

30 June 2022

ALS Limited (ASX:ALQ) recommended takeover offer for HRL Holdings (ASX: HRL)

ALS Limited (ASX: ALQ) (**ALS**) announces that it has entered into a Bid Implementation Deed with HRL Holdings Limited (ASX: HRL) (**HRL**) under which ALS will make offers to acquire all of the ordinary shares of HRL it does not already own by way of an off-market takeover at A\$0.16 cash per share (**Offer**).¹

The Offer provides HRL shareholders with the opportunity to sell their shares at a premium to recent trading performance as outlined below.

HRL Directors unanimously recommend the Offer to shareholders, in the absence of a superior proposal.² The HRL Directors, who in aggregate own or control 18.59% of the HRL shares on issue, have indicated that they intend to accept the Offer for the HRL shares that they own or control, in the absence of a superior proposal.²

The Offer is unconditional. HRL shareholders who accept the Offer will receive consideration under the Offer within five business days after receipt of valid acceptance.

ALS and HRL have agreed to a deal protection regime including no shop and no talk rights, a right to match any superior offers and payment of an agreed break fee of \$800,000 by HRL to ALS in certain circumstances.

Full details of the conditions to the Offer are set out in the Bid Implementation Deed which is attached to this announcement.

Summary of the Offer

The Offer consideration of \$0.16 cents per HRL share (**Offer Price**) provides shareholders with an attractive premium of:

- 95.1% over the undisturbed closing share price on Monday, 27 June 2022 (27 June 2022 being the trading day prior to the media announcement that ALS was in exclusive negotiations with HRL);
- 85.8% over the undisturbed 30-day volume weighted average price (**VWAP**) up to and including 27 June 2022;
- 84.2% over the undisturbed 90-day VWAP up to and including 27 June 2022; and
- 43.8% over the undisturbed 2-year VWAP up to and including 27 June 2022.

ALS believes this is an attractive offer for HRL shareholders, providing them with the opportunity to receive certain cash value upon divestment.

The transaction will be funded from ALS' cash reserves and existing debt capacity.

Strategic rationale for ALS

ALS considers the proposed acquisition of HRL as an attractive opportunity to expand its Life Sciences service market share and competitive position in New Zealand and Australia.

¹ A\$0.16 cash per share (less the amount or value of any 'rights' (to be defined in the Offer) attaching to each HRL share which arise or are paid on or after the date of ALS' Bidder's Statement and which ALS does not receive), subject to any improvement permitted by the Corporations Act.

² At the date of this announcement the HRL Board had not determined whether it would engage an independent expert to prepare a fairness and reasonableness opinion in relation to Offer. In the event that such an opinion is sought, the recommendation and statement of intention is also subject to the independent expert concluding, and not withdrawing such conclusion, that the Offer is fair and reasonable or not fair but reasonable.



ALS Limited CEO and Managing Director, Raj Naran, said the proposed takeover of HRL will enhance ALS' existing life sciences operations, adding complementary new food and environment capabilities:

"HRL is a leading sampling, laboratory testing and data management provider in Australia and New Zealand. Acquiring HRL provides ALS with a compelling strategic opportunity to gain traction in two key food markets, dairy and honey. This is aligned with our global food strategy that is driven by a commitment to identify higher margin activities, with a focus on more specialist testing and end market specialisation."

"We anticipate regulation as well as safety and quality assurance programmes to continue to drive Food and Environmental testing demand in Australia and New Zealand. ALS will be able to expand geographically its Food and Environmental presence into New Zealand and also add specialist honey, dairy and authentication capabilities to its global client offering, enhancing ALS' position as a trusted partner."

Shareholding

ALS has acquired a relevant interest in 19.9% of HRL shares, as separately announced this morning in a notice of initial substantial holder, from two of HRL's long term institutional shareholders.

Timetable and next steps

The Offer is expected to open by early-July and will remain open for acceptances for a period of no less than six weeks (**Offer Period**), with the opportunity to extend the Offer Period if required.

Further details regarding the Offer will be detailed in ALS' Bidder's Statement and HRL's Target's Statement, which are expected to be despatched to HRL shareholders in the coming weeks. The Bidder's Statement and the Target's Statement will contain detailed information relevant to the Offer, including benefits for HRL shareholders; and how shareholders can accept the Offer.

Advisers

Highbury Partnership is acting as financial adviser and Baker & McKenzie as legal adviser to ALS in relation to the takeover.

Approved for release by the ALS Limited Board.

-ENDS-

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About ALS Limited

ALS is a global Testing, Inspection & Certification business. The company's strategy is to broaden its exposure into new sectors and geographies where it can take a leadership position.

About HRL Holdings Limited

HRL provides sampling, laboratory testing, and data management services across Australia and New Zealand.

Bid Implementation Deed

**Australian Laboratory Services Pty. Ltd.
(ACN 009 936 029)**

HRL Holdings Ltd (ACN 120 896 371)

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Title **Bid Implementation Deed**

Date 29 June 2022

Parties **Australian Laboratory Services Pty. Ltd.** (ACN 009 936 029) of Level 2,
299 Coronation Drive, Milton, Queensland, 4064 (**Bidder**)

HRL Holdings Ltd (ACN 120 896 371) of Level 12, 145 Eagle Street,
Brisbane, Queensland, 4000 (**Target**)

Recitals

- A The Bidder proposes to make the Bid on the Agreed Bid Terms.
- B The Target Directors propose to recommend that Target Shareholders accept the Offer in respect of their Target Shares in the absence of a Superior Proposal and subject to the Independent Expert (if engaged by the Target) providing a Reasonable Opinion.
- C The Bidder and the Target have agreed to certain matters in relation to the conduct of the Bid as set out in this Deed.

Operative provisions

1. **Defined terms and interpretation**

Dictionary

- 1.1 In this Deed, unless the context otherwise requires:

Agreed Bid Terms means the terms set out in Schedule 1.

Agreed Public Announcement means the public announcement concerning the Bid, substantially in the form set out in Schedule 2, or as otherwise agreed in writing.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, as the context requires, the financial market that it operates.

ASX Listing Rules means the official listing rules of ASX.

Bid means an off-market takeover bid by the Bidder for all Target Shares under Chapter 6 of the Corporations Act.

Bidder's Statement means the bidder's statement to be prepared by the Bidder in connection with the Bid in accordance with Chapter 6 of the Corporations Act.

Break Fee has the meaning given to that term in clause 7.3.

Business means the business carried on by the Target Group.

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

Competing Proposal means any proposal, agreement, arrangement or transaction, which, if entered into or completed, would result in a Third Party (either alone or together with any one or more of its associates):

- (a) acquiring Voting Power in the Target of more than 20%;
- (b) acquiring control (for the purposes of section 50AA of the Corporations Act) of the Target;
- (c) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire a legal, beneficial or economic interest in, or control of, all or a substantial part of the Business; or
- (d) otherwise directly or indirectly acquiring, merging or amalgamating with the Target,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction or buy-back, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.

Confidentiality Agreement means the confidentiality deed between the Bidder and the Target dated 7 June 2022.

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

Counter Proposal has meaning given to that term in clause 6.11.

Deed means this bid implementation deed.

End Date means the earlier of:

- (a) the date on which the Offer Period ends;
- (b) the date this Deed is validly terminated; or
- (c) the date which is six months after the date of this Deed or such later date as the parties may agree in writing.

Exclusivity Period means the period commencing on the date of this Deed and ending on the End Date.

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation.

Government Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX and any regulatory organisation established under statute or any stock exchange.

Independent Expert means an expert which may be engaged by the Target to opine on whether the Bid is fair and reasonable.

Independent Expert's Report means the report issued by the Independent Expert (if engaged by the Target) in respect of the Transaction.

Material Contract means any contract to which the Target is a party, and which: (a) involves annual commitments or expenditure by the Target Group of greater than \$500,000 or is otherwise in respect of any Financial Indebtedness greater than \$500,000; or (b) is a material (greater than 5% of the annual revenue recorded in the consolidated statement of

comprehensive income for the year ended 30 June 2021 or the half year ended 31 December 2021) contributor to the annual revenue of the Target Group.

Offer means each offer by the Bidder for all Target Shares under the Bid and **Offers** means all such offers.

Offer Period means the period the Offer is open for acceptance.

Options means the options to acquire unissued Target Shares, granted to the chief executive officer and chief financial officer of the Target, described in note 11 to the financial statements of the Target for half-year period ended 31 December 2021.

Performance Rights means the performance rights granted by the Target to certain members of the senior management team under the Target's long term incentive plan, described in note 11 to the financial statements of the Target for half-year period ended 31 December 2021.

Permitted Activities means any action, inaction or state of affairs:

- (a) in connection with the winding up, liquidation or deregistration of 009 878 899 Pty Ltd ACN 009 878 899;
- (b) consented to by the Bidder in writing; or
- (c) which is required or expressly permitted to be done or procured by the Target under this Deed.

Prescribed Occurrence has the meaning given to that term in item 3 of Schedule 1.

Process Agreement means the process agreement between the Bidder and the Target dated 7 June 2022.

Reasonable Opinion means, in the event that the Target procures an Independent Expert Report in respect of the Bid, the Independent Expert concludes that the Bid is either:

- (a) fair and reasonable; or (b) not fair, but reasonable.

Register means the register of the Target Shares kept by the Target.

Regulatory Authority includes:

- (a) ASX, ASIC, ACCC, the Foreign Investment Review Board and the Australian Taxation Office (in Australia) and the Companies Office, Commerce Commission, Overseas Investment Office and Inland Revenue (in New Zealand);
- (b) a government agency;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation or any government; and
- (d) any regulatory organisation established under statute.

Related Body Corporate has the meaning given to that term in the Corporations Act, and **Related Bodies Corporate** has a corresponding meaning.

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

Representative of a person means an employee, agent, officer, director, adviser or financier of the person and, in the case of advisers and financiers, includes employees, officers and agents of the adviser or financier (as applicable).

Superior Proposal means a Competing Proposal which:

- (a) is not the result of a breach by the Target of any of its obligations under clause 6 of this Deed (it being understood that any actions by a Target Director, the Target, its Related Bodies Corporate and any of their Representatives in breach of clause 6 will be deemed to be a breach by the Target for the purposes of this Deed); and
- (b) which the Target Board, acting in good faith, and after receiving written legal advice from its external legal adviser, determines:
 - (i) is reasonably capable of being valued and completed taking into account all aspects of the Competing Proposal, including any timing considerations and conditions precedent, and the identity of the proponent; and
 - (ii) would, if completed substantially in accordance with its terms, be more favourable to the Target Shareholders (as a whole) than the Transaction taking into account all terms and conditions of the Competing Proposal (including consideration, conditionality, funding, certainty and timing).

Target Board means the board of directors of the Target.

Target's Statement means the target's statement to be issued by the Target under section 638 of the Corporations Act in response to the Bid.

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

Target Group means the Target and each of its Related Bodies Corporate.

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

Target Shareholder means a registered holder of Target Shares.

Third Party means any person other than the Bidder or any of its Related Bodies Corporate.

Timetable means the indicative timetable for implementation of the Transaction agreed between and initialled by the parties for the purpose of identification on or about the date of this Deed.

Transaction means the acquisition by the Bidder of Target Shares under the Bid.

Voting Power has the meaning it has in the Corporations Act.

Interpretation

1.2 In this Deed:

- (a) unless the context requires another meaning, a reference:
 - (i) to the singular includes the plural and vice versa;
 - (ii) to a gender includes all genders;
 - (iii) to a document (including this Deed) is a reference to that document (including any schedules and annexures) as amended, consolidated, supplemented, novated or replaced;

- (iv) to an agreement includes any undertaking, representation, deed, agreement or legally enforceable arrangement or understanding whether written or not;
- (v) to a party means a party to this Deed;
- (vi) to an item, Recital, clause, Schedule or Annexure is to an item, Recital, clause, Schedule or Annexure of or to this Deed;
- (vii) to a notice means a notice, approval, demand, request, nomination or other communication given by one party to another under or in connection with this Deed;
- (viii) to a person (including a party) includes:
 - (A) an individual, company, other body corporate, association, partnership, firm, joint venture, trust or Government Agency; and
 - (B) the person's successors, permitted assigns, substitutes, executors and administrators;
- (ix) to a law includes any legislation, judgment, rule of common law or equity or rule of any applicable stock exchange, and is a reference to that law as amended, consolidated, supplemented or replaced and includes a reference to any regulation, by-law or other subordinate legislation;
- (x) to proceedings includes litigation, arbitration and investigation;
- (xi) to a judgment includes an order, injunction, decree, determination or award of any court or tribunal;
- (xii) to time is to prevailing Brisbane, Queensland time; and
- (xiii) to \$ means the lawful currency of Australia;
- (b) the words "including" or "includes" means "including, but not limited to" or "includes, without limitation" respectively;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) headings are for convenience only and do not affect interpretation of this Deed;
- (e) if a payment or other act must (but for this clause) be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day;
- (f) if a period must be calculated from, after or before a day or the day of an act or event, it must be calculated excluding that day; and
- (g) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Deed.

Construction

- 1.3 This Deed may not be construed adversely to a party only because that party or its legal advisers were responsible for preparing it.

2. The Takeover Bid

Agreement to make the Bid

- 2.1 The Bidder agrees to make the Bid to acquire all the Target Shares on the Agreed Bid Terms (or on terms no less favourable for Target Shareholders than the Agreed Bid Terms).
- 2.2 The Bidder must make the Offers on the Agreed Bid Terms (or on terms no less favourable for Target Shareholders than the Agreed Bid Terms) as soon as reasonably practicable following the date of this Deed.
- 2.3 The Bidder and the Target each agree to use reasonable endeavours to implement the Transaction in accordance with the Timetable.

Recommendation and acceptance of Offer by the Target Directors

- 2.4 The Target represents and warrants to the Bidder that:
 - (a) the Target Board has confirmed to the Target that they will announce to the ASX that they unanimously recommend that Target Shareholders accept the Offer in respect of their Target Shares, in the absence of a Superior Proposal and subject to the Independent Expert (if engaged by the Target) giving, and not withdrawing, a Reasonable Opinion (**Target Board Limitation Conditions**);
 - (b) each Target Director has given its consent to the inclusion of a statement in the public announcement described in clause 2.5 and in the Target's Statement, that it will accept, or procure the acceptance of, the Offer in respect of all Target Shares held or controlled by him or her, subject only to the Target Board Limitation Conditions; and
 - (c) each Target Director will not withdraw, revise, revoke or qualify, or make any public statement inconsistent with the recommendation in paragraph 2.4(a) unless:
 - (i) a Superior Proposal emerges (other than as a result of a breach of clause 6 of this Deed) and the matching right procedure set out in clauses 6.9 to 6.11 has been fully complied with by the Target; or
 - (ii) the Independent Expert (if engaged by the Target) revokes or withdraws its Reasonable Opinion.

Public announcement

- 2.5 Immediately after the execution of this Deed, the Bidder and the Target must jointly issue the Agreed Public Announcement.

3. Facilitating the Offer

Access to information

- 3.1 Each party agrees to provide the other party, on a timely basis, with assistance and information that may be reasonably required to assist in the preparation of the Bidder's Statement or the Target's Statement (as applicable).
- 3.2 Until such time as the Bidder elects not to exercise its matching right under clause 6.11 in respect of a Superior Proposal or its right to exercise its matching right under clause 6.11 has lapsed, the Target agrees to provide to the Bidder on the Business Day after the date of this Deed and at any time thereafter when reasonably requested by the Bidder in writing, until the

End Date, at no cost to the Bidder, such information about Target Shareholders as reasonably requested by the Bidder to make the Offers and solicit acceptances, including the Register and any updates to it.

Review of Target's Statement

- 3.3 The Target agrees to give the Bidder a reasonable opportunity to review an advanced draft of the Target's Statement and will consult in good faith with the Bidder in relation to any comments the Bidder may have, which comments the Bidder agrees to provide as promptly as possible.

Review of Bidder's Statement

- 3.4 The Bidder agrees to give the Target a reasonable opportunity to review an advanced draft of the Bidder's Statement and will consult in good faith with the Target in relation to any comments the Target may have, which comments the Target agrees to provide as promptly as possible.

Dispatch of Bidder's Statement

- 3.5 The Target represents and warrants to the Bidder that each of the Target Directors has confirmed his or her agreement to the Offers and accompanying documents being sent by the Bidder under item 6 of section 633(1) of the Corporations Act on a date nominated by the Bidder that is up to 11 days earlier than the earliest date prescribed by item 6 of section 633(1) of the Corporations Act.

Independent expert

- 3.6 If the Target engages an Independent Expert in connection with the Transaction, the Target will provide assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report as soon as practicable.

Target's Statement

- 3.7 The Target must prepare the Target's Statement in compliance with the Corporations Act.
- 3.8 The Target must ensure that the Target's Statement:
- (a) prominently displays the unanimous recommendation of the Target Board referred to in clause 2.4 (including on the cover of the Target's Statement); and
 - (b) subject to clause 2.4, includes a statement that each Target Director will accept, or procure the acceptance of, the Offer in respect of all Target Shares held or controlled by them, in the absence of a Superior Proposal and subject to the Independent Expert (if engaged by the Target) giving, and not withdrawing, a Reasonable Opinion.

Bidder's Statement

- 3.9 The Bidder must prepare for the Offer:
- (a) the Bidder's Statement; and
 - (b) an acceptance form,
- in compliance with the Corporations Act.

Variation and waiver

- 3.10 Subject to clauses 2.1 to 2.3 (inclusive), the Bidder may vary the terms of the Offers in any manner which is permitted by the Corporations Act, provided that the varied terms are not less favourable to Target Shareholders than the Agreed Bid Terms.
- 3.11 Subject to the Corporations Act, the Bidder may extend the Offer Period at any time.

Promotion of Offer

- 3.12 Unless each of the Target Directors withdraw their recommendation of the Offer in accordance with clause 2.4(c), the Target must ensure that each Target Director, Steven Dabelstein and Michael Harvey participate in efforts to promote the merits of the Offer.

Performance Rights and Options

- 3.13 The Target represents and warrants to the Bidder that, on the Bidder obtaining a relevant interest in at least 50% of the HRL Shares and the Offer being free from defeating conditions, pursuant to the terms of the grant of the Performance Rights, half of the Performance Rights will vest and be capable of exercise by the relevant holder.
- 3.14 Further, the Target agrees to procure that the Target Board exercise its discretion under the relevant plan rules for the Performance Right to cause:
- (a) the balance of any unvested Performance Rights to vest immediately in the event that the Bidder becomes entitled to proceed to undertake compulsory acquisition under section 661A of the Corporations Act; and
 - (b) all Performance Rights to be subject to automatic exercise, notwithstanding any provision to the contrary in the terms of the award of Performance Rights.
- 3.15 To the extent the Options have not been cancelled for no consideration or otherwise dealt with in accordance with clause 3.16, the Target agrees to procure that the Target Board exercises its discretion under clause 2.3(c) of the executive option deeds to permit the relevant grantee of the Options to transfer the Options (or the rights comprising the Options) to the Bidder or a Related Body Corporate, conditional on the Bidder becoming entitled to proceed to compulsory acquisition under section 661A of the Corporations Act.
- 3.16 The Target may, in consultation with the Bidder, seek a waiver of ASX Listing Rule 6.23.2 to permit the Target to cancel the Options for consideration, provided that the amount payable on cancellation is reasonable and agreed by the parties and that such consideration is payable only on the Bidder becoming entitled to proceed to compulsory acquisition under section 661A of the Corporations Act.

4. Conduct of business

Conduct of business

- 4.1 Until the End Date, the Target must, other than with the prior written consent of the Bidder (acting reasonably):
- (a) not take or fail to take any action that constitutes, or that could reasonably be expected to result in or otherwise give rise to, a Prescribed Occurrence;
 - (b) conduct its business and operations and maintain its assets in the ordinary course and consistent with past practices;

- (c) to the extent practicable operate its business in accordance with current business plans and budgets;
- (d) use reasonable endeavours to preserve the value of the Target Group's businesses and assets;
- (e) not dispose, agree to dispose or offer to dispose of any securities, business, assets, interest in a joint venture, entity or undertaking, the price or value of which exceeds \$500,000 (individually or in aggregate);
- (f) not acquire, agree to acquire or offer to acquire any securities, business, assets, interest in a joint venture, entity or undertaking, the price or value of which exceeds \$500,000 (individually or in aggregate);
- (g) use reasonable endeavours to preserve the Target Group's relationships with customers, suppliers, financiers, bankers, licensors and others with whom the Target Group has business dealings;
- (h) use reasonable endeavours to maintain and preserve its relationships with government agencies;
- (i) use reasonable endeavours to retain the services of all key contractors of the Target Group;
- (j) comply in all material respects with all Material Contracts and all laws, regulations, rules, requirements, authorisations, licenses, permits, consents and approvals applicable to the Target and material to the conduct of the Business;
- (k) not terminate, novate, enter into, renew, extend, materially alter or materially amend any Material Contract;
- (l) not enter into a joint venture or strategic partnership with any person where the contractually committed investment by the Target exceeds \$500,000 (individually or in aggregate);
- (m) not settle or offer to settle any legal proceedings, claim, investigation, arbitration or other like proceeding where the settlement amount exceeds \$500,000;
- (n) not do or cause to be done, or fail to do or cause not to be done, anything that would result in the Transaction not being implemented or being implemented otherwise than in accordance with the Timetable and the terms of this Deed;
- (o) ensure that the Target Shares continue to be quoted on the securities market conducted by the ASX; and
- (p) authorise, commit or agree to do any of the matters set out in this clause 4.1.

Nothing in clause 4.1 prohibits any Permitted Activities.

Access

- 4.2 The Target will, and will cause the senior management of the Target to, provide the Bidder and its Representatives with reasonable access to such officers, employees, third party service providers (including by providing consent to discussions with that third party service provider), documents, records, premises, sites, locations and other information which the Bidder reasonably requires for the purposes of implementing the Transaction, provided that such access does not place an unreasonable burden on the ability of the Target to operate its business or would be a breach of law or the ASX Listing Rules.

Integration planning

- 4.3 The parties must work together in good faith to commence planning for the takeover of the Target by the Bidder following the close of the Offer.
- 4.4 As soon as practicable after the date of this Deed, the Target and the Bidder must seek to identify any change of control or similar provisions in Material Contracts to which the Target is a party which may be triggered by the implementation of the Transaction.
- 4.5 In respect of the contracts referred to in clause 4.4, the Target and the Bidder will use reasonable endeavours to agree a proposed course of action and then jointly initiate contact with the relevant counter-parties and request that they provide any consents required. The parties must cooperate with each other to obtain such consents as expeditiously as possible.
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5. Public announcements

- 5.1 Before making any public announcement (other than the Agreed Public Announcement or announcements that are no more than 'process' announcements under Chapter 6 of the Corporations Act which include no substantive or potentially controversial content) in relation to the Transaction (whether to ASX or otherwise), a party must:
- (a) provide the other party with a draft copy of such public announcement as soon as reasonably practicable before it is proposed that such public announcement is made; and
 - (b) give the other party a reasonable opportunity to comment on the form and content of the draft announcement and must take into account all reasonable comments from the other party and its Representatives on the draft.
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6. Exclusivity

No existing discussion

- 6.1 The Target represents and warrants to the Bidder that it and its Representatives, are not as at the date of this Deed in negotiations or discussions with any other person in relation to, or which may reasonably be expected to encourage or lead to, a Competing Proposal.

No shop

- 6.2 During the Exclusivity Period, the Target must not, and must ensure that none of its Related Bodies Corporate and none of their Representatives:
- (a) solicit or invite enquiries, discussions or proposals in relation to, or which may reasonably be expected to lead to, a Competing Proposal; or
 - (b) communicate any intention to do any of the things referred to in clause 6.2(a).

No talk

- 6.3 Subject to clause 6.12, during the Exclusivity Period, the Target must not, and must ensure that none of its Related Bodies Corporate and none of their Representatives:

- (a) directly or indirectly participate in or continue any discussions or negotiations;
- (b) provide or make available any information (including by way of providing information and access to perform due diligence);
- (c) enter into any agreement, arrangement or understanding; or
- (d) communicate any intention to do any of those things,

which may reasonably be expected to lead to a Competing Proposal.

Nothing in this clause 6.3 prevents the Target from continuing to make normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Offer.

No due diligence

- 6.4 Subject to clause 6.12, during the Exclusivity Period, the Target must not, and must ensure that none of its Related Bodies Corporate and none of their Representatives:
- (a) solicit, invite, initiate, or encourage, or facilitate or permit, any person (other than the Bidder or its Representatives) to undertake due diligence investigations in respect of the Target, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
 - (b) make available to any person (other than the Bidder or its Representatives) or permit any such person to receive any non-public information relating to the Bidder, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

Notification of approaches

- 6.5 During the Exclusivity Period, the Target must, as soon as reasonably practicable (and, in any event within two Business Days) notify the Bidder in writing of:
- (a) any approach, inquiry or proposal made by any person to the Target, any of its Related Bodies Corporate or any of their Representatives, to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, a Competing Proposal; and
 - (b) any request made by any person to the Target, any of its Related Bodies Corporate, or any of their Representatives, for any information relating to the Target, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.
- 6.6 Subject to clause 6.12, a notice given under clause 6.5 must be accompanied by all material details of the relevant event, including (as the case may be):
- (a) the identity of the person who made the relevant approach, inquiry or proposal to initiate discussions or negotiations referred to in clause 6.4(a), or who made the relevant request for information referred to in clause 6.4(b); and
 - (b) the material terms and conditions (including price, conditions precedent, timetable and break fee (if any)) of any Competing Proposal or any proposed Competing Proposal (to the extent known).

6.7 During the Exclusivity Period, the Target must promptly provide the Bidder with:

- (a) in the case of written materials, a copy of; or
- (b) in any other case, a written statement of,

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

Matching right

- 6.8 If the Target is permitted by virtue of clause 6.12 to engage in activity that would otherwise breach any of clauses 6.3, 6.4 and 6.6, the Target must enter into a confidentiality agreement with the person who has made the applicable Competing Proposal (**Rival Acquirer**) on customary terms and must not enter into any other agreement to implement a Competing Proposal or a potential Competing Proposal until the Bidder's rights under clause 6.11 have been exhausted.
- 6.9 If the Target receives a Competing Proposal and as a result, any Target Director determines that the Competing Proposal is a Superior Proposal (whether or not subject to entry into any agreement to implement the Competing Proposal or a potential Competing Proposal), the Target must ensure that no further action is taken in respect of the Competing Proposal until the Target has given the Bidder written notice (**Relevant Notice**) of the Target Director's proposal to change its recommendation (including the information required in clause 6.6) and the Bidder's rights under clause 6.11 have been exhausted.
- 6.10 Prior to giving the Bidder the information under clause 6.6, the Target must advise the Rival Acquirer that the Rival Acquirer's name and other details which may identify the Rival Acquirer will be provided by the Target to the Bidder.
- 6.11 If the Target gives a Relevant Notice to the Bidder under clause 6.9, the Bidder will have the right, but not the obligation, at any time during the period of three Business Days following the receipt of the Relevant Notice, to amend the terms of the Proposal (**Counter Proposal**), and if it does so then the Target must procure that its directors promptly review the Counter Proposal. If the Target Board determines that the Counter Proposal would be more favourable to the Target Shareholders than the Competing Proposal, then the Target and the Bidder must use their best endeavours to agree the amendments to this Deed that are reasonably necessary to reflect the Counter Proposal and to enter into an amended agreement to give effect to those amendments and to implement the Counter Proposal. For the purposes of this clause 6.11, each successive material modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

Fiduciary exceptions

- 6.12 The Target and its Related Bodies Corporate and their respective Representatives may undertake any action that would otherwise be prohibited by clauses 6.3, 6.4 or 6.6 in relation to a potential or proposed bona fide Competing Proposal which it did not solicit and was not

otherwise brought about as a result of any breach by it of its obligations under this clause 6, where:

- (a) the Target Board, acting in good faith, determines that failure to take or not take such action would be likely to involve a breach of the fiduciary or statutory duties owed by any Target Director; or
- (b) it would otherwise be unlawful.

7. Break fee

Acknowledgments

7.1 The Target acknowledges that the Bidder has incurred:

- (a) external advisory costs;
- (b) internal costs (including directors and management time);
- (c) out-of-pocket expenses; and
- (d) opportunity costs,

in relation to the Transaction and will incur further costs after the date of this Deed if the Transaction is not successful (**Costs**).

7.2 Each party represents and warrants that it has received legal advice on this deed and the operation of this clause 7 and that it considers this clause 7 to be reasonable and appropriate to secure the benefits to it (and the Target Shareholders) resulting from the Transaction.

Agreement on Costs

7.3 The parties acknowledge that the amount of the Costs is inherently unascertainable and that, even after termination of this Deed, the Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the Costs that the Bidder will suffer if the Transaction does not proceed (being an amount commensurate with the interest protected by the bargain), the parties agree that, for the purposes of this clause 7, the Costs will be \$800,000, being approximately 1% of the value of the consideration offered under the Transaction (**Break Fee**).

Trigger

7.4 Subject to the terms of this Deed, the Target agrees to pay to the Bidder the Break Fee (plus any GST, only once and without set-off or withholding) if:

- (a) during the Exclusivity Period, any Target Director fails to make, or makes and then withdraws, revised, revokes or qualifies, a recommendation to Target Shareholders to accept the Offer (whether or not that failure, withdrawal, revision, revocation or qualification is otherwise in breach of this Deed) except where the Independent Expert (if engaged by the Target) has, in the Independent Expert's Report, given an opinion other than a Reasonable Opinion;
- (b) during the Exclusivity Period, any Target Director publicly endorses or otherwise publicly supports a Competing Proposal;
- (c) a Competing Proposal is announced during the Exclusivity Period and, within nine months of the Competing Proposal being announced, the Competing Proposal

results in a person or persons (either alone or in aggregate, other than the Bidder) obtaining control of the Target or acquiring (either alone or in aggregate) a legal, beneficial or economic interest in, or control of, 25% or more of the Target Shares;

- (d) the Target breaches clauses 4, 6 or 8 of this Deed (however, in respect of a breach of clauses 4 or 8, the breach must be material); or
- (e) the Bidder validly terminates this Deed under clause 9.1(a) or clause 9.1(b).

For the purposes of this clause 7.4, the definition of End Date (as referred to in the definition of Exclusivity Period) is amended such that (b) of the definition refers to the 'date this Deed is validly terminated (other than in accordance with clauses 9.1 or 9.2(b) of this Deed)'.

Qualifications

- 7.5 The Break Fee is only payable once and the only amount payable by the Target under clause 7.4 is the amount of the Break Fee.
- 7.6 For the avoidance of doubt, the Break Fee is not payable if the Target terminates this Deed in accordance with clauses 9.2(a) and 9.2(c) prior to the occurrence of any event in clause 7.4 that would give rise to obligation to pay the Break Fee.

Limitation of liability

- 7.7 Notwithstanding any other provisions of this Deed but subject to clauses 7.8 and 7.10:
 - (a) the only liability of the Target to the Bidder under or in connection with this Deed including in respect of any breach of the Deed will be the Break Fee; and
 - (b) a payment by the Target in accordance with this clause 7 represents the sole liability of the Target under or in connection with this Deed and no further damages, fees, expenses or reimbursements of any kind will be payable by the Target in connection with this Deed.

Compliance with law

- 7.8 If it is finally determined following the exhaustion of all reasonable avenues of appeal to the Takeovers Panel or a court that all or any part of the Break Fee required to be paid under clause 7.4 (**Impugned Amount**):
 - (a) is unlawful;
 - (b) involves a breach of directors' duties; or
 - (c) constitutes unacceptable circumstances or breaches an order of the Takeovers Panel,then:
 - (d) the requirement to pay the Break Fee does not apply to the extent of the Impugned Amount; and
 - (e) if the Bidder has received the Impugned Amount, it must refund it within 10 Business Days of the final determination being made.
- 7.9 The parties must not make, or cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in clause 7.8.

Regulatory Intervention

- 7.10 If any regulatory body (including ASIC or the Takeovers Panel) or a court requires any modification to the Break Fee, including as to the amount or circumstances in which it is to be paid, then:
- (a) the parties will accept this determination and amend this Deed to that extent; and
 - (b) it will not result in a breach of this Deed or termination of the transactions contemplated by it.
-

8. Representations and warranties

Mutual representations and warranties

- 8.1 Each party represents and warrants to the other party that:
- (a) **(validly existing)** it is a validly existing corporation registered under the laws of its place of incorporation;
 - (b) **(authority)** the execution and delivery of this Deed has been properly authorised by all necessary corporate action of the party;
 - (c) **(power)** the party has full capacity to own its property and carry on its business and has full capacity to enter into and perform its obligations under this Deed;
 - (d) **(no default)** this Deed does not conflict with or result in the breach of or a default under:
 - (i) any provision of the party's constituent documents; or
 - (ii) any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it is bound,and the party is not otherwise bound by any deed that would prevent or restrict it from entering into or performing this Deed; and
 - (e) **(Deed binding)** this Deed is a valid and binding obligation of the party, enforceable in accordance with its terms.

Target representations and warranties

- 8.2 The Target represents and warrants to the Bidder that:
- (a) **(solvency)** it is solvent and, subject to the Permitted Activities, no resolution has been passed nor has any other step been taken or legal proceedings commenced or threatened against the Target for winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of the Target's respective assets;
 - (b) **(continuous disclosure)** the Target is not in breach of its continuous disclosure obligations under the Corporations Act and the Listing Rules;
 - (c) **(no reliance on disclosure exception)** as at the date of this Deed, following the release of the Agreed Public Announcement, the Target is not relying on Listing Rule 3.1A to withhold any information from disclosure;

- (d) **(capital structure)** as at the date of this Deed, the Target has 494,381,306 Target Shares on issue, 15,000,000 options over unissued Target Shares, 4,415,333 Performance Rights and has no other issued securities;
- (e) **(no other equity rights)** the Target has not issued, granted or agreed to issue or grant any other Target Shares or securities convertible into Target Shares, other than the securities referred to clause 8.2(d) nor has the Target agreed or offered to issue any other securities; and
- (f) **(no litigation)** other than as disclosed at references 13.1 and 14.5 of the data room to which the Bidder has had access, there is no litigation, mediation or arbitration current or pending, nor is there, to the best of the knowledge, information and belief of the Target, any threatened litigation, mediation or arbitration, in each case which may materially and adversely affect the value of the Target.

Bidder representations and warranties

8.3 The Bidder represents and warrants to the Target that:

- (a) **(solvency)** it is solvent and no resolution has been passed nor has any other step been taken or legal proceedings commenced or threatened against the Bidder for winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of the Bidder's respective assets;
- (b) **(sufficient funds)** it will have available to it sufficient cash amounts to enable it to perform its obligations to pay the total cash consideration payable to Target Shareholders under the Bid; and
- (c) **(approvals)** other than as contemplated by the Agreed Bid Terms, no approvals are required to be obtained by the Bidder under any law, rule or regulation to perform and observe its obligations under this Deed and to consummate the Transaction.

Timing of representations and warranties

8.4 Each representation and warranty made or given under clause 8.1, 8.2 and 8.3 is given at the date of this Deed.

No representation or reliance

8.5 Except as otherwise agreed:

- (a) each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this Deed, except for representations or inducements expressly set out in this Deed and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this Deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it, are expressly excluded; and
- (b) each party acknowledges and confirms that it does not enter into this Deed in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this Deed.

Survival of representations and warranties

8.6 Each representation and warranty in clause 8.1, 8.2 and 8.3:

- (a) is severable;

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

Notification

8.7 Each party must promptly advise the other in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations and warranties given by it under this Deed.

9. Termination rights

Termination events

9.1 The Bidder may terminate this Deed at any time by notice in writing to Target:

- (a) if:
 - (i) the Target is in material breach of this Deed which breach is material in the context of the Bid;
 - (ii) the Bidder has given notice to the Target setting out the relevant circumstances of such material breach and stating an intention to terminate this Deed; and
 - (iii) the material breach is not remedied to the reasonable satisfaction of the Bidder within, in the case of a breach of clause 6, two Business Days from the time such notice is given, and, in any other case, five Business Days from the time such notice is given;
- (b) if a Prescribed Occurrence occurs which was not consented to by the Bidder in writing;
- (c) if a Competing Proposal is publicly proposed by a person other than the Bidder (or one of its controlled entities) and is recommended, endorsed or otherwise supported by any Target Director;
- (d) if a person other than the Bidder or one of its controlled entities that does not hold 20% or more Voting Power in Target at the date of this Deed obtains Voting Power in the Target of 20% or more;
- (e) if any Target Director fails to make or withdraws, changes, revises, revokes or qualifies, or makes a public statement inconsistent with, the recommendation referred to in clause 2.4 or makes a public statement indicating that they no longer recommend or intend to accept the Offer;
- (f) in any circumstance (including circumstances permitted by clauses 6.3, 6.4 and 6.6) where the Target enters into a definitive agreement to implement a Competing Proposal;
- (g) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Bid, and the action is final and cannot be appealed or reviewed.

9.2 The Target may terminate this Deed at any time by notice in writing to the Bidder:

- (a) if:
 - (i) the Bidder is in material breach of this Deed which breach is material in the context of the Bid;
 - (ii) the Target has given notice to the Bidder setting out the relevant circumstances of such material breach and stating an intention to terminate this Deed; and
 - (iii) the material breach is not remedied to the reasonable satisfaction of the Target within five Business Days from the time such notice is given;
- (b) if the majority of the Target Board withdraws their recommendation of the Offer in accordance with clause 2.4(c); or
- (c) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Bid, and the action is final and cannot be appealed or reviewed.

9.3 This Deed automatically terminates on the End Date.

Effect of termination

9.4 In the event of termination of this Deed by either the Bidder or the Target pursuant to this clause 9, the Deed will have no further effect, other than in respect of any liability for any: (a) breach of this Deed committed prior to termination; or (b) amounts payable under this Deed (including the Break Fee) which obligation arose prior to termination, and provided that this clause 9 and clauses 1, 10, 11 and 12 survive termination.

10. Confidentiality

General

10.1 No party may disclose the existence or contents of this Deed except:

- (a) in the Agreed Public Announcement;
- (b) to that party's professional advisers; or
- (c) to the extent required by law or the rules of any stock exchange (provided the disclosing party consults with the other party as to the form and content of any disclosure required and uses its best endeavours to minimise the extent of such disclosure).

Disclosure in Bidder's Statement or Target's Statement

10.2 For the avoidance of doubt, disclosure of the existence or contents of this Deed in the Bidder's Statement or the Target's Statement will be subject to the requirements of clause 10.1(c).

Ongoing application of Confidentiality Agreement

10.3 The Confidentiality Agreement will apply to all information disclosed by the parties to one another as contemplated by this Deed.

10.4 Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreement in respect of information received by it from the other party before or after the date of this Deed.

10.5 The rights and obligations of the parties under the Confidentiality Agreement survive the termination of this Deed. To the extent of any inconsistency between the Confidentiality Agreement and this Deed, the terms of the Confidentiality Agreement will prevail.

11. Notices

Requirements

11.1 All notices must be:

- (a) in legible writing and in English;
- (b) addressed to the recipient at the address or email address set out below or to such other address or email address as that party may notify to the other party:

to Bidder:

Address: Level 2, 299 Coronation Drive, Milton, Queensland, 4064

Attention: Michael Pearson

Email: michael.pearson@ALSGlobal.com

With a copy to: Baker McKenzie
Level 8, 175 Eagle Street
BRISBANE QLD 4000

Attention: Derek Pocock and Adrienne de Bruyn

Email: Derek.Pocock@bakermckenzie.com and
Adrienne.deBruyn@bakermckenzie.com

to Target:

Address: Level 12, 145 Eagle Street, Brisbane Qld 4000

Attention: Steven Dabelstein

Email: steven.dabelstein@hrlholdings.com

With a copy to: McCullough Robertson
Level 11, 66 Eagle Street
Brisbane Qld 4000

Attention: Ben Wood and Laryssa Perkins

Email: bwood@mccullough.com.au and
lperkins@mccullough.com.au

- (c) signed by or on behalf of the party giving the notice. If the notice is sent by email and does not contain a signature, it is deemed to be signed by the person identified as the sender of the email;
- (d) sent to the recipient by hand, prepaid post (airmail if to or from a place outside Australia) or email; and

- (e) if sent by email, in a form which:
 - (i) identifies the sender; and
 - (ii) clearly indicates the subject matter of the notice in the subject heading of the email.

Receipt

11.2 Without limiting any other means by which a party may prove that a notice has been received, a notice is deemed to be received:

- (a) if sent by hand, when left at the address of the recipient;
- (b) if sent by prepaid post, five Business Days (if posted within Australia to an address in Australia) or 10 Business Days (if posted from one country to another) after the date of posting; or
- (c) if sent by email, at the time the email was sent (as recorded on the device from which it was sent), unless within 24 hours of sending the email the sender receives an automated message that it was not delivered,

but if a notice would otherwise be deemed to be received by a party on a day which is not a Business Day, or after 5.00pm (local time at the receiving party's address) on a Business Day, the notice is deemed to be received by the party at 9.00am (local time at its address) on the first Business Day after that day.

12. General

Remedies

12.1 Each party acknowledges that any breach of this Deed will cause material damage to the other party and that damages may not be a sufficient remedy for such breach. Accordingly, the other party has the right to seek injunctive relief or specific performance as a remedy for any actual or threatened breach, in addition to any other remedies available at law or in equity under or independently of this Deed.

Costs

12.2 Except as otherwise provided in this Deed, each party must bear its own costs and expenses incurred by it in connection with the negotiation, preparation and execution of this Deed and the proposed, attempted or actual implementation of the Transaction.

12.3 The Bidder:

- (a) must pay all stamp duties and any related fines and penalties in respect of this Deed or any transaction effected under it; and
- (b) indemnifies the Target against any liability arising from or in connection with any failure by the Bidder to comply with clause 12.3(a).

Entire agreement

- 12.4 To the extent permitted by law, in relation to the subject matter of this Deed, this Deed:
- (a) embodies the entire understanding of the parties and constitutes the entire terms agreed on between the parties; and
 - (b) supersedes the Process Agreement and any other prior agreement (whether or not in writing) between the parties other than the Confidentiality Agreement.

Further assurances

- 12.5 Each party must, at its own expense, whenever requested by the other party, promptly do or, to the extent reasonably practicable, arrange for others to do everything, including executing any documents, reasonably necessary to give full effect to this Deed and the transactions contemplated by this Deed.

Assignment

- 12.6 A party cannot assign, novate or otherwise transfer or deal in any other way with any of its rights or obligations under this Deed without the other party's prior written consent.

Invalid or unenforceable provisions

- 12.7 If a provision of this Deed is invalid or unenforceable in a jurisdiction:
- (a) it is to be read down or severed in that jurisdiction to the extent of the invalidity or unenforceability; and
 - (b) that fact does not affect the validity or enforceability of that provision in another jurisdiction or the remaining provisions of this Deed.

Waiver and exercise of rights

- 12.8 A waiver by a party of a provision of, or of a right under, this Deed is only binding on the party granting the waiver if it is given in writing and is signed by the party or an authorised officer of the party granting the waiver.
- 12.9 A waiver is effective only in the specific instance and for the specific purpose for which it is given.
- 12.10 A single or partial exercise of a right by a party does not preclude another exercise of that right or the exercise of another right.
- 12.11 The failure to exercise, or the delay in exercising, a right does not operate as a waiver or prevent the party so failing or exercising its right from later doing so.

Amendment

- 12.12 Except as expressly provided to the contrary in this Deed, this Deed may only be amended by a document signed by or on behalf of each party.

Counterparts

- 12.13 This Deed may be signed in counterparts and all counterparts taken together constitute one document.

Rights cumulative

12.14 Except as expressly provided to the contrary in this Deed or as permitted by law, the rights, powers and remedies provided in this Deed are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this Deed.

Consents or approvals

12.15 A party may give its approval or consent conditionally or unconditionally, or withhold its approval or consent, in its absolute discretion unless this Deed expressly provides otherwise.

GST

12.16 In clauses 12.16 to 12.19 (inclusive), a word or expression defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) has the meaning given to it in that Act.

12.17 Unless expressly included, the consideration for any supply under or in connection with this Deed does not include GST.

12.18 To the extent that any supply made by a party to another party (**Recipient**) under or in connection with this Deed is a taxable supply and a tax invoice has been provided to the Recipient, the Recipient must pay, in addition to the consideration to be provided under this Deed for that supply (unless it expressly includes GST) an amount equal to the amount of that consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply.

12.19 The amount of GST payable in accordance with clause 12.18 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.

Governing law and jurisdiction

12.20 This Deed is governed by the laws of Queensland, Australia.

12.21 Each party irrevocably and unconditionally:

- (a) submits to the non-exclusive jurisdiction of the courts of Queensland, Australia; and
- (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

Service of process

12.22 Each party agrees that a document required to be served in proceedings about this Deed may be served:

- (a) by being delivered to or left at its address for service of notices under clauses 11.1; or
- (b) in any other way permitted by law.

Schedule 1

Agreed Bid Terms

1. Consideration

The consideration offered under the Bid will be \$0.16 per Target Share (less the amount or value of any 'rights' (to be defined in the Offer) attaching to Target Shares which arise or are paid on or after the date of the Bidder's Statement and which the Bidder does not receive), subject to any improvement permitted by the Corporations Act.

The Offer will be extended to those Target Shares on issue at the date of the Offer and any Target Shares issued during the Offer Period on exercise of the Performance Rights or Options.

2. Offer Period

The Offer will remain open for acceptances for a period of no less than six weeks after the date the Offer is first open for acceptances, unless it is withdrawn under the Corporations Act. The Offer may be extended at the Bidder's discretion in accordance with the Corporations Act.

3. Conditions

The Offer will be unconditional.

Schedule 2

Agreed Public Announcement

Execution

Executed as a deed.

Signed sealed and delivered
by **Australian Laboratory Services Pty.
Ltd. (ACN 009 936 029)**
in accordance with section 127 of the
Corporations Act 2001 (Cth) by a director
and a secretary/director:



Signature of director

Raj Naran

Name of director (please print)

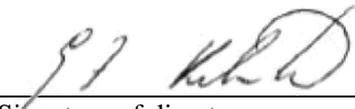


Signature of secretary

Michael Pearson

Name of secretary (please print)

Signed sealed and delivered
by **HRL Holdings Ltd**
(ACN 120 896 371)
in accordance with section 127 of the
Corporations Act 2001 (Cth) by a director
and a secretary/director:



Signature of director

Greg Kilmister

Name of director (please print)



Signature of secretary/director

Paul Marshall

Name of secretary/director (please print)