country or political subdivision of any country; and
- (c) any person deriving a power directly or indirectly from any other Government Body.

GST Law has the meaning given in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Guarantee means:

- (a) any guarantee, indemnity, undertaking, letter of credit, Security Interest (except for drawings, acceptances and endorsement of bills of exchange in the ordinary course of business) or other Obligation given by any person in favour of any other person to secure or enable the payment by any third party of any money or the performance or observance of any other Obligation owed by the third party;
- (b) any Obligation to provide funds to a third party by the advance of money, the purchase of or subscription for marketable securities, the purchase of property or services or otherwise;
- (c) any Obligation to ensure the solvency or financial condition of any third party; and
- (d) any put option under which its grantor is obliged on the exercise of the option to buy:
 - (1) from a creditor any debt or liability owed by a third party; or
 - (2) any property which is the subject of a Security Interest.

For personal use only



Indebtedness of a person means any indebtedness or liability (whether actual or contingent) relating to any financial accommodation granted to it or to any Guarantee given by it, including:

- (a) money borrowed or raised by that person;
- (b) the sale or negotiation of any negotiable instrument;
- (c) its Obligations as lessee under any finance lease;
- (d) the deferred purchase price of any property or services other than indebtedness for the purchase price of inventory incurred by that person in the ordinary course of its ordinary trading business;
- (e) any redeemable preference share issued by that person;
- (f) any Treasury Transaction to which that person is a party; and
- (g) any put or call option granted by that person over any property.

Indemnified Parties means the Financier and its Representatives.

Insolvency Event means:

- (a) in relation to any corporation:
 - (1) its Liquidation;
 - (2) an External Administrator is appointed in respect of the corporation or any of its property;
 - (3) the corporation ceases or threatens to cease to carry on its business;
 - (4) the corporation being deemed to be, or stating that it is, unable to pay its debts when they fall due;
 - (5) any other ground for Liquidation or the appointment of an External Administrator occurs in relation to the corporation;
 - (6) the corporation resolves to enter into Liquidation; and
 - (7) an application being made which is not dismissed or withdrawn within ten Business Days for an order, resolution being passed or proposed, a meeting being convened or any other action being taken to cause or consider anything described in paragraphs (1) to (6) (inclusive) above;
- (b) in relation to an individual, that person becoming an insolvent under administration as defined in section 9 of the Corporations Act; and
- (c) in relation to any person, anything analogous to or having a similar effect to anything described above in this definition under the law of any relevant jurisdiction.

Liquidation means:

- (a) a winding up or liquidation (whether voluntary or involuntary), provisional liquidation, dissolution, bankruptcy or other analogous proceeding; or

For personal use only



- (b) an arrangement, assignment, composition or moratorium with or for the benefit of creditors or any class or group of creditors (including, without limitation, an administration or arrangement under part 5.3A of the Corporations Act).

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

Marketable Security means, as the context permits or requires, all or any of:

- (a) a “marketable security” as defined in the Corporations Act;
- (b) a unit or other interest in a trust or partnership; and
- (c) a right, option or entitlement in or to or in respect of any of the above, whether issued or unissued.

Material Adverse Effect means a material adverse effect on:

- (a) the ability of any Transaction Party to perform or observe its Obligations under any Transaction Document;
- (b) the rights of the Financier or the effectiveness, priority or enforceability of any Transaction Document;
- (c) the value of any Secured Property; or
- (d) the financial position, management or business operations of any Transaction Party or all Transaction Parties taken as a whole.

Obligation means any obligation, commitment, liability, covenant, undertaking or duty whether arising by operation of law, in equity or by statute and whether expressed or implied.

Overdue Amount means any amount that is not paid to the Financier when due under this deed or any other Transaction Document.

Permitted Encumbrance means:

- (a) an Encumbrance of which the Financier has been given full details in writing not more than two Business Days before the date of this deed and to which the Financier has given its written consent (but excluding any Encumbrance to which the Financier gave its consent on one or more conditions if those conditions are not fully complied with);
- (b) an Encumbrance created after the date of this deed to which the Financier has given its prior written consent and in respect of which:
 - (1) the money secured does not increase above the amount to which the Financier has consented; and
 - (2) any conditions to the consent have been fully complied with;
- (c) an Encumbrance constituted or expressly permitted by the Transaction Documents;
- (d) a deemed Security Interest under section 12(3) of the PPS Act which does not secure any payment or the performance of any Obligation;
- (e) a purchase money security interest (within the meaning of the PPS Act) in property in favour of a seller to the extent it secures the Obligation to pay all or part of the purchase price of the property and in respect of which:

For personal use only



- (1) the purchaser purchased the property in the ordinary course of its ordinary business; and
- (2) the purchase price is paid in full within 30 days of the supply of the property;
- (f) an Encumbrance which arises only by operation of law in the ordinary course of ordinary business and in respect of which the money secured is not overdue for payment or is being contested in good faith; or
- (g) a turnover trust under a subordination arrangement to which the Financier has given its prior written consent.

Permitted Indebtedness means any Indebtedness:

- (a) that is secured by Permitted Encumbrances only;
- (b) under a Transaction Document;
- (c) incurred with the prior written consent of the Financier; or
- (d) incurred to refinance any Permitted Indebtedness for an equivalent principal amount and on equivalent terms, including as to the time for repayment.

Power means any right, power, authority, discretion or remedy conferred on the Financier by this deed, the Transaction Documents or any applicable law.

Principal Outstanding means the outstanding amount of the Drawn Commitment.

PPS Act means the *Personal Property Securities Act 2009* (Cth).

PPS Legislation means, as the context permits or requires, all or any of:

- (a) the PPS Act;
- (b) the PPS Regulations; and
- (c) any other legislation, or any amendment to any existing legislation made at any time, resulting from or enacted as a consequence of, the PPS Act or the PPS Regulations.

PPS Regulations means, as the context permits or requires, all or any of:

- (a) the *Personal Property Securities Regulations 2010* (Cth); and
- (b) any other regulations made from time to time under, or for the purposes of, the PPS Act.

Quarter means a period of three successive calendar months ending on 31 December, 31 March, 30 June and 30 September of each year.

Reference Schedule means the schedule in clause 1.1.

Related Entity has the meaning given in the Corporations Act.

Representative means, in relation to a person, that person's officers, employees, contractors and agents.

For personal use only



Secured Property means all property of the Transaction Parties that is, or is intended to be, the subject of a Security Interest under the Transaction Documents.

Security Interest means:

- (a) an interest in or right:
 - (1) reserved over property (including any retention of title to property or any right to set off or withhold payment of any deposit or other money);
 - (2) created or otherwise arising over property under a mortgage, charge, bill of sale (as defined in any relevant statute), lien, pledge, trust or right; or
 - (3) by way of security for the payment of a debt or other monetary Obligation or the performance of or compliance with any other Obligation;
- (b) any instrument or transaction which reserves, constitutes or evidences the interests and rights referred to in paragraph (a); and
- (c) any other interest which is not included in paragraphs (a) or (b) and which constitutes or is defined as a security interest under the PPS Legislation.

Subsidiary of an entity means:

- (a) a corporation which is a subsidiary as defined in section 9 of the Corporations Act;
- (b) an entity which is controlled by that other entity for the purposes of section 50AA of the Corporations Act; and
- (c) in the case of a trust, an entity which would be a Subsidiary of the trust if the trust were a corporation (and for this purpose, a unit or other beneficial interest in the trust is to be treated as a share).

Tax means any present or future tax, levy, deduction, impost, withholding, charge or duty which is levied or imposed by any Government Body together with any interest, penalty or fine on those amounts.

Transaction Documents means:

- (a) this deed;
- (b) the Security;
- (c) any other agreement, arrangement or document between the Financier and any Transaction Party, or any Guarantee or Security Interest given to the Financier by any Transaction Party, in respect of the Obligations of the Borrower to the Financier under this deed or any other Transaction Document;
- (d) any other document the Borrower and the Financier agree is a Transaction Document for the purposes of this deed or any other Transaction Document; and
- (e) any agreement or arrangement varying, amending or delivered under any of them.

Transaction Party means the Borrower and any other person who gives a Guarantee or Security Interest in respect of the Obligations of the Borrower to the Financier under this deed or any other Transaction Document.

For personal use only

Treasury Transaction means a foreign exchange agreement, interest rate swap, cap or collar agreement, interest rate futures or option contract, currency swap agreement, currency and interest futures or option contract or other form of protection from movement in interest rates, exchange rates or commodity prices which, in any case, is incidental to the business ordinarily carried on by the person to whom the accommodation is provided.

1.3 Interpretation

- (a) Unless the contrary intention appears, a reference in this deed to:
- (1) this deed or another document includes any variation or replacement of it notwithstanding any change in the identity of the parties;
 - (2) one gender includes the others;
 - (3) the singular includes the plural and the plural includes the singular;
 - (4) a person, partnership, corporation, trust, association, joint venture, unincorporated body, Government Body or other entity includes any other of them;
 - (5) an item, recital, clause, subclause, paragraph, schedule or attachment is to an item, recital, clause, subclause, paragraph of, or schedule or attachment to, this deed and a reference to this deed includes any schedule or attachment;
 - (6) a party includes the party's executors, administrators, successors, substitutes (including a person who becomes a party by novation) and permitted assigns;
 - (7) any statute, ordinance, code or other law includes regulations and other instruments under any of them and consolidations, amendments, re-enactments or replacements of any of them;
 - (8) money is to Australian dollars, unless otherwise stated; and
 - (9) a time is a reference to Brisbane time unless otherwise specified.
- (b) The words include, including, such as, for example and similar expressions are not to be construed as words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents or index are for convenience only and do not affect the interpretation of this deed.
- (e) A provision of this deed must not be construed to the disadvantage of a party merely because that party or its advisers were responsible for the preparation of this deed or the inclusion of the provision in this deed.
- (f) An Event of Default will be taken to "continue" or "subsist" until it has been waived in writing by the Financier.

1.4 Business Days

- (a) If anything under this deed must be done on a day that is not a Business Day, it must be done instead on the next Business Day.

For personal use only

- (b) If an act is required to be done on a particular day, it must be done before 5.00pm on that day or it will be considered to have been done on the following day.

1.5 Parties

- (a) If a party consists of more than one person, this deed binds each of them separately and any two or more of them jointly.
- (b) An agreement, Obligation, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them separately.
- (c) An agreement, Obligation, representation or warranty on the part of two or more persons binds them jointly and each of them separately.

1.6 Bid Implementation Deed

Capitalised terms used in this deed but not otherwise defined have the meanings given to those terms in the Bid Implementation Deed.

2. Conditions precedent

2.1 Initial conditions precedent

The Financier is not obliged to make available any Drawing or do anything else under this deed unless and until:

- (a) it holds the Security in form and substance satisfactory to the Financier as security for the payment of the Amount Owing and the performance of the Obligations of the Borrower under and in connection with the Transaction Documents;
- (b) the Bid Implementation Deed has been validly executed and unconditionally delivered by all parties to it;
- (c) the Financier has received evidence satisfactory to it that the Borrower has applied for and been granted ASX Approval on terms satisfactory in all respects to the Financier in its discretion; and
- (d) unless otherwise agreed by the Financier, before the end of the Offer Period, either:
 - (1) the Financier obtains a Relevant Interest in at least 50.1% of all of the Target Shares; or
 - (2) the Offer is declared, or has become, unconditional.

2.2 Conditions precedent to all Drawings

The Financier is not required to make available any Drawing unless:

- (a) the Financier has received, in form and substance satisfactory to it:
 - (1) a valid Drawdown Notice in accordance with clause 4.1 in respect of the Drawing, duly executed by the Borrower;
 - (2) such information and documents as the Financier may require in relation to the cash flow requirements of the Borrower; and

For personal use only

- (3) all other information or documents the Financier may request;
- (b) the Financier is satisfied, in its discretion, that:
- (1) the Bid Implementation Deed is in full force and effect and has not been terminated;
 - (2) the Borrower is not in default of any of its Obligations under the Bid Implementation Deed;
 - (3) no Event of Default is subsisting as at the date of the relevant Drawdown Notice or the Drawdown Date, or will or may result from the provision of the Drawing;
 - (4) the Drawn Commitment after the provision of the Drawing will not exceed the Facility Limit;
 - (5) the Drawdown Purpose specified in the relevant Drawdown Notice is consistent with the Agreed Working Capital Requirements and is otherwise satisfactory to the Financier; and
 - (6) all proceeds of the Drawing will be applied only to Approved Purposes.

2.3 Benefit of conditions

Each of the conditions referred to in this clause 2 is for the sole benefit of the Financier and a condition may be waived only by the Financier.

3. Purpose

Proceeds of any Drawing may only be used for Approved Purposes.

4. Drawings

4.1 Drawdown Notice

If the Borrower wishes to request a Drawing it must give a Drawdown Notice to the Financier not later than five Business Days prior to the Drawdown Date.

4.2 Provision

Subject to clause 2, following a request under clause 4.1, the Financier will make the requested Drawing available to the Borrower not later than 5.00pm on the Drawdown Date in accordance with this deed.

5. Payment, repayment and prepayment

5.1 Repayment - Repayment Date

The Borrower must pay the Amount Owing to the Financier on or before the Repayment Date.

For personal use only



5.2 Early Termination Notice

The Financier may give to the Borrower written notice demanding repayment of the Amount Owing within 90 days the date of the notice (**Early Termination Notice**) at any time after the occurrence of any of the following events or circumstances:

- (a) a person other than the Financier obtains control of the Borrower, or obtains a relevant interest in more than 50% of the Target Shares under a takeover offer that is or becomes unconditional; or
- (b) the Borrower raises any new debt or equity capital after the date of this deed in an amount exceeding \$500,000 in aggregate.

5.3 Voluntary prepayment

The Borrower may prepay all or any part of the Amount Owing at any time.

5.4 Redraw

Amounts repaid or prepaid may not be redrawn.

5.5 Place, time and manner of payment

The Borrower must make payments to the Financier under the Transaction Documents:

- (a) at a place and in a manner reasonably required by the Financier; and
- (b) in immediately available funds and without set-off, counter claims, conditions or, unless required by law, deductions or withholdings.

5.6 Late payment

If a payment is received from the Borrower by the Financier on the due date but after the time specified for payment that payment will be deemed to have been received before the specified time on the following Business Day.

5.7 Gross up

If the Borrower is required by law to deduct or withhold Taxes from any payment it must:

- (a) make the required deductions and withholdings;
- (b) pay in accordance with the relevant law the full amount deducted or withheld;
- (c) deliver to the Financier the receipt for each payment; and
- (d) increase the amount of the payment to the Financier to an amount which will result in the receipt by the Financier of the full amount which would have been payable to the Financier if no deduction or withholding had been required.

6. Interest

6.1 Interest

- (a) Interest will be calculated and accrue on the Principal Outstanding at the Interest Rate.

For personal use only

- (b) Subject to clause 6.3, the Borrower must pay to the Financier all interest accrued under clause 6.1(a) in arrears on each Interest Payment Date.

6.2 Calculation of interest

Interest will:

- (a) accrue daily;
- (b) be calculated on the actual number of days elapsed on the basis for a year of 365 days; and
- (c) if payable for a specific period, be calculated from and including the first day of that period until but excluding the last day of that period.

6.3 Capitalisation

- (a) The Financier may, by written notice to the Borrower not less than five days prior to any Interest Payment Date, declare that interest otherwise payable by the Borrower to the Financier on that Interest Payment Date under clause 6.1(b) will instead be capitalised.
- (b) If the Financier has given written notice to the Borrower in accordance with clause 6.3(a) in respect of an Interest Payment Date, the Borrower will not be obliged to pay interest otherwise due on that Interest Payment Date under clause 6.1(b) and the interest otherwise payable will instead be capitalised.
- (c) All amounts capitalised under this clause 6.3 will form part of the Drawn Commitment.

6.4 Interest on Overdue Amounts

- (a) Without limiting any of the Financier's rights under this deed or any other Transaction Document the Borrower must pay interest at the Overdue Rate on each Overdue Amount.
- (b) Interest on an Overdue Amount accrues daily from and including the day when the amount first becomes due until the date of actual payment and may be capitalised by the Financier at the end of each 30 day period after the due date, and all interest so capitalised will form part of the Drawn Commitment.
- (c) The Borrower must pay the Financier the interest payable under this clause 6.4 on demand or, if the Financier does not make any demand, on each Interest Payment Date and on the Repayment Date. Payment by the Borrower to the Financier of any Overdue Amount does not constitute a waiver of the Financier's rights or a release of the Borrower from its Obligations under this deed and nothing in this clause authorises, or is to be taken to authorise, the Borrower to allow an Overdue Amount to occur.

7. Representations and warranties

7.1 General

The Borrower represents and warrants to the Financier that:

- (a) if a corporation, it is duly incorporated and validly existing under the laws of the place of its incorporation;

For personal use only



- (b) it has the capacity:
- (1) to unconditionally execute and deliver and perform and observe its Obligations under the Transaction Documents to which it is a party;
 - (2) to own its property and assets and carry on its business as presently conducted or contemplated; and
 - (3) to sue or be sued in its own name;
- (c) it has taken all necessary action to authorise the unconditional execution and delivery and performance and observance of its Obligations under the Transaction Documents to which it is a party;
- (d) each of the Transaction Documents to which it is a party is:
- (1) valid and binding on it;
 - (2) enforceable against it; and
 - (3) not void or voidable;
- (e) the unconditional execution performance and observance by it of its Obligations under the Transaction Documents to which it is a party does not contravene:
- (1) the trust deed (in the case of any trust of which it is a trustee);
 - (2) any law, regulation or order of a Government Body;
 - (3) its constitution;
 - (4) any instrument or agreement to which it is a party; or
 - (5) any Obligation it has to another person;
- (f) each Authorisation from a Government Body necessary to enable:
- (1) it to unconditionally execute and deliver and perform and observe the Transaction Documents and carry on its principal business or activity; or
 - (2) the Financier to exercise its rights under the Transaction Documents,
- has been obtained, effected and complied with and no revocation of, or proceeding respecting, any Authorisation has been threatened or is pending;
- (g) no Event of Default subsists which has not been notified to the Financier and acknowledged by the Financier in writing;
- (h) to the best of its knowledge and belief, having made all reasonable and prudent enquiries, no action or proceeding is current, pending or contemplated in relation to it before a court, Government Body or arbitrator, which has or is likely to have a Material Adverse Effect;
- (i) there are no Encumbrances over the property of the Borrower other than Permitted Encumbrances;

For personal use only



- (j) if a corporation, it has fully disclosed in writing to the Financier all facts relating to it, its Subsidiaries, the Transaction Documents and anything in connection with them which are material to the assessment of the nature and amount of the risk undertaken by the Financier in entering into the Transaction Documents and doing anything in connection with them;
- (k) all information provided to the Financier is true and correct and is not, by the omission of information or otherwise, misleading;
- (l) it has:
 - (1) read and understood the Transaction Documents to which it is a party; and
 - (2) obtained and will continue to obtain and rely on all independent advice and information as it deems appropriate when making its analysis of the terms of the Transaction Documents and decision to execute the Transaction Documents;
- (m) each Security Interest which the Transaction Documents purport to reserve, constitute or evidence exists and has the priority which it purports to have under the relevant Transaction Document;
- (n) it and its property are free of any right of immunity from set-off, proceedings or execution in respect of its Obligations under the Transaction Documents to which it is a party;
- (o) except as expressly disclosed in this deed, it is not a trustee of any trust;
- (p) it has complied with all laws binding on it where breach is likely to have (assuming no remedial action or remedial event occurs) a Material Adverse Effect;
- (q) it benefits by entering into the Transaction Documents to which it is expressed to be a party;
- (r) there are no reasonable grounds to suspect that it is unable to pay its debts as and when they become due and payable;
- (s) no person has contravened or will contravene section 208 or section 209 of the Corporations Act by entering into any Transaction Document or participating in any transaction in connection with a Transaction Document;
- (t) it is not in breach of a law or Obligation affecting it or its assets in a way which has had, or is likely to have, a Material Adverse Effect; and
- (u) the Borrower has no Indebtedness other than Permitted Indebtedness.

7.2 Survival of representations and warranties

Each representation and warranty will survive the execution of this deed and be deemed to be repeated on each day that money is:

- (a) advanced by the Financier to the Borrower; or
- (b) actually or contingently owing by the Borrower to the Financier.

For personal use only



7.3 Notification of changes

The Borrower agrees to notify the Financier at the end of each month after the date of this deed of anything that happens which would mean that it could not truthfully repeat all of its representations and warranties in this clause 7.3 on that date by reference to the then current circumstances. A notification under this clause 7.3 does not limit the Financier's rights under clause 9.2.

8. Undertakings

8.1 General - positive

The Borrower must:

- (a) ensure that it complies with the Corporations Act;
- (b) if a corporation, do or cause to be done all things to maintain its corporate existence;
- (c) pay or cause to be paid all Taxes and expenses when due or set aside sufficient reserves where it is contesting in good faith the payment of Taxes and expenses;
- (d) promptly give written notice to the Financier as soon as it becomes aware of:
 - (1) any Event of Default;
 - (2) any litigation affecting the Borrower except where the only remedy sought in the originating process is damages the amount of which is less than \$50,000.00 or its equivalent;
 - (3) any change of its Authorised Officers;
 - (4) the incorporation, acquisition, disposal, winding-up, dissolution, reconstruction amalgamation or any change in the shareholding of any Subsidiary or Holding Company;
 - (5) the impending entering into, dissolution of, retirement from or any change in the structure or composition of any joint venture or partnership in which the Borrower has an interest;
 - (6) any thing which is likely to result or has resulted in a Material Adverse Effect;
- (e) promptly execute all documents and do all things that the Financier reasonably requires to:
 - (1) ensure that the Transaction Documents are enforceable by the Financier in accordance with their terms and are not void or voidable;
 - (2) establish the priority of or reserve, constitute or evidence any Security Interest contemplated by or purported to be reserved, constituted or evidenced by any Transaction Document; and
 - (3) stamp and register any Transaction Document in any relevant jurisdiction by any person that the Financier thinks fit;



- (f) obtain, renew on time and comply with the terms of each Authorisation necessary for it to enter into the Transaction Documents to which it is a party, to comply with its Obligations and exercise its rights under them and to allow them to be Enforced;
- (g) ensure that it conducts its business (including collecting debts owed to it) in a proper, orderly and efficient manner;
- (h) if a corporation, ensure that its capital is not reduced or made capable of being called up only in certain circumstances;
- (i) notify the Financier if any representation or warranty made, or taken to be made, by it or on its behalf in connection with a Transaction Document is found to have been incorrect or misleading when made or taken to be made;
- (j) do everything necessary to ensure that no Event of Default occurs;
- (k) comply with all laws binding on it, Authorisations and with the mandatory requirements of any Government Body;
- (l) comply with all or any requisitions which may be made by the registrar of titles or any other Government Body in connection with any Transaction Document; and
- (m) make its property and financial records available for inspection by the Financier on reasonable notice being given.

8.2 General - negative

The Borrower must not without the prior written consent of the Financier:

- (a) if a corporation, allow the ownership or Control of it or the persons who act as its directors to be altered from that subsisting at the date of this deed, other than as contemplated by the Bid Implementation Deed;
- (b) cause or permit substantial change to occur with respect to its business as now conducted if it would have or be likely to have a Material Adverse Effect;
- (c) cause or permit the terms of any Indebtedness from any person other than the Financier:
 - (1) subsisting at the date of this deed; or
 - (2) entered into after the date of this deed with the prior written consent of the Financier,to be extended or otherwise varied;
- (d) deposit money with a person if the money is not repayable unless the Borrower pays or discharges any other Indebtedness or performs or observes another Obligation owed to that person or another person;
- (e) permit a set-off or combination of accounts in respect of any right to the payment of money;
- (f) incur any Indebtedness other than Permitted Indebtedness;
- (g) if a corporation, amend its constitution or its constituent documents in any respect;

For personal use only



- (h) if a corporation, transfer or change its jurisdiction of incorporation or formation or enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (except to carry out a reconstruction or amalgamation while solvent on terms approved by the Financier);
- (i) enter into any arrangement under which money may be applied, set-off or made subject to a combination of accounts or otherwise not repayable other than as arising by operation of law;
- (j) if a corporation, declare or pay any Distribution while there is any Amount Owing;
- (k) do anything, or permit anything to be done, or fail to do anything, that materially lowers or might materially lower the value of any Secured Property; or
- (l) do anything that may result in the rights of the Financier ranking in priority behind any claim over the Secured Property.

8.3 Further assurances

- (a) The Borrower must do anything, and must ensure that its Representatives do anything, that the Financier may reasonably require to:
 - (1) give full effect to the Transaction Documents and the transactions contemplated by them;
 - (2) better secure all Security Interests contemplated by, or purported to be reserved or created by, any Transaction Document; or
 - (3) assist in the execution or exercise of any Power,including execute any transfer (including any transfer in blank) or other document.
- (b) The Financier may, at the cost of the Borrower, do anything which the Borrower should have done under the Transaction Documents if the Borrower does not do so promptly or, in the Financier's opinion, does not do so properly.

9. Events of Default

9.1 Events of Default

Each of the following, unless waived in writing by the Financier, is an Event of Default:

- (a) a Transaction Party fails to pay any amount payable by it under any Transaction Document within five Business Days of the date on which it is due for payment;
- (b) a Transaction Party fails to observe or perform any Obligation or undertaking given to the Financier by it under or in relation to any Transaction Document (other than an Obligation or undertaking to pay money under a Transaction Document or which is contained in another paragraph of this clause 9.1) and the failure, if capable of remedy, is not remedied within ten Business Days (or any longer period agreed by the Financier) of its occurrence;
- (c) any representation, warranty or statement made, repeated or deemed to be made or repeated by a Transaction Party in any Transaction Document or any document issued under any Transaction Document is not complied with, is untrue or is misleading in any material respect;

For personal use only



- (d) any other present or future Indebtedness of a Transaction Party in excess of \$50,000.00 or its equivalent becomes due and payable, or capable of being declared due and payable, prior to its stated maturity by reason of the default of the Transaction Party;
- (e) a Transaction Party fails to pay any Indebtedness in excess of \$50,000.00 or its equivalent when due or on the expiry of any applicable grace period;
- (f) a person who holds a Security Interest over property of a Transaction Party becomes entitled to:
- (1) exercise a right under that Security Interest against the property to recover any money the payment of which is secured by that Security Interest; or
 - (2) enforce any Obligation the performance or observance of which is secured by that Security Interest;
- (g) a distress, attachment, sequestration or other execution is levied or enforced upon or against any part of the property of a Transaction Party;
- (h) an Insolvency Event in relation to the Borrower, any other Transaction Party or any Subsidiary of the Borrower occurs;
- (i) a Transaction Party (if a corporation):
- (1) reduces or attempts to reduce its capital other than the redemption of redeemable shares;
 - (2) passes or attempts to pass a resolution to reduce its capital or approve the giving of financial assistance by the Transaction Party to a Related Entity or any person otherwise prohibited from receiving financial assistance under the Corporations Act; or
 - (3) takes any action to buy shares in itself, other than the insertion in its constitution of a provision to the effect that it may buy ordinary shares in itself,
- in any case without the prior written consent of the Financier (which the Financier may grant or withhold in its absolute discretion);
- (j) anything analogous or having a substantially similar effect to anything referred to in paragraph 9.1(i) occurs with respect to a Transaction Party under laws outside Australia;
- (k) a person is appointed under any legislation to investigate any part of the affairs of a Transaction Party and this results in a Material Adverse Effect;
- (l) any Authorisation necessary to enable:
- (1) a Transaction Party to perform and observe any of its Obligations under any Transaction Document or carry on its principal business or activity; or
 - (2) the Financier to exercise its rights under a Transaction Document,
- is withheld or ceases to be of full force and effect;
- (m) it is unlawful for a Transaction Party to perform or observe any of its Obligations under any Transaction Document;

For personal use only

- (n) all or any part of a Transaction Document:
- (1) ceases to have the priority which it purports to have;
 - (2) is or becomes or is capable of becoming void, voidable, invalid or unenforceable,
- or is claimed to be so by a Transaction Party;
- (o) the corporate constitution of a Transaction Party (or its equivalent) is amended without the Financier's prior written consent;
- (p) one or more conditions, events or other circumstances exist or have occurred which, in the opinion of the Financier, result or are likely to result in a Material Adverse Effect;
- (q) there is a Change of Control in respect of a Transaction Party, other than as contemplated by the Bid Implementation Deed;
- (r) a person is appointed under legislation to manage any part of the affairs of a Transaction Party;
- (s) an undertaking given to the Financier or its solicitors by a Transaction Party is breached or not wholly performed within any period specified in the undertaking or, where no period is specified and the undertaking is not an ongoing undertaking, within ten Business Days after the date of the undertaking;
- (t) an event occurs which is called or described as an "event of default" under any Transaction Document other than this deed or any other event occurs which renders Enforceable a Transaction Document that comprises an Encumbrance;
- (u) any litigation, arbitration or other proceedings to which a Transaction Party is a party are determined and this results in a Material Adverse Effect;
- (v) any Authorisation that is material to the business of a Transaction Party or to any Secured Property is repealed, revoked or terminated or expires, or is modified or amended or conditions are attached to it in a manner unacceptable to the Financier, and is not replaced by another Authorisation acceptable to the Financier;
- (w) a material part of any Secured Property is resumed or an Authorisation affecting the Secured Property is imposed or varied, which in either case means that the use to which the Secured Property is being put must cease or be materially varied or that a building, structure or improvement on it must be removed or materially altered; and
- (x) a Transaction Party attempts to create an Encumbrance over Secured Property or allows one to exist or an Encumbrance comes into existence over any Secured Property, other than a Permitted Encumbrance.

9.2 Consequences of default

If an Event of Default has occurred (whether or not it is continuing) then the Financier may at any time by written notice to the Borrower declare all or any part of the Amount Owing:

- (a) payable on demand (in which case those amounts will be due and payable immediately on demand made at any time by notice from the Financier to the Borrower); or
- (b) due and owing (in which case those amounts will be immediately due and owing).

For personal use only

10. Indemnity

10.1 General indemnity

The Borrower indemnifies and must keep the Indemnified Parties indemnified against any liability, loss, cost or expense including legal costs on a full indemnity basis which the Indemnified Parties incur as a result of or in connection with:

- (a) the occurrence of any Event of Default or breach of any Transaction Document;
- (b) any sum not being paid when due under a Transaction Document;
- (c) any payment or repayment not being made in accordance with any Transaction Document including any repayment resulting from the termination of this deed for any reason;
- (d) negotiating, preparing, executing, completing, stamping, preserving and Enforcing each Transaction Document;
- (e) the transactions that a Transaction Document contemplates (including the appointment of an External Administrator, external consultants or other Representatives and all GST relating to any appointment); or
- (f) any:
 - (1) penalties;
 - (2) remediation costs;
 - (3) court costs;
 - (4) costs of investigation;
 - (5) costs of reporting to any relevant Government Body; or
 - (6) other costs,

incurred by, charged to, paid or payable by an Indemnified Party pursuant to the provisions of any Environmental Law in respect of any property of any Transaction Party,

and in each case the Borrower must pay the amount of the liability, loss, cost or expense to the Indemnified Party on demand.

10.2 GST

- (a) If, under the GST Law, an Indemnified Party is obliged to pay an amount of GST in respect of a taxable supply made by the Indemnified Party to the Borrower pursuant to the provisions of this deed or any other Transaction Document or other instrument, the Borrower must indemnify the Indemnified Party against and will pay to the Indemnified Party that amount of GST at the same time and in the same manner as the Borrower is required to pay for the taxable supply or (at the Indemnified Party's election) on demand.
- (b) The Indemnified Party must issue to the Borrower a Tax Invoice in respect of each taxable supply to which subclause 10.2(a) applies within the time prescribed by the GST Law from time to time.

For personal use only



- (c) Where the Borrower is required to pay, reimburse or indemnify the Indemnified Party for an amount, the Borrower will pay the relevant amount (including any GST) less the amount of any input tax credits which the Indemnified Party determines that it is entitled to claim in respect of that amount, the intention being that the Borrower only reimburses the Indemnified Party for the net cost to it and thus avoids any element of price exploitation.
- (d) The Borrower agrees that the Indemnified Party has not made any allowance for GST in pricing any supply to be made under or in connection with this deed or any other Transaction Document or other instrument.
- (e) Terms and expressions used in this clause 10.2 which are not otherwise defined have the meanings as defined in the GST Law.

10.3 Survival of Indemnities

Each indemnity in this deed is a continuing Obligation, separate and independent from the other Obligations of the Borrower and survives the termination of this deed. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this deed.

11. Assignment

The Borrower must not Dispose of all or any part of its rights or obligations under or relating to this deed or any other Transaction Document, or grant, declare or create any right or interest in them, without the prior written consent of the Financier.

12. Notices

12.1 Form

Any notice or other communication to or by any party must be:

- (a) in writing and in the English language;
- (b) addressed to the address of the recipient shown in this deed or to such other address as it may have notified the sender; and
- (c) be signed by the party or by an Authorised Officer of the sender.

12.2 Manner

In addition to any other method of service authorised by law, the notice may be:

- (a) personally served on a party;
- (b) left at the party's current address for service;
- (c) sent to the party's current address for service by prepaid ordinary mail or if the address is outside Australia by prepaid airmail;
- (d) sent by facsimile to the party's current numbers for service; or
- (e) sent by electronic mail to the party's electronic mail address.

For personal use only

12.3 Time

If a notice is sent or delivered in the manner provided in clause 12.2 it must be treated as given to or received by the addressee in the case of:

- (a) delivery in person, when delivered;
- (b) delivery by post:
 - (1) in Australia to an Australian address, the fourth Business Day after posting; or
 - (2) in any other case, on the tenth Business day after posting;
- (c) facsimile, when a transmission report has been printed by the sender's facsimile machine stating that the document has been sent to the recipient's facsimile number; or
- (d) electronic mail, when the sender's computer reports that the message has been delivered to the electronic mail address of the addressee,

but if delivery is made after 5.00pm on a Business Day it must be treated as received on the next Business Day in that place.

12.4 Initial details

The addresses and numbers for service are initially as set out in the Reference Schedule.

12.5 Changes

A party may from time to time change its address or numbers for service by notice to the other party.

13. Governing law and jurisdiction

13.1 Governing law

This deed is governed by and construed in accordance with the laws of Queensland.

13.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Queensland and the courts competent to determine appeals from those courts, with respect to any proceedings which may be brought at any time relating to this deed; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within paragraph 13.2(a).



14. Miscellaneous

14.1 Exercise rights

A single or partial exercise or waiver by the Financier of any right under or relating to this deed will not prevent any other exercise of that right or the exercise of any other right.

14.2 Legal effect

Each party acknowledges and agrees for the benefit of each other party that this document is intended to take effect as a deed. Each party executes this document with the intention that it will be immediately legally bound by this document despite the existence of, but subject to, the conditions precedent contained in clause 2. To avoid any doubt, there will be no need for further delivery of this document following the satisfaction of the conditions precedent contained in clause 2.

14.3 Merger

If the liability of the Borrower to pay money under this deed becomes merged in any deed, judgment, order or other thing, the Borrower must pay interest on the amount owing from time to time under that deed, judgment, order or other thing at the higher of the rate payable under this deed and that fixed by or payable under that deed, judgment, order or other thing.

14.4 Moratorium legislation

Any law which varies prevents or prejudicially affects the exercise by the Borrower of any right, power or remedy conferred on it under this deed is excluded to the extent permitted by law.

14.5 Remedies cumulative

The rights and remedies of the Financier under this deed are cumulative and not exclusive of any rights or remedies provided by law.

14.6 Severability

If a provision of this deed is illegal, invalid, unenforceable or void in a jurisdiction it is severed for that jurisdiction and the remainder of this deed has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this deed or is contrary to public policy.

14.7 Costs

The Borrower is responsible for all its own costs and all costs incurred by the Financier in negotiating, preparing, executing, completing, stamping, preserving and Enforcing each Transaction Document including legal costs on a full indemnity basis.

14.8 Taxes

The Borrower must:

- (a) pay all Taxes other than Excluded Taxes which may be payable or determinable in connection with the execution, delivery, performance or enforcement of this deed or any payment or receipt or of any transaction contemplated by this deed; and
- (b) indemnify the Financier against any liabilities resulting from any delay or omission by the Borrower to pay any Taxes other than Excluded Taxes.

For personal use only



14.9 Time

- (a) Time is of the essence of the Borrower's Obligations under this deed.
- (b) If the parties agree to vary a time requirement in relation to the Borrower's Obligations, the time requirement so varied is of the essence of this deed.

14.10 Variation

An amendment or variation to this deed is not effective unless it is in writing and signed by the parties.

14.11 Waiver

- (a) A waiver of a right under or relating to this deed by the Financier, whether prospectively or retrospectively, is not effective unless it is in writing and signed by the Financier.
- (b) No other act, omission or delay by the Financier will constitute a waiver of a right.

14.12 Counterparts

This deed may be executed in any number of counterparts each of which will be considered an original but all of which will constitute one and the same instrument. A party who has executed a counterpart of this deed may deliver it to, or exchange it with, another party by:

- (a) faxing; or
 - (b) emailing a pdf (portable document format) copy of,
- the executed counterpart to that other party.

14.13 Whole agreement

This deed:

- (a) is the entire agreement and understanding between the parties relating to the subject matter of this deed; and
- (b) supersedes any prior agreement, representation (written or oral) or understanding on anything connected with that subject matter.

For personal use only



Schedule 1 - Agreed Working Capital Requirements

- (a) **PNG**
PPL 560 Legal proceedings - \$100,000.

- (b) **RAW/Dondonald G&A**
General G&A, corporate transaction/due diligence costs - \$200,000.

- (c) **PEL 155 JV**
 - Project management & planning, site survey, stakeholder engagement (25% of approved Work Program & Budget + June cash call) - \$52,500;
 - Nangwarry-1 detailed engineering and design (25% of approved Work Program & Budget) - \$40,000.

- (d) **Other**
As agreed in writing by the Financier.

For personal use only



Schedule 2 - Drawdown Notice

To: Lakes Oil NL ACN 004 247 214

Rawson Oil and Gas Limited ACN 082 752 985 (Borrower) irrevocably gives you a Drawdown Notice under clause 4.1 of the Facility Deed dated the [insert] day of [insert] made between the Borrower and you (Facility Deed). Terms used in this Drawdown Notice have the meanings given in the Facility Deed.

Drawing

Drawdown Date: [insert]

Drawdown Amount: [insert]

Payment account: [insert]

Drawdown Purpose: [insert]

By signing and giving this Drawdown Notice, the Borrower reaffirms and reconstitutes any and all representations and warranties set out in the Facility Deed as if made at the date of this Drawdown Notice and warrants that no Event of Default has occurred or is continuing or would be likely to result from the Financier making the requested Drawing.

Executed as a deed by Rawson Oil and Gas Limited ACN 082 752 985

Director/Sole Director/Sole Director and Secretary

Director/Secretary (if applicable)

Print full name of Director/Sole Director

Print full name of Director/Secretary

For personal use only

Facility Deed



Signing page

Executed as a deed by Lakes Oil NL ACN 004
247 214

Director/Sole Director/Sole Director and Secretary

CHRISTOPHER STEPHEN TONKIN

Print full name of Director/Sole Director

~~Director/Secretary~~ (if applicable)

Melanie Leydin

Print full name of ~~Director/Secretary~~

Executed as a deed by Rawson Oil and Gas
Limited ACN 082 752 985

Director/Sole Director/Sole Director and Secretary

Director/Secretary (if applicable)

Print full name of Director/Sole Director

Print full name of Director/Secretary

For personal use only

Facility Deed



Signing page

Executed as a deed by Lakes Oil NL ACN 004
247 214

Director/Sole Director/Sole Director and Secretary

Director/Secretary (if applicable)

Print full name of Director/Sole Director

Print full name of Director/Secretary

Executed as a deed by Rawson Oil and Gas
Limited ACN 082 752 985

Director/Sole Director/Sole Director and Secretary

Director/Secretary (if applicable)

Richard Adm.

Allister Richardson

Print full name of Director/Sole Director

Print full name of Director/Secretary

For personal use only

Bid Implementation Deed



Signing page

Executed as a deed by Lakes Oil NL ACN 004
247 214

Director

CHRISTOPHER STEPHEN TONKIN

Print full name of Director

Executed as a deed by Rawson Oil and Gas
Limited ACN 082 752 985

Director

Print full name of Director

Director/Secretary

Melanie Leydin

Print full name of Director/Secretary

Director/Secretary

Print full name of Director/Secretary

For personal use only

Bid Implementation Deed



Signing page

Executed as a deed by Lakes Oil NL ACN 004
247 214

Director

Director/Secretary

Print full name of Director

Print full name of Director/Secretary

Executed as a deed by Rawson Oil and Gas
Limited ACN 082 752 985

Director

Director/Secretary

Richard Ash

Allister Richardson

Print full name of Director

Print full name of Director/Secretary

For personal use only