

The Company Announcement Officer ASX Ltd
via electronic lodgement

RECOMMENDED TAKEOVER OFFER FOR UIL ENERGY

Highlights

- **Strike Energy to make an off-market takeover Offer to acquire all of the shares in UIL Energy**
- **Strike Energy to offer 0.485 Strike Energy shares for every 1 UIL Energy ordinary share held**
- **Premium for UIL Energy shareholders of 43.4% based on the 30-day VWAP for each of Strike Energy and UIL Energy¹**
- **Significant benefits for both sets of shareholders as part of the Merged Group**
- **The Board of Directors of UIL Energy unanimously recommend that UIL Energy shareholders accept the Offer, in the absence of a superior proposal and subject to satisfaction of the capital raising condition and the independent expert concluding that the offer is reasonable**
- **The Board of Directors of UIL Energy, who collectively hold approximately 25% of UIL Energy's ordinary shares, intend to accept the Offer, in the absence of a superior proposal and subject to satisfaction of the capital raising condition and the independent expert concluding that the offer is reasonable**
- **Logical consolidation of the complementary UIL Energy and Strike Energy portfolios will provide the platform to create a meaningful Perth Basin operator**

Strike Energy Limited (**Strike Energy**) (ASX:STX) and UIL Energy Limited (**UIL Energy**) (ASX:UIL) are pleased to announce they have entered into a binding Takeover Implementation Deed (**TID**) pursuant to which Strike Energy (or its wholly owned subsidiary) will make a conditional off-market takeover offer to acquire all of the issued shares of UIL Energy at an offer price of 0.485 Strike Energy shares for each UIL Energy ordinary share (**Offer**).

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

The combination of Strike Energy and UIL Energy (**Merged Group**) presents a compelling opportunity to build a material domestic gas business with significant holdings in the Cooper and Perth Basins.

The Board of Directors of UIL Energy (**UIL Energy Directors**) unanimously recommend that UIL Energy shareholders accept the Offer:

¹ Based on the 30-day VWAP of Strike Energy shares of \$0.136 per share up to and including 19 October 2018

- in the absence of a superior proposal; and
- subject to satisfaction of the capital raising condition and an independent expert concluding that the Offer is reasonable.

The UIL Energy Directors intend to accept the Offer in respect of all shares they own or control, and exercise all 'in-the-money' options they own or control for the purposes of accepting the Offer in respect of the issued shares, by the later of 21 days after the Offer is opened for acceptance and 5 days after despatch of the UIL Energy target's statement, each:

- in the absence of a superior proposal; and
- subject to satisfaction of the capital raising condition and an independent expert concluding that the Offer is reasonable.

SUPPORT FROM STRIKE ENERGY AND UIL ENERGY BOARDS

Commenting on the transaction:

Commenting on the Offer, John Poynton, Chairman of Strike Energy said, *"It is an exciting time for Strike Energy to be building a meaningful Perth Basin operated business. The additional exploration potential in the extensions of the Kingia-High Cliff sands sequence is set to be high graded through our near term high-impact drilling at West Erregulla, and has the potential to release further large scale gas opportunities. The Perth Basin continues to show signs of a heavily underexplored hydrocarbon system and the addition of UIL Energy's acreage will result in Strike being set to influence the Western Australian domestic gas market over the coming decades.*

This transaction plays to Strike's strengths of being a low cost and high-impact on-shore exploration and appraisal operator, which makes it an extremely attractive opportunity for both UIL Energy and Strike Energy shareholders alike.

The Merged Group will be well capitalised to execute on the Perth Basin strategy whilst continuing to progress the Southern Cooper Basin Gas Project, which is approaching a key milestone in proving commercial success.

The addition of the UIL Energy portfolio provides further diversity and scale benefits, and is a natural fit with our strategy of targeting potentially transformational gas supplies for both the Western and Eastern Australian domestic gas markets.

I look forward to welcoming existing UIL Energy shareholders to the Strike Energy register as part of the proposed transaction, and encourage all UIL Energy shareholders to read the Bidder's Statement, which will be available shortly, for further information."

Simon Hickey, Chairman of UIL Energy said, *"This is a compelling offer for UIL Energy shareholders to participate in a combination of Strike Energy and UIL Energy with significant positions in both the Perth Basin and Cooper Basin, and the potential to supply gas to both the West Coast and East Coast markets.*

Both Strike Energy's interest in the West Erregulla block and our portfolio enhances the likelihood of a merged entity becoming a substantial operator in the Perth Basin. The West Erregulla prospect, expected to be drilled in early 2019, along with Strike Energy's current Jaw's project, provides UIL Energy shareholders with exposure to highly prospective and significant projects.

In the absence of a superior proposal and subject to the independent expert concluding the Offers are reasonable, I, along with the UIL Energy Board of Directors, recommend all UIL Energy shareholders accept the Offer from Strike Energy, as I intend to do in relation to my own shares."

OFFER DETAILS

Under the Offer, UIL Energy ordinary shareholders will receive consideration of 0.485 Strike Energy ordinary shares for each UIL Energy ordinary share held which implies an indicative offer price for UIL Energy of \$0.0703 per share and an indicative undiluted market capitalisation of \$16.1 million². This represents an attractive premium of:

- 26.1% to UIL Energy's 5-day volume weighted average price (**VWAP**) of \$0.055 per share up to and including 19 October 2018³; and
- 43.4% to UIL Energy's 30-day VWAP of \$0.046 per share up to and including 19 October 2018⁴.

The Offer extends to any UIL Energy shares that are issued as a result of the exercise of options during the period of the Offer. However, UIL Energy and Strike Energy also intend to enter into private treaty arrangements with UIL Energy option holders to cancel UIL Energy options in exchange for either cash or options in Strike Energy (subject to any required Strike Energy shareholder approval).

Strike Energy will extend the takeover bid to all UIL Energy preference shareholders, under which Strike Energy will offer to acquire all of the issued preference shares of UIL Energy at an offer price of 0.485 Strike Energy Milestone Options for each UIL Energy Preference Share held. Further details on the Strike Energy Milestone Options are set out in the TID in Annexure A to this announcement.

The Offer is subject to certain terms and conditions, which include but are not limited to:

- completion of a capital raising by Strike of at least \$13 million;
- Minimum Offer acceptance of 50.1%;
- No regulatory action, prescribed occurrences or material litigation;
- No material fall in the ASX200 index; and
- No breach by UIL Energy of the conduct of business restrictions or UIL Energy warranties in the TID.

The Offer conditions are set out in full in Schedule 2 of the TID provided in Annexure A to this announcement.

² Based on the closing price of Strike Energy shares on ASX on 19 October 2018, being the last trading day prior to this announcement

³ Based on the 5-day VWAP of Strike Energy Shares of \$0.143 per share up to and including 19 October 2018.

⁴ Based on the 30-day VWAP of Strike Energy Shares of \$0.136 per share up to and including 19 October 2018.

Subject to satisfaction or waiver of the Offer conditions, Strike Energy also intends to invite UIL Energy Non-Executive Director, Stephen Bizzell, to join the Strike Energy Board of Directors upon closing of the Offer.

Strike Energy and UIL Energy have also agreed to enter into an exclusivity arrangement from the date of signing the TID and the earlier of the end of the Offer Period and termination of the TID in accordance with its terms.

Under the TID, Strike Energy has the right to make a counter proposal in the event UIL Energy receives a competing proposal from a third party.

Under certain circumstances, an agreed break fee or reverse break fee of \$150,000 will be payable.

TRANSACTION RATIONALE

The combination of Strike Energy and UIL Energy presents a compelling opportunity to build a material domestic gas business in the Perth Basin, to complement Strike Energy's extensive holding in the Cooper Basin (refer Figure 1 below).

The combination of the two portfolios creates a robust platform to further explore, appraise and ultimately develop the Perth Basin assets. The addition of UIL Energy's northern permits (EPA 82, EPA 98 and EPA 99), which Strike Energy management believe to be an extension of the Kingia-High Cliff sands sequence, provide additional upside to Strike Energy's West Erregulla prospect in EP 469 (Strike Energy 50% and Operator; Warrego Energy Pty Ltd 50%) due to be drilled in Q1 2019.

The addition of the UIL Energy assets also diversifies Strike Energy's portfolio across multiple plays in the Perth Basin and the Merged Group will have a significant holding in the basin covering ~3,000km² as shown in Figure 2 below.

Figure 1. Merged Group Combined Portfolio

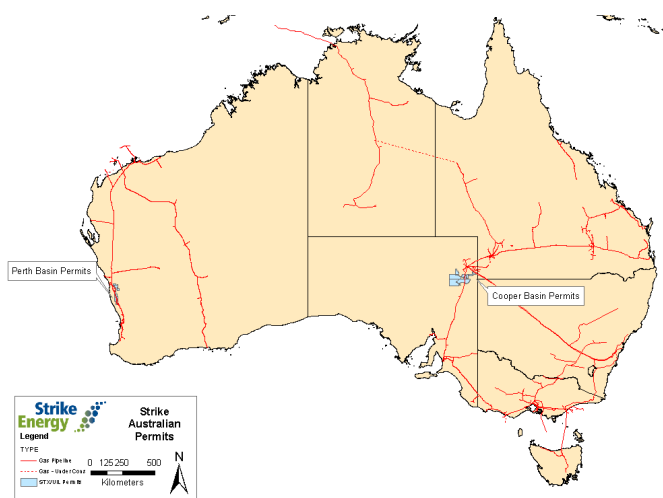


Figure 2. Merged Group Combined Portfolio in Perth Basin

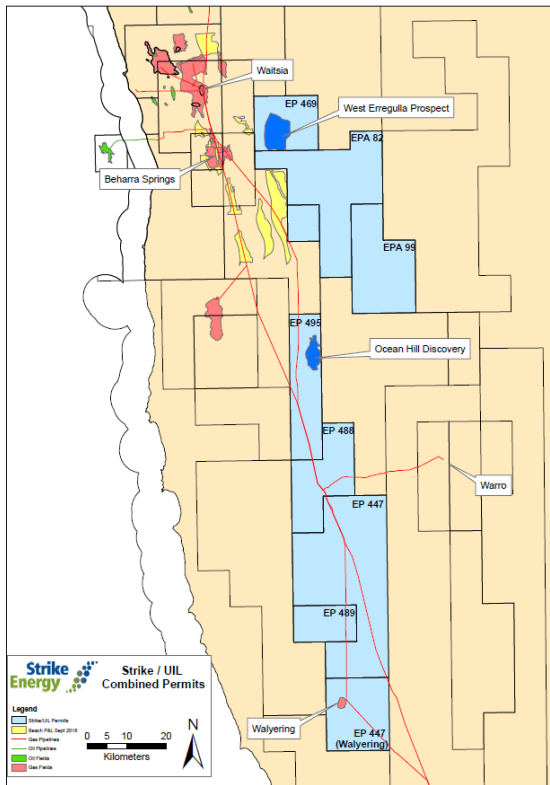
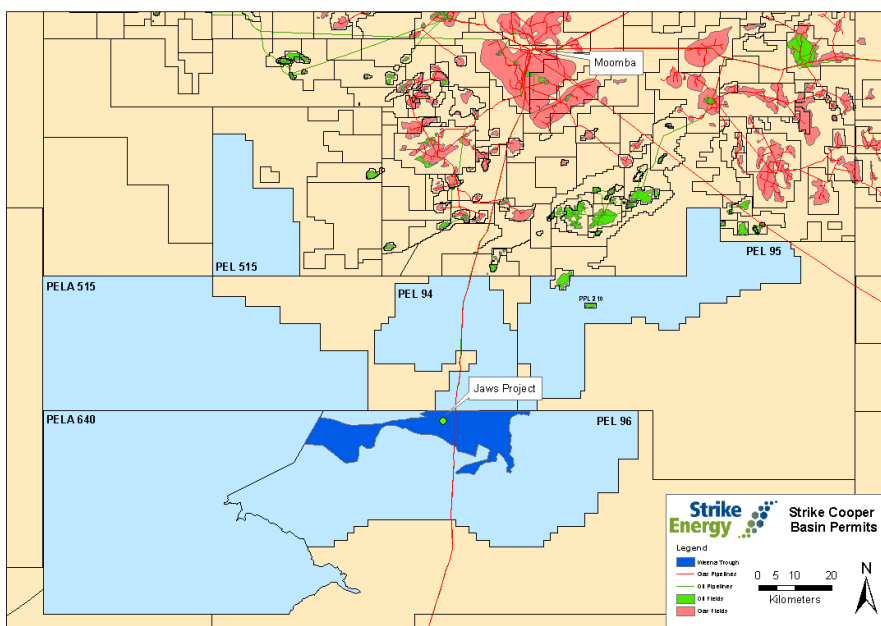


Figure 3. Merged Group Combined Portfolio in Cooper Basin



The Merged Group will also benefit from a number of synergies and cost savings. These would primarily be sourced from the increase in operational efficiencies and the elimination of duplicated corporate, administrative and technical costs.

CAPITAL RAISING

Strike Energy has today called a trading halt to seek to finalise a capital raising to new investors and existing shareholders to raise a minimum of \$13,000,000 via the issue of Strike Energy ordinary shares to satisfy the related condition of the Offer (**Capital Raising**). Further details of the Capital Raising will be announced to the ASX once available.

INDICATIVE TIMETABLE

Strike Energy intends to lodge the Bidder's Statement in the coming days which will include additional details on the Offer. The Bidder's Statement will also be dispatched to UIL Energy shareholders.

UIL Energy's Target's Statement in response to the Offer is expected to be lodged and dispatched a short time thereafter.

ADVISERS

Strike Energy is being advised by Azure Capital as financial adviser and Allen & Overy as legal adviser.

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ASX Announcement



22 October 2018

ANNEXURE A. TAKEOVER IMPLEMENTATION DEED

EXECUTION VERSION

TAKEOVER IMPLEMENTATION DEED

DATED 22 OCTOBER 2018

STRIKE ENERGY LIMITED
(as “Bidder”)

and

UIL ENERGY Limited
(as “Target”)

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THIS DEED is made on 22 October 2018

BETWEEN:

- (1) **STRIKE ENERGY LIMITED** ACN 078 012 745 of Unit 1, 31-35 George Street, Thebarton, South Australia (**Bidder**); and
- (2) **UIL ENERGY LIMITED** ACN 153 352 160 of Level 9, 1 Eagle Street, Brisbane, Queensland (**Target**).

BACKGROUND:

- (A) Bidder is proposing to acquire all of the Shares and Preference Shares by way of separate off-market takeover bids.
- (B) The parties have agreed to implement the Transaction on the terms and conditions set out in this deed.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this deed:

Acceptance Date means the date that is the later of:

- (a) 21 days after the date on which the Offers are opened for acceptance; and
- (b) 5 days after the date on which the target's statement is despatched.

Additional Amount has the meaning given in clause 13.3.

Alternative Proposal has the meaning given in clause 5.10.

Announcement Date means the date of the first announcement of the Transaction.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12(2) of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this deed.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Australian Accounting Standards means the Australian accounting standards made under the Corporations Act and generally accepted accounting principles in Australia which are not inconsistent with those standards.

Authorisation means:

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

including any renewal, consolidation, replacement, extension or amendment of any of them.

Bidder 10.3 Cent Option means an option to subscribe for a Bidder Share on the terms and conditions set out in Schedule 6, save as to any amendments required to standalone terms.

Bidder 15.5 Cent Option means an option to subscribe for a Bidder Share on the terms and conditions set out in Schedule 7, save as to any amendments required to standalone terms.

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

Bidder Due Diligence Information means:

- (a) the written information and documents made available to Bidder or its Representatives on or before 21 October 2018; and
- (b) the written answers or written confirmations provided to Bidder or its Representatives on or before 21 October 2018 in response to requests for information, copies of which have been compiled and initialled for the purposes of identification by Representatives of Bidder and Target.

Bidder Group means Bidder and its Related Entities (but excluding Target Group Members) and **Bidder Group Member** means any of them.

Bidder Indemnified Parties means Bidder and its Representatives.

Bidder Information means the information regarding the Bidder Group prepared, and provided to Target in writing, by Bidder for inclusion in the target's statement (excluding any information provided by Target to Bidder, or obtained by Bidder from an announcement made by Target to ASX or from a publicly available document lodged by Target with ASIC, contained in, or used in the preparation of, the information regarding the Offers) including:

- (a) information about Bidder and other Bidder Group Members, the businesses of the Bidder Group, Bidder's interests and dealing in Shares, Bidder's intentions for Target and Target employees; and
- (b) any other information required under applicable laws (including the Corporations Act, and the Corporations Regulations) and the applicable rules and policies of ASX and ASIC (including the ASX Listing Rules and applicable ASIC Regulatory Guides) to enable the target's statement to be prepared that the parties agree is Bidder Information and that is identified in the target's statement as such.

For the avoidance of doubt, the Bidder Information excludes the Target Information and any description of the taxation effect of the Transaction on Shareholders or Preference Shareholders prepared by an external adviser to Bidder.

Bidder Material Adverse Change means between the Announcement Date and the end of the Offer Period (each inclusive), any of the following occurs:

- (a) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (b) information is disclosed or announced by Bidder concerning an event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (c) information concerning an event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Target (whether or not becoming public),

(each of paragraphs (a), (b) and (c), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Bidder Group. For the purposes of establishing the existence of a Bidder Material Adverse Change, a Specified Event shall not include:

- (i) matters that are fairly disclosed in the Bidder's public filings with the ASX and ASIC prior to the date of this deed;
- (ii) matters that are fairly disclosed in the Bidder Due Diligence Information;
- (iii) changes in government regulation or political conditions generally;
- (iv) changes in general economic conditions, currency exchange rates, securities markets and commodity prices that impact on Bidder and its competitors in a similar manner;
- (v) changes occurring as a result of any matter, event or circumstance required by this deed, the Offers or the transactions contemplated by them;
- (vi) changes arising as a result of any generally applicable change in the Australian Accounting Standards required by law or governmental policy in Australia;
- (vii) changes approved in writing by Target; or
- (viii) any event, occurrence, circumstance or matter affecting the oil and gas industry generally.

Bidder Milestone Option means an option to subscribe for a Bidder Share on the terms and conditions set out in Schedule 5, save as to any amendments required to standalone terms.

Bidder Milestone Optionholder means the holder of a Bidder Milestone Option.

Bidder Nominees has the meaning given in clause 4.7(a).

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

Bidder Shareholder means a holder of one or more Bidder Shares.

Bidder Warranties means the statements set out in Schedule 4.

Break Fee means \$150,000.

Break Fee Arrangements has the meaning given in clause 6.4(a)(i).

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open in Perth and Adelaide for normal business.

Capital Raising Condition means the Share Offer Condition set out in paragraph 1 of Schedule 2.

Change of Control Right means a right pursuant to which any party (other than a Target Group Member) could:

- (a) terminate a Material Contract;
- (b) materially vary, amend or modify a Material Contract;
- (c) exercise or enforce any material right under a Material Contract; or
- (d) materially benefit from the operation of a provision which automatically terminates, varies, amends or modifies a Material Contract,

(including where that right is subject to either the satisfaction or failure of a contingency or condition, or one or more defeating conditions to the Offers being fulfilled or freed) as a direct or indirect result of:

- (i) Bidder announcing or making the Offers;
- (ii) Bidder acquiring, or acquiring a relevant interest in, any Shares;
- (iii) Bidder obtaining a relevant interest in 50% or more of Shares then on issue;
- (iv) Bidder acquiring control of Target;
- (v) Bidder implementing or seeking to implement any of its intentions for Target as described in the bidder's statement; or
- (vi) the Target Directors making a recommendation in relation to the Transaction.

Claim means any claim, demand, legal proceedings or cause of action relating in any way to this deed or the Transaction (whether current or future, known or unknown), and includes a claim, demand, legal proceedings or cause of action:

- (a) based in contract (including for a breach of warranty or representation);
- (b) based in tort (including misrepresentation or negligence);
- (c) under common law or equity;
- (d) under statute, including the Australian Consumer Law (being Schedule 2 of the *Competition and Consumer Act 2010* (Cth)) or Part VI of that statute, or like provision in any state or territory statute; or
- (e) arising under an indemnity under this deed.

Competing Proposal means a takeover bid, scheme of arrangement, reverse takeover, capital reduction, sale of assets, sale of securities, strategic alliance, joint venture, partnership, dual listed companies structure, economic or synthetic merger or combination, deed of company arrangement, any debt for equity arrangement or other transaction or arrangement which, if completed, would result in a Third Party:

- (a) directly or indirectly acquiring or being entitled to acquire a relevant interest or any other direct or indirect interest in more than 20% of the Shares or more than 20% of the shares in any other Target Group Member whose assets represent 20% or more of the total consolidated assets of the Target Group;

- (b) directly or indirectly acquiring or being entitled to acquire a direct or indirect interest in, or control of:
 - (i) the whole of the business or assets of the Target Group;
 - (ii) any part of the business or assets of the Target Group:
 - (A) that represents 20% or more of the total consolidated assets of the Target Group; or
 - (B) of which the consideration offered exceeds the value of 20% or more of the total consolidated assets of the Target Group; or
- (c) acquiring Control of Target or merging or amalgamating with Target or any other Target Group Member whose assets represent 20% or more of the total consolidated assets of the Target Group,

or which would otherwise require Target to abandon, or otherwise fail to proceed with, the Transaction.

Confidentiality Agreement means the confidentiality deed dated 28 May 2018 between Bidder and Target.

Control has the meaning given in section 50AA of the Corporations Act but as if section 50AA(4) did not apply.

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

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

Counter Proposal has the meaning given in clause 5.7(b)(iii).

Department means the Department of Mines, Industry Regulation and Safety being the department of the government of Western Australia responsible for the administration of the Petroleum Act.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and any penalty, fine, interest or additional charge payable in relation to any such duty or charge.

Effective Control means Bidder having a relevant interest in at least 50.1% of the Shares and the Share Offers having become or been declared unconditional.

Effective Control Date means the first date on which Effective Control has occurred.

Encumbrance means any mortgage, lien, charge, pledge, encumbrance, assignment by way of security, security interests (including any 'security interest' within the meaning section 12 of the *Personal Property Securities Act 2009* (Cth), title retention, preferential right or trust arrangement, contractual right of set-off, claim, covenant or any other security arrangement or any other arrangement having the same effect, whether registered or unregistered.

Equity Capital Raising means an issue of Bidder Shares:

- (a) to raise not less than \$13,000,000;
- (b) at an issue price per Bidder Share which the Target has accepted in writing;

- (c) on such terms that require completion of the issue of Bidder Shares by no later than 15 Business Days after the date of this Deed;
- (d) to be undertaken without the need for Bidder Shareholder approval under ASX Listing Rule 7.1 or otherwise; and
- (e) to be undertaken without the need for disclosure to investors under Chapter 6D of the Corporations Act.

Equity Securities means:

- (a) any Share;
- (b) preference share, option, warrant, debenture or any other “security” (as that term is defined in section 92(1) of the Corporations Act) or obligation which, by its terms, is directly or indirectly convertible into, or exchangeable for, Shares; and
- (c) any other option, warrant or other right for subscription or purchase respect to Shares or such other Securities.

Exclusivity Period means the period starting on the date of this deed and ending on the earlier of:

- (a) the date this deed is terminated in accordance with clause 10; and
- (b) the end of the Offer Period.

Foreign Shareholder means a Shareholder whose address shown in the Target Register is a place outside of Australia and its external territories and Singapore.

Fully Diluted Basis means the aggregate number of Shares assuming that all Equity Securities (excluding the Preference Shares) have been exercised, converted or exchanged (as the case may be) into the maximum number of Shares those Equity Securities can be exercised, converted or exchanged into.

Good Engineering and Operating Practices means recognised, but not necessarily optimum, practices, methods and acts, together with the exercise of that degree of skill, diligence, prudence and foresight that reasonably and ordinarily would be expected to be applied by a skilled and experienced person engaged in the upstream oil and gas industry within Australia and which are consistent with applicable laws, regulations, Authorisations and licences, having regard to the need for:

- (a) adequate materials;
- (b) suitable personnel;
- (c) appropriate maintenance procedures;
- (d) on-going monitoring and testing of plant and equipment performance; and
- (e) safe and environmentally sound operating procedures.

Government Agency means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity whether in Australia or elsewhere

and any self-regulatory organisation established under statute or any stock exchange, and includes the Department.

GST has the meaning given in the GST Law.

GST Exclusive Consideration has the meaning given in clause 13.2.

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

Identifying Details has the meaning given in clause 5.7(a)(ii).

Independent Expert means the independent expert appointed by Target to prepare an independent expert's report to be included in the target's statement.

Independent Expert's Report means the report of the Independent Expert included in the target's statement as updated and supplemented at any time and from time to time.

Ineligible Foreign Shareholder means a Foreign Shareholder whose address shown in the Target Register is a jurisdiction that does not permit the issue of Bidder Shares or Bidder Milestone Options to the Foreign Shareholder either unconditionally or after compliance with conditions which Bidder reasonably regards as not unduly onerous or unduly impracticable.

Insolvency Event means in respect of any person:

- (a) the person is unable to or states that it is unable to pay its debts as they fall due or stops or threatens to stop paying its debts as they fall due;
- (b) any indebtedness of the person is subject to a moratorium;
- (c) a liquidator, provisional liquidator or administrator has been appointed to the person, a controller (as defined in section 9 of the Corporations Act) has been appointed to any property of the person or an event occurs that gives any other person a right to seek such an appointment;
- (d) an order has been made, a resolution has been passed or proposed in a notice of meeting or in an announcement to any recognised securities exchange, or an application to court has been made for the winding up or dissolution of the person or for the entry into of any arrangement, compromise or composition with, or assignment for the benefit of, creditors of the person or any class of them (other than frivolous or vexatious orders or applications);
- (e) a security interest (within the meaning of section 51A of the Corporations Act) becomes enforceable or is enforced over, or a writ of execution, garnishee order, mareva injunction or similar order has been issued over or affecting, all or a substantial part of the assets of the person; or
- (f) the person has otherwise become, or is otherwise taken to be, insolvent in any jurisdiction or an event occurs in any jurisdiction in relation to the person that is analogous to, or that has a substantially similar effect to, any of the events referred to in paragraphs (a) to (e) above.

Key Executive means

- (a) in respect of the Target, John de Stefani, Stephen Bizzell and Drew Speedy; and
- (b) in respect of the Bidder, Stuart Nicholls, Justin Ferravant and Lucy Gauvin.

Loss means all losses, damages, costs, expenses, charges and other liabilities whether present or future, fixed or unascertained, actual or contingent.

Matching Period has the meaning given in clause 5.7(b).

Material Contract means any agreement, contract, deed or other arrangement or instrument which:

- (a) involves the provision of financial accommodation to any Target Group Member of a value greater than \$500,000 but excluding any financial accommodation between Target Group Members;
- (b) imposes obligations or liabilities on any party of at least \$250,000 per annum or \$500,000 over the life of the agreement, contract, deed or other arrangement or instrument;
- (c) under which a person does not have an unconditional right to terminate within 12 months;
- (d) involves the disposal or acquisition of an interest in a Target Permit or Target Application; or
- (e) is otherwise of material importance to the business of the Target Group.

Minimum Acceptance Condition means the Share Offer Condition set out in paragraph 2 of Schedule 2.

Offer means a Share Offer, Preference Share Offer or both (as the context requires).

Offer Condition means a Share Offer Condition or the Preference Share Offer Condition (as the context requires).

Offer Period means the period during which the Offers remain open for acceptance by Shareholders or Preference Shareholders (as the context requires).

Option means an option to subscribe for Shares, details of which are set out details in paragraph 2 of Schedule 1.

Option Consideration means the relevant consideration payable in respect of each tranche of Options as set out in the fourth column of the table in paragraphs 3.1 and 3.2 of Schedule 1.

Optionholder means a holder of one or more Options.

Performance Right means a performance right issued under a Target Incentive Plan.

Permit has the meaning given in the Petroleum Act.

Petroleum Act means the *Petroleum and Geothermal Energy Resources Act 1967* (WA).

Potential Competing Proposal means any offer, proposal or expression of interest which is not, but which could reasonably be expected to become, a Competing Proposal.

Preference Share means a convertible redeemable preference shares issued by Target on the terms and conditions set out in Target's constitution and Annexure B to Target's notice of extraordinary general meeting dated 5 April 2016 and as further described as "Class B CPS".

Preference Share Offer means an offer pursuant to an off-market takeover bid to acquire one or more Preference Shares at the Preference Share Offer Price and subject to the Preference Share Offer Condition, and includes any variation to that offer pursuant to a Counter Proposal.

Preference Share Offer Condition means Bidder having a relevant interest in at least 90% of the Shares and the Share Offers having become or been declared unconditional.

Preference Share Offer Price means 0.485 Bidder Milestone Option for every 1 Preference Share held by a Preference Shareholder, subject to clauses 2.2(c) and 2.2(d).

Preference Shareholder means a holder of one or more Preference Shares.

Reasonable and Prudent Operator means a person seeking in good faith to perform its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances and conditions.

Reference Rate means in relation to interest payable on any payment due under this deed, the average bid rate displayed on the Reuters Screen BBSY for a 3 month term at or about 10.30 am on the first date on which interest accrues on that payment.

Related Entity means, in respect of a party, an entity that is under the Control of the party.

Relevant Option has the meaning given in clause 3.11(e)(i)(A).

Representative means in relation to a person, any director, officer or employee or agent of, and any accountant, auditor, financier, financial adviser, legal adviser, technical adviser or other expert adviser or consultant to, that person.

Reverse Break Fee means \$150,000.

Reverse Break Fee Arrangements has the meaning given in clause 7.4(a)(i).

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

Share Offer means an offer pursuant to an off-market takeover bid to acquire one or more Shares at the Share Offer Price and subject to the Share Offer Conditions, and includes any variation to that offer pursuant to a Counter Proposal.

Share Offer Condition means each condition set out in Schedule 2.

Share Offer Price means 0.485 Bidder Shares for every 1 Share held by a Shareholder, subject to clauses 2.2(c) and 2.2(d).

Shareholder means a person who is registered in the Target Register as the holder of one or more Shares from time to time.

Substantial Shareholder means a Shareholder other than a Target Director who holds a substantial holding in Target.

Superior Proposal means a bona fide Competing Proposal received after the date of this deed that:

- (a) does not result from a breach by Target of any of its obligations under clause 5 or from any act by a Target Group Member which, if done by Target, would constitute a breach of clause 5 by Target; and
- (b) the Target Board determines, acting in good faith and after having taken advice from its external financial and legal advisers:

- (i) is reasonably capable of being implemented, taking into account all aspects of the Competing Proposal, including the time required to implement the Transaction and the Offer Conditions; and
- (ii) would, if completed substantially in accordance with its terms, be more favourable to Shareholders (as a whole) than the Transaction (as such transaction has been amended or varied following a previous application of the matching right set out in clause 5.7), taking into account all the terms and conditions of the Competing Proposal and the Transaction.

Supplier has the meaning given in clause 13.2.

Surviving Clauses means clause 1 (interpretation), clause 6 (break fee), clause 7 (reverse break fee) clause 11 (confidentiality and announcements), clause 13 (GST), clause 14 (notices), clause 15 (general) (other than clause 15.10 (further assurance)) and clause 16 (governing law and jurisdiction).

Target 5 Cent Option means an Option listed in paragraph 3(a) of Schedule 1.

Target Application means each application for a Permit submitted by or on behalf of Target Group Member.

Target Board means the board of directors of Target.

Target Constitution means the constitution of the Target.

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

Target Due Diligence Information means:

- (a) the written information and documents made available to Bidder or its Representatives on or before 21 October 2018; and
- (b) the written answers or written confirmations provided to Bidder or its Representatives on or before 21 October 2018 in response to requests for information, copies of which have been compiled and initialled for the purposes of identification by Representatives of Bidder and Target.

Target Group means Target and its Related Entities and **Target Group Member** means any of them.

Target Incentive Plan means any incentive plan operated by Target for the benefit of executives or employees of members of the Target Group, including the Target performance rights plan.

Target Indemnified Parties means Target and its Representatives.

Target Information means the information regarding the Target Group prepared, and provided to Bidder in writing, by Target for inclusion in the bidder's statement (excluding any information provided by Bidder to Target, or obtained by Target from an announcement made by Target to ASX or from a publicly available document lodged by Bidder with ASIC, contained in, or used in the preparation of, the information regarding the Offers) including:

- (a) information about Target and other Target Group Members, the businesses of the Target Group and Target's interests and dealing in Bidder Shares; and

- (b) any other information required under applicable laws (including the Corporations Act, Corporations Regulations) and the applicable rules and policies of ASX and ASIC (including the ASX Listing Rules and applicable ASIC Regulatory Guides) to enable the target's statement to be prepared that the parties agree is Target Information and that is identified in the bidder's statement as such.

For the avoidance of doubt, the Target Information excludes the Bidder Information and any description of the taxation effect of the Transaction on Shareholders or Preference Shareholders prepared by an external adviser to Target.

Target Material Adverse Change means between the Announcement Date and the end of the Offer Period (each inclusive), any of the following occurs:

- (a) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (b) information is disclosed or announced by Target concerning an event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (c) information concerning an event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Bidder (whether or not becoming public),

(each of paragraphs (a), (b) and (c), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Target Group. For the purposes of establishing the existence of a Target Material Adverse Change, a Specified Event shall not include:

- (i) matters that are fairly disclosed in Target's public filings with the ASX and ASIC prior to the date of this deed;
- (ii) matters that are fairly disclosed in the Target Due Diligence Information;
- (iii) changes in government regulation or political conditions generally;
- (iv) changes in general economic conditions, currency exchange rates, securities markets and commodity prices that impact on Target and its competitors in a similar manner;
- (v) changes occurring as a result of any matter, event or circumstance required by this deed, the Offers or the transactions contemplated by them;
- (vi) changes arising as a result of any generally applicable change in the Australian Accounting Standards required by law or governmental policy in Australia;
- (vii) changes approved in writing by Bidder; or
- (viii) any event, occurrence, circumstance or matter affecting the oil and gas industry generally.

Target Permit means each Permit held by or behalf of a Target Group Member, including any renewal, replacement, extension or amendment to a Permit.

Target Register means each of the registers of Shares and Preference Shares maintained by or on behalf of Target.

Target Warranties means the statements set out in Schedule 3.

Third Party means a person other than a Bidder Group Member.

Timetable means the timetable set out in Schedule 8 or such other timetable as the parties agree in writing.

Transaction means the separate off-market takeover bids under Chapter 6 of the Corporations Act to acquire all the Shares and Preference Shares (including all rights attaching to each class of shares).

1.2 Corporations Act

A term defined in or for the purposes of the Corporations Act and not otherwise defined in clause 1.1 has the meaning given to that term in the Corporations Act.

1.3 Reasonable endeavours

Except as otherwise expressly provided in this deed, any provision of this deed that requires a party to use reasonable endeavours or all reasonable endeavours, or to take all steps reasonably necessary, to procure that something is performed or occurs, does not impose any obligation to:

- (a) commence any legal action or proceeding against any person;
- (b) procure absolutely that that thing is done or happens;
- (c) incur a material expense, except where that provision expressly specifies otherwise; or
- (d) accept any undertakings or conditions required by any third party if those undertakings or conditions, in the reasonable opinion of the party required to give such undertakings or satisfy such conditions, are materially adverse to its commercial interests or fundamentally or materially alter the basis on which it originally agreed to the transactions the subject of this deed.

1.4 Fairly disclosed

A reference to a matter, information or circumstances being 'fairly disclosed' (or similar expression) means disclosed to a party, any of its Group Members or Representatives in writing to a sufficient extent, and in sufficient detail, so as to enable a reasonable person (or one of its Group Members or Representatives) experienced in transactions with a similar effect to the Transaction and experienced in a business similar to the type of business generally conducted by Target and Bidder (as applicable), to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).

1.5 Awareness

If a representation or warranty is given so far as a party is "aware" or with a similar qualification as to awareness or knowledge, the awareness or knowledge of that party is limited to and deemed only to comprise:

- (a) all facts, matters and circumstances of which a Key Executive of the relevant party was aware at the time when the warranty is given; and
- (b) all facts, matters and circumstances of which the Key Executives of the relevant party would have been aware, at the time when the warranty is given, had that person made reasonable enquiries of the relevant party's employees as to the accuracy of the representation or warranty.

1.6 Things required to be done other than on a Business Day

Unless otherwise indicated, if the day on which any act, matter or thing is to be done is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.7 Other rules of interpretation

In this deed:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
 - (i) that legislation as amended, extended or applied by or under any other legislation made before or after signature of this deed;
 - (ii) any legislation which that legislation re-enacts with or without modification; and
 - (iii) any subordinate legislation made before or after signature of this deed under that legislation, including (where applicable) that legislation as amended, extended or applied as described in clause 1.7(a)(i), or under any legislation which it re-enacts as described in clause 1.7(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;
- (d) a reference to a clause, schedule or annex is a reference to a clause, schedule or annex of or to this deed (and the schedules and annexes form part of this deed);
- (e) subject to clause 15.2, references to a party to this deed include the successors or assigns (immediate or otherwise) of that party;
- (f) a reference to any instrument or document includes any variation or replacement of it;
- (g) unless otherwise indicated, a reference to any time is, a reference to that time in Adelaide, Australia;
- (h) a reference to \$, A\$ or dollars is to Australian currency;
- (i) singular words include the plural and vice versa;
- (j) a word of any gender includes the corresponding words of any other gender;
- (k) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (l) general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words;
- (m) nothing is to be construed adversely to a party just because that party put forward this deed or the relevant part of this deed; and
- (n) the headings do not affect interpretation.

2. THE TAKEOVER BID

2.1 Bidder to propose takeover bids and make Offers

Bidder agrees to propose the off-market takeover bids and make the Offers pursuant to the Transaction in accordance with the terms and conditions of this deed and otherwise in accordance with all applicable provisions of the Corporations Act.

2.2 Key terms and conditions

- (a) **Agreed bid terms:** subject to clauses 2.2(c) and 2.2(d):
 - (i) the terms and conditions of the Share Offers must be no less favourable than the Share Offer Price and the Share Offer Conditions; and
 - (ii) the terms and conditions of the Preference Share Offers must be no less favourable than the Preference Share Offer Price and the Preference Share Offer Condition.
- (b) **Extension to new issues:** subject to the Corporations Act, Bidder will extend the Offers to all Shares that are issued as a result of the exercise or conversion of Options and Performance Rights during the period from the date set by Bidder pursuant to section 633(2) of the Corporations Act until the end of the Offer Period.
- (c) **Fractional entitlements:** if the number of Shares held by a Shareholder means that their aggregate entitlement to Bidder Shares is not a whole number, then any fractional entitlement will be rounded down to the nearest whole number.
- (d) **Foreign shareholders:** subject to the Corporations Act, Bidder will issue the Bidder Shares to which an Ineligible Foreign Shareholder would otherwise be entitled to a nominee appointed by Bidder and approved by ASIC who will sell the Bidder Shares and pay to that Ineligible Foreign Shareholder the net proceeds received (after deducting the applicable brokerage (applied at market standard rates, taxes and charges) in accordance with the Offers, calculated on an average basis per Bidder Share, so that all Ineligible Foreign Shareholders receive the same price per Bidder Share (subject to rounding).

2.3 Recommendation and intentions of Target Directors

- (a) **Obligation to recommend and accept:** subject to clause 2.3(b), Target must use reasonable endeavours to ensure that:
 - (i) each Target Director:
 - (A) recommends that Shareholders and Preference Shareholders accept the Offers; and
 - (B) undertakes to accept, or procure the acceptance of, the Offer in respect of all Shares and Preference Shares held or controlled by him or her, including any Shares issued on exercise of any Options or conversion of any Performance Rights in accordance with his or her statement of intention described in paragraph 8 of Schedule 3,
- in each case:
- I. subject to the satisfaction of the Capital Raising Condition and the Independent Expert's Report not stating that the Offers are neither

fair nor reasonable to Shareholders and Preference Shareholders;
and

II. in the absence of a Superior Proposal;

- (ii) no Target Director changes, qualifies or withdraws the recommendation referred to in clause 2.3(a)(i)(A) or the undertaking referred to in clause 2.3(a)(i)(B) or makes any statement inconsistent with that recommendation;
 - (iii) statements are included in all public announcements in relation to the Transaction, including the target's statement, consistent with the recommendation referred to in clause 2.3(a)(i)(A) and the undertaking referred to in clause 2.3(a)(i)(B);
 - (iv) each Target Director, at Target's expense, participates in efforts reasonably requested by Bidder to promote the Transaction to Shareholders and Preference Shareholders and encourages those shareholders to accept the Offers, including meeting with key Shareholders, Preference Shareholders, joint venture partners, analysts, management, customers and press.
- (b) **Exceptions:** Target's obligations under clause 2.3(a) do not apply to the extent that:
- (i) Target has complied with its obligations under clause 5, Target has received and continues to be in possession of, a Superior Proposal and the Matching Period has expired;
 - (ii) the Target Directors, acting in good faith and after having taken written advice from Target's external legal advisers, have determined that compliance with the matters set out in clause 2.3(a) would likely be inconsistent with the statutory or fiduciary duties of the Target Directors; or
 - (iii) the Independent Expert's Report states that the Offers are neither fair nor reasonable to Shareholders and Preference Shareholders.

2.4 Agreed announcements

Immediately after the execution and exchange of this deed by the parties, each party must issue an announcement in respect of the transactions contemplated by this deed in the form approved by the other party prior to the date of this deed.

2.5 Bidder may use subsidiary

- (a) Subject to clause 2.5(b), Bidder may satisfy its obligations under clause 2.1 by causing a subsidiary to perform the obligations referred to in clause 2.1, in which case references to:
- (i) the Transaction and Offers are references to the Transaction and Offers by that subsidiary; and
 - (ii) Bidder making the Offers are references to Bidder causing that subsidiary to make the Offers under the Transaction.
- (b) If clause 2.5(a) applies, Bidder:
- (i) must procure that its relevant subsidiary performs Bidder's obligations under this deed; and

- (ii) remains liable to Target for the due performance of those obligations by that subsidiary.

2.6 Equity Capital Raising

- (a) Contemporaneously with the execution of this deed, the Bidder must launch the Equity Capital Raising.
- (b) The Bidder must:
 - (i) not amend the terms of the Equity Capital Raising including to reduce the amount of the raising or reduce the issue price without the prior written consent of the Target; and
 - (ii) use its best endeavours to achieve successful completion of the Equity Capital Raising.
- (c) The Bidder's obligations under this clause 2.6 are material obligations under this deed.

3. IMPLEMENTATION STEPS

3.1 General implementation obligations

Each party must do everything reasonably necessary to implement the Transaction in accordance with this deed and all laws and regulations applicable to the Transaction, including:

- (a) using all reasonable endeavours and committing necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procuring its Representatives work in good faith and in a timely and co-operative manner with the other party and its Representatives (including by attending meetings and by providing the necessary records and information that the other party reasonably requires).

3.2 Offer documents

(a) Bidder's statement:

- (i) Bidder agrees to do and to procure its Representatives to do the things that are reasonably necessary to prepare the bidder's statement, its lodgement with ASIC and despatch to Shareholders and Preference Shareholders in accordance with the Timetable.
- (ii) At least 5 Business Days prior to lodgement of the bidder's statement:
 - (A) Bidder must provide Target with a reasonable opportunity to review an advanced and reasonably complete draft of the bidder's statement and consider in good faith the reasonable comments of Target and its Representatives when preparing a revised draft of the bidder's statement; and
 - (B) subject to clause 3.2(d)(i), Target must provide on a timely basis any assistance and information that is reasonably requested by Bidder to enable Bidder to prepare and finalise the bidder's statement.

(b) Target's statement:

- (i) Target agrees to do and to procure its Representatives to do the things that are reasonably necessary to prepare the target's statement, its lodgement with ASIC and despatch to Shareholders and Preference Shareholders in accordance with the Timetable.
- (ii) at least 5 Business Days prior to lodgement of the target's statement with ASIC:
 - (A) Target must provide Bidder with a reasonable opportunity to review an advanced and reasonably complete draft of the target's statement and consider in good faith the reasonable comments of Bidder and its Representatives when preparing a revised draft of the target's statement; and
 - (B) subject to clause 3.2(d)(ii), Bidder must provide on a timely basis any assistance and information reasonably requested by Target to enable Target to prepare and finalise the target's statement.
- (c) **Responsibility statements:**
 - (i) the bidder's statement shall contain a responsibility statement to the effect that Target is responsible for all Target Information; and
 - (ii) the target's statement shall contain a responsibility statement to the effect that Bidder is responsible for all Bidder Information.
- (d) **Disagreement as to content:** if after a reasonable period of consultation, Bidder and Target are unable to agree on the form and content of the bidder's statement or target's statement:
 - (i) where the determination relates to Target Information, Target will make the final determination as to the form and content of the Target Information; and
 - (ii) where the determination relates to Bidder Information, Bidder will make the final determination as to the form and content of the Bidder Information.
- (e) **Independent Expert's Report:** Target must:
 - (i) provide any assistance and information in good faith to the Independent Expert, as reasonably requested by the Independent Expert, to enable it to prepare the Independent Expert's Report and to ensure the Independent Expert's Report is despatched together with the target's statement by the date specified for despatch of the target's statement in the Timetable;
 - (ii) prior to lodgement of the Independent Expert's Report with ASIC, provide to Bidder and its Representatives drafts of the Independent Expert's Report as are received by Target promptly after receipt solely for the purpose of enabling Bidder to provide comments on the factual accuracy of the Independent Expert's Report, subject to the consent of the Independent Expert; and
 - (iii) ensure that any timely comments relating to factual matters which Target receives from Bidder and its Representatives on drafts of the Independent Expert's Report are promptly provided to the Independent Expert for consideration in good faith.
- (f) **Early despatch:** Target agrees with Bidder that, for the purpose of item 6 of section 633(1) of the Corporations Act, Bidder may dispatch the bidder's statement to Shareholders and Preference Shareholders at any time that Bidder elects after Bidder sends Target a copy of the bidder's statement in accordance with item 3 in section 633(1) of the Corporations Act.

3.3 Target Shareholder support

As soon as possible after the date of this deed, Target must use all reasonable endeavours to procure an undertaking from each Substantial Shareholder to accept or procure the acceptance of the Offers on or before the Acceptance Date in respect of all Shares and Preference Shares held or controlled by the Target Shareholder, including any Shares issued on exercise of any Options held or controlled by the Target Shareholders.

3.4 Target Register

Target must:

- (a) comply with any reasonable request by Bidder to give directions in accordance with Part 6C.2 of the Corporations Act and give Bidder the information obtained as a result of giving such directions; and
- (b) procure that its share registry provides to Bidder, in the form reasonably requested by Bidder, details of the Target Register and all other information about Shareholders and Preference Shareholders (including a copy of any register maintained in accordance with section 672DA of the Corporations Act) which Bidder reasonably requires in order to make the Offers and canvas the views of Shareholders and Preference Shareholders regarding the Transaction, other than information that Target's share registry is prohibited from providing by law or by the operating rules of any financial market or clearing and settlement facility.

3.5 Variation of the Offers

Bidder is not obliged to but may, at any time:

- (a) vary the terms and conditions of the Offers;
- (b) subject to clause 3.7(c), waive any Offer Condition or declare the Offers unconditional; or
- (c) subject to clause 3.6, extend them at any time,

in each case in any manner permitted by the Corporations Act.

3.6 Limit on extensions of Offer Period

Without the prior written consent of Target, Bidder must not extend the Offer Period in respect of the Share Offers beyond 15 March 2019, unless:

- (a) the Minimum Acceptance Condition has been satisfied and the Share Offers have become or been declared unconditional;
- (b) a Competing Proposal is publicly announced and has not been withdrawn or lapsed; or
- (c) an application has been made to the Takeovers Panel in respect of the affairs of Target that has not been determined.

3.7 Offer Conditions

- (a) Each party must use its best endeavours to procure that:
 - (i) each Offer Condition capable of satisfaction is satisfied as soon as practicable; and
 - (ii) nothing occurs that would prevent any Offer Condition from being satisfied.

- (b) If either party is or becomes aware of a fact, matter or circumstance that will or is likely to result in the breach, non-satisfaction or the unreasonable delay in satisfaction of any Offer Condition, the party must promptly notify the other party of that fact, matter or circumstance.
- (c) Bidder must not waive the Offer Condition in paragraph 1 of Schedule 2 without the prior written consent of Target.

3.8 Application for quotation

Bidder will apply to the ASX for the quotation of Bidder Shares the subject of the Share Offers in the period required by the ASX Listing Rules.

3.9 Preference Shares

Target must procure the Target Board takes all reasonable steps necessary to ensure the Preference Shares are transferable to the extent necessary to participate in the Transaction without the need for the approval of Preference Shareholders.

3.10 Performance Rights

Target must take necessary steps to ensure any unvested Performance Rights vest and convert to Shares as soon as possible following the date on which Bidder has a relevant interest in 50% or more of the Shares so that the Shares issued on conversion of the Performance Rights may participate in the Transaction, including procuring the Target Board resolves, with effect on and from the date Bidder has a relevant interest in 50% or more of the Shares:

- (a) a change of control or similar event will be deemed to have occurred for the purposes of the Performance Rights;
- (b) all unsatisfied vesting conditions applicable to the Performance Rights will be waived;
- (c) the exercise period applicable to the Performance Rights will be accelerated (to the extent necessary) such that all Performance Rights will convert into Shares as soon as possible following the date on which Bidder has a relevant interest in 50% or more of the Shares; and
- (d) no Performance Rights may be converted into or exchanged for a cash payment.

3.11 Options

- (a) Provided the closing price of the Bidder Shares recorded on the ASX on the date of despatch of the target's statement is not less than \$0.106 per Bidder Share, Target must use all reasonable endeavours to ensure that each Target Director exercises each Target 5 Cent Option held or controlled by him or her to enable the Target Director to accept, or procure the acceptance of, the Offer in respect of the Shares issued on exercise of those Options on the Acceptance Date.
- (b) Target must promptly after the date of this deed:
 - (i) provide to Bidder a list setting out the identity of each Optionholder, together with:
 - (A) the current address of the Optionholder; and
 - (B) the number and expiry date of Options held by the Optionholder;

- (ii) apply to ASX for a necessary waiver of ASX Listing Rule 6.23.2 in relation to any offers made to Optionholders by Bidder under this clause 3.11; and
- (iii) make a written offer to each person set out in the list provided to Bidder under clause 3.11(b)(i), other than a Target Director, to have their Options cancelled in exchange for the Option Consideration, subject to:
 - (A) the Offers becoming or being declared unconditional;
 - (B) Bidder becoming entitled to compulsorily acquire all Shares not acquired under the Share Offers;
 - (C) any necessary ASX Listing Rule waiver being granted; and
 - (D) in respect of an offer to cancel Target 5 Cent Options in exchange for the issue of Bidder 10.3 Options, any required Bidder Shareholder approval being obtained.
- (c) To the extent Bidder Shareholder approval is required under clause 3.11(b)(iii)(D), Bidder must use all reasonable endeavours to obtain that approval within 3 months of the date of this deed, including using reasonable endeavours to ensure each Bidder Director:
 - (i) recommends that Bidder Shareholders vote in favour of the resolution; and
 - (ii) undertakes to vote in favour of the resolution,

in each case provided that no event, change, condition, matter or thing has occurred that gives rise to a right by Bidder to terminate this deed under clause 10.
- (d) Target must not waive or vary any term or condition applicable to the Options unless:
 - (i) Bidder requests Target to do so;
 - (ii) the waiver or variation of any term or condition to the Options is required in order to comply with the terms of the waiver from ASX Listing Rule 6.23.2; or
 - (iii) Effective Control occurs.
- (e) Subject to the satisfaction of each condition to the offers under clause 3.11(b)(iii) or waiver of those conditions with the consent of Bidder:
 - (i) Target must:
 - (A) cancel and extinguish each Option held by an Optionholder who has accepted an offer from Bidder (**Relevant Options**);
 - (B) to the extent necessary to cancel and extinguish the Relevant Options, amend or waive the terms of issue of the Relevant Options; and
 - (C) update the register of Optionholders to show that the relevant Optionholder is no longer the holder of the Relevant Options; and
 - (ii) Bidder must pay the consideration payable to each Optionholder pursuant to the offers under clause 3.11(b)(iii) simultaneously with the consideration payable under the Offers.

4. CONDUCT OF TARGET GROUP

4.1 Access and information

On and from the date of this deed until the end of the Offer Period, Target must:

- (a) **access:** procure that Bidder and its Representatives are given reasonable access to the properties, books and records and management of the Target Group during normal business hours and on reasonable notice to Target for the purposes of:
 - (i) enabling Bidder to understand the Target Group's business and operations and its financial position, financial performance and prospects;
 - (ii) implementing the Transaction and enabling Bidder to prepare for the transition of ownership of the Target Group to Bidder; and
 - (iii) any other purpose agreed between the parties in writing,except to the extent that the provision of such access is prohibited by law;
- (b) **board papers:** give Bidder copies of all documents provided to the Target Board (including monthly management accounts for the Target Group) within 3 Business Days after they are provided to Target Directors, provided that Target may redact those documents to the extent the relevant subject matter relates to the Target's consideration of the Transaction or the Target's consideration of a Competing Proposal;
- (c) **regular meetings:** procure that one or more members of the Target Board meets with Bidder and its Representatives on a weekly basis and at such other times as Bidder reasonably requests for the purposes of discussing and resolving any matter referred to in clause 4.1(a) that has not been resolved to the reasonable satisfaction of Bidder through the exercise of its rights under that clause; and
- (d) **Government Agency correspondence and engagement:**
 - (i) provide Bidder with copies of all material correspondence and notices received from a Government Agency in relation to its business or material assets, including any Target Permit, Target Application or related Authorisation, as soon as reasonably practicable and, in any case, within 5 Business Days of receipt from the Government Agency; and
 - (ii) facilitate meetings between Target, Bidder and the Department in relation to the impact of the Transaction on the Target Permits, Target Applications and related Authorisations.

4.2 Conduct of business

On and from the date of this deed until the end of the Offer Period, Target must ensure that it and each other Target Group Member carries on its business in the ordinary course and in substantially the same manner as conducted at the date of this deed and does not:

- (a) make or agree to make any significant change to the nature or scale of its business; or
- (b) enter into or agree to enter into any business or undertake or agree to undertake any activities in which it is not engaged as at the date of this deed.

4.3 Specific actions

Without limiting clause 4.2 and subject to clause 4.4, on and from the date of this deed until the end of the Offer Period, Target must ensure that it and each other Target Group Member use their reasonable endeavours to:

- (a) **preserve and maintain value:** preserve and maintain the value of its businesses and material assets in the manner maintained prior to the date of this deed including maintaining at least its current level of insurance over its business and assets;
- (b) **officers and employees:** keep available the services of its current officers and key employees;
- (c) **stakeholder relationships:** preserve and maintain its relationships with all Government Agencies and all customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings;
- (d) **Target Permits:**
 - (i) maintain the good standing of each Target Permit; and
 - (ii) comply with all applicable laws, Authorisations and any lawful direction of a Government Agency which may be applicable to the activities on the Target Permits;
- (e) **Target Applications:** procure the grant of the Permits the subject of each Target Application by the Department as soon as possible, including by providing all necessary information as required by the Department from time to time and progressing the satisfaction of any precondition to the grant of a Permit; and
- (f) **Material Contracts:** comply in all material respects with all Material Contracts to which it is a party.

4.4 Prohibited actions

Without limiting clause 4.2, on and from the date of this deed until the end of the Offer Period, Target must ensure that it and each other Target Group Member does not, except as permitted by clause 4.5:

- (a) **no new securities:** issue any new Shares or other equity securities;
- (b) **distributions:** announce, declare, determine to pay, make or pay any dividend or other distribution (whether in cash or in specie);
- (c) **material capital expenditure:** undertake, authorise, commit or incur capital expenditure exceeding \$500,000 or, except in the ordinary course of trading, transfers or otherwise disposes of or creates any Encumbrance in respect of, assets having a value exceeding \$500,000;
- (d) **material transactions:** enter into any transaction or series of transactions, under which, including following the satisfaction of any condition:
 - (i) any Third Party would be entitled to acquire, or dispose, or grant an option or other right or entitlement over (the effect of which could be the disposal or loss of control) any:

- (A) legal, beneficial or economic interest, or royalty, net profit interest or other right to payment calculated on or by reference to production, revenue, earnings or profit of or attributable to any Target Permit or Target Application; or
 - (B) interest in the shares or other securities in any Target Group Member or substantially all of the assets of a Target Group Member; or
- (ii) there would be any diminution in the rights granted under or held by any Target Group Member in respect of a Target Permit or Target Application;
- (e) **material borrowings:** borrow any money or enter into any swap, option, futures contract, forward commitment or other derivative transaction;
- (f) **Material Contract:** enter into, waive any material rights under, vary or terminate any Material Contract;
- (g) **guarantees, securities and indemnities:** give any guarantee of, or security for, or indemnity in connection with the obligations of any person other than a Target Group Member;
- (h) **material remuneration:** increase the remuneration of, make any bonus payment, retention payment or termination payment to, or otherwise change the terms and conditions of employment of any Target Director or any employee of any Target Group Member whose total annual employment cost exceeds \$100,000;
- (i) **acceleration of incentives:** accelerate the rights of any Target Director or any employee of any Target Group Member to receive any benefit under any Target Incentive Plan (other than in accordance with clause 3.10);
- (j) **changes to constitution and approvals:** change its constitution or propose to pass any resolution of shareholders or any class of shareholders;
- (k) **Authorisations:** fail to comply in all material respects with all laws and regulations applicable to its business or do or omit to do anything which might result in the termination, revocation, suspension, modification or non-renewal of any Authorisation held by it;
- (l) **accounting procedures:** change in any material respect the accounting procedures, principles or practices of any Target Group Member;
- (m) **adviser mandates:** amend or agree to amend in any material respect any arrangement with its advisers, or enter into arrangements with any new advisers;
- (n) **litigation:** commence, compromise or settle any litigation or similar proceeding; or
- (o) **agreement or intention to do things:** agree, conditionally or otherwise, or publicly announce an intention to do any of the things referred to in the preceding paragraphs of this clause 4.4, or announce or represent to any person that any of those things will be done.

4.5 Permitted actions

Target or its Related Entities may do any thing referred to in clause 4.4:

- (a) if the doing of that thing was specifically disclosed in an announcement by Target to ASX, or a publicly available document lodged with ASIC, in the 2 years prior to the date of this deed;
- (b) with the prior written consent of the other party (such consent not to be unreasonably withheld or delayed);
- (c) to the extent reasonably required to permit that entity to comply with its obligations under any other provision of this deed, including for the avoidance of any doubt the taking or refusing to take any action as expressly permitted under clause 5;
- (d) if it is in respect of the passing of resolutions of Target Shareholders at Target's 2018 annual general meeting, provided that Target may not do anything prohibited by clause 4.4 pursuant to those resolutions once passed, other than where permitted under clause 4.5(a), 4.5(b), 4.5(c) or 4.5(e); or
- (e) after 15 March 2019, unless the Minimum Acceptance Condition is satisfied and the Offers have become or been declared unconditional by 15 March 2019.

4.6 Change of Control Rights

- (a) As soon as practicable after the date of this deed, Target must use all reasonable endeavours to identify all Change of Control Rights and provide written notice of those Change of Control Rights to Bidder.
- (b) On and from the Acceptance Date and in respect of each Change of Control Right:
 - (i) Target must, on written request by Bidder, notify the relevant counterparty or Government Agency of the change of control of Target that will occur following the Effective Control Date and request that such counterparty or Government Agency provides any consents required in relation to that change of control; and
 - (ii) each party must promptly provide to the relevant counterparty or Government Agency all information reasonably required for the purposes of making any notification or seeking any consent referred to in clause 4.6(b)(i) and must, if required, make representatives available to meet with such counterparty or Government Agency.

4.7 Changes to the Target Board

As soon as practicable following the Effective Control Date, Target must take all actions necessary to procure:

- (a) the resignation and appointment of Target Directors such that a majority of the Target Board is composed of Target Directors nominated by Bidder (**Bidder Nominees**), subject to the receipt of a consent to act from each relevant person; and
- (b) that each of the Target Directors resigning as a consequence of this clause 4.6 provides written notice to the effect that they have no Claim outstanding for loss of office, remuneration or otherwise against Target, other than pursuant to any deed of access and indemnity or policy of directors and officers insurance,

provided that:

- (i) the Target Board is at all times properly constituted having regard to the Target Constitution, the Corporations Act and the ASX Listing Rules; and
- (ii) the Target Directors nominated by Bidder are not entitled to:
 - (A) copies of Target Board documents; and
 - (B) be present at Target Board meetings,
 to the extent the relevant subject matter relates to the Target's consideration of the Transaction or the Target's consideration of a Competing Proposal.

4.8 Material Contracts

On and from the Effective Control Date, Target must at the request of Bidder, facilitate meetings and discussions between Bidder and the joint venture partners of Target Group Members, counterparties to Material Contracts and other key stakeholders in respect of the Target Group, the Target Permits and Target Applications (including, for example, any current or prospective native title claimants).

5. EXCLUSIVITY

5.1 No shop restriction

Subject to clause 5.13, during the Exclusivity Period, Target must not, and must procure that each of its Representatives and each other Target Group Member does not, directly or indirectly:

- (a) solicit, invite, encourage or initiate any Competing Proposal or Potential Competing Proposal; or
- (b) assist, encourage, procure or induce any person to do any of the things referred to in clause 5.1(a) on its behalf.

5.2 No talk restriction

Subject to clauses 5.3 and 5.13, during the Exclusivity Period, Target must not, and must procure that each of its Representatives and each other Target Group Member does not, directly or indirectly:

- (a) enter into or continue negotiations or discussions with any Third Party in relation to a Competing Proposal or Potential Competing Proposal; or
- (b) assist, encourage, procure or induce any person to do any of the things referred to in clause 5.2(a) on its behalf,

even if the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Target any of its Representatives or any Target Group Member or has been publicly announced.

5.3 No talk exception

The restriction in clause 5.2 does not apply to the extent that it restricts Target or the Target Board from taking or refusing to take any action with respect to a bona fide Competing Proposal if:

- (a) the Target Board has determined that the Competing Proposal is, or is reasonably likely to constitute, a Superior Proposal or would be reasonably likely to constitute a Superior Proposal if it were to be proposed; and

- (b) acting in good faith and after having taken advice from its external legal advisers, the Target Board has determined that failing to take the action or refusing to take the action (as the case may be) with respect to such Competing Proposal would be likely to constitute a breach of the fiduciary duties or statutory obligations of any Target Director.

5.4 No due diligence restriction

Subject to clauses 5.5 and 5.13 but without limiting clause 5.2, during the Exclusivity Period, Target must not, and must procure that each of its Representatives and each other Target Group Member does not, directly or indirectly:

- (a) make available to any Third Party, or cause or permit any Third Party to receive, any non-public information relating to Target or any other Target Group Member that may reasonably be expected to assist the Third Party in formulating, developing or finalising a Competing Proposal or a Potential Competing Proposal; or
- (b) assist, encourage, procure or induce any person to do any of the things referred to in clause 5.4(a) on its behalf.

5.5 No due diligence exception

The restriction in clause 5.4 does not apply in respect of a bona fide Competing Proposal if all of the following requirements are satisfied:

- (a) the Target Board has determined that the Competing Proposal is, or is reasonably likely to constitute, a Superior Proposal or would be reasonably likely to constitute a Superior Proposal if it were to be proposed;
- (b) acting in good faith and after having obtained advice from its external legal advisers, the Target Board has determined that failing to take the action or refusing to take the action (as the case may be) with respect to such Competing Proposal would be likely to constitute a breach of the fiduciary duties or statutory obligations of any Target Director;
- (c) the Third Party has first entered into a written agreement in favour of Target restricting the use and disclosure by the Third Party and its affiliates and advisers of the information made available to the Third Party; and
- (d) to the extent that any material confidential information concerning the Target Group's operations made available to the Third Party has not previously been provided to Bidder, Target provides that information to Bidder at the same time as it is provided to the Third Party.

5.6 General notification obligations

Target must immediately notify Bidder if:

- (a) Target, any of its Representatives or any other Target Group Member receives any Competing Proposal or Potential Competing Proposal or any offer or request to do any of the things referred to in clauses 5.2(a) or 5.4(a); or
- (b) Target proposes to take any action in reliance on the exceptions in clauses 5.3 or 5.5.

5.7 Matching rights

If Target, any of its Representatives or any other Target Group Member are contacted in relation to, or receive a Competing Proposal or Potential Competing Proposal then:

- (a) Target must as soon as reasonably practicable:
 - (i) give Bidder a notice setting out all material terms of the Competing Proposal or Potential Competing Proposal including the amount and form of consideration to be offered, the source of any cash component of the consideration, the conditions to which it is subject, the proposed timetable and any break fee arrangements;
 - (ii) use reasonable endeavours to obtain the consent of the person (if such consent is required) who has made the Competing Proposal or Potential Competing Proposal to disclose to Bidder on a confidential basis that person's name and other details which identify that person (**Identifying Details**); and
 - (iii) disclose the Identifying Details to Bidder on a confidential basis except that if the consent referred to in clause 5.7(a)(ii) has not been obtained then Target may withhold any part of the Identifying Details from disclosure if the Target Board, acting in good faith and on the basis of advice from its external legal advisers determines that giving those details to Bidder would be likely to constitute a breach of the fiduciary duties or statutory obligations of any Target Director; and
- (b) during the period of time starting on the date Target notifies Bidder of a Competing Proposal under clause 5.7(a) and ending on the date that is 2 Business Days after the date of that notice (**Matching Period**):
 - (i) Target must not enter into, or agree to enter into, any binding documentation to give effect to or implement the Competing Proposal or Potential Competing Proposal;
 - (ii) Target must use all reasonable endeavours to ensure that no Target Director makes any public statement recommending the Competing Proposal or Potential Competing Proposal to Shareholders; and
 - (iii) Bidder may offer to amend the terms of the Offers or make an alternative proposal to Target or the Shareholders with a view to providing an equivalent or a superior outcome for Shareholders than those offered under the relevant Competing Proposal or Potential Competing Proposal (**Counter Proposal**).

5.8 Response to Counter Proposal

If during the Matching Period, Bidder makes a Counter Proposal:

- (a) Target must use all reasonable endeavours to procure that the Target Board considers the Counter Proposal in good faith; and
- (b) if the Target Board acting in good faith determines that the terms and conditions of the Counter Proposal taken as a whole are no less favourable to Shareholders than those in the relevant Competing Proposal or Potential Competing Proposal, then:
 - (i) the parties must use their reasonable endeavours to agree and enter into such documentation as is necessary to give effect to and implement the Counter Proposal as soon as reasonably practicable; and

- (ii) Target must use all reasonable endeavours to procure that each Target Director makes a public statement recommending the Counter Proposal to Shareholders.

5.9 Changes to proposals

Any material change to a Competing Proposal or Potential Competing Proposal including:

- (a) any material change to the terms referred to in clause 5.7(a)(i); or
- (b) any incomplete or non-binding proposal or expression of interest becoming complete, capable of acceptance or binding,

will be taken to constitute a new Competing Proposal or Potential Competing Proposal in respect of which each party must separately comply with its obligations under clauses 5.6 and 5.7.

5.10 Shareholder approval

Without limiting the other provisions in this clause 5, if, during the Exclusivity Period, Target or other Target Group Member enters into any legally binding agreement, arrangement or understanding (whether or not in writing) with any Third Party in respect of a Competing Proposal or Potential Competing Proposal, which does not relate solely to the acquisition of Shares under a takeover bid or scheme of arrangement (**Alternative Proposal**), then if required by law or the ASX Listing Rules, Target must procure that completion of the Alternative Proposal is conditional on the Shareholders approving the Alternative Proposal by ordinary resolution in a general meeting.

5.11 Standstill arrangements with other parties

During the Exclusivity Period, except with the prior written consent of the other party, a party must not amend or waive the terms of any standstill agreement or arrangement between a Target Group Member and any person other than a Target Group Member relating to the control or acquisition of interests in that party or financing such a transaction.

5.12 Return of confidential information

In respect of a party, if a Target Group Member or any of its Representatives has at any time in the 12 months before the date of this deed provided any confidential information to a person other than a Target Group Member in connection with a Competing Proposal or Potential Competing Proposal, that party must promptly request in writing the immediate return or destruction by that person of such confidential information.

5.13 Normal provision of information

Nothing in this clause 5 prevents a party from:

- (a) providing information required to be provided by law, any court of competent jurisdiction, any Government Agency or the rules of ASX; or
- (b) making presentations to, and responding to bona fide enquiries from, stockbrokers, portfolio investors and equity market analysts in relation to the Transaction or in accordance with its usual practices.

5.14 Amendments to exclusivity arrangements

- (a) If any of the following occurs:

- (i) ASIC indicates to either party in writing that in the absence of modification to this clause 5, it will apply to the Takeovers Panel for a declaration of unacceptable circumstances; or
- (ii) as a result of an application to the Takeovers Panel by a party other than Target or its Representatives, the Takeovers Panel indicates to either party in writing that, in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify this clause 5, it will make a declaration of unacceptable circumstances,

the parties must amend this clause 5 to the extent required to give effect to the requirements of ASIC or the Takeovers Panel, as the case may be, and in the circumstances referred to in clause 5.14(a)(ii) must give the required undertakings.

- (b) The parties must not request ASIC to review, or make or cause or permit to be made any application to the Takeovers Panel in respect of, the arrangements in this clause 5.

5.15 Remedies

Each party acknowledges and agrees that:

- (a) one or more Bidder Group Members may be irreparably harmed if a Target Group Member or any of its Representatives breaches the terms of this clause 5 and damages or an account of profit or both may not be an adequate remedy; and
- (b) without limiting any other rights or remedies that it may have, any Bidder Group Member is entitled to seek an order for specific performance or other injunctive relief if a Target Group Member or any of its Representatives breaches or threatens to breach this clause 5.

6. BREAK FEE

6.1 Acknowledgement and agreement by Target

Target acknowledges and agrees that:

- (a) Bidder and its Related Entities have incurred and will continue to incur significant costs, expenses and losses in pursuing the Transaction including:
 - (i) legal, financial and other professional advisory costs;
 - (ii) costs of management and directors' time;
 - (iii) out of pocket expenses; and
 - (iv) opportunity costs of pursuing the Transaction or in not pursuing alternative transactions or business opportunities;
- (b) the costs and expenses actually incurred by Bidder and its Related Entities are of such nature that they cannot accurately be ascertained;
- (c) the Break Fee is a genuine and reasonable estimate of the costs and expenses that have been or will be actually incurred by Bidder and its Related Entities in pursuing the Transaction;
- (d) Bidder has negotiated the inclusion of clause 6.2 in this deed and would not have entered into this deed without it; and

- (e) the Target Board has received external legal advice in relation to this clause 6 and has concluded that it is reasonable and appropriate for Target to agree to payment of the Break Fee in the circumstances described in clause 6.2 in order to secure Bidder's entry into this deed.

6.2 Circumstances where Break Fee payable

Subject to clauses 6.4 and 6.5, Target must pay the Break Fee to Bidder if:

- (a) **completion of Competing Proposal:** a Competing Proposal or Potential Competing Proposal is announced during the Exclusivity Period and, within 12 months after the date of that announcement, the person making the Competing Proposal or one or more Associates of that person completes in all material respects a transaction of the kind referred to in paragraphs (a) to (c) of the definition of Competing Proposal;
- (b) **failure or change to recommendation:** any Target Director fails to make the recommendation referred to in clause 2.3(a)(i)(A) or to give the undertaking referred to in clause 2.3(a)(i)(B) or changes, qualifies or withdraws that recommendation or undertaking once made or makes any statement inconsistent with that recommendation or undertaking;
- (c) **entry into agreement to give effect to Competing Proposal:** during the Exclusivity Period, Target accepts or enters into or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal;
- (d) **recommend Competing Proposal:** during the Exclusivity Period, a majority of the Target Board recommends that Shareholders or Preference Shareholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any Shares held by the Target Directors), a Competing Proposal of any kind that is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period; or
- (e) **termination for cause:** Bidder terminates this deed in accordance with clause 10.1(a)(i), 10.1(a)(ii), 10.1(a)(iii) or 10.2(a).

6.3 Payment of Break Fee

- (a) If the Break Fee becomes payable under this deed, Target must pay it without withholding or set-off within 5 Business Days after receipt of a written demand for payment from Bidder.
- (b) The Break Fee is payable by Target to Bidder only once and, if actually paid to Bidder, Bidder cannot make any Claim against Target for any further payment of the Break Fee.

6.4 Amendments to Break Fee Arrangements

- (a) If any of the following occurs:
 - (i) ASIC indicates to either party in writing that in the absence of modification to the amount of the Break Fee or this clause 6 (**Break Fee Arrangements**) it will apply to the Takeovers Panel for a declaration of unacceptable circumstances; or
 - (ii) as a result of an application to the Takeovers Panel by a party other than Target or its Representatives, the Takeovers Panel indicates to either party in writing that, in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the Break Fee Arrangements, it will make a declaration of unacceptable circumstances,

then:

- (A) the parties must amend this clause 6 to the extent required to give effect to the requirements of ASIC or the Takeovers Panel, as the case may be, and in the circumstances referred to in clause 6.4(a)(ii) must give the required undertakings; and
 - (B) if Bidder has received all or part of the Break Fee, Bidder must repay the relevant portion of the received amount to Target to give effect to the requirements of ASIC or the Takeovers Panel.
- (b) The parties must not request ASIC to review, or make or cause or permit to be made, any application to the Takeovers Panel in respect of, the Break Fee Arrangements.

6.5 Exceptions

Notwithstanding clause 6.2, no Break Fee is payable by Target to Bidder if, prior to the occurrence of the event giving rise to payment of the Break Fee, Target terminates this deed pursuant to clause 10.1(b)(i), 10.1(b)(ii), 10.1(b)(iv) or 10.1(b)(v).

6.6 No limit on other Claims

This clause 6 does not limit the rights of Bidder in respect of any other Claim that may arise under this deed in connection with any event or occurrence referred to in clause 6.2 provided that the amount of any loss or damage in such Claim will be reduced by the amount paid to Bidder under this clause 6.

7. REVERSE BREAK FEE

7.1 Acknowledgement and agreement by Bidder

Bidder acknowledges and agrees that:

- (a) Target and its Related Entities have incurred and will continue to incur significant costs, expenses and losses in pursuing the Transaction including:
 - (i) legal, financial and other professional advisory costs;
 - (ii) costs of management and directors' time;
 - (iii) out of pocket expenses; and
 - (iv) opportunity costs of pursuing the Transaction or in not pursuing alternative transactions or business opportunities;
- (b) the costs and expenses actually incurred by Target and its Related Entities are of such nature that they cannot accurately be ascertained;
- (c) the Reverse Break Fee is a genuine and reasonable estimate of the costs and expenses that have been or will be actually incurred by Target and its Related Entities in pursuing the Transaction;
- (d) Target has negotiated the inclusion of clause 7.2 in this deed and would not have entered into this deed without it; and

- (e) the Bidder Board has received external legal advice in relation to this clause 7 and has concluded that it is reasonable and appropriate for Bidder to agree to payment of the Reverse Break Fee in the circumstances described in clause 7.2 in order to secure Target's entry into this deed.

7.2 Circumstances where Reverse Break Fee payable

Subject to clause 7.4, Bidder must pay the Reverse Break Fee to Target if Target terminates this deed by reason of an event referred to in clause 10.1(b)(i), 10.1(b)(ii), 10.1(b)(iv) or 10.3(a) that occurs with respect to the Bidder.

7.3 Payment of Reverse Break Fee

- (a) If Reverse Break Fee becomes payable under this deed, Bidder must pay it without withholding or set-off within 5 Business Days after receipt of a written demand for payment from Target.
- (b) The Reverse Break Fee is payable by Bidder to Target only once and, if actually paid to Target, Target cannot make any Claim against Bidder for any further payment of the Reverse Break Fee.

7.4 Amendments to Reverse Break Fee Arrangements

- (a) If any of the following occurs:
 - (i) ASIC indicates to either party in writing that in the absence of modification to the amount of the Reverse Break Fee or this clause 7 (**Reverse Break Fee Arrangements**) it will apply to the Takeovers Panel for a declaration of unacceptable circumstances; or
 - (ii) as a result of an application to the Takeovers Panel by a party other than Bidder or its Representatives, the Takeovers Panel indicates to either party in writing that, in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the Reverse Break Fee Arrangements, it will make a declaration of unacceptable circumstances,

then:

- (A) the parties must amend this clause 7 to the extent required to give effect to the requirements of ASIC or the Takeovers Panel, as the case may be, and in the circumstances referred to in clause 7.4(a)(ii) must give the required undertakings; and
 - (B) if Target has received all or part of the Reverse Break Fee, Target must repay the relevant portion of the received amount to Bidder to give effect to the requirements of ASIC or the Takeovers Panel.
- (b) The parties must not request ASIC to review, or make or cause or permit to be made, any application to the Takeovers Panel in respect of, the Reverse Break Fee Arrangements.

7.5 Exceptions

Notwithstanding clause 7.2, no Reverse Break Fee is payable by Bidder to Target if, prior to the occurrence of the event giving rise to payment of the Reverse Break Fee, Bidder terminates this deed pursuant to clause 10.1(a).

7.6 No limit on other Claims

This clause 7 does not limit the rights of Target in respect of any other Claim that may arise under this deed in connection with any event or occurrence referred to in clause 7.2 provided that the amount of any loss or damage in such Claim will be reduced by the amount paid to Target under this clause 7.

8. REPRESENTATIONS AND WARRANTIES

8.1 Target Warranties

Target represents and warrants to Bidder (in its own right and as trustee for the Bidder Indemnified Parties) that each of the Target Warranties is true, accurate and not misleading:

- (a) as at the date of this deed and separately on each date up to the and including the last day of the Offer Period; or
- (b) if the representation or warranty is expressly stated to be given at a different time, at the time the representation or warranty is expressed to be given.

8.2 Qualifications to Target Warranties

The representations and warranties given by Target in clause 8.1 and the Target Warranties are each subject to matters that:

- (a) have been fairly disclosed in the Target Due Diligence Information;
- (b) have been fairly disclosed in an announcement by Target to ASX, or a publicly available document lodged by it with ASIC, in the 2 years prior to the date of this deed; or
- (c) are required or expressly permitted by this deed or the Offer.

8.3 Bidder Warranties

Bidder represents and warrants to Target (in its own right and as trustee for the Target Indemnified Parties) that each of the Bidder Warranties is true, accurate and not misleading:

- (a) as at the date of this deed and separately on each date up to the and including the last day of the Offer Period; or
- (b) if the representation or warranty is expressly stated to be given at a different time, at the time the representation or warranty is expressed to be given.

8.4 Qualifications to Bidder Warranties

The representations and warranties given by Bidder in clause 8.3 and the Bidder Warranties are each subject to matters that:

- (a) have been fairly disclosed in the Bidder Due Diligence Information;
- (b) have been fairly disclosed in an announcement by Bidder to ASX, or a publicly available document lodged by it with ASIC, in the 2 years prior to the date of this deed; or
- (c) are required or expressly permitted by this deed or the Offer.

8.5 Indemnity by Target

Target indemnifies Bidder against, and must pay to Bidder on demand an amount equal to, all Losses directly or indirectly incurred or suffered by the Bidder Indemnified Parties arising out of or in connection with any matter or circumstance that results in any of the Target Warranties being untrue, inaccurate or misleading when given.

8.6 Indemnity by Bidder

Bidder indemnifies Target against, and must pay to Target on demand an amount equal to, all Losses directly or indirectly incurred or suffered by the Target Indemnified Parties arising out of or in connection with any matter or circumstance that results in any of the Bidder Warranties being untrue, inaccurate or misleading when given.

8.7 Status of representations, warranties, undertakings and indemnities

Each representation and warranty, undertaking and indemnity made or given under this clause 8 is severable and survives termination of this deed and each undertaking and indemnity given in this clause 8 is a continuing obligation.

8.8 Acknowledgements

Each party acknowledges that:

- (a) in entering into this deed:
 - (i) Target has relied on the Bidder Warranties;
 - (ii) Bidder has relied on the Target Warranties; and
- (b) the representations and warranties are not extinguished or affected by any investigation into the affairs or business of Bidder or Target or any of their Related Entities.

8.9 Notice

Each party will 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 clause 8, or which may result in undertakings given under this clause 8 not being complied with.

9. RELEASES

9.1 Release of Target Indemnified Parties

- (a) Bidder waives and releases, and must procure that each Bidder Group Member waives and releases, all rights and Claims which it may have against any Target Indemnified Party in respect of any misrepresentation, inaccuracy or omission in or from any information or advice given by that Target Indemnified Party in good faith in connection with any representation, warranties or undertaking given by Target in this deed or the preparation of the Target Due Diligence Information.
- (b) The parties acknowledge and agree that:
 - (i) the waiver and release under clause 9.1(a) is subject to, and will be read down in light of, any restriction under applicable law;

- (ii) Target has sought and obtained the waivers in clause 9.1(a) as agent for and on behalf of each Target Indemnified Party and holds the benefit of clause 9.1(a) on trust for them;
- (iii) the provisions of clause 9.1(a) may be enforced by Target on behalf of any Target Indemnified Party and those persons may plead clause 9.1(a) in response to any Claim made by any Bidder Group Member against them; and
- (iv) nothing in this clause 9.1 limits Target's rights to terminate this deed under clause 10.

9.2 Release of Bidder Indemnified Parties

- (a) Target waives and releases, and must procure that each Target Group Member waives and releases, all rights and Claims which it may have against any Bidder Indemnified Party in respect of any misrepresentation, inaccuracy or omission in or from any information or advice given by that Bidder Indemnified Party in good faith in connection with any representation, warranties or undertaking given by Bidder in this deed, or the preparation of the Bidder Information.
- (b) The parties acknowledge and agree that:
 - (i) the waiver and release under clause 9.2(a) is subject to, and will be read down in light of, any restriction under applicable law;
 - (ii) Bidder has sought and obtained the waiver and release under clause 9.2(a) as agent for and on behalf of each Bidder Indemnified Party and holds the benefit of clause 9.2(a) on trust for them;
 - (iii) the provisions of clause 9.2(a) may be enforced by Bidder on behalf of any Bidder Indemnified Party and those persons may plead clause 9.2(a) in response to any Claim made by any Target Group Member against them; and
 - (iv) nothing in this clause 9.2 limits Bidder's rights to terminate this deed under clause 10.

10. TERMINATION

10.1 Events affecting Bidder or Target

- (a) **Bidder's termination rights:** subject to clause 10.1(c), Bidder may terminate this deed by giving notice in writing to Target if:
 - (i) there is a material breach of any Target Warranty or any event occurs or circumstance arises that would cause any Target Warranty to be untrue in any material respect;
 - (ii) Target is in material breach of any material obligation under this deed;
 - (iii) subject to applicable law, an Insolvency Event occurs in respect of any Target Group Member; or
 - (iv) a Target Material Adverse Change occurs.

- (b) **Target's termination rights:** subject to clause 10.1(c), Target may terminate this deed by giving notice in writing to Bidder if:
- (i) there is a material breach of any Bidder Warranty or any event occurs or circumstance arises that would cause any Bidder Warranty to be untrue in any material respect;
 - (ii) Bidder is in material breach of any material obligation under this deed;
 - (iii) a Superior Proposal is announced or made and is publicly recommended, supported or endorsed by a majority of the Target Board;
 - (iv) subject to applicable law, an Insolvency Event occurs in respect of Bidder; or
 - (v) a Bidder Material Adverse Change occurs.
- (c) **Termination notice:** a party may only exercise a right of termination under clause 10.1(a) or clause 10.1(b) if:
- (i) the party wishing to terminate has given notice to the other party setting out the circumstances that it considers permit it to do so and stating its intention to do so;
 - (ii) the relevant circumstances continue to exist un-remedied 5 Business Days after the time that the notice is given (or any shorter period ending at the end of the Offer Period); and
 - (iii) the party wishing to terminate does so before 15 Business Days after the time that the notice is given.

10.2 Termination for failure or change of recommendation

- (a) Bidder may terminate this deed by giving notice in writing to Target if any Target Director fails to make the recommendation referred to in clause 2.3(a)(i)(A) or to give the undertaking referred to in clause 2.3(a)(i)(B) or changes, qualifies or withdraws that recommendation or undertaking once made or makes any statement inconsistent with that recommendation or that undertaking (including recommending, supporting or endorsing any Competing Proposal).
- (b) Target may terminate this deed by written notice to Bidder if Target has changed, qualified or withdrawn their recommendation in clause 2.3(a)(i)(A) and their undertaking in clause 2.3(a)(i)(B) provided that Target has first paid the Break Fee to Bidder in accordance with clause 6 if the Break Fee is payable in the circumstances.

10.3 Expiry or restraint of Transaction

A party may terminate this deed by giving notice in writing to the other party if:

- (a) Bidder withdraws the Offers;
- (b) the Offers lapse or do not proceed for any reason, including non-fulfilment of an Offer Condition which non-fulfilment is not waived by Bidder;
- (c) the Offers have not become or been declared unconditional by 15 March 2019; or

- (d) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Transaction, and the action is final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of a successful appeal or review.

10.4 Automatic termination

This deed automatically terminates 5 Business Days after the date on which the Offers are closed for acceptance.

10.5 Effect of termination

If this deed is terminated under this clause 10 then:

- (a) except as provided in clause 10.5(c), all the provisions of this deed cease to have effect and each party is released from its obligations to further perform this deed;
- (b) each party retains all rights that it has against each other party in respect of any breach of this deed occurring before termination; and
- (c) the provisions of, and the rights and obligations of each party under, this clause 10 and each of the Surviving Clauses survive termination of this deed.

10.6 No other right of termination

Except for the express rights of termination contained in this clause 10, no party has any right to terminate this deed and the parties waive their rights (if any) to annul, rescind, dissolve, withdraw from, cancel or terminate this deed in any circumstances.

11. CONFIDENTIALITY AND ANNOUNCEMENTS

11.1 Continued effect of Confidentiality Agreement

Each party acknowledges and agrees that:

- (a) it continues to be bound by the Confidentiality Agreement and that the terms of the Confidentiality Agreement (excluding clauses 6 (no representation or warranty) and 10 (exclusion of liability)) apply to this deed; and
- (b) its rights and obligations under the Confidentiality Agreement survive termination of this deed.

11.2 Announcements

Each party must not make, and must procure that its Representatives do not make, any public announcement concerning the Transaction or the subject matter of this deed other than:

- (a) the announcement referred to in clause 2.4;
- (b) with the written consent of the other party, which must not be unreasonably withheld or delayed; or
- (c) if required by law, any court of competent jurisdiction, any Government Agency or the rules of ASX, but if either party is so required to make any announcement, it must promptly notify the other party, where practicable and lawful to do so, before the announcement is made and must co-operate with the other party regarding the timing and content of such announcement

or any action which the other party may reasonably elect to take to challenge the validity of such requirement.

12. PAYMENTS

12.1 Manner of payments

Unless otherwise expressly stated (or as otherwise agreed in the case of a given payment), each payment to be made under this deed must be made in \$ by transfer of the relevant amount into the relevant account on or before the date on which the payment is due and in immediately available funds. The relevant account for a given payment is the account that the party due to receive the payment specifies, not less than 3 Business Days before the date on which payment is due, by giving notice to the party due to make the payment.

12.2 Default interest

If a party defaults in making any payment when due of any sum payable under this deed, it must pay interest on that sum from (and including) the date on which payment is due until (but excluding) the date of actual payment (after as well as before judgment) at an annual rate of 2% above the Reference Rate on that sum, which interest accrues from day to day and must be compounded monthly.

13. GST

13.1 Interpretation

Words and expressions that are defined in the GST Law have the same meaning when used in this clause 13. For the purposes of this clause 13, references to GST payable and input tax credit entitlements of any entity include GST payable by, and the input tax credit entitlements of, the representative member of the GST group of which the entity is a member.

13.2 Consideration exclusive of GST

Except as otherwise expressly provided in this deed, all amounts payable or consideration to be provided under or in connection with this deed are exclusive of GST (**GST Exclusive Consideration**).

13.3 Payment of GST

If GST is payable on any supply made under or in connection with this deed the recipient must pay to the party that has made or will make the supply (**Supplier**), in addition to the GST Exclusive Consideration, an additional amount equal to the GST payable on that supply (**Additional Amount**). The recipient must pay the Additional Amount without set-off, demand or deduction, at the same time and in the same manner as any GST Exclusive Consideration for that supply is required to be paid, except that the recipient is not required to pay the Additional Amount unless and until the Supplier has issued a tax invoice under clause 13.4.

13.4 Tax invoice

For any supply to which clause 13.3 applies, the Supplier must issue a tax invoice which complies with the GST Law.

13.5 Adjustments

If any adjustment event occurs in respect of a supply to which clause 13.3 applies:

- (a) the Additional Amount paid or payable by the recipient must be recalculated, taking into account any previous adjustments under this clause 13.5, to reflect the occurrence of that adjustment event and the Supplier or the recipient, as the case requires, must pay to the other the amount required to reflect the recalculation of the Additional Amount; and
- (b) the Supplier must provide an adjustment note to the recipient as soon as practicable after the Supplier becomes aware of the occurrence of that adjustment event.

13.6 Input tax credits

Notwithstanding any other provision of this deed, if an amount payable under or in connection with this deed is calculated by reference to any loss, damage, cost, expense, charges or other liability incurred or suffered by a party, then the amount payable must be reduced by the amount of any input tax credit to which that entity is entitled in respect of the acquisition of any supply to which the loss, damage, cost, expense, charge or other liability relates.

14. NOTICES

14.1 Manner of giving notice

Any notice or other communication to be given under this deed must be in writing (which includes email) and may be delivered or sent by post, fax or email to the party to be served as follows:

- (a) to Target at:

For the attention of: John de Stefani, Chief Executive Officer & Managing Director
Address: Level 9, 1 Eagle Street, Brisbane, Queensland 4000
Email: john.destefani@uilenergy.com,

with a copy of all communications to HopgoodGanim Lawyers (for information purposes only):

For the attention of: Michele Muscillo and Luke Dawson
Address: Level 8, Waterfront Place, 1 Eagle Street, Brisbane, Queensland 4000
Email: m.muscillo@hopgoodganim.com.au and l.dawson@hopgoodganim.com.au;

- (b) to Bidder at:

For the attention of: Lucy Gauvin, General Manager Commercial & Legal
Address: Unit 1, 31-35 George Street, Thebarton, South Australia 5031
Email: lucy.gauvin@strikeenergy.com.au,

with a copy of all communications to Allen & Overy (for information purposes only):

For the attention of: Meredith Campion and James Nicholls
Address: Level 12, Exchange Tower, 2 The Esplanade, Perth, Western Australia 6000
Email: meredith.campion@allenoverly.com and james.nicholls@allenoverly.com;

or at any such other address or email address notified for this purpose to the other parties under this clause.

14.2 Notices sent by post

Any notice or other communication sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).

14.3 When notice given

Any notice or other communication is deemed to have been given:

- (a) if delivered, on the date of delivery;
- (b) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
- (c) if sent by e-mail, the earlier of:
 - (i) at the time of transmission unless the sender receives an automatic notification that the email has not been received (other than an out of office greeting for the named addressee) and it receives the notification before two hours after the time of transmission;
 - (ii) the sender receiving a message from the intended recipient's information system confirming delivery of the email; and
 - (iii) when the email (including any attachment) becomes available to be read at the email address specified by the recipient in accordance with this deed,

but if the notice or other communication would otherwise be taken to be received after 5.00 pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00 am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

14.4 Proof of service

In proving service of a notice or other communication, it is sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted either by prepaid post or by prepaid airmail, or that the e-mail was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's e-mail system, as the case may be.

14.5 Documents relating to legal proceedings

This clause 14.5 does not apply in relation to the service of any Claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this deed.

15. GENERAL

15.1 Amendments

This deed may only be amended in writing and where such amendment is signed by all the parties.

15.2 Assignments

None of the rights or obligations of a party under this deed may be assigned or transferred without the prior written consent of the other party.

15.3 Consents and approvals

Except as otherwise expressly provided in this deed a party may give or withhold its consent to or approval of any matter referred to in this deed in its absolute discretion. A party that gives its consent to or approval of any matter referred to in this deed is not taken to have made any warranty or representation as to any matter or circumstance connected with the subject matter of that consent or approval.

15.4 Costs

Except as otherwise expressly provided in this deed, each party must pay the costs and expenses incurred by it in connection with entering into and performing its obligations under this deed.

15.5 Duty

Bidder is liable for and must pay all Duty on or relating to this deed, the Transaction and any transfer of the Shares, however Bidder shall not be liable for any Duty on the transactions referred to in clauses 3.10 and 3.11.

15.6 Relationship of the parties

Nothing in this deed:

- (a) gives a party authority to bind any other party in any way; or
- (b) imposes any fiduciary duties on a party in relation to any other party.

15.7 Entire agreement

This deed contains the entire agreement between the parties relating to the Transaction and supersedes all previous agreements, whether oral or in writing, between the parties relating to the Transactions except for the Confidentiality Agreement.

15.8 Execution in counterparts

This deed may be executed in counterparts, which taken together must constitute one and the same agreement, and any party (including any duly authorised representative of a party) may enter into this deed by executing a counterpart. Scanned signatures are taken to be valid and binding to the same extent as original signatures.

15.9 Exercise and waiver of rights

The rights of each party under this deed:

- (a) may be exercised as often as necessary;
- (b) except as otherwise expressly provided by this deed, are cumulative and not exclusive of rights and remedies provided by law; and
- (c) may be waived only in writing and specifically,

and delay in exercising or non-exercise of any such right is not a waiver of that right.

15.10 Further assurance

Each party undertakes, at the request, cost and expense of the other party, to sign all documents and to do all other acts, which may be necessary to give full effect to this deed and the Transaction.

15.11 Severability

The provisions contained in each clause of this deed are enforceable independently of each other clause of this deed and the validity and enforceability of any clause of this deed will not be affected by the invalidity or unenforceability of any other clause.

15.12 No third party beneficiary

This deed shall be binding on and inure solely to the benefit of each party to it and nothing in this deed is intended to or shall confer on any other person, other than the Target Indemnified Parties and Bidder Indemnified Parties, any third party beneficiary rights.

16. GOVERNING LAW AND JURISDICTION

16.1 Governing law

This deed and any non-contractual obligations arising out of or in connection with it is governed by the law applying in South Australia.

16.2 Jurisdiction

The courts having jurisdiction in South Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this deed (including a dispute relating to any non-contractual obligations arising out of or in connection with this deed) and each party irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in South Australia.

EXECUTED AND DELIVERED as a deed by the parties or their duly authorised representatives on the date stated at the beginning of this deed.

SCHEDULE 1
TARGET ISSUED CAPITAL

1. Shares

Target has 228,646,266 Shares on issue.

2. Preference shares

Target has 35,000,000 Preference Shares on issue.

3. Options

Target has the following Options on issue.

(a) Target 5 Cent Options

Number	Exercise price	Expiry date	Option Consideration
13,676,204	\$0.05	31 December 2019	Either: • 0.485 Bidder 10.3 Cent Options for each Option; or • if Bidder Shareholder approval is required under clause 3.11(b)(iii)(D) but not obtained, \$0.02 for each Option

(b) Other Options

Number	Exercise price	Expiry date	Option Consideration
2,250,000	\$0.075	31 December 2019	0.485 Bidder 15.5 Cent Options for each Option
15,804,959	\$0.24	31 December 2018	\$0.001 for each Option

4. Performance Rights

Target has 12,554,885 performance rights on issue to acquire unissued fully paid ordinary shares.

SCHEDULE 2
SHARE OFFER CONDITIONS

1. Equity raising

Within:

- (a) 5 Business Days after the date of this deed, Bidder has received one or more binding commitments to subscribe for Bidder Shares to raise not less than \$13,000,000 under the Equity Capital Raising; and
- (b) 15 Business Days after the date of this deed, Bidder has successfully completed the Equity Capital Raising.

2. Minimum acceptance

At or before the end of the Offer Period, Bidder has a relevant interest in such number of Shares which represents at least 50.1% of all Shares (on a Fully Diluted Basis).

3. No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or ruling issued by any Government Agency;
- (b) no application is made to any Government Agency (other than by Bidder or any Associate of Bidder); and
- (c) no action or investigation is announced, commenced or threatened by any Government Agency in connection with the Transaction,

which could reasonably be expected to:

- (i) restrain, impede or prohibit or otherwise have a material adverse effect on the making of the acquisition by Bidder of Shares or any other transaction contemplated by the bidder's statement (including implementation of Bidder's intentions expressed in the bidder's statement); or
- (ii) require Bidder to divest any Shares or any Bidder Group Member or Target Group Member to divest any material asset,

other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act.

4. No prescribed occurrences

During the Offer Period, none of the following events occurs:

- (a) Target converts all or any of its shares into a larger or smaller number of shares;
- (b) any Target Group Member resolves to reduce its share capital in any way;

- (c) any Target Group Member enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any Target Group Member issues shares or grants an option over its shares or agrees to make such an issue or grant such an option (other than an issue of shares in Target pursuant to the conversion of convertible securities or the exercise of options where the existence of those convertible securities or options has been disclosed to ASX before the Announcement Date);
- (e) any Target Group Member issues, or agrees to issue, convertible notes;
- (f) any Target Group Member disposes of, or agrees to dispose of, the whole, or a substantial part of its business or property;
- (g) any Target Group Member grants, or agrees to grant, a security interest (within the meaning of section 51A of the Corporations Act) in the whole, or a substantial part of, its business or property;
- (h) any Target Group Member resolves to be wound up;
- (i) a liquidator or provisional liquidator of any Target Group Member is appointed;
- (j) a court makes an order for the winding up of any Target Group Member;
- (k) an administrator of any Target Group Member is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) any Target Group Member 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 Target Group Member.

5. No prescribed occurrences prior to lodgement of bidder's statement

Between the Announcement Date and the date on which the bidder's statement is lodged with ASIC, none of the events set out in paragraph 4(a) to (m) of this Schedule 2 occurs.

6. Index fall

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P/ASX 200 Index does not close 10% or more below the closing level on the Announcement Date for 5 or more consecutive ASX trading days.

7. No litigation

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) no litigation or similar proceeding against Target which may reasonably be expected to result in a judgement of more than \$250,000 is commenced, threatened, announced or made known to Bidder or Target; and
- (b) no litigation or similar proceeding against Target which in aggregate may reasonably be expected to result in judgements of more than \$500,000 is commenced, threatened, announced or made known to Bidder or Target,

other than that which is in the public domain as at the Announcement Date and other than as fairly disclosed in the Target Due Diligence Information.

8. **No material breach of the Implementation Deed**

Between the Announcement Date and the end of the Offer Period (each inclusive), Bidder does not become entitled to terminate this deed under clause 10.1(a)(i) or 10.1(a)(ii) as a result of a breach by Target of clause 4.4 (prohibited actions) or clause 8.1 (Target Warranties).

SCHEDULE 3

TARGET WARRANTIES

1. Target is a corporation validly existing under the laws of its place of incorporation.
2. Target has the power to execute and deliver and to perform its obligations under this deed, and has taken all necessary corporate action to authorise such execution and delivery and taken or will take all necessary corporate action to authorise the performance of such obligations.
3. The obligations under this deed are legal, valid and binding obligations enforceable against Target in accordance with their terms.
4. So far as Target is aware, the execution and delivery by Target of this deed does not and will not conflict with or constitute a default under any provision of:
 - (a) any agreement or instrument to which Target is a party;
 - (b) the Target Constitution or the constitution of any other Target Group Member; or
 - (c) any law, order, judgment, award, injunction, decree, rule or regulation by which Target or any other Target Group Member is bound.
5. There is no Insolvency Event in effect in respect of a Target Group Member.
6. So far as Target is aware, Target has filed with ASIC and ASX all documents required to be filed with ASIC or ASX (**Target Reporting Documents**) and the Target Reporting Documents do not contain any untrue statement of a material fact or omit to state a material fact required to be stated in it, except to the extent that such statements have been modified or superseded by a later Target Reporting Document.
7. As at the date of this deed the issued capital of Target is as set out in Schedule 1 and there are no other shares, options or other securities (including equity securities, debt securities or convertible securities) or performance rights or other instruments which are convertible into securities in Target nor has Target offered or agreed to issue any such shares, options or other securities or performance rights or other instruments to any third party.
8. The Target Directors have met and considered the Transaction and that each Target Director has informed Target that he or she supports the Transaction and has indicated that, subject to Bidder making the Offers pursuant to the Transaction, he or she:
 - (a) will recommend that Shareholders and Preference Shareholders accept the Offers in respect of all their Shares and Preference Shares;
 - (b) intends to accept, or procure the acceptance of, the Offer in respect of all Shares and Preference Shares held or controlled by him or her, including any Shares issued on exercise of any Options or conversion of any Performance Rights on the Acceptance Date;
 - (c) intends to exercise all Target 5 Cent Options held or controlled by him or her to enable the Target Director to accept, or procure the acceptance of, the Offer in respect of the Shares issued on exercise of those Options on the Acceptance Date; and

- (d) consents to the publication of a statement to the effect of paragraphs 8(a) to (c) of this Schedule 3 in each public announcement by one or both of the parties in relation to the Transaction, including the bidder's statement, target's statement and any supplementary bidder's or target's statement,

subject in each case:

- (i) to the satisfaction of the Capital Raising Condition and the Independent Expert's Report not stating that the Offers are neither fair nor reasonable to Shareholders and Preference Shareholders; and
 - (ii) in the absence of a Superior Proposal.
- 9. Target has terminated all negotiations and discussions (other than with Bidder and its Representatives) relating to any Competing Proposal or Potential Competing Proposal.
 - 10. The execution of this deed by Target will not effect any release, waiver or amendment of any standstill agreement or arrangement between Target and any person other than a Bidder Group Member.
 - 11. The Target Due Diligence Information contains all information regarding matters affecting or relating to the Target Group which is not already in the public domain and the disclosure of which might reasonably be expected to have resulted in Bidder not entering into this deed at all or only entering this deed on materially different terms and conditions.
 - 12. All information fairly disclosed by or on behalf of Target to Bidder or its Representatives (other than forecasts, budgets, estimates, projections and statements of opinion or intention), whether as part of the Target Due Diligence Information or otherwise:
 - (a) has been collated and prepared in good faith and with all reasonable care and skill; and
 - (b) so far as Target is aware, is true and correct in all material respects and is not misleading or deceptive in any material respect, including by omission.
 - 13. Target's financial statements for the financial year ended 30 June 2018 and half year ended 31 December 2017:
 - (a) are, in all material respects, a true and fair reflection of Target's financial position as of 30 June 2018 and 31 December 2017 and of Target's performance during the relevant period; and
 - (b) comply with Australian Accounting Standards and the Corporations Regulations.
 - 14. So far as Target is aware, there is no litigation, mediation or arbitration current or pending, nor is there any threatened litigation, mediation or arbitration, in each case which may materially affect the value of Target or of the assets of the Target Group.
 - 15. So far as Target is aware, as at the date of this deed:
 - (a) all Target Material Contracts are in full force and of full effect and are legally binding as between the parties to those contracts in accordance with their terms; and
 - (b) none of the parties to a Material Contract is in material default under any Material Contract nor has anything occurred which is or would be with the giving of notice or lapse of time constitute an event of default, prepayment or similar event, or give any party a termination

right or right to accelerate any material right or obligation under any such Material Contract with such an effect.

16. The Target Due Diligence Information contains full particulars of:
 - (a) the salary or other remuneration;
 - (b) any bonuses, incentives and equity;
 - (c) accrued annual leave and long service leave; and
 - (d) each other material benefit,to which an employee or contractor of a Target Group Member is or may be entitled.
17. Target is not aware of any event or circumstance that would result in or is reasonably likely to result in:
 - (a) one or more of the Offer Conditions being breached or becoming incapable of fulfilment; or
 - (b) the Transaction not being implemented in accordance with the terms of this deed.
18. Each Target Permit is:
 - (a) in good-standing and not liable to forfeiture or cancellation; and
 - (b) legally and beneficially held by a Target Group Member.
19. Each Target Group Member registered as the holder of a Target Permit:
 - (a) has not parted with ownership, possession or control of, or disposed or agreed to dispose of, or granted or agreed to grant any option or right of pre-emption in respect of, or offered for sale its interests in a Target Permit; and
 - (b) has not granted any sub-lease, licence or exclusive possession or shared right of occupancy or use of any part of a Target Permit.
20. Each Target Group Member holds all permits necessary for them to conduct their respective business as presently being conducted.
21. There is no Encumbrance, and no commitment to give or create any Encumbrance, on, over or affecting any of the Target Group's Permits, and no person has claimed to be entitled to any such Encumbrance.
22. So far as Target is aware, there is no event or circumstance that would render the grant of a Target Permit invalid under the *Native Title Act 1993* (Cth).
23. So far as Target is aware, there are no disputes regarding boundaries, rights (whether benefiting the Target Permit or to which it is subject), covenants or other matters relating to the Target Permit or its use.
24. So far as Target is aware, there is no event or circumstance that could give rise to the cancellation, forfeiture or suspension of, or the imposition of new conditions on, a Target Permit, including in respect of the relevant Target Group Member's ability to satisfy the minimum work commitments under the terms and conditions of each Target Permit.

25. So far as Target is aware, there is no event or circumstance that would result in or is reasonably likely to result in any Target Application submitted: not being granted on the terms and conditions set out in the Target Application.

SCHEDULE 4
BIDDER WARRANTIES

1. Bidder is a corporation validly existing under the laws of its place of incorporation.
2. Bidder has the power to execute and deliver and to perform its obligations under this deed, and has taken all necessary corporate action to authorise such execution and delivery and taken or will take all necessary corporate action to authorise the performance of such obligations.
3. The obligations of Bidder under this deed are legal, valid and binding obligations enforceable subject to and in accordance with their terms.
4. So far as Bidder is aware, the execution and delivery by Bidder of this deed does not and will not conflict with or constitute a default under any provision of:
 - (a) any agreement or instrument to which Bidder is a party;
 - (b) Bidder's constitution or the constitution of any other Bidder Group Member; or
 - (c) any law, order, judgment, award, injunction, decree, rule or regulation by which Bidder or any other Bidder Group Member is bound.
5. No approvals or consents are required to be obtained by Bidder under any law, rule or regulation to perform and observe obligations under this deed and to consummate the Transaction.
6. There is no Insolvency Event in effect in respect of a Bidder Group Member.
7. So far as Bidder is aware, Bidder has filed with ASIC and ASX all documents required to be filed with ASIC or ASX (**Bidder Reporting Documents**) and the Bidder Reporting Documents do not contain any untrue statement of a material fact or omit to state a material fact required to be stated in it, except to the extent that such statements have been modified or superseded by a later Bidder Reporting Document.
8. The Bidder Due Diligence Information contains all information regarding matters affecting or relating to the Bidder Group which is not already in the public domain and the disclosure of which might reasonably be expected to have resulted in Target not entering into this deed at all or only entering this deed on materially different terms and conditions.
9. All information fairly disclosed by or on behalf of Bidder to Target or its Representatives (other than forecasts, budgets, estimates, projections and statements of opinion or intention), whether as part of the Bidder Due Diligence Information or otherwise:
 - (a) has been collated and prepared in good faith and with all reasonable care and skill; and
 - (b) so far as Bidder is aware, is true and correct in all material respects and is not misleading or deceptive in any material respect, including by omission.
10. As at the date of this deed the issued capital of Bidder is as set out below:
 - (a) 1,123,511,727 Bidder Shares;
 - (b) 15,620,254 performance rights issued under the Bidder's employee incentive plan,

- (c) the following options to subscribe for Bidder Shares:

Number	Exercise price	Expiry date
2,000,000	\$0.12	7 April 2020
1,000,000	\$0.15	7 June 2020
13,000,000	\$0.15	21 August 2020
7,000,000	\$0.15	16 November 2020
5,000,000	\$0.15	17 May 2021

and there are no other shares, options or other securities (including equity securities, debt securities or convertible securities) or performance rights or other instruments which are convertible into securities in Bidder nor has Bidder offered or agreed to issue any such shares, options or other securities or performance rights or other instruments to any third party.

11. Bidder's financial statements for the financial year ended 30 June 2018 and half year ended 31 December 2017:
 - (a) are, in all material respects, a true and fair reflection of Bidder's financial position as of 30 June 2018 and 31 December 2017 and of Bidder's performance during the relevant period; and
 - (b) comply with Australian Accounting Standards and the Corporations Regulations.
12. So far as Bidder is aware, there is no litigation, mediation or arbitration current or pending, nor is there any threatened litigation, mediation or arbitration, in each case which may materially affect the value of Bidder or of the assets of the Bidder Group.
13. Bidder is not aware of any event or circumstance that would result in or is reasonably likely to result in:
 - (a) one or more of the Offer Conditions being breached or becoming incapable of fulfilment; or
 - (b) the Transaction not being implemented in accordance with the terms of this deed.

SCHEDULE 5

TERMS AND CONDITIONS OF BIDDER MILESTONE OPTIONS

1. Entitlement

Provided the Bidder Milestone Option is exercised in accordance with paragraph 2(a) of this Schedule 5, each Bidder Milestone Option will grant the Bidder Milestone Optionholder the right but not the obligation to subscribe for one Bidder Share.

2. Exercise of Bidder Milestone Options

- (a) Each Bidder Milestone Option will only be exercisable during the period commencing on the date that the Well is determined to be a Success (as determined in accordance with paragraph 3(c) of this Schedule 5 until 5.00pm (Adelaide time) on 31 December 2019 (**Expiry Date**).
- (b) Each Bidder Milestone Option not exercised in accordance with paragraph 2(a) of this Schedule 5 will lapse with immediate effect on the day after the Expiry Date and is no longer capable of exercise.
- (c) There is no exercise price payable in connection with the exercise of a Bidder Milestone Option.
- (d) Each Bidder Milestone Option may only be exercised by notice in writing delivered to the registered address of Bidder specifying the number of Bidder Milestone Options being exercised.
- (e) A Bidder Share issued pursuant to the exercise of a Bidder Milestone Option will rank in all respects on equal terms with the existing Bidder Shares.
- (f) Each Optionholder who exercises a Bidder Milestone Option consents to becoming a member of Bidder and agrees to be bound by the constitution of Bidder upon the issue of the new Bidder Share.
- (g) Bidder will apply for official quotation by ASX of each Bidder Share issued upon exercise of the Bidder Milestone Option within 5 Business Days of the date of allotment of the Bidder Share.
- (h) The Bidder Milestone Options will not be quoted on ASX however Bidder reserves the right to seek quotation of the Bidder Milestone Options.

3. Satisfaction of milestone

- (a) Bidder must use reasonable endeavours to cause the drilling of the Ocean Hill No 2 Well (**Well**) before the Expiry Date.
- (b) Paragraph 3(a) does not impose any obligation on Bidder to do any thing that:
 - (i) in the reasonable opinion of the Bidder would not be consistent with Good Engineering and Operating Practices or in a manner commensurate with the conduct of a Reasonable and Prudent Operator; or

- (ii) the Bidder Directors, acting in good faith and after having taken written advice from Bidder's external legal advisers, have determined would likely be inconsistent with the statutory or fiduciary duties of the Bidder Directors.
- (c) The Well will be deemed to be a Success if:
 - (i) during or immediately after the drilling of the Well, the Well encounters gas sands that warrant a production test and, on a production test, the Well produces gas and or gas liquids at:
 - (A) equal to or greater than 5 million cubic feet per day (without drawdown); or
 - (B) less than 5 million standard cubic feet per day (without drawdown) but a qualified expert provides a written opinion to Bidder to the effect that the results of the production test of the Well justifies the undertaking of further drilling of the Ocean Hill structure (ie an Ocean Hill 3 appraisal/step out well); and
 - (ii) a qualified expert provides a written opinion to Bidder to the effect that the results of the production test confirm sufficient long term gas flow rates to support a financial investment decision to commence a commercial development of a gas production operation.
- (d) In the event that the Well is deemed to be a Success the Bidder must send a written notice to each holder of Bidder Milestone Option to the address of the holder of each Bidder Milestone Option recorded in the register of Bidder Milestone Optionholders as at the date of grant:
 - (i) outlining the fact that the Bidder Milestone Option is able to be exercised and that if it is not exercised by the Expiry Date it will lapse; and
 - (ii) attaching an option exercise form for execution and return to the Bidder as contemplated by paragraph 2.

4. Rights of Bidder Milestone Optionholders

- (a) Neither a legal or beneficial interest in a Bidder Milestone Option may be freely sold, transferred or otherwise disposed without the prior written consent of the Bidder Directors.
- (b) A Bidder Milestone Option does not confer any right or entitlement to:
 - (i) participate in any new issue of securities by Bidder or any bonus issues by the Bidder unless the Bidder Milestone Option has been duly exercised prior to the relevant record date;
 - (ii) dividends or other distributions declared or paid by Bidder;
 - (iii) participate in any profits or property of Bidder;
 - (iv) attend general meetings of Bidder or to vote or speak at such meetings; or
 - (v) to receive reports to Bidder Shareholders.
- (c) If a takeover bid is made for ordinary shares, acceptance by Bidder Shareholders of which is recommended by the Bidder Directors, or the Bidder Directors recommend Bidder

Shareholders vote in favour a member's scheme of arrangement, the Bidder Directors will use reasonable endeavours to procure that equivalent takeover offers are made to the Bidder Milestone Optionholders or that the Bidder Milestone Optionholders can participate in a separate members' scheme of arrangement.

5. Application of the ASX Listing Rules

While Bidder is admitted to the official list of ASX, the Bidder Milestone Options and any Bidder Shares issued on exercise of these Bidder Milestone Options are subject always to the provisions of the constitution of Bidder and the ASX Listing Rules and to the extent of any inconsistency between these terms and conditions, the constitution of Bidder and the ASX Listing Rules, the ASX Listing Rules will prevail.

6. Governing law

The terms and the rights and obligations of the Bidder Milestone Optionholder are governed by the laws of South Australia. Each Bidder Milestone Optionholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.

SCHEDULE 6

TERMS AND CONDITIONS OF BIDDER 10.3 CENT OPTIONS

1. Entitlement

Each Bidder 10.3 Cent Option will entitle the holder to subscribe for one Bidder Share (subject to possible adjustments referred to in paragraph 4 of this Schedule 6).

2. Exercise of Bidder 10.3 Cent Options

- (a) Each Bidder 10.3 Cent Option will be exercisable during the period from the date it is granted until 5.00pm (Adelaide time) on 31 December 2019 (**Expiry Date**). A Bidder 10.3 Cent Option not exercised before the Expiry Date will lapse with immediate effect and is no longer capable of exercise.
- (b) The exercise price of each Bidder 10.3 Cent Option will be \$0.103 (**Exercise Price**).
- (c) A Bidder 10.3 Cent Option may only be exercised by notice in writing to Bidder delivered to the registered address of Bidder specifying the number of Bidder 10.3 Cent Option being exercised and accompanied by a cheque or electronic funds transfer for the full amount of the Exercise Price in respect of each Bidder 10.3 Cent Option in cleared funds.
- (d) A Bidder Share issued pursuant to the exercise of a Bidder 10.3 Cent Option will rank in all respects on equal terms with the existing Bidder Shares.
- (e) Bidder will apply for official quotation by ASX of each Bidder Share issued upon exercise of the Bidder 10.3 Cent Option within 5 Business Days of the date of allotment of the Bidder Share.
- (f) Each optionholder who exercises a Bidder 10.3 Cent Option consents to becoming a member of Bidder and agrees to be bound by the constitution of Bidder upon the issue of the new Bidder Share.
- (g) The Bidder 10.3 Cent Options will not be quoted on ASX however Bidder reserves the right to seek quotation of the Bidder 10.3 Cent Options.

3. Rights of optionholders

- (a) The legal or a beneficial interest in a Bidder 10.3 Cent Option may be freely sold, transferred or otherwise disposed without the prior written consent of the directors of Bidder.
- (a) A Bidder 10.3 Cent Option does not confer any right or entitlement to:
 - (i) participate in any new issue of securities by Bidder or any bonus issues by the Bidder unless the Bidder 10.3 Cent Option has been duly exercised prior to the relevant record date;
 - (ii) dividends or other distributions declared or paid by Bidder;
 - (iii) participate in any profits or property of Bidder;
 - (iv) attend general meetings of Bidder or to vote or speak at such meetings; or

- (v) to receive reports to Bidder Shareholders.

4. Adjustments to terms of Bidder 10.3 Cent Options

- (a) If there is a pro-rata issue or bonus issue to the Bidder Shareholders (except an issue in lieu of distributions or by way of distribution reinvestment) after the issue of Bidder 10.3 Cent Option and before the Bidder 10.3 Cent Options are exercised or lapse, the Exercise Price of the Bidder 10.3 Cent Options or the number of Bidder Shares to be issued on the exercise of those Bidder 10.3 Cent Options will be adjusted in accordance with the ASX Listing Rules.
- (b) If there is a reorganisation (including a consolidation, sub-division, return of capital, reduction of capital, cancellation) of the capital of Bidder after the issue of the Bidder 10.3 Cent Options and before the Bidder 10.3 Cent Options are exercised or lapse, the Exercise Price of the Options or the number of Bidder Shares to be issued on the exercise of the Bidder 10.3 Cent Options will be adjusted in accordance with the ASX Listing Rules
- (c) Any calculations or adjustments to these terms and conditions of the Bidder 10.3 Cent Options which are required or permitted to be made under these terms and conditions will be made by the directors of Bidder and will, in the absence of manifest error, be final and conclusive and binding on Bidder and each optionholder.
- (d) Bidder must within a reasonable period or, as otherwise required by the ASX Listing Rules if applicable at that time, give to the optionholder notice of any change to the Exercise Price of any Bidder 10.3 Cent Options held by the optionholder or the number of Bidder Shares to be issued on the exercise of the Bidder 10.3 Cent Options.

5. Application of the ASX Listing Rules

While Bidder is admitted to the official list of ASX, the Bidder 10.3 Cent Options and any Bidder Shares issued on exercise of these Bidder 10.3 Cent Options are subject always to the provisions of the constitution of Bidder and the ASX Listing Rules and to the extent of any inconsistency between these terms and conditions, the constitution of Bidder and the ASX Listing Rules, the ASX Listing Rules will prevail.

6. Governing law

The terms and the rights and obligations of the optionholders are governed by the laws of South Australia. Each optionholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.

SCHEDULE 7

TERMS AND CONDITIONS OF BIDDER 15.5 CENT OPTIONS

1. Entitlement

Each Bidder 15.5 Cent Option will entitle the holder to subscribe for one Bidder Share (subject to possible adjustments referred to in paragraph 4 of this Schedule 7).

2. Exercise of Bidder 15.5 Cent Options

- (a) Each Bidder 15.5 Cent Option will be exercisable during the period from the date it is granted until 5.00pm (Adelaide time) on 31 December 2020 (**Expiry Date**). A Bidder 15.5 Cent Option not exercised before the Expiry Date will lapse with immediate effect and is no longer capable of exercise.
- (b) The exercise price of each Bidder 15.5 Cent Option will be \$0.155 (**Exercise Price**).
- (c) A Bidder 15.5 Cent Option may only be exercised by notice in writing to Bidder delivered to the registered address of Bidder specifying the number of Bidder 15.5 Cent Option being exercised and accompanied by a cheque or electronic funds transfer for the full amount of the Exercise Price in respect of each Bidder 15.5 Cent Option in cleared funds.
- (d) A Bidder Share issued pursuant to the exercise of a Bidder 15.5 Cent Option will rank in all respects on equal terms with the existing Bidder Shares. Bidder will apply for official quotation by ASX of each Bidder Share issued upon exercise of the Bidder 15.5 Cent Option within 5 Business Days of the date of allotment of the Bidder Share.
- (e) Each optionholder who exercises a Bidder 15.5 Cent Option consents to becoming a member of Bidder and agrees to be bound by the constitution of Bidder upon the issue of the new Bidder Share.
- (f) The Bidder 15.5 Cent Options will not be quoted on ASX however Bidder reserves the right to seek quotation of the Bidder 15.5 Cent Options.

3. Rights of optionholders

- (a) The legal or a beneficial interest in a Bidder 15.5 Cent Option may be freely sold, transferred or otherwise disposed without the prior written consent of the directors of Bidder.
- (b) A Bidder 15.5 Cent Option does not confer any right or entitlement to:
 - (i) participate in any new issue of securities by Bidder or any bonus issues by the Bidder unless the Bidder 15.5 Cent Option has been duly exercised prior to the relevant record date;
 - (ii) dividends or other distributions declared or paid by Bidder;
 - (iii) participate in any profits or property of Bidder;
 - (iv) attend general meetings of Bidder or to vote or speak at such meetings; or
 - (v) to receive reports to Bidder Shareholders.

4. Adjustments to terms of Bidder 15.5 Cent Options

- (a) If there is a pro-rata issue or bonus issue to the Bidder Shareholders (except an issue in lieu of distributions or by way of distribution reinvestment) after the issue of Bidder 15.5 Cent Option and before the Bidder 15.5 Cent Options are exercised or lapse, the Exercise Price of the Bidder 15.5 Cent Options or the number of Bidder Shares to be issued on the exercise of those Bidder 15.5 Cent Options will be adjusted in accordance with the ASX Listing Rules.
- (b) If there is a reorganisation (including a consolidation, sub-division, return of capital, reduction of capital, cancellation) of the capital of Bidder after the issue of the Bidder 15.5 Cent Options and before the Bidder 15.5 Cent Options are exercised or lapse, the Exercise Price of the Options or the number of Bidder Shares to be issued on the exercise of the Bidder 15.5 Cent Options will be adjusted in accordance with the ASX Listing Rules
- (c) Any calculations or adjustments to these terms and conditions of the Bidder 15.5 Cent Options which are required or permitted to be made under these terms and conditions will be made by the directors of Bidder and will, in the absence of manifest error, be final and conclusive and binding on Bidder and each optionholder.
- (d) Bidder must within a reasonable period or, as otherwise required by the ASX Listing Rules if applicable at that time, give to the optionholder notice of any change to the Exercise Price of any Bidder 15.5 Cent Options held by the optionholder or the number of Bidder Shares to be issued on the exercise of the Bidder 15.5 Cent Options.

5. Application of the ASX Listing Rules

While Bidder is admitted to the official list of ASX, the Bidder 15.5 Cent Options and any Bidder Shares issued on exercise of these Bidder 15.5 Cent Options are subject always to the provisions of the constitution of Bidder and the ASX Listing Rules and to the extent of any inconsistency between these terms and conditions, the constitution of Bidder and the ASX Listing Rules, the ASX Listing Rules will prevail.

6. Governing law

The terms and the rights and obligations of the optionholders are governed by the laws of South Australia. Each optionholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.

SCHEDULE 8

TIMETABLE

Event	Date
Joint announcement of the Transaction	22 October 2018
Bidder lodges with ASIC, and provides to Target and ASX, a copy of the bidder's statement	24 October 2018
Bidder completes despatch of bidder's statement and notifies Target of same	26 October 2018
Target lodges with ASIC, and provides to Bidder and ASX, a copy of the target's statement (together with the Independent Expert's Report) and despatches target's statement	9 November 2018
Offer Period for the Share Offer ends (unless extended)	30 November 2018

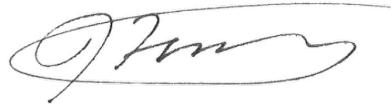
EXECUTION PAGE

EXECUTED AS A DEED by **STRIKE ENERGY**)
LIMITED in accordance with section 127 of the)
Corporations Act 2001 (Cth):)



Signature of director
Stuart Nicholls

Name of director



Signature of company secretary

Justin Ferravant

Name of company secretary

EXECUTED AS A DEED by **UIL ENERGY**)
LIMITED in accordance with section 127 of the)
Corporations Act 2001 (Cth):)

Signature of director

Name of director

Signature of director/company secretary

Name of director/company secretary

EXECUTION PAGE

EXECUTED AS A DEED by STRIKE)
ENERGY LIMITED in accordance with)
section 127 of the Corporations Act 2001 (Cth):)

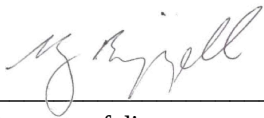
Signature of director

Signature of director/company secretary

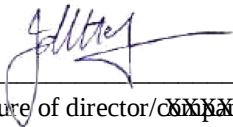
Name of director

Name of director/company secretary

EXECUTED AS A DEED by UIL ENERGY)
LIMITED in accordance with section 127 of the)
Corporations Act 2001 (Cth):)



Signature of director



Signature of director/company secretary

Stephen Grant Bizzell

Name of director

John de Stefani

Name of director/company secretary