



13 March 2020

The Manager
Company Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
Sydney NSW 2000

By electronic lodgement

Dear Manager

**White Energy Company Limited (ASX:WEC)
Cleansing notice under section 708AA of the Corporations Act**

This notice is provided by White Energy Company Limited ACN 071 527 083 (**Company**) in connection with the Company's proposal to undertake a fully underwritten, renounceable pro rata entitlement offer (**Entitlement Offer**) to existing shareholders with a registered address in Australia or New Zealand and those shareholders that the Company has otherwise determined are eligible to participate in the Entitlement Offer, including certain institutional shareholders in the United Kingdom (**Eligible Shareholders**). Eligible Shareholders who have exercised their full Entitlement may also subscribe for additional shares in excess of their Entitlement (**Additional Shares**) from a pool of those Entitlements not taken up by other Shareholders of the Company (**Shortfall Facility**).

The Company gives this notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and states the following:

- 1) the Shares to be issued under the Entitlement Offer will be issued without disclosure to investors under Part 6D.2 of the Corporations Act;
- 2) as at the date of this notice, the Company has complied with:
 - a. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - b. section 674 of the Corporations Act,
- 3) as at the date of this notice, there is no excluded information for the purposes of sections 708AA(8) and 708AA(9) of the Corporations Act; and
- 4) the potential effect the Entitlement Offer will have on the control of the Company, and the consequences of the effect, will depend on a number of factors, including investor demand. However, given the structure of the



Entitlement Offer, the Entitlement Offer may have a material effect on the control of the Company. The potential effect on control is summarised below:

- a. if all Eligible Shareholders take up their Entitlements under the Entitlement Offer, and all rights attaching to Entitlements held by shareholders who are not Eligible Shareholders are taken up by other new shareholders, then the Entitlement Offer will have no significant effect on the control of the Company;
- b. if some Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders in the Company will be diluted;
- c. the proportional interests of shareholders of the Company who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer;
- d. Eligible Shareholders that apply for Additional Shares under the Shortfall Facility may increase their interests beyond their Entitlement. This could result in the dilution of holdings of those who failed to accept their Entitlements in full;
- e. the Entitlement Offer is fully underwritten by two current substantial shareholders of the Company, Gaffwick Pty Ltd and Ilwella Pty Ltd (**Underwriters**). The Underwriters are associated entities of two directors of the Company, Mr Travers Duncan and Mr Brian Flannery, who have both represented to the Company that they intend to subscribe for their full Entitlement. The following table outlines various scenarios, including where only associated entities of the Underwriters subscribe for shares under the Entitlement Offer, and the resultant voting power of the top 3 shareholders of the Company:

Shareholder	Voting Power based on total % of Offer Share and Additional Share Subscriptions						
	30.10%*	49.95%**	55%	65%	75%	85%	100%
M&G	13.23%	19.84%	19.84%	19.84%	19.84%	19.84%	19.84%
Gaffwick Pty Ltd (Mr Travers Duncan)	27.10%	23.79%	22.95%	21.28%	19.62%	17.95%	15.45%
Ilwella Pty Ltd (Mr Brian Flannery)	26.30%	23.00%	22.16%	20.49%	18.82%	17.16%	14.66%
Other Shareholders	33.37%	33.37%	35.05%	38.39%	41.72%	45.05%	50.05%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* The entities related with Mr Flannery and Mr Duncan (the Underwriters) collectively hold 30.10% of the issued capital; therefore, this scenario assumes that only the Underwriters subscribe for their Entitlement, and the Underwriters subscribe for the Shortfall.

**The Top 3 Shareholders of the Company (M&G and the Underwriters) collectively hold 49.95% of the issued capital; therefore, this scenario assumes that only the Top 3 Shareholders subscribe for their Entitlement, and the Underwriters subscribe for the Shortfall.



Related parties (which includes Directors) are not entitled to subscribe for Additional Shares. M&G has represented to the Company that it will not subscribe for Additional Shares. Therefore, no Shareholder will obtain voting power of 20% or more as a result of subscribing for Additional Shares under the Shortfall Facility, which will assist in reducing the amount of Shortfall required to be subscribed for by the Underwriters and therefore assist in reducing any potential effect on control, and

- f. the Company also has 10,000,000 options on issue to Mr Brian Flannery (**Options**). It is noted that the exercise price of these Options is set at the higher of \$0.20 or 170% of the share price on the date the Options were granted, and as such, it is not expected that Mr Flannery will exercise these Options prior to the Closing Date. However, should Mr Flannery choose to do so after the Record Date and prior to the Closing Date, the potential maximum voting power for each of the Underwriters (and their associated entities) and M&G is as follows:

Shareholder	Voting Power based on total % of Offer Share and Additional Share Subscriptions			
	49.95%*	49.95%**	30.10%***	30.10%****
M&G	19.84%	19.59%	13.23%	13.06%
Gaffwick Pty Ltd (Mr Travers Duncan)	23.79%	23.49%	27.10%	26.75%
Ilwella Pty Ltd (Mr Brian Flannery)	23.00%	23.98%	26.30%	27.25%
Other Shareholders	33.37%	32.94%	33.37%	32.94%
TOTAL	100.00%	100.00%	100.00%	100.00%

*The Top 3 Shareholders of the Company (M&G and the Underwriters) collectively hold 49.95% of the issued capital; therefore, this scenario assumes that only the Top 3 Shareholders subscribe for their Entitlement, and the Underwriters subscribe for the Shortfall. This is where Mr Flannery does not exercise his options.

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Yours sincerely

A handwritten signature in black ink, appearing to read "D. Franks", written over a light blue horizontal line.

David Franks
Company Secretary
White Energy Company Limited