



**ASX/MEDIA RELEASE**  
**28 February 2020**

**RECOMMENDED TAKEOVER OFFER FOR LNGL**

Liquefied Natural Gas Limited (ASX: **LNG**, OTC ADR: **LNGLY**) (**LNGL** or the **Company**) is pleased to announce that it has entered into a Bid Implementation Agreement (**BIA**)<sup>1</sup> with LNG9 PTE LTD (**LNG9**), a Singapore-based private company, pursuant to which LNG9 will make an offer to acquire all of the issued ordinary shares of LNGL under the terms of an off-market takeover bid (**Offer**).

LNGL has over the last year evaluated many potential corporate and asset transactions to provide liquidity and value for shareholders and considers that the LNG9 offer is the most attractive offer currently available for LNGL shareholders.

The Directors of LNGL will therefore unanimously recommend that LNGL shareholders accept the Offer in the absence of a superior proposal being received.<sup>2</sup>

**Proposal highlights**

- LNG9 desires to acquire 100% of the outstanding LNGL shares, which includes all shares underlying the outstanding LNGL sponsored ADRs (**LNGLY**), and to potentially take the Company private.
- Under the terms of the Offer, LNGL shareholders will receive US\$0.13 in cash per share (or the Australian dollar equivalent), valuing the share capital of LNGL at approximately US\$75 million.
- The Offer price approximates A\$0.198 per LNGL share, applying an A\$ / US\$ exchange rate of approximately 0.66 / 1 as at 27 February 2020, the trading day prior to the date of this announcement.
- The Offer represents a 72% premium to the closing price of LNGL's shares on the ASX of A\$0.115 on the trading day prior to the date of this announcement, valuing the share capital of LNGL at approximately A\$114 million, and a 48% premium to LNGL's 30-day volume-weighted average price (**VWAP**) on ASX of A\$0.133 over the 30 trading days prior to the date of this announcement.

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<sup>1</sup> A copy of the BIA is attached to this release.

<sup>2</sup> The recommendation and supporting reasons will be contained in LNGL's Target's Statement which is expected to be despatched to shareholders in March or April 2020.

- The Offer is subject to LNG9 receiving acceptances in respect of at least 90% of ordinary shares and to other conditions summarized below.
- Additionally, First Wall Street Capital Corp. (**Lender**) has agreed to provide bridge financing to LNGL in the form of a non-revocable Senior Secured Convertible Note financing facility for the purposes of facilitating ongoing marketing and development of LNGL's projects, and to meet LNGL's working capital requirements, including its transaction costs. Further details of this facility are set out below.

Further details of the Offer, and of LNG9's intentions, will be set out in LNG9's Bidder's Statement.

### **Important points for LNGL shareholder consideration**

- The Offer is all cash.
- The Offer represents a compelling premium to LNGL's current trading price.
- At the current burn rate, LNGL's existing available liquidity is insufficient to sustain operations beyond the current quarter based on existing funds, or beyond the third quarter of 2020 inclusive of the bridge financing facility.
- If the Offer conditions are satisfied or waived, shareholders who accept the Offer avoid the risk of LNGL entering administration or liquidation, which event would introduce risk of significant value loss resulting from, among other things, insolvency clauses existing in key Magnolia LNG contracts, such as the EPC contract, equity commitment agreement, and the site port lease, which clauses provide counterparties with rights including contract termination.
- If the Offer conditions are satisfied or waived, shareholders who accept the Offer avoid the risk of substantial dilution associated with future LNGL fundraising(s).
- If the Offer conditions are satisfied or waived, shareholders who accept the Offer avoid other inherent risks including satisfaction of all other milestones required to be achieved to allow Magnolia LNG to reach a Final Investment Decision and financial close.
- LNG industry competition remains intense; current LNG markets are oversupplied; and future increases in share value are not guaranteed, particularly in the short to medium term. While LNGL is excited by the LNG supply opportunity in Vietnam initially announced on September 16, 2019 and the expectation that the MOU will become binding, we cannot assure additional binding offtake contracts necessary to support a Final Investment Decision and financial close given current LNG market conditions.

### **Bid Implementation Agreement**

Under the BIA, LNGL and LNG9 have given undertakings to each other to facilitate the Offer. The Offer is subject to certain conditions as set out in the BIA, including:

- 90% minimum acceptance by LNGL shareholders;

- The Committee on Foreign Investment in the United States (**CFIUS**) neither preventing consummation of the Offer nor imposing conditions that adversely impact the transaction;
- If required, confirmation from the Foreign Investment Review Board (**FIRB**), that there are no objections to the Offer under Australia's foreign investment regime, or that approval is not required;
- No other regulatory actions impeding or materially adversely impacting the acquisition of LNGL shares by LNG9 under the Offer;
- No prescribed occurrences occurring in relation to LNGL;
- No material acquisitions or disposals or capital expenditure outside the ordinary course by LNGL;
- No dividends or other distributions by LNGL;
- No material adverse change occurring in respect of LNGL; and
- No statement made to ASX by LNGL prior to the date of this announcement becoming (or becoming known to be) incomplete, incorrect, untrue or misleading in a material respect.

The BIA includes “no shop”, “no talk” and “no due diligence” restrictions on LNGL as well as notification and matching rights in the event of a competing proposal.

#### **Bridge financing transaction details**

- LNGL has entered into a Senior Secured Convertible Note (**Note**) financing facility with the Lender.
- The maximum face value of the Note facility is US\$6 million, with US\$1.0m to be drawn down at closing and five further drawdowns of US\$1.0m at 30-day intervals at LNGL's option; the interest rate is 12% per annum payable-in-kind (by adding accrued interest to the outstanding principal amount of the notes); and the term (to Maturity Date) is 6-months from close.
- LNGL may pre-pay amounts outstanding under the bridge financing facility at any time subject to a make-good payment of the interest which would have accrued had such prepaid amount remained outstanding until the Maturity Date.
- The Note facility is secured by a first priority, fully perfected security interest over a 49% limited partnership interest in Magnolia LNG Investment LP, the indirect owner of 100% of Magnolia LNG LLC (the Magnolia LNG project company) and a guaranty by Magnolia LNG Investment LP.
- Drawdown under the Note facility is conditional on these security documents, and the Bid Implementation Agreement, being executed.
- The Notes are convertible in whole or in part at Lender's option from the Closing Date until the Maturity Date.

- If the Lender exercises its conversion right to convert in whole, LNGL will issue the Lender the maximum 86,500,072 shares available for issue under LNGL's ASX Listing Rule 7.1 capacity and, the lender must:
  - pay LNGL the unfunded balance of US\$6 million (minus the sum of the Subscription Amounts already drawn down and received by LNGL up to the date of the conversion notice) which will be converted at a price per share equal to the volume weighted average price of LNGL shares over the 15 trading days before the Lender gives the notice; plus
  - pay the Company the same conversion price on the balance of the 86,500,072 Shares,
 

with such payments due to the Company within 5 Business Days of the date of the Conversion Notice.
- If the Lender exercises its conversion right of the then outstanding principal and accrued but unpaid interest (convert in part) at a date prior to funding the final drawdown and chooses to only convert that balance into new ordinary shares of LNGL, the Lender shall receive a number of shares based on various agreed and defined conversion prices between approximately US\$0.1387 and US\$0.1394 (depending on the month of conversion) as set out in the Secured Convertible Note Subscription Deed.
- Upon exercise of the 'convert in part' conversion option by Lender, if the full number of 86,500,072 new ordinary shares are issued by LNGL in satisfaction of the conversion feature, then to the extent any balance remains owing under the Note facility, LNGL will repay such amount in cash.
- If any issue of shares upon conversion of Notes is limited by section 606 of the Corporations Act, LNGL will convene a meeting of its shareholders to seek approval for the purposes of item 7 of section 611 of the Corporations Act.
- Should a Termination Event pursuant to clause 8 of the BIA occur upon lapse or withdrawal of LNG9's bid, Lender may nominate a director to the board of LNGL while amounts are owing under the Note facility.

Additional details of the terms of the Senior Secured Convertible Note facility are contained in a binding Secured Convertible Note Subscription Deed between Lender and LNGL, a copy of which is attached to this release. An Appendix 3B in respect of the proposed issue of Notes under the facility will follow this release.

## **Acquiror**

### ***LNG9 PTE LTD***

LNG9 is a Singapore-based private entity and part of an end-to-end LNG solution value chain. Together with related entities, LNG9 plans to deliver LNG to re-gasification facilities. LNG9 plans to own and operate the regasification installations for supply of LNG into Asian and European markets.

**Lender*****First Wall Street Capital Corp.***

First Wall Street Capital is an independent global investment firm located in New York City, New York, USA. First Wall Street Capital combines principal investment, syndication and Merchant Banking to serve its customers.

**Further information**

Detailed information relating to the Offer will be set out in the Bidder's Statement and Target's Statement, which are expected to be dispatched to LNGL Shareholders in March or April 2020.

LNGL's shareholders are advised to take no action in relation to the Offer until they receive the Bidder's Statement and the Target's Statement, which will detail LNG9's offer and LNGL's recommendation and supporting reasons.

**Advisers**

LNGL is advised by CIBC Capital Markets as financial adviser and Johnson Winter & Slattery and Bradley Arant Boult Cummings LLP as legal advisers.

LNG9 is advised by Withers KhattarWong LLP and Colin Biggers & Paisley Pty Ltd as legal advisers.

For and on behalf of Liquefied Natural Gas Limited

Greg Vesey, Executive Chairman

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## **ABOUT LIQUEFIED NATURAL GAS LIMITED**

LNGL is an ASX listed company (Code: **LNG** and OTC ADR: **LNGLY**) whose portfolio consists of 100% ownership of the following companies:

- Magnolia LNG LLC (**Magnolia LNG**), a US-based subsidiary, which is developing an 8 million tonnes per annum (**mtpa**) or greater LNG export terminal, in the Port of Lake Charles, Louisiana, USA;
- Bear Head LNG Corporation Inc. (**Bear Head LNG**), a Canadian-based subsidiary, which is developing an 8 – 12 mtpa LNG export terminal in Richmond County, Nova Scotia, Canada with potential for further expansion;
- Bear Paw Pipeline Corporation Inc. (**Bear Paw**), which is proposing to construct and operate a 62.5 km gas pipeline lateral to connect gas supply to Bear Head LNG; and
- LNG Technology LLC, a subsidiary which owns and develops the Company's **OSMR**<sup>®</sup> LNG liquefaction process, a midscale LNG business model that plans to deliver lower capital and operating costs, faster construction, and improved efficiency, relative to larger traditional LNG projects.

### **Liquefied Natural Gas Limited**

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#### **Disclaimer**

Forward-looking statements may be set out within this correspondence. Such statements are only predictions, and actual events or results may differ materially. Please refer to our forward-looking statement disclosure contained on our website at [www.LNGLimited.com.au](http://www.LNGLimited.com.au) and to the Company's Annual Report and Accounts for a discussion of important factors that could cause actual results to differ from these forward-looking statements. The Company does not undertake any obligation to update publicly, or revise, forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

# **Bid Implementation Agreement**

**LNG-9 PTE. LTD.**

Registration No. 201110090Z

**Liquefied Natural Gas Limited**

ABN 19 101 676 779

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# Bid Implementation Agreement

**Date:** 27 February 2020

**Parties:**

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**A. Bidder** LNG-9 PTE. LTD.  
Reg No 201110090Z  
Address 80 Raffles Place, #25-01, UOB Plaza, Singapore (048624)  
Attention Swapan Kataria  
Email address

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**B. Target** Liquefied Natural Gas Limited  
ABN 19 101 676 779  
Address 1001 McKinney, Suite 600 Houston, Texas 77002  
Attention Gregory M Vesey  
Email address gvesey@Inglimited.com

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**Recitals:**

- A** Bidder proposes to make the Offer pursuant to the Bid.
- B** The Directors propose to recommend that Target Shareholders accept the Offer in respect of their Target Shares in the absence of a Superior Proposal.
- C** Bidder and Target have agreed to certain matters in relation to the conduct of the Bid, as set out in this agreement.

**It is agreed as follows:**

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## **1 Definitions and interpretation**

### **1.1 Definitions**

In this agreement, the following definitions apply:

**Agreed Bid Terms** means the terms and conditions of the Bid, set out in Schedule 1.

**Agreed Public Announcement** means the announcement to be made by Bidder and Target to Target Shareholders in the form annexed at Annexure 1.

**ASIC** means the Australian Securities and Investments Commission.

**Associates** has the meaning given in the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

**Bid** means an off-market takeover bid by Bidder for all Target Shares that satisfies the requirements of clause 2.1.

**Bidder Indemnified Party** means Bidder, a Related Body Corporate of Bidder (other than Target and its Subsidiaries) or a director, officer or employee of Bidder or one of its Related Bodies Corporate (other than Target and its Subsidiaries).

**Bidder Warranties** means the representations and warranties set out in clause 8.2(b).

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

**Business Day** means a day that is not a Saturday, a Sunday, a public holiday or bank holiday in New South Wales or Western Australia.

**Competing Transaction** means any transaction or arrangement (or a series of transactions or arrangements), or any expression of interest, proposal, offer in relation to a transaction or arrangement which, if entered into or completed:

- (a) would result in a Third Party directly or indirectly obtaining any Security Interest in respect of all or a substantial part of the shares in the Target or any Subsidiary of the Target (other than a lien which arises by operation of law or legislation);
- (b) would involve disposal of (including by granting or offering or agreeing to grant), any right, title or interest in any material asset of the Target or of a Subsidiary of the Target, including of Magnolia LNG LLC other than in the ordinary course of business, without prior consent from the Bidder, which consent may not be unreasonably withheld;
- (c) would involve development, access, transport or any offtake agreement or arrangement (or similar agreement or arrangement) in relation to or in connection with any LNG export terminal project of the Target or any Subsidiary of the Target other than the Vietnam offtake previously disclosed to the Bidder by the Target; or
- (d) would result in a person (other than Bidder or one of its Related Bodies Corporate or Associates)
  - (i) acquiring Voting Power in Target of more than 10%;
  - (ii) directly or indirectly, acquiring an interest in, a Relevant Interest in, having the right to acquire, becoming the holder of, or entering into a cash settled equity swap or other synthetic, economic or derivative transaction connected with, or relating to, more than 10% of Target Shares or the whole or a material part of the business or assets of the Target Group;
  - (iii) acquiring control of Target or any Subsidiary of Target, within the meaning of section 50AA of the Corporations Act;
  - (i) directly or indirectly acquiring or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of Target's business or assets (including through any Subsidiary of the Target); or
  - (ii) otherwise acquiring or merging (including by a scheme of arrangement, capital reduction, sale of assets, strategic alliance, joint venture, partnership, reverse takeover bid or dual listed company structure) with Target,

whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement; or

- (e) would have the consequence of the Bid not being able to be implemented on the basis set out in this agreement.

**Conditions** means the conditions of the Bid set out in clause 3 of Schedule 1.

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

**Director** means a member of the Target Board.

**Government Agency** means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local in Australia, including (without limitation) any self-regulatory organisation established under a statute or otherwise discharging substantially public or regulatory functions, and in particular, ASIC and the Australian Takeovers Panel.

**GST** means a goods and services tax or similar value added tax levied or imposed under the GST Law.

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

**Insolvency Event** means, in relation to an entity:

- (a) the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days);
- (b) a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;
- (c) the entity executing a deed of company arrangement;
- (d) the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of this agreement;
- (e) the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); or
- (f) the entity being deregistered as a company or otherwise dissolved.

**Material Contract** means the contracts notified by Target to Bidder which involve aggregate annual receipts or payments equal to or in excess of US\$1,000,000 or which are reasonably likely to be qualitatively material to the Target Group's assets.

**Non-Associated Shares** means all Target Shares except those Target Shares in which Bidder and its Associates have a Relevant Interest at the beginning of the Offer Period.

**Offer** has the meaning given in clause 2.1.

**Offer Close Date** means the date on which the Offer Period ends.

**Offer Date** means the date on which the first of the Offers is made.

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

**Offer Price** means the consideration specified in clause 1 of Schedule 1.

**Permitted Action** means any action, inaction or state of affairs:

- (a) which has been fairly disclosed in writing to Bidder prior to the date of this agreement;
- (b) which is consented to by Bidder in writing;
- (c) which is required or permitted to be taken or procured under this agreement ; or
- (d) which is reasonable and prudent to respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property).

**Prescribed Occurrence** means any of the events listed in clause 3.3 of Schedule 1.

**Recommendation** has the meaning given in clause 2.2(a).

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

**Related Body Corporate** has the meaning in Part 1.2 Division 6 of the Corporations Act.

**Related Bodies Corporate** means in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and in respect of any financial adviser retained by a party in relation to the transactions contemplated by this Agreement or a Competing Transaction, each director, officer, employee or contractor of that financial adviser.

**Relevant Employee** means each of Mr Gregory M Vesey, Mr Michael R Mott, Mr John Baguley, Ms Lisa Vassallo, and Mr Joseph B'Oris.

**Relevant Interest** has the meaning given in section 608 (subject to section 609) of the Corporations Act.

**Relevant Period** means the period commencing on the date of this agreement and ending on the first to occur of:

- (a) the date of termination of this agreement as provided in clause 9.1;
- (b) the Offer Close Date; and
- (c) 12 months from the date of this Agreement.

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

**Rights** includes performance rights, retention rights and NED rights under Target's Incentive Rights Plans.

**Secured Convertible Note Subscription Deed** means a deed whereby the Target will agree to issue secured convertible notes with a face value of US\$6 million (and up to US\$12 million in certain circumstances) with a maturity date of 6 months.

**Security Interest** has the meaning given in section 51A of the Corporations Act.

**Subsidiary** has the meaning in Division 6 of Part 1.2 of the Corporations Act.

**Superior Proposal** means a publicly announced, bona fide Competing Transaction (and not resulting from a breach by Target of any of its obligations under clause 6 of this Agreement (it

being understood that any actions by the Related Bodies Corporate of Target in breach of clause 6 shall be deemed to be a breach by the Target for the purposes hereof)) which the Target Board, acting in good faith, and after receiving written legal advice from its legal adviser and written advice from its financial adviser, determines:

- (a) is reasonably capable of being valued and completed in a timely fashion taking into account all aspects of the Competing Transaction (including the nature and contingency of the consideration, any timing considerations relating to entering into such proposal and its ultimate outcome, any conditions precedent and the identity of the proponent); and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Target Shareholders (as a whole) than the Bid (as the Bid may be amended or varied following application of the matching right set out in clause 6.4, taking into account all terms and conditions of, and after giving an appropriate risk weighting to any contingent consideration involved in, the Competing Transaction.

**Target Board** means the board of directors of Target from time to time.

**Target Group** means Target and each of its Subsidiaries and **Target Group Members** means each one of them.

**Target Indemnified Party** means Target, a Subsidiary of Target or a director, officer or employee of Target or any of its Subsidiaries.

**Target Shareholder** means each person who is registered in the register of members of Target as the holder of Target Shares from time to time.

**Target Shares** means fully paid ordinary shares of Target, including:

- (a) all ordinary shares issued during the Offer Period on conversion of issued and outstanding Rights under Target's Incentive Rights Plans; and
- (b) all ordinary shares which during the Offer Period are withdrawn from Target's American Depositary Receipt (ADR) program.

**Target Warranties** means the representations and warranties set out in clause 8.1(b).

**Target's Incentive Rights Plans** are described in Target's Annual Report issued on 11 October 2019.

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

**Third Party** means a person other than Bidder and its Associates.

**Timetable**, for the purposes of clause 4.1(a)(ix) and clause 7.1(b)(xii)(B), means the indicative timetable for implementation of the Transaction as set out in Schedule 2 (it being acknowledged that the timetable in Schedule 2 is indicative only and subject to agreement).

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

**Voting Power** has the meaning in section 610 of the Corporations Act.

## **1.2 Interpretation**

In this agreement:

- (a) headings are for convenience only and do not affect the interpretation of this agreement;

- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
  - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate or entity (as that term is defined in section 64A of the Corporations Act);
  - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
  - (iii) a party includes its successors and permitted assigns;
  - (iv) a document includes all amendments or supplements to that document;
  - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this agreement;
  - (vi) this agreement includes all schedules and attachments to it; and
  - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced; an agreement other than this agreement includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing;
- (g) an agreement on the part of two or more persons binds them jointly and severally;
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (i) in determining the time of day, where relevant to this agreement, the relevant time of day is:
  - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
  - (ii) for any other purpose under this agreement, the time of day in the place where the party required to perform an obligation is located;
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this agreement or any part of it;
- (k) a reference to a matter being fairly disclosed is to such matter being disclosed in sufficient detail to enable a reasonable person experienced in the industry in which the Target Group operates or transactions similar to the Transaction to identify the nature and scope of the relevant matter; and
- (l) a term or expression starting with a capital letter:
  - (i) which is defined in clause 1.1, has the meaning given to it in that clause;

- (ii) which is defined in the Corporations Act, but is not defined in clause 1.1, has the meaning given to it in the Corporations Act; and
- (iii) which is defined in the GST Law, but is not defined in clause 1.1 or the Corporations Act, has the meaning given to it in the GST Law in clauses covering GST.

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## **2 The Takeover Bid**

### **2.1 Agreement to make the Bid**

Bidder agrees to make offers pursuant to an off-market takeover bid under Chapter 6 of the Corporations Act to acquire all the Target Shares on terms and conditions the same as or not substantially less favourable to Target Shareholders than the terms and conditions of this agreement, including the Agreed Bid Terms (together, the **Offers** and each, an **Offer**).

### **2.2 Recommendation by the Directors**

- (a) Target represents and warrants to Bidder that the Target's Board has met and considered the Offer and following that meeting, each Director has informed Target prior to entry into this agreement that they:
  - (i) will publicly recommend that the Target Shareholders accept the Offer in respect of their Target Shares in the absence of a Superior Proposal;
  - (ii) will not withdraw, revise, revoke or qualify, or make any public statement inconsistent with, the Recommendation, unless the Directors determine that a Superior Proposal has emerged or a Competing Transaction constitutes a Superior Proposal; and
  - (iii) intend to accept the Offer in respect of all Target Shares held or controlled by them no later than five Business Days before the end of the Offer Period in the absence of a Superior Proposal.
- (b) Subject to clauses (c) and (d), the Target must until the earlier of the end of the Offer Period and the date that is 12 months after the date of this Agreement, procure that:
  - (i) the Target Board will support the Takeover Bid and participate in efforts reasonably required by the Bidder to promote the merits of the Bid;
  - (ii) the Target Board will unanimously recommend that Target Shareholders accept the Offer made to them and will not make any public statement or take any other public action which would suggest that the Bid is not unanimously recommended by the Target Directors;
  - (iii) procure that the Target Board collectively, and each Target Director individually, do not change, withdraw or modify its, his or her recommendation for Target Shareholders to accept the Offer; and
  - (iv) include in all public statements relating to the Bid, a statement to the effect the Target Directors unanimously recommend that Target Shareholders accept the Offer made to them in the absence of a Superior Proposal.
- (c) The Target's obligations under clause (b) will cease to apply if:
  - (i) The Target has received, other than as a result of a breach of clause 6, and continues to be in possession of, a Superior Proposal; and

- (ii) the Bidder's rights under clause 6.4 have been exhausted; or
  - (iii) the Target Board has determined in good faith, after consultation with its legal adviser and financial adviser, that compliance with the matters in clause (b) would be likely to be inconsistent with the Target Directors' statutory or fiduciary duties.
- (d) If the Target Board makes a determination of the type referred to in clause (c) in respect of a Superior Proposal and the Bidder has not exhausted its rights under clause 6.4 in respect of that Superior Proposal, the Target's obligations under clause (b) will be suspended until such time as the Bidder has exhausted all of its rights under clause 6.4 (**Determination Period**), provided that the only public statement that the Target Board can make during the Determination Period in relation to, or in connection with, the Superior Proposal and the Offer is that Target Shareholders take no action in relation to the Superior Proposal or the Offer while the Target assesses the new proposal.

### **2.3 Public announcement**

As soon as practicable after the execution of this agreement, Target must lodge the Agreed Public Announcement with the ASX and display it on Target's website.

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## **3 Facilitating the Bid**

### **3.1 Access to information**

- (a) Each party agrees to provide the other party, on a timely basis, with assistance and information that may be reasonably requested to assist in the preparation of the Bidder's Statement or the Target's Statement (as applicable).
- (b) Target agrees to provide to Bidder on the Business Day after the date of this agreement and on each reasonable request thereafter until the end of the Offer Period, at no cost to Bidder, such information known by Target about Target Shareholders as reasonably requested by Bidder to make the Offers and solicit acceptances, including the Register and any updates to it.

### **3.2 Review of Bidder's Statement and Target's Statement**

- (a) Bidder agrees to give Target a reasonable opportunity to review an advanced draft of the Bidder's Statement and will consult in good faith with Target with respect to any comments Target may have, which comments Target agrees to provide as promptly as possible. If requested in writing by Bidder, Target agrees to confirm, no later than 2 Business Days after receiving the request, the factual accuracy of information in the draft Bidder's Statement that relates to the Target Group.
- (b) Target agrees to give Bidder a reasonable opportunity to review an advanced draft of the Target's Statement and will consult in good faith with Bidder in relation to any comments Bidder may have, which comments Bidder agrees to provide as promptly as possible. If requested in writing by Target, Bidder agrees to confirm, no later than 2 Business Days after receiving the request, the factual accuracy of information in the draft Target's Statement that relates to Bidder.

### **3.3 Dispatch of Bidder's Statement and Target's Statement**

- (a) Target represents and warrants to Bidder that each of the Directors has confirmed their agreement to the Offers being sent by Bidder under item 6 of section 633(1) of

the Corporations Act on a date nominated by Bidder that is earlier than the earliest date prescribed by item 6 of section 633(1) of the Corporations Act.

- (b) Target will dispatch the Target's Statement to Target Shareholders as soon as practicable after Target receives a notice that all Offers have been sent as required by item 6 of section 633(1) of the Corporations Act.

### **3.4 Bidder's Statement and Target's Statement**

- (a) Bidder must prepare the Bidder's Statement in compliance with the Corporations Act, Takeovers Panel decisions, and guidance notes and ASIC regulatory guides.
- (b) Target must prepare the Target's Statement in compliance with the Corporations Act, Takeovers Panel decisions, and guidance notes and ASIC regulatory guides.
- (c) Target must ensure that the Target's Statement:
  - (i) prominently sets out the Recommendation of the Directors (including, without limitation, on the cover of the Target's Statement); and
  - (ii) includes a statement that each Director intends to accept the Offer in respect of all Target Shares held or controlled by them, and continuing to conclude, that the Offer is fair and reasonable and in the absence of a Superior Proposal.

### **3.5 Conditions**

- (a) Each of the parties must, to the extent within its power and control, use its reasonable endeavours to ensure that:
  - (i) the Conditions are satisfied as soon as practicable after the date of this agreement; and
  - (ii) none of the Conditions are breached or not satisfied.
- (b) Unless it is a Permitted Action, each of Target and Bidder agrees not to do, or omit to do, anything within its power and control which will, or is likely to, result in any of the Conditions being breached or not being satisfied.
- (c) Nothing in this clause 3.5 requires the Target Board to take or omit to take any action where that would, in the opinion of the Target Board (acting reasonably and after receiving written legal advice from external lawyers) constitute a breach of the Director's fiduciary or statutory duties.
- (d) If any event occurs or becomes apparent which would cause, or would be reasonably likely to cause, any of the Conditions to be breached or become (either immediately or at some future point in time) incapable of satisfaction, or which would cause satisfaction of a Condition to be unreasonably delayed, Target and Bidder must, to the extent that they are aware of such information, immediately notify the other party of that event.
- (e) Subject to the Corporations Act, Bidder may at any time (but is not obliged to) declare the Bid to be free from any Condition, or declare the Bid unconditional, or extend the Offer Period in accordance with the Corporations Act.

### **3.6 Promotion of Offer**

- (a) Unless each of the Directors withdraws their Recommendation in accordance with clause 2.2(b), Target must ensure that each Director and such other Relevant

Employees as reasonably requested by Bidder participate in efforts to promote the merits of the Offer, including:

- (i) participating in efforts reasonably requested by Bidder to promote the merits of the Bid;
- (ii) encouraging Target Shareholders to accept the Offer in respect of their Target Shares; and
- (iii) meeting with key Target Shareholders and other stakeholders of Target,

except to the extent that such participation would cause unreasonable disruption to the Target Group's business or place an unreasonable burden on the ability of any Target Group Member to operate its business.

(b) Target agrees to:

- (i) include in all public statements relating to the Bid (following the Agreed Public Announcement), a statement:
  - (A) of the Recommendation of the Directors; and
  - (B) that each Director will accept the Offer in respect of all Target Shares held or controlled by them, and continuing to conclude, that the Offer is fair and reasonable and in the absence of a Superior Proposal, and
- (ii) not make any public statement or take any other public action which would suggest a contradiction of the public statements referred to in paragraph (i) above.

(c) Target will provide Bidder with such assistance as it may reasonably require in establishing or operating any institutional acceptance facility relating to the Offer.

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## **4 Conduct of business**

### **4.1 Conduct of business**

- (a) Target must ensure that the Target Group conducts its business and operations and maintains its assets only in, and not take any action except in, the ordinary course and substantially consistent with the manner in which the business and operations have been conducted and in which those assets have been maintained in the 12 months immediately preceding the date of this agreement, and must (except with the prior written consent of Bidder, such consent not to unreasonably withheld or delayed):
  - (i) to the extent practicable, operate the Target Group's businesses in accordance with current business plans and budgets;
  - (ii) use its reasonable endeavours to procure that no Prescribed Occurrence occurs;
  - (iii) ensuring that the Target and its Subsidiaries (as applicable) remain at all times the legal and beneficial holder of their assets;
  - (iv) use its reasonable endeavours not to permit any of the insurances of the Target or its Subsidiaries to lapse (unless immediately renewed) or do anything that would make any policy of insurance void or voidable;

- (v) not enter into any contract, agreement, undertaking, deed or legally enforceable agreement (whether in writing or not), the result of which will or could be expected to materially and adversely affect the Target or its financial position;
  - (vi) use its reasonable endeavours to:
    - (A) preserve the value of the Target Group's businesses and assets;
    - (B) preserve the Target Group's relationships with customers, suppliers, licensors and others with whom the Target Group has business dealings; and
    - (C) retain the services of all key employees and contractors of the Target Group;
  - (vii) as soon as reasonably practicable after the date of this agreement:
    - (A) provide Bidder reasonable access to the Relevant Employees for the purpose of them assisting Bidder in identifying any change of control provisions in any Material Contracts; and
    - (B) provide such assistance as is reasonably requested by Target in connection with the seeking of relevant consents from counterparties to those Material Contracts which contain such provisions;
  - (viii) comply in all material respects with all Material Contracts and all laws, regulations, rules, requirements, authorisations, licences, permits, consents and approvals that are applicable to the Target Group;
  - (ix) not do or cause to be done, or fail to do or cause not to be done, anything that would or is likely to result in the Transaction not being implemented or being implemented otherwise than in accordance with the Timetable and the terms of this agreement (but, to avoid doubt, this provision will not be breached by Target or its Directors taking steps or exercising rights they are permitted to take or exercise under other provisions of this agreement, including without limitation clauses 2.2(b) and 9.1;
  - (x) use reasonable endeavours to obtain consents from Third Parties to any change of control provisions which the Bidder reasonably requests in contracts or arrangements to which the Target or any Subsidiary is a party;
  - (xi) not enter into any line of business or other activity in which the Target or its Subsidiaries are not engaged as of the date of this Agreement;
  - (xii) not enter into any contract, agreement, undertaking, deed or legally enforceable agreement (whether in writing or not), the result of which will or could be expected to materially and adversely affect the Target's financial position; and
  - (xiii) not take or fail to take any action that constitutes, or that could reasonably be expected to result in or otherwise give rise to, a Prescribed Occurrence.
- (b) Nothing in this clause 4.1 prohibits any Permitted Action.

- (c) From the date of this Agreement up to and including the end of the Relevant Period, the Target must promptly notify the Bidder of anything of which it becomes aware that:
  - (i) makes any material information publicly filed by the Target to be, or reasonably likely to be, incomplete, incorrect, untrue or misleading in any material respect; or
  - (ii) makes any Target Warranty false, inaccurate, misleading or deceptive in any material respect.

#### **4.2 Access and information**

- (a) Upon each request of Bidder, Target will provide Bidder and its Representatives with reasonable access to such information and Relevant Employees which Bidder reasonably requires for the purposes of:
  - (i) Bidder understanding the operations of the Target Group's business, financial position, prospects and affairs;
  - (ii) keeping Bidder informed of material developments relating to the Target Group; and
  - (iii) preparing for controlling the conduct of the business of the Target Group following implementation of the Transaction.
- (b) Nothing in clause 4.2(a) requires Target to:
  - (i) provide information concerning the Target Board's consideration of the Bid or a Competing Transaction;
  - (ii) provide access to information or Relevant Employees if that would result in unreasonable disruption to the Target Group's business or place an unreasonable burden on the ability of any Target Group Member to operate its business;
  - (iii) provide access to information which is (in the reasonable opinion of Target) commercially sensitive or is subject to a confidentiality obligation owed to a Third Party or any applicable law or where such access would compromise legal privilege.

#### **4.3 Changes to Target Board**

Target represents and warrants to Bidder that:

- (a) each Director has confirmed to Target that, after the Offer becomes or is declared unconditional and Bidder has a Relevant Interest in more than 50% of all of Target Shares they will:
  - (i) resign as a Director in writing promptly upon Bidder giving Target a written notice requesting that they do so;
  - (ii) confirm in their written resignation that they have no outstanding claims against Target (subject to any such claims arising between execution of this agreement and the date on which Bidder requests that they resign); and

- (iii) do all things reasonably within their power to appoint Bidder's nominees to the Target Board (including voting in favour of any applicable resolutions); and
- (b) after the Offer is declared or becomes unconditional and Bidder has a Relevant Interest in more than 50% of all of the Target Shares, Target will do everything reasonably within its power to give effect to the reconstitution of the Target Board in accordance with Bidder's wishes,

in each case provided that:

- (c) a proper board is constituted at all times having regard to Target's constitution and applicable laws;
- (d) Bidder's board members will not participate in decisions of Target relating to the Offer until after the Offer Close Date;
- (e) until the Offer Close Date, at least 2 members of the Target Board must not be a nominee of Bidder or members of management of Target; and
- (f) a resigning Director is not required to forego any rights they may have under any deed of access and indemnity or policy of directors and officers insurance.

#### **4.4 Insurance and indemnity**

- (a) Notwithstanding any other provision of this agreement, Target may enter into arrangements to secure director and officers' run-off insurance for up to 7 years from the Offer Close Date provided that the level of cover and policy terms do not materially differ from the Target's existing policies fairly disclosed to Bidder on or before the date of this agreement. Any actions to facilitate, or in connection with, that run-off insurance will not be a breach of any provision of this document.
- (b) Subject to the Offer becoming unconditional and Bidder having a Relevant Interest in more than 50% of all of the Target Shares, Bidder undertakes in favour of Target and each other person who is a Target Indemnified Party that it will:
  - (i) for a period of 7 years from the Offer Close Date, ensure that the constitutions of Target and each other Target Group Member continue to contain such rules as are contained in those constitutions at the date of this agreement that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in their capacity as a director or officer of the company to any person other than a Target Group Member; and
  - (ii) procure that Target and each other Target Group Member complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time; and
  - (iii) without limiting the foregoing, maintain directors' and officers' run-off insurance for such directors and officers for a period of 7 years from the retirement date of each director and officer on terms no less advantageous to the directors and officers than the terms of the run-off insurance obtained by the Target pursuant to clause 4.4(a).
- (c) The undertakings contained in clause 4.4(b) are subject to any Corporations Act restriction, or any restriction in the law of a jurisdiction in which an entity is incorporated and will be read down accordingly.

- (d) Target receives and holds the benefit of clause 4.4(b), to the extent it relates to the other Target Indemnified Parties, as trustee for them.
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## **5 Public announcements**

- (a) Subject to clause 5(b), before making any public announcement in relation to the Transaction or Bidder (whether to Target Shareholders or otherwise), Target must:
    - (i) provide Bidder with a draft of such public announcement as soon as reasonably practicable before it is proposed that such public announcement is made;
    - (ii) give Bidder a reasonable opportunity to comment on the form and content of the draft announcement; and
    - (iii) take into account all reasonable comments from Bidder and its Representatives on the draft.
  - (b) Target will only be required to comply with clause 5(a) if and to the extent that:
    - (i) compliance would not, in the opinion of Target, acting reasonably, cause Target to breach its continuous disclosure obligations or any applicable law; and
    - (ii) a majority of the Directors have not withdrawn their Recommendation in the circumstances contemplated in clause 2.2(b).
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## **6 Exclusivity**

### **6.1 No shop**

During the Relevant Period, Target must not and must ensure that its Related Bodies Corporate and Representatives do not:

- (a) solicit, invite, encourage or initiate (including by the provision of non-public information to any Third Party) any enquiry, expression of interest, offer, discussions or proposals by any person in relation to, or which may reasonably be expected to encourage or lead to the making of, an actual, proposed or potential, Competing Transaction; or
- (b) communicate to any person any intention to do any of the things referred to in clause 6.1(a).

### **6.2 No talk**

Subject to clause 6.4, during the Relevant Period, Target must not and must ensure that its Related Bodies Corporate and Representatives do not:

- (a) participate in or continue any discussions or negotiations in relation to any enquiry, expression of interest, offer, proposal, discussions or proposals by any person to make, or which would reasonably be expected encourage or to lead to the making of, any actual, proposed or potential Competing Transaction;
- (b) disclose or otherwise provide or make available to any Third Party any non-public information relating to Target or any Target Group Member with a view to obtaining, or where provision of that information may reasonably be expected to encourage or lead to receipt of an actual, proposed or potential, Competing

Transaction (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of the Target Group);

- (c) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding a Competing Transaction; or
- (d) communicate to any person any intention to do any of the things referred to in this clause 6.2.
- (e) Nothing in clause 6.2 prevents or requires any action by or on behalf of Target in relation to any Competing Transaction not solicited in breach of this agreement (**Unsolicited Competing Transaction**) if, after consultation with Target's financial advisers and receiving written legal advice from external legal advisers, the Directors have determined in good faith that:
  - (i) the Unsolicited Competing Transaction is or, if it was proposed, is reasonably likely to be, a Superior Proposal; and
  - (ii) failure to take such action (where such action would otherwise be prevented by this agreement) would involve, or would be likely to involve, a breach of the fiduciary or statutory duties of the Directors.
- (f) Any action permitted by clause 6.3(a) will not be regarded as a breach of clause 6.2.

### **6.3 Notification of approaches**

- (a) Subject to clause 6.4(c), during the Relevant Period, Target must as soon as possible, and in any case within 2 Business Days of becoming aware of any of the matters set out below, notify Bidder in writing if it, or any of its Representatives, becomes aware of any:
  - (i) written proposal made to Target or any of its Representatives, in connection with, or in respect of any exploration of, an actual, proposed or potential Competing Transaction; or
  - (ii) provision by the Target or any of its Representatives of any non-public information concerning the business or operations of the Target or the Target Group to any Third Party in connection with an actual, proposed or potential Competing Transaction.
- (b) Subject to clause 6.4(c), a notification given under clause 6.4(a) must include the identity of the person making or proposing the actual, proposed or potential Competing Transaction, together with all material terms and conditions of the actual, proposed or potential Competing Transaction.
- (c) Target is not required to notify Bidder of any item of information described in clause 6.4(a) or clause 6.4(b) (**Subject Information**) if, after consultation with Target's financial advisers and receiving written legal advice from external legal advisers, the Directors have determined in good faith that:
  - (i) the actual, proposed or potential Competing Transaction is or, if it was proposed, is reasonably likely to be, a Superior Proposal; and
  - (ii) notification of the Subject Information to Bidder would involve, or would be likely to involve, a breach of the fiduciary or statutory duties of the Directors.

#### 6.4 **Matching right**

- (a) Without limiting clauses 6.1 and 6.2, during the Relevant Period, Target:
- (i) must not enter into any agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, the Target or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Transaction; and
  - (ii) must use reasonable endeavours to procure that none of the Directors change their Recommendation to publicly recommend an actual, proposed or potential Competing Transaction,
- unless:
- (iii) the Directors acting in good faith and in order to satisfy the Directors' statutory or fiduciary duties (having received written advice from its financial advisers and external legal advisers) determines that the Competing Transaction would be or would be likely to be a Superior Proposal; and
  - (iv) to the extent that Subject Information is required to be provided to Bidder under clause 6.4(a) (subject to clause 6.4(c)):
    - (A) Target has provided Bidder with that information;
    - (B) where that information includes the material terms and conditions of the actual, proposed or potential Competing Transaction, Target has given Bidder at least 3 Business Days after the date of the provision of that information to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction; and
    - (C) Bidder has not announced a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction by the expiry of the 3 Business Day period.
- (b) If Bidder proposes to Target or announces amendments to the Offer that constitute a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction (**Bidder Counterproposal**) by either:
- (i) the expiry of the 3 Business Day period (if applicable); or
  - (ii) otherwise, within 3 Business Days after the announcement of the Competing Transaction,
- Target must procure that the Directors consider the Bidder Counterproposal.
- (c) If the Directors, acting reasonably and in good faith, determine that the Bidder Counterproposal would provide an equivalent or superior outcome for Target Shareholders as a whole compared with the Competing Transaction, taking into account all of the terms and conditions of the Bidder Counterproposal, then:
- (i) Target and Bidder must use reasonable endeavours to agree amendments to this agreement that are necessary to reflect and implement the Bidder Counterproposal; and

- (ii) Target must procure that each of the Directors recommends or continues to recommend the Bid (as modified by the Bidder Counterproposal) to the Target Shareholders,

in each case as soon as reasonably practicable.

- (d) Where Bidder has made a Bidder Counterproposal, this clause 6.5 has repeating application so that if any further Competing Transaction (with each successive material modification of a Competing Transaction constituting a new Competing Transaction) is made after Bidder has made a Bidder Counterproposal:
  - (i) Target must comply with clauses 6.5(a)(i) and 6.5(a)(ii) in respect of the new Competing Transaction unless clauses 6.5(a)(iii) to 6.5(a)(iv) (as modified by paragraph (ii) below) apply; and
  - (ii) the periods in clauses 6.5(a)(iv)(B) and 6.5(b) each become 2 Business Days.

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## **7 Representations and warranties**

### **7.1 Target Warranties**

- (a) Target represents and warrants to Bidder that each of the warranties set out in clause 7.1(b) is true and correct in all material respects:
  - (i) as at execution of this agreement; and
  - (ii) in the case of all Target Warranties except for those in clauses 8.1(b)(vii) and 8.1(b)(ix), at all times on each subsequent day of the Relevant Period (including the last day of that period).
- (b) Target represents and warrants that:
  - (i) it and each Target Group Member is a corporation validly existing under the laws of its place of incorporation;
  - (ii) it has the corporate power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;
  - (iii) it has taken all necessary corporate action to authorise the entry into this agreement and has taken or will take all necessary corporate action to authorise the performance of this agreement and to carry out the transactions contemplated by this agreement;
  - (iv) this agreement is valid and binding upon it and the execution and it believes in good faith that performance of this agreement will not result in a breach or default under, and is not restricted by, Target's constitution (or the constitution of any of its Related Bodies Corporate) or any agreement, deed, writ, order, injunction, rule or regulation to which it or any of its Related Bodies Corporate is a party or subject or to which any of them is bound;
  - (v) all necessary authorisations for the execution, delivery and performance by it of this Agreement in accordance with its/their terms have been obtained;

- (vi) it is not bound by any agreement that would prevent or restrict it from entering into and performing its obligations under this Agreement or the transaction contemplated by it;
  - (vii) no resolution has been passed nor has any other step been taken or legal proceedings commenced or threatened against any of them for their winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of their assets and no Insolvency Event has occurred or is likely in relation to the Target or any Subsidiary of the Target;
  - (viii) no regulatory action of any nature has been taken that would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this Agreement;
  - (ix) it believes in good faith that Target is not in breach of its continuous disclosure obligations under the section 675 of the Corporations Act;
  - (x) as at the date of this agreement, it has:
    - (A) 576,667,151 Target Shares (which includes Target Shares underlying Target-sponsored American Depositary Receipts with code LINGLY); and
    - (B) 13,313,200 Rights.
 on issue, and has no other issued securities;
  - (xi) it has not issued, granted or agreed to issue or grant any other Target Shares or securities convertible into Target Shares, other than the securities referred to clause 8.1(b)(vii) (and Target Shares issued on conversion of those securities, where applicable) nor has it agreed or offered to issue any other securities;
  - (xii) as at execution of this agreement, it is not aware of any act, omission, event, fact or circumstance that would result in or is reasonably likely to result in:
    - (A) any of the Conditions being breached or not satisfied, or becoming incapable of satisfaction; or
    - (B) the Transaction not being implemented in accordance with the Timetable and the terms of this agreement;
  - (xiii) to the knowledge of Target, it has not withheld from Bidder any material information of which it is aware, which is material to Target or its business and which a buyer of Target would reasonably require or expect to know to make an informed assessment of Target's business; and
  - (xiv) Target has not denied Bidder access to any information with the intention of misleading Bidder.
- (c) No Permitted Action shall be taken to have breached any of the foregoing warranties.
- (d) Each of the Target Warranties in clause 8.1(b) is subject to:
- (i) any matter which is observable in information generally available to the public or fairly disclosed to Bidder prior to the date of this agreement;

- (ii) any matter known to Bidder before the date of this agreement;
- (iii) any matter permitted or required under this agreement; or
- (iv) any matter which arises directly from a matter, event of circumstance which was fairly disclosed in accordance with clauses 8.1(d)(i) or 8.1(d)(ii).

## **7.2 Bidder Warranties**

- (a) Bidder represents and warrants to Target that each of the warranties set out in clause 7.2(b) is true and correct:
  - (i) as at execution of this agreement; and
  - (ii) in the case of all warranties except for the warranty in clause 7.2 at all times on each day during the Offer Period.
- (b) Bidder represents and warrants to Target that:
  - (i) it is a corporation validly existing under the laws of its place of incorporation;
  - (ii) it has the corporate power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;
  - (iii) it has taken all necessary corporate action to authorise the entry into this agreement and has taken or will take all necessary corporate action to authorise the performance of this agreement and to carry out the transactions contemplated by this agreement;
  - (iv) this agreement is valid and binding upon it and the execution and performance of this agreement will not result in a breach or default under Bidder's constitution or any agreement, deed, writ, order, injunction, rule or regulation to which Bidder is a party or to which it is bound;
  - (v) no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets;
  - (vi) it will have available to it sufficient cash amounts to enable it to perform its obligations to pay the total cash consideration payable to Target Shareholders under the Bid; and
  - (vii) other than as contemplated by the Agreed Bid Terms, no approvals are required to be obtained by Bidder under any law, rule or regulation to perform and observe its obligations under this agreement and to consummate the Transaction.

## **7.3 Indemnities**

- (a) Target agrees to indemnify, and to keep indemnified, each of the Bidder Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and howsoever arising that any Bidder Indemnified Party incurs, suffers or is liable for as a result of a breach of any Target Warranty.
- (b) Bidder agrees to indemnify, and to keep indemnified, each of the Target Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment

of whatever nature and however arising that any Target Indemnified Party incurs, suffers or is liable for as a result of a breach of any Bidder Warranty.

- (c) Target holds the benefit of the indemnity in clause 8.3(a) on trust for each of the other Target Indemnified Parties, and Bidder acknowledges that the other Target Indemnified Parties have the benefit of that indemnity notwithstanding that they are not party to this agreement.
- (d) Bidder holds the benefit of the indemnity in clause 8.3(b) on trust for each of the other Bidder Indemnified Parties, and Target acknowledges that the other Bidder Indemnified Parties have the benefit of that indemnity notwithstanding that they are not party to this agreement.

#### **7.4 Survival of warranties and indemnities**

- (a) Each representation and warranty given under this clause 8:
  - (i) is severable;
  - (ii) will survive the termination of this agreement; and
  - (iii) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this agreement.
- (b) Each indemnity given under clause 8.3:
  - (i) is severable;
  - (ii) is a continuing obligation that is separate and independent to any other obligation that the party giving the indemnity has under this agreement; and
  - (iii) will survive termination of this agreement.

#### **7.5 Notification**

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

#### **7.6 No other representations**

Each party acknowledges to the other that no party has made any representation or warranty to the other party on which the other party is relying to enter into this agreement or to proceed with the Bid, other than (in the case of the Bidder) the Target Warranties and in the case of the Target, the Bidder Warranties.

---

## **8 Termination rights**

### **8.1 Termination events**

- (a) Bidder may terminate this agreement by notice in writing to Target:
  - (i) if Target is in breach of any provision of this agreement (including any Target Warranty), which breach is material in the context of the Bid, and:

- (A) Bidder has given notice to Target setting out the relevant circumstances and stating an intention to terminate this agreement; and
- (B) the relevant circumstances have not been rectified (if capable of being rectified), and/or the activity that caused them has not ceased to the reasonable satisfaction of Bidder, within, in the case of a breach of clause 6.5, one Business Day from the time such notice is given, and, in any other case, 5 Business Days from the time such notice is given;
- (ii) if a Prescribed Occurrence occurs or any other event occurs which causes a Condition to be breached or incapable of being satisfied or would, if it happened during the Offer Period, cause a Condition to be breached or incapable of being satisfied;
- (iii) if a Competing Transaction is publicly proposed by a person other than Bidder (or one of its Related Bodies Corporate) and is recommended by the Directors;
- (iv) if any of the Directors fails to make or withdraws, changes, revises, revokes or qualifies, or makes public statements inconsistent with, the Recommendation or makes public statements indicating that they no longer recommend or intend to accept the Offer or recommending, supporting or endorsing another transaction (including any Competing Transaction); or
- (v) a court or Government Agency has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Bid, and the action is final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of a successful appeal or review.
- (b) Target may terminate this agreement at any time by notice in writing to Bidder:
  - (i) if Bidder is in breach of any provision of this agreement (including any Bidder Warranty), which breach is material in the context of the Bid and:
    - (A) Target has given notice to Bidder setting out the material breach and stating an intention to terminate this agreement; and
    - (B) the material breach has not been rectified (if capable of being rectified) and/or the activity that caused the material breach has not ceased to the reasonable satisfaction of Target, within 5 Business Days from the time such notice is given; or
  - (ii) if each of the Directors withdraws their recommendation of the Offer in accordance with clause 2.2(b).
- (c) Either Bidder or Target may terminate this agreement at any time by notice in writing to the other parties, if the Offer lapses for any reason (provided, in the case of termination by Bidder, that this occurred without breach by Bidder of this agreement) including non-satisfaction of a Condition, or at any time after the date 6 months after the date of this agreement.
- (d) This agreement automatically terminates on the Offer Close Date.

## **8.2 Effect of termination**

In the event of termination of this agreement by either Bidder or Target pursuant to clause 9.1, the agreement will have no further effect, other than in respect of any liability for any breach of this agreement committed prior to termination and provided that this clause 8 and clauses 1, 8.3, 8.4, 10, 11 and 12 survive termination.

---

## **9 Release**

### **9.1 Release by Bidder**

To the maximum extent permitted by law, Bidder waives and releases all of its rights, and agrees that it will not make any claim, against any Target Indemnified Party (other than Target) in relation to:

- (a) information provided to Bidder or its Related Bodies Corporate or Representatives for the purpose of Bidder's consideration of, or otherwise in connection with, the Transaction; and
- (b) any breach of any Target Warranty or any other provision of this agreement, or otherwise in connection with the Transaction,

except where the Target Indemnified Party has not acted in good faith or has engaged in wilful misconduct.

### **9.2 Release by Target**

To the maximum extent permitted by law, Target waives and releases all of its rights, and agrees that it will not make any claim, against any Bidder Indemnified Party (other than Bidder) in relation to:

- (a) information provided to Target or its Related Bodies Corporate or Representatives for the purpose of Target's consideration of, or otherwise in connection with, the Transaction; or
- (b) any breach of any Bidder Warranty or any other provision of this agreement, or otherwise in connection with the Transaction,

except where the Bidder Indemnified Party has not acted in good faith or has engaged in wilful misconduct.

### **9.3 Benefit**

- (a) Target receives and holds the benefit of clause 10.1 to the extent it relates to each Target Indemnified Party as trustee for each of them.
- (b) Bidder receives and holds the benefit of clause 10.2 to the extent it relates to each Bidder Indemnified Party as trustee for each of them.

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## **10 GST**

### **10.1 GST gross-up**

If a party (**supplier**) is required to pay GST in respect of a supply made under or in connection with (including by reason of a breach of) this agreement, except to the extent this agreement provides otherwise (for example, where a price is expressed to be inclusive of GST), the recipient of the supply must (in addition to any other payment for, or in connection with, the supply) pay to the supplier an amount equal to such GST (**GST gross-up**).

## **10.2 GST invoice**

If a GST gross-up is payable, then the supplier must give the recipient a tax invoice for the supply.

## **10.3 Payment**

Provided a tax invoice has been given, the GST gross-up must be paid by the recipient:

- (a) if any monetary consideration is payable for the supply, at the same time and in the same manner as that monetary consideration; or
- (b) if no monetary consideration is payable for the supply, within 10 Business Days after the day on which the tax invoice is given.

## **10.4 Reimbursements**

If any payment to be made to a party under or in connection with this agreement is a reimbursement or indemnification of an expense or other liability incurred or to be incurred by that party, then the amount of the payment must be reduced by the amount of any input tax credit to which that party is entitled for that expense or other liability, such reduction to be effected before any increase in accordance with clause 10.1.

## **10.5 Adjustments**

If an adjustment event has occurred in respect of a supply made under or in connection with this agreement, any party that becomes aware of the occurrence of that adjustment event must notify the other party as soon as practicable, and the parties agree to take whatever steps are necessary (including to issue an adjustment note), and to make whatever adjustments are required, to ensure that any GST or additional GST on that supply, or any refund of GST, is paid no later than one month after the supplier first becomes aware that the adjustment event has occurred.

## **10.6 Definitions**

For the purposes of this agreement:

- (a) terms used in this clause 10 that are defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) have the meaning given to them in that Act;
- (b) a reference to a payment in this clause 10 includes any payment of money and any form of consideration other than payment of money; and
- (c) all references to payments and obligations to make payments, including all references to compensation (including by way of reimbursement or indemnity), are, but for the operation of this clause 10.6(c), exclusive of GST.

---

## **11 Notices**

### **11.1 Form of communication**

- (a) Unless expressly stated otherwise in this agreement, any notice, certificate, consent, request, demand, approval, waiver or other communication (Notice) must be:
  - (i) in legible writing and in English;
  - (ii) signed by the sender (if an individual) or where the sender is a company, signed by an officer of the party; and

(iii) marked for the attention of and addressed to the addressee.

(b) A Notice can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.

### **11.2 Delivery of Notices**

A Notice must be hand delivered or sent by prepaid express post (next day delivery) to the address of the addressee or sent by email to the address specified below or any other address or email address the addressee requests.

**Target Liquefied Natural Gas Limited**

Attention: Gregory M Vesey

Address: 1001 McKinney, Suite 600 Houston, Texas 77002

Email: [gvesey@lnglimited.com](mailto:gvesey@lnglimited.com)

Copy of communications to Target (for information purposes only)

Attention: Paul Vinci / Damian Reichel

Address: Johnson Winter & Slattery, Level 4, Westralia Plaza, 167 St Georges Terrace, PERTH WA 6000

Email: [paul.vinci@jws.com.au](mailto:paul.vinci@jws.com.au) / [damian.reichel@jws.com.au](mailto:damian.reichel@jws.com.au)

**Bidder LNG-9 PTE LTD**

Attention: Swapan Kataria

Address: 80 Raffles Place, #25-01, UOB Plaza, Singapore (048624)

Email:

Copy of communications to Bidder (for information purposes only)

Attention: Winston Seow

Address: 80 Raffles Place, #25-01, UOB Plaza, Singapore (048624)

Email:

### **11.3 When Notice is taken to be received**

A Notice is taken to be received if by:

- (a) hand delivery, when it is delivered to the addressee;
- (b) prepaid express post, on the second Business Day after the date of posting;
- (c) email:
  - (i) when the sender receives an automated message confirming delivery; or
  - (ii) four hours after the time sent (as recorded on the device from which the sender sent the email), provided that the Sender does not receive an automated message that the email has not been delivered, whichever happens first.

#### **11.4 *Receipt outside business hours***

If a Notice is received or taken to be received under clause 12.3 after 5:00pm in the place of receipt or on a non-Business Day, it is taken to be received at 9:00am (recipient's time) on the following Business Day and take effect from that time unless a later time is specified in the Notice.

---

## **12 General**

### **12.1 *Cumulative rights***

Except as explicitly provided in clause 7, the rights, powers and remedies of a party under this agreement are cumulative with the rights, powers or remedies provided by law independently of this agreement.

### **12.2 *Waiver and variation***

A provision or a right under this agreement may not be waived except in writing signed by the party granting the waiver or varied except in writing signed by the parties.

### **12.3 *Approvals and consents***

A party may give or withhold its approval or consent conditionally or unconditionally in its discretion unless this agreement states otherwise. Any approval or consent or agreement required pursuant to this agreement must be in writing.

### **12.4 *Specific performance***

The parties acknowledge that monetary damages alone would not be adequate compensation for a breach by any party of an obligation under this agreement and that specific performance of that obligation is an appropriate remedy.

### **12.5 *Effect of agreement***

This agreement constitutes the entire agreement between the parties in relation to its subject matter and supersedes any previous understandings or agreements between the parties concerning the subject matter of this agreement.

### **12.6 *Severability***

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

### **12.7 *Mutual further assurances***

Each party must do all things and execute all further documents necessary to give full effect to this agreement.

### **12.8 *Counterparts***

This agreement may be executed in any number of counterparts and all those counterparts taken together will constitute one instrument.

**12.9 Governing law and jurisdiction**

This agreement is governed by the laws of Western Australia. Each party submits to the non-exclusive jurisdictions of the courts of Western Australia and Commonwealth courts having jurisdiction in that place and waives any right to object to proceedings being brought in those courts on the basis that proceedings have been brought in an inconvenient forum.

**12.10 Assignment**

The rights and obligations of each party under this agreement are personal. They cannot be assigned, charged or otherwise dealt with, and no party shall attempt or purport to do so, without the prior written consent of the other party.

**12.11 Duty, costs and expenses**

- (a) Bidder:
  - (i) must pay all stamp duties and any related fines and penalties in respect of this agreement or any transaction effected under it; and
  - (ii) indemnifies Target against any liability arising from or in connection with any failure by it to comply with clause 13.11(a)(i).
- (b) Except as otherwise provided in this agreement, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this agreement and the proposed, attempted or actual implementation of the Transaction.

**12.12 Process agent**

The Bidder irrevocably appoints Colin Biggers & Paisley of Level 42, 2 Park Street, Sydney, New South Wales 2000, Australia as its agent to receive on its behalf service of process in connection with this agreement and agrees that service of any process or documents on the agent will be sufficient service on it.

## Schedule 1– Agreed Bid Terms

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### 1 Consideration

The initial Offer Price is US\$0.13 for each Target Share.

---

### 2 Offer Period

#### 2.1 Initial Offer Period

The Offer will remain open for at least one month.

#### 2.2 Variation and Extension of Offer Period

Variation

The Bidder may vary the terms and conditions of the Bid in any manner which is permitted by the Corporations Act, provided that the varied terms and conditions are not less favourable to Target Shareholders than the terms set out in the Agreed Bid Terms.

Extension

The Offer Period may be extended:

- (a) at the option of the Bidder subject to and in accordance with section 650C of the Corporations Act, although Bidder must not extend the Offer Period to a period of more than 3 months without the prior consent of the Directors;
  - (b) automatically under section 624(2) of the Corporations Act if the Offer Price is increased in the last 7 days of the Offer Period.
- 

### 3 Conditions

#### 3.1 Minimum Acceptance

At the end of the Offer Period, Bidder has a Relevant Interest in at least 90% of the Target Shares.

#### 3.2 CFIUS

Before the end of the Offer Period, either:

- (a) Bidder and Target receive written notification issued by the Committee on Foreign Investment in the United States (**CFIUS**) that it has determined that:
  - (i) the Bid is not a “covered transaction”; or
  - (ii) CFIUS has concluded its review and has determined not to conduct a full investigation; or
- (b) if a full investigation is deemed to be required, Bidder and Target receive notification issued by CFIUS that the United States government will not take action to prevent the consummation of the Transaction or to impose any requirements or conditions to mitigate any national security concerns related to the Transaction.

#### 3.3 Foreign investment approval (FIRB)

Before the end of the Offer Period, if required under the *Foreign Acquisitions and Takeovers Act 1975 (FATA)*, the Treasurer of the Commonwealth of Australia (or his delegate, which may include the Foreign Investment Review Board (**FIRB**)) either:

- (a) provides written notice that there are no objections under the FATA to the Transaction, and that notice is not subject to any conditions or is subject only to:
  - (i) tax conditions as foreshadowed in FIRB's Guidance Note 47 *Tax Guidance*; and/or
  - (ii) conditions that would not have a material adverse effect on the Bidder or its control of the Target; or
- (b) provides confirmation to the Bidder to the effect that no application by the Bidder under the FATA is required in connection with the Transaction.

### **3.4 No prescribed occurrences**

Between the date of this agreement and the end of the Offer Period, none of the following events occurs (unless it is or is pursuant to or a consequence of a Permitted Action):

- (a) any Target Group Member converting all or any of its securities into a larger or smaller number of securities;
- (b) any Target Group Member resolving to reduce its capital in any way or reclassifying, combining, splitting, redeeming or cancelling directly or indirectly any of its securities;
- (c) any Target Group Member entering into a buy-back agreement or resolving to approve the terms of such an agreement;
- (d) any Target Group Member making an issue of its securities or granting an option over its securities or agreeing to make such an issue or grant such an option;
- (e) any Target Group Member issuing, or agreeing to issue, convertible notes or securities (other than in connection with the Secured Convertible Note Subscription Deed);
- (f) any Target Group Member disposes, or agrees to dispose, of the whole or a substantial part of the Target Group's business or assets;
- (g) any Target Group Member grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of the Target Group's business or assets (other than the liens granted under the Secured Convertible Note Subscription Deed and the related security documents or a lien which arises by operation of law or legislation);
- (h) any Target Group Member resolving that it be wound up;
- (i) the Target amending or proposing to amend its constitution;
- (j) an Insolvency Event occurs in relation to the Target or any of its Subsidiaries (other than an Insolvency Event arising from a demand for accelerated payment, or upon maturity of the term, under the Secured Convertible Note Subscription Deed, except where accelerated payment arises as a result of a breach by the Company of the Secured Convertible Note Subscription Deed);
- (k) a member of the Target Group amending or varying the terms of employment of any employees of the Target Group (other than in the ordinary course of business) or hiring any new employee (except where the applicable Target Group Member has commenced a recruitment process for such position prior to the date of this agreement);

- (l) Target amending or varying, or proposing to amend or vary the director fees or other remuneration (including bonuses) payable to any Target Director;
- (m) The Target paying or distributing, to its members, any dividend, bonus or other share of its profits or assets or returning any capital to its members;
- (n) The Target releasing, discharging or modifying, or agreeing to release, discharge or modify, any obligation owed to it in excess of \$500,000 by any person, firm or body corporate;
- (o) Any member of the Target Group agreeing, offering, or announcing an intention to, take any of the actions referred to in the foregoing paragraphs.

### **3.5 No regulatory action**

During the Offer Period:

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

in consequence of, or in connection with, the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in the exercise of powers and discretions conferred by the Corporations Act), which:

- (d) restrains, prohibits or impedes (or if granted or made could restrain, prohibit or impede), or otherwise materially adversely impacts upon:
  - (i) the making of the Offers or the completion of any transaction contemplated by the Offer; or
  - (ii) the rights of Bidder in respect of Target or the Target Shares; or
  - (iii) requires the divestiture by Bidder of any Target Shares or the divestiture of any material assets of the Target Group

### **3.6 Acquisitions, disposals and capex**

During the During the Offer Period, except for Permitted Actions or in the ordinary course of business, no Target Group Member:

- (a) acquires or agrees to acquire any assets, properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the Target Group, whether in one or more transactions, where the amounts or value involved in such transaction, transactions, commitments or series of commitments exceeds \$500,000 in aggregate;
- (b) disposes of, or agrees to dispose of, or creates or agrees to create an equity interest in respect of any assets (including, without limitation, under any off-take or similar agreement), properties or businesses, whether in one transaction or a number of such transactions, where the amount or value involved in such transaction or transactions exceeds \$500,000 in aggregate.

**3.7 No dividends or distributions**

During the Offer Period, Target does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), or agree to do any of the foregoing.

**3.8 No material adverse change**

Between the date of the Agreed Public Announcement and the end of the Offer Period (each inclusive) none 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 any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (c) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to the Bidder (whether or not becoming public),

(each of (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:

- (d) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Target or its Subsidiaries taken as a whole; or
- (e) without limiting the generality of clause (d) preceding, the effect of a diminution in the value of the consolidated net assets of Target or its subsidiaries, taken as a whole, by at least \$500,000 against what it would reasonably have been expected to have been but for such Specified Event, other than:
- (f) an event, matter, change or circumstance caused, or materially contributed to, by the Bidder;
- (g) anything required or permitted to be done or not done under this Agreement or otherwise required to be done in connection with the legal obligations for the implementation of the Bid;
- (h) any event, matter, change or circumstance:
  - (A) fairly disclosed by Target to the Bidder;
  - (B) disclosed in public filings by Target to ASX or ASIC; or
  - (C) otherwise known by the Bidder,at any time prior to the date of this agreement;
- (i) an event, matter, change or circumstance in or relating to:
  - (A) economic, business, regulatory or political conditions in general;
  - (B) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
  - (C) any change affecting the industry in which Target operates generally;

- (j) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which Target's insurers have agreed to pay; or
- (k) anything done with the prior written consent of the Bidder;
- (l) an Insolvency Event arising from a demand for accelerated payment, or upon maturity of the term, under the Secured Convertible Note Subscription Deed, except where accelerated payment arises as a result of a breach by the Company of the Secured Convertible Note Subscription Deed.

### **3.9 *No untrue statements to ASX***

Between the date of the Agreed Public Announcement and the end of the Offer Period (each inclusive), there not having occurred or been announced or become known to Bidder or Target that information announced by Target to ASX prior to the date of the Agreed Public Announcement is, or is likely to be, incomplete, incorrect, untrue or misleading in a material respect such that Bidder might reasonably be expected to have not proceeded with the Takeover Bid at all or would have proceeded with the Takeover Bid on materially different terms.

## Schedule 2– Timetable

To be agreed, but indicatively:

Day	Event
On or before 27 February 2020	Execution of this agreement and the Secured Convertible Note Subscription Deed Release of Agreed Public Announcement
19 March 2020	Bidder's Statement lodged with ASIC, sent to Target
2 April 2020	Offer Period Opens Bidder's Statement sent to Target Shareholders
9 April 2020	Target's Statement lodged with ASIC, sent to Bidder
9 April 2020	Target's Statement sent to Target Shareholders
3 May 2020	Earliest date of close of Offer Period

**LNG-9 PTE. LTD. Execution**

**EXECUTED** as an agreement

**Executed by LNG-9 PTE. LTD.** in accordance with its constituent documents and by authority of its directors:



Director signature



Director/Secretary signature

**SWAPAN KATARIA**

Director full name  
(BLOCK LETTERS)

**ASHISH DIXIT**

Director/Secretary full name  
(BLOCK LETTERS) *Executive Director*

## Liquefied Natural Gas Limited Execution

**EXECUTED** as an agreement

**Executed by Liquefied Natural Gas Limited**  
ABN 19 101 676 779 in accordance with  
section 127 of the *Corporations Act 2001* (Cth)  
by:



---

Director signature

---

Director/Secretary signature

**GREGORY M VESEY**

---

Director full name  
(BLOCK LETTERS)

**ANDREW GOULD**

---

Director/Secretary full name  
(BLOCK LETTERS)

## Liquefied Natural Gas Limited Execution

EXECUTED as an agreement

**Executed by Liquefied Natural Gas Limited**  
ABN 19 101 676 779 in accordance with  
section 127 of the *Corporations Act 2001* (Cth)  
by:

\_\_\_\_\_  
Director signature

**GREGORY M VESEY**  
\_\_\_\_\_  
Director full name  
(BLOCK LETTERS)

*Andrew Gould*  
\_\_\_\_\_  
Director/Secretary signature

**ANDREW GOULD**  
\_\_\_\_\_  
Director/Secretary full name  
(BLOCK LETTERS)

## **Annexure 1– Agreed Public Announcement**

To be released to ASX

**Liquefied Natural Gas Limited**

**First Wall Street Capital Corp.**

# **Secured Convertible Note Subscription Deed**

**JOHNSON WINTER & SLATTERY**

Level 4, 167 St Georges Terrace  
PERTH WA 6000

T +61 8 6216 7222 | F +61 8 6216 7200  
[www.jws.com.au](http://www.jws.com.au)

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## Secured Convertible Note Subscription Deed

Date 27 February 2020

### Parties

**1 Liquefied Natural Gas Limited (ABN 19 101 676 779) (Company)**

Address: 1001 McKinney, Suite 600, Houston Texas 77002

Email: mmott@lnglimited.com

Contact: Michael Mott – CFO

**2 First Wall Street Capital Corp. (or an entity nominated by it) (Subscriber)**

Address: Carnegie Hall Tower, 152 West 57<sup>th</sup> Street 47 Floor, New York, NY 10019

Email:

Contact: Glenn Myles

### Recitals

- A. The Subscriber has agreed to subscribe for, and the Company has agreed to issue, the Notes in accordance with this Deed.
- B. The Company and LNG-9 PTE LTD propose to enter into the Bid Implementation Agreement on or about the date of this Deed.

### Operative part

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#### 1 Definitions and interpretation

##### 1.1 Definitions

In this Deed, unless the context requires another meaning:

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the market operated by it (as the context requires).

**ASX Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver or modification by ASX.

**Bid Implementation Agreement** means the bid implementation agreement dated on or about the date of this Deed between the Company and LNG-9 PTE LTD in relation to an off-market takeover bid under Chapter 6 of the Corporations Act for all of the Shares.

**Board** means the board of directors of the Company.

**Business Day** means a day in which the banks are open for general banking business in Sydney, Australia (not being a Saturday, Sunday or public holiday in that place).

**Change in Law Termination Event** means:

- (a) there exists a Law which, or an official or reasonable interpretation of which, in the Subscriber's reasonable opinion, makes it illegal or impossible for the Subscriber or the Company to undertake any Contemplated Transaction or transactions of similar kind (including acquisition and/or disposition, at a time of the Subscriber's choosing, of any Shares), in accordance with this Deed, or renders consummation of any of the Contemplated Transactions in accordance with this Deed unenforceable, void, voidable or unlawful, or contrary to or inconsistent with any Law; or
- (b) if:
  - (i) a change in an interpretation or administration of a Law or a proposed Law introduced or proposed to be introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia, or the House of Representatives or Senate of the United States of America, or by the ASX; or
  - (ii) compliance by the Subscriber with a Law or an interpretation or administration of a Law; or
  - (iii) a change after the date of this agreement in a Law or an interpretation or administration of a Law,has, in the reasonable opinion of the Subscriber, directly or indirectly, the effect of:
  - (iv) materially varying the duties, obligations or liabilities of the Company or the Subscriber in connection with any Transaction Document or Contemplated Transactions so that the Subscriber's rights, powers, benefits, remedies or economic burden (including any tax treatment in the hands of the Subscriber) are materially adversely affected (including by way of delay or postponement);
  - (v) otherwise materially adversely affecting rights, powers, benefits, remedies or the economic burden of the Subscriber (including by way of delay or postponement); or
  - (vi) otherwise making it impracticable for the Subscriber to undertake any of the Contemplated Transactions, including conversion of any Notes.

**Change of Control** means, except with respect to the transactions contemplated by the Bid Implementation Agreement, the occurrence of an event or circumstance where a person who is not presently able to do any of the following things becomes able to do one of the following things (whether alone or together with any Associates and whether directly or indirectly or through one or more intervening persons, companies or trusts):

- (a) control the composition of more than one half of the Board;
- (b) be in a position to cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the members of the Company;
- (c) hold or have a beneficial interest in more than one half of the issued share capital of the Company; or
- (d) otherwise obtaining Control of the Company, including where a person other than the Subscriber has made a takeover bid for the Company under Chapter 6 of the

Corporations Act and that bid has become unconditional, in circumstances not constituting a breach of the Bid Implementation Agreement.

other than as previously agreed by the Subscriber in writing.

**Contemplated Transactions** means the transactions contemplated in this Deed.

**Claim** means any allegation, debt, cause of action, Liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

**Closing Date** means the day on which the last of the Transaction Documents is executed, or if that is a non-Business Day, the next Business Day.

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

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

**Deed** means this document, including any schedule or annexure to it.

**Drawdown** means each drawdown of funds under this Deed.

**Drawdown Notice** means a written notice signed by any director of the Company requesting the Subscriber to subscribe for Notes under a Tranche.

**Drawdown Date** means, in respect of a particular Tranche, the date set out in the table in clause 4.1, or such later date as agreed between the parties in writing.

**Events of Default** means the occurrence of any event specified in clause 10.1.

**Face Value** means, in respect of each Note, US\$1.00.

**FATA** means the Foreign Acquisitions and Takeovers Act 1975 (Cth) and the Foreign Acquisitions and Takeovers Regulation 2015 (Cth) (as the context requires).

**Financial Indebtedness** means any indebtedness, present or future, actual or contingent, in respect of moneys borrowed or raised in any financial accommodation whatever including, without limitation, under or in respect of any overdraft facility, bill, bond, note, certificate of deposit, transferable or negotiable instrument, acceptance, guarantee, redeemable or repurchasable share or stock, discounting arrangement, finance lease, swap, option, futures contract or analogous transaction, put option or hire purchase.

**Freely Trade** means the ability of the Subscriber to trade Shares by way of secondary trading on the ASX without the Subscriber being required to provide disclosure in accordance with Division 2 of Part 6D.2 of the Corporations Act or otherwise being in breach of section 707 of the Corporations Act, and **Freely Trading** and **Freely Tradable** have a corresponding meaning.

**Governmental Authority** means:

- (a) any Singapore, United States, Australian or other national, federal, state, territorial or local governmental, legislative, regulatory or administrative authority, agency, commission, court, tribunal or judicial or arbitral body; and
- (b) the ASX.

**GST** means GST as defined in the GST Act.

**GST Act** means *A New Tax System (Goods and Services Tax) Act 1999* (Cth) as amended.

**Guaranty** means a guarantee given by Magnolia LP in favour of the Subscriber under which Magnolia LP guarantees the obligations of the Company under this Deed and the Notes.

**IDG Anti-Dilution Right** means the anti-dilution rights granted by the Company to IDG Investment Group Ltd (**IDG**) under a Subscription Agreement dated 2 June 2018, which entitles IDG to purchase up to 9.9% of an issue of LNGL Shares (as adjusted downward from time to time for Share issues that are not subject to the anti-dilution right and which right to purchase is 9.788% as at the date of the Deed).

**Insolvency Event** means the occurrence of any of the following in relation to a person:

- (a) it is wound up, a resolution for its winding up has been passed or a meeting of members or creditors has been convened for that purpose;
- (b) it is the subject of a winding up application which has been made to a court, or an event has occurred which would entitle any person to apply to a court to wind it up;
- (c) it has proposed or taken any steps to implement a scheme of arrangement or other compromise or arrangement with any of its creditors;
- (d) it is the recipient of a demand under section 459E of the Corporations Act or any corresponding or analogous provision governing that person in a jurisdiction outside Australia that is not set aside or complied with before the end of the relevant period for compliance with the demand;
- (e) it is in receivership and or its assets are in the possession of or under the control of a mortgagee or chargee;
- (f) it is subject to administration under Part 5.3A of the Corporations Act or any corresponding or analogous provision governing that person in a jurisdiction outside Australia; or
- (g) it is insolvent (as defined in section 95A of the Corporations Act) or any corresponding or analogous provision governing that person in a jurisdiction outside Australia.

**Issue Date** means, in respect of a particular Tranche, the date set out in the table in clause 4.1, or if the Issue Date falls on a non-Business Day, the next Business Day, or such later date as agreed between the parties in writing.

**Law** means an applicable:

- (a) Listing Rule or regulation of ASX, a law, a regulation, a judicial, governmental or administrative order; and
- (b) regulation, order, interpretation, guideline, policy or directive, in each case, of a Governmental Authority. Loss means all liability, damage, loss, cost and expense (including legal costs and expenses) of whatsoever nature or description.

**Magnolia LP** means Magnolia LNG Investment LP, a sub-subsiary of the Company.

**Maturity Date** means the date which is six months after the Closing Date or if that is a non-Business Day, the next Business Day.

**Notes** means the secured convertible notes to be issued by the Company under this Deed which are convertible into Shares.

**Note Certificate** means a certificate substantially in the form set out in Schedule 1.

**Note Terms** means the terms of the Notes as set out in Schedule 2.

**Prohibited Transaction** means a transaction with a third party or third parties in which the Company issues or sells (or arranges or agrees to issue or sell):

- (a) any debt, equity or equity-linked securities (including options) that are convertible into, exchangeable or exercisable for, or include the right to receive Shares:
  - (i) at a conversion, repayment, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or
  - (ii) at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events; or
- (b) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions;

and are deemed to include transactions generally referred to as equity lines of credit and stand-by equity distribution agreements, and convertible securities and loans having a similar effect. For the avoidance of doubt, rights issuances, shareholder purchase plans, employee share ownership plans, convertible securities, or equity issuances, each at a fixed price per Share, or Share issues permitted by the Bid Implementation Agreement, are not Prohibited Transactions.

**Permitted Financial Indebtedness** means:

- (a) Financial Indebtedness incurred under this Deed;
- (b) Financial Indebtedness which as at the date of this Deed is already owed by the Company and which the Company has provided the Subscriber with full written notice of (including in Schedule 5 – Balance Sheet as at December 31, 2019);
- (c) Financial Indebtedness which is subordinated to all amounts owing under this Deed;
- (d) Financial Indebtedness under interest rate, foreign exchange or other hedging transactions which is not speculative and is entered into in the ordinary course of business or as approved by the Subscriber in writing;
- (e) any existing cash bonds or guarantees to a landlord of property leased by the Company as at the date of this Deed of which full notice has been given to the Subscriber;
- (f) any credit card debt or deferred purchase price (for more than 90 days) of any asset or service, or any obligation to deliver goods or provide services paid for in advance by a financier or in connection with any other transaction entered into in the ordinary course of business, up to an aggregate limit of US\$25,000 (or its equivalent) relating to expenditure incurred in the ordinary course of business by the Company; or

- (g) any other Financial Indebtedness incurred with the prior written consent of the Subscriber.

**Principal Amount** means the aggregate Face Value of the Notes issued, as reduced by any conversion, repayment, prepayment or cancellation in accordance with this Deed.

**Project** means the 8.8 mtpa nameplate natural gas liquefaction and LNG export project being developed by Magnolia LNG LLC in Lake Charles, Louisiana USA.

**Related Body Corporate** has the meaning it has in the Corporations Act.

**Register** means the register of holders of Notes maintained by the Company or a person appointed by the Company, pursuant to clause 8.

**Security Pledge** means a first priority pledge of limited partnership interest to be provided by the sole limited partner of Magnolia LP to the Subscriber over a 49% limited partnership interest in Magnolia LP.

**Shares** means fully paid ordinary shares in the capital of the Company.

**Subscription Amount** means, in respect of a particular Tranche, the amount set out in the table in clause 4.1.

**Subsidiary** has the meaning given to it in the Corporations Act.

**Tax** means any tax, including GST, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, and any stamp or transaction duty, tax or charge, which is assessed, levied, imposed or collected by any Governmental Authority and includes any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of those items referred to above.

**Trading Day** has the meaning given to that term in the Listing Rules.

**Tranche** means a tranche of Notes issued or to be issued to the Subscriber as identified in the table in clause 4.1.

**Transaction Documents** means:

- (a) the Bid Implementation Agreement;
- (b) the Security Pledge; and
- (c) the Guaranty.

**VWAP** means the "volume weighted average market price", as that term is defined in Chapter 19 of the ASX Listing Rules.

## **1.2 Interpretation**

- (a) In this Deed, unless the context requires another meaning, a reference:
  - (i) to dollars or \$ means United States Dollars unless otherwise stated;
  - (ii) to the singular includes the plural and vice versa;
  - (iii) to a gender includes all genders;

- (iv) to a document is a reference to that document (including any schedules and annexures) as amended, consolidated, supplemented, novated or replaced;
  - (v) to an agreement includes any undertaking, representation, deed, agreement or legally enforceable arrangement or understanding whether written or not;
  - (vi) to an item, Recital, clause, or Annexure is to an item, Recital, clause, or Annexure of or to this Deed;
  - (vii) to the words "including" or "includes" means "including, but not limited to", or "includes, without limitation" respectively;
  - (viii) a "law" includes common law, principles of equity and any law made by any parliament (and a law made by a parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it);
  - (ix) a "person" includes an individual, a firm, a body corporate, an unincorporated association and an authority;
  - (x) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;
- (b) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
  - (c) headings are for convenience only and do not affect interpretation of this Deed; and
  - (d) if a payment or other act must be made or done on a day that is not a Business Day, then it must be made or done on the next Business Day.

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## **2 Purpose and use of funds**

The Company may only use the proceeds from any subscription for Notes under this Deed for the purpose of financing the continued marketing and development of the Project, for maintaining status quo of Bear Head LNG and the OSMR<sup>®</sup> patents and licenses, for working capital, and for general corporate purposes consistent with the Company's budget.

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## **3 Condition Precedent**

The obligation of the Subscriber to subscribe for the Notes, and the obligation of the Company to issue Notes to the Subscriber, under this Deed is conditional solely on the Transaction Documents being executed by the respective parties to those documents.

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## **4 Subscription and issue of Notes**

### **4.1 *US\$6 million convertible note facility***

On the terms and subject to the conditions of this Deed and in reliance on the respective representations and warranties of the Parties set out in this Deed, subject to clause 3, the Subscriber agrees to provide the Company with a US\$6 million convertible note facility under which the Subscriber agrees to subscribe for, and the Company agrees to issue to the

Subscriber, the Notes on the dates and for the Subscription Amounts as set out in the table below, on the terms of this Deed:

Tranche	Subscription Amount	Notes	Drawdown Date	Issue Date
1	US\$1,000,000	1,000,000	N/A	Closing Date
2	US\$1,000,000	1,000,000	At least 5 calendar days before the Issue Date	Closing Date plus 30 calendar days
3	US\$1,000,000	1,000,000	At least 5 calendar days before the Issue Date	Closing Date plus 60 calendar days
4	US\$1,000,000	1,000,000	At least 5 calendar days before the Issue Date	Closing Date plus 90 calendar days
5	US\$1,000,000	1,000,000	At least 5 calendar days before the Issue Date	Closing Date plus 120 calendar days
6	US\$1,000,000	1,000,000	At least 5 calendar days before the Issue Date	Closing Date plus 150 calendar days
<b>Total</b>	<b>US\$6,000,000</b>	<b>6,000,000</b>	-	-

#### 4.2 *Initial drawdown and subscription*

- (a) Upon the date of satisfaction of the condition set out in clause 3, the Subscriber is deemed to have subscribed for the Notes in Tranche 1 and must pay to the Company the Subscription Amount for the Notes under Tranche 1.
- (b) On the Issue Date for Tranche 1, the Company must issue to the Subscriber the Tranche 1 Notes.

#### 4.3 *Subsequent drawdowns and subscriptions*

- (a) Subject to the Company providing the Subscriber with a Drawdown Notice by the Drawdown Date for a particular Tranche (which the Company may provide in its absolute discretion and which must describe the Company's intended use of the Subscription Amount for that particular Tranche by reference to the Company's budget), the Subscriber must subscribe for the number of Notes under that Tranche and must pay to the Company the Subscription Amount for the relevant Tranche.
- (b) On the Issue Date for a particular Tranche and subject to compliance with clause 4.3(a), the Company must issue to the Subscriber the relevant Notes in respect of that Tranche.
- (c) For the avoidance of doubt, if the Company does not provide a Drawdown Notice by the Drawdown Date for a Tranche (other than Tranche 1), the Subscriber is not required to subscribe for the Notes in respect of that Tranche and the Company is not required to issue Notes in respect of that Tranche.

#### **4.4 Note Terms**

All Notes issued under this Deed will be issued on the Note Terms.

#### **4.5 Downward adjustment for anti-dilution rights**

The Subscriber acknowledges that the number of Notes that may be issued to the Subscriber as part of a Tranche is subject to the IDG Anti-Dilution Right and will be adjusted downward to the extent such IDG Anti-Dilution Right is exercised in relation to an issue of Notes.

#### **4.6 Release of security**

Upon the Company repaying the Principal Amount to the Subscriber (together with the payment of interest) in accordance with clause 4 of the Note Terms (including by way of prepayment) and the Company having complied with all its obligations under this Deed, the Subscriber must immediately release and discharge the security granted to it under the Security Pledge and the Guaranty.

#### **4.7 ASX Listing Rule 7.9 Acknowledgement**

The Subscriber acknowledges that for the purposes of ASX Listing Rule 7.9, Exception 8, any issue of Notes (and the corresponding issue of Shares on conversion of those Notes, where applicable) in accordance with this Deed is made with the approval of the Subscriber.

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## **5 Payments**

### **5.1 Payment manner**

Unless otherwise specified in this Deed, all payments required to be made under this Deed must be made:

- (a) in full on the due date;
- (b) in immediately available funds in United States Dollars to the account specified by the relevant party in writing;
- (c) without withholding or deduction (except to the extent required by law); and
- (d) not later than 5.00pm (Sydney Time) on the due date for payment.

### **5.2 Payment dates**

Any payments under this Deed falling due on a day which is not a Business Day must be made on the next Business Day.

---

## **6 Board representation**

Should a "Termination Event" pursuant to clause 8 of the Bid Implementation Agreement occur, upon the lapse or withdrawal of the offer announced or made pursuant to the takeover bid contemplated by the Bid Implementation Agreement (**Termination Date**), then:

- (a) The Subscriber will have the right (but not the obligation) to nominate one director to the Board (**Subscriber Director**). The Subscriber Director must be of good fame and character and otherwise qualified under the Constitution of the Company to be appointed a director of the Company.

- (b) The Company must, subject to receiving a signed consent to act, take all necessary steps to cause the Subscriber Director to be appointed to the Board as soon as reasonably practicable following the Termination Date.
- (c) At any time after a Subscriber Director is appointed following the Termination Date, if the Subscriber Director resigns, is removed or not re-elected, the Subscriber may nominate a replacement for that Subscriber Director provided always that the Subscriber continues to hold Notes.
- (d) For the avoidance of doubt, once the Subscriber ceases to hold Notes, its right to appoint a Subscriber Director lapses and the Subscriber must procure that its Subscriber Director resigns immediately.

---

## **7 Certificate for Notes**

- (a) Upon issue of Notes the Company must:
  - (i) enter the Subscriber as the holder of those Notes in the register of holders of the Notes to be maintained in accordance with clause 8; and
  - (ii) within two Business Days, give the Subscriber a Note Certificate recording the issue of the Notes to the Subscriber.
- (b) Upon conversion of Notes the Company must within two Business Days, give the Subscriber a Note Certificate recording the remaining balance of the Notes held by the Subscriber.
- (c) A Note Certificate must be:
  - (i) substantially in the form set out in Schedule 1; and
  - (ii) executed by or on behalf of the Company in accordance with its Constitution for the time being or in such other manner as may be permitted by the Corporations Act.
- (d) If a Note Certificate is lost, stolen, defaced or destroyed, a duplicate will be issued by the Company within a reasonable period of request by the Subscriber, at no cost to the Subscriber, provided that:
  - (i) in the case of a defaced Note Certificate, that Note Certificate is delivered to the Company; and
  - (ii) if requested by the Company, the Subscriber provides an indemnity in respect of the lost, stolen, defaced or destroyed Note Certificate on terms reasonably satisfactory to the Company.

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## **8 Register**

- (a) The Company must keep the Register of holders of Notes at the registered office of the Company and enter in it:
  - (i) the name and address of the Subscriber;
  - (ii) the date on which the Notes held by the Subscriber were issued;
  - (iii) the total Principal Amount of the Notes held by the Subscriber;

- (iv) the serial number of the Note Certificate issued and the date of its issue; and
  - (v) the date on which the Subscriber ceases to hold the Notes.
- (b) The Subscriber may inspect the Register of Subscribers at all reasonable times during office hours and the Company must provide the Subscriber with a copy of it or any part of it if requested by the Subscriber.

---

## 9 Obligations of Company

### 9.1 Restrictions on the Company

From the date of this Deed to the earlier of the date of conversion of the Notes in full or the Maturity Date, the Company must not and must ensure that each of its Subsidiaries does not:

- (a) **(disposals)**: sell, lease, license or otherwise dispose of its assets or agree to do so (**Disposal**), unless the Disposal is or is done in respect of plant or equipment subject to wear and tear in the ordinary course of business or is permitted by the Security Pledge;
- (b) **(issue of securities)**: issue or agree to issue any Shares or securities other than as contemplated by this Deed or pursuant to an employee share or option plan, a non-underwritten dividend reinvestment or a bonus share plan as disclosed to ASX in accordance with the Listing Rules prior to the date of this Deed or pursuant to an employee or executive incentive plan or arrangement implemented in the ordinary course of business;
- (c) **(business)**: cease its business or change the general nature of its business;
- (d) **(key personnel)**: without the consent of the Subscriber: (1) make any material variations to the terms and conditions of employment of, or dismiss, any employee that holds a key managerial or executive position (other than in the case of significant misconduct); (2) appoint, employ or offer to appoint or employ, any person whose total gross annual remuneration exceeds AUD100,000 (or its equivalent in applicable local currency); (3) enter into any new employment agreement; or (4) undertake or permit any other action that would trigger additional payment obligations under any employment contract, in each case, other than in respect of replacing personnel whose employment ceases after the date of this Deed;
- (e) **(dividends)**: declare or pay any dividends, whether of capital or profits;
- (f) **(contracts)**: enter into contracts with third parties on other than arm's length open market terms for valuable consideration;
- (g) **(Financial Indebtedness)**: incur any Financial Indebtedness (other than Permitted Financial Indebtedness) or grant any security interest (including any mortgage, charge, pledge, lien or other encumbrance) with respect to such Financial Indebtedness over any of its respective assets (except pursuant to the Security Pledge);
- (h) **(loans and guarantees)**: lend money to or guarantee or become liable for the debts of any person other than the Company or a Subsidiary;
- (i) undertake any consolidation of its share capital;

- (j) reduce its issued share capital or any uncalled liability in respect of its issued capital;
- (k) change the nature of its business or the nature of the business of any Subsidiary;
- (l) make an application under section 411 of the Corporations Act;
- (m) transfer the jurisdiction of incorporation of the Company or any of its Subsidiaries;
- (n) **(constitution)**: amend its constitution in a way that has, or could have, a negative impact on the Subscriber; or
- (o) enter into any agreement with respect to any of the matters referred to in this clause without prior written consent of the Subscriber.

## 9.2 **Positive undertakings**

From the date of this Deed to the conversion of the Notes in full the Company must:

- (a) **(information)** promptly upon request, provide a monthly management report on the financial status of the Company and all of its Subsidiaries, annual audited financial statements of the Company and any other information reasonably requested by the Subscriber from time to time;
- (b) **(corporate existence)** perform any action necessary to maintain its corporate existence and that of its Subsidiaries in good standing;
- (c) **(listing)**: perform any action necessary to maintain quotation of its Shares on the ASX;
- (d) **(accounting records)**: keep financial records as required by the Corporations Act;
- (e) **(shareholder information)** provide to the Subscriber all information which it provides to its shareholders;
- (f) **(Subsidiaries)**: ensure that it remains a shareholder of each of its Subsidiaries and continues to hold the same percentage in those Subsidiaries as it held immediately prior to the date of this Deed;
- (g) **(laws)**: comply in all material respects with, and ensure that each of its subsidiaries complies in all material respects with all laws to which it may be subject;
- (h) **(assets)**: maintain and keep its assets (including the Project) and those of its Subsidiaries in a good state of repair and in good working order and condition (fair wear and tear excepted), valid and subsisting and free from liability to forfeiture, cancellation or loss, take all steps necessary to remedy any defect in its or their title to any such assets and take or defend all legal proceedings to protect or recover any of them;
- (i) **(development of Project)**: continue the development of the Project, and use all reasonable endeavours to maintain in effect all material contracts and licenses relating to the Project;
- (j) **(Events of Default)**: procure that no Event of Default occurs; and
- (k) **(notification)**: promptly notify the Subscriber of any Event of Default.

## 10 Events of Default

### 10.1 Events of Default

The following are Events of Default:

- (a) any of the representations, warranties, or covenants made by the Company in any Transaction Document or public filing are inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Company to the Subscriber, any of its representatives, or the Company's shareholders, is inaccurate, false or misleading, in any material respect (such as would, in the reasonable opinion of the Subscriber, have caused the Subscriber to decide not to enter into the Deed or to require materially different or additional terms), as of the date as of which it is made or deemed to be made or repeated (in each case where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, on that date or dates);
- (b) a Securities Termination Event occurs or exists;
- (c) the Company or a Subsidiary of the Company enters into or agrees to enter into a Prohibited Transaction;
- (d) **(payment)**: the Company fails to pay any cash amount due under this Deed on its due date or within 5 Business Days after its due date;
- (e) **(Prescribed Occurrence)** a Prescribed Occurrence occurs or is likely to occur (as defined in the Bid Implementation Agreement);
- (f) **(Bid Implementation Agreement)** the Company breaches the Bid Implementation Agreement in a material respect;
- (g) **(Free Trade)** the Company does not comply with clause 3.2(e)(iii) of Schedule 2 or, despite so complying, the Subscriber's Shares the subject of the Cleansing Notice or Cleansing Prospectus referred to in clause 3.2(e)(iii) of Schedule 2 cannot be Freely Traded within 5 Business Days of their date of issue;
- (h) **(Quotation)** any Shares issued to the Subscriber are not quoted within 5 Business Days following the date of their issue;
- (i) **(Trading)** there is a stop order, suspension of trading, cessation of quotation, or removal of the Company or the Shares from the ASX Official List (or a fact or circumstance which may cause such an event), except for a suspension of trading:
  - (i) not exceeding 5 Trading Days (as defined in the ASX Listing Rules) in a rolling twelve month period, where such period commences from the Closing Date; or
  - (ii) as agreed to by the Subscriber;
- (j) **(Dispute)** the Company challenges, disputes or denies the right of the Subscriber to receive any Shares (other than the Company querying an error in the Subscriber's calculation of any number of Shares to be issued to it) or otherwise dishonours or rejects any action taken, or document delivered, in furtherance of the Subscriber's rights to receive any Shares under this Deed (provided that nothing in this paragraph

- (j) is deemed to prevent the Company from challenging the Subscriber's actions to which the Subscriber is in fact not entitled under this Deed or at law);
- (k) **(Transaction Document)** a Transaction Document or a contemplated Transaction Document has become, or is claimed (other than in a vexatious or frivolous proceeding) by any person that is not the Subscriber or its Affiliate to be, wholly or partly void, voidable or unenforceable;
- (l) **(Action)** any person has commenced any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted any claim before any Governmental Authority, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of the Subscriber or the Company to enter into or perform any Transaction Documents (other than a vexatious or frivolous proceeding or claim);
- (m) **(LR 7.1)** any transaction or action, including an issue of Shares to the Subscriber to be undertaken under this Deed, would result in the Company breaching Listing Rule 7.1;
- (n) **(Failure to perform)** the Company fails to perform, comply with, or observe any other term, covenant, undertaking, obligation or agreement of a material nature under any Transaction Document;
- (o) **(Default judgement)** a default judgment of an amount of AU\$500,000 or greater is entered against the Company or any of its Subsidiaries;
- (p) **(performance default):** failure by the Company to perform any other material obligation, covenant or undertaking under this Deed, excluding payment default, and, in relation to any rectifiable failure, within 14 days following notice by the Subscriber requiring rectification;
- (q) the Company or any Subsidiary of the Company suffers or incurs an Insolvency Event;
- (r) the Company or any of its Subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business, or disposes of, or threatens to dispose of, a substantial part of its assets;
- (s) a Change in Law Termination Event occurs or is likely to occur in the reasonable opinion of the Subscriber or at any time there exists a Law which, or an official or reasonable interpretation of which, makes it, or may make it, illegal or impossible in practice for the Subscriber to undertake any of the Contemplated Transactions, or render any of the Contemplated Transactions unenforceable, void or voidable;
- (t) **(cross default):** any Indebtedness of the Company or any of its Subsidiaries is not paid when due (or within any applicable grace period) or is or becomes due and payable prior to its stated maturity date for any reason;
- (u) **(Change of Control):** a Change of Control of the Company occurs;
- (v) **(restrictions)** the Company breaches any of its restrictions under clause 9.1; or
- (w) **(Material Adverse Change)** between the date of this Deed and the end of the offer period (each inclusive) (as defined in the Bid Implementation Agreement), one or more of the following occurs:

- (i) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (ii) information is disclosed or announced by the Company concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to the Subscriber (whether or not becoming public),

(each of (i), (ii) and (iii), 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:

- (iv) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Company or its Subsidiaries taken as a whole; or
- (v) without limiting the generality of clause (iv) preceding, the effect of a diminution in the value of the consolidated net assets of Company or its subsidiaries, taken as a whole, by at least \$500,000 against what it would reasonably have been expected to have been but for such Specified Event,

other than:

- (vi) an event, matter, change or circumstance caused, or materially contributed to, by the Subscriber;
- (vii) anything required or permitted to be done or not done under this Deed;
- (viii) any event, matter, change or circumstance:
  - (A) fairly disclosed by Company to the Subscriber; or
  - (B) otherwise known by the Subscriber,at any time prior to the date of this Deed;
- (ix) an event, matter, change or circumstance in or relating to:
  - (A) economic, business, regulatory or political conditions in general;
  - (B) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
  - (C) any change affecting the industry in which Company operates generally;
- (x) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which Company's insurers have agreed to pay; or
- (xi) anything done with the prior written consent of the Subscriber;
- (x) Any consent, permit, approval, registration or waiver necessary for the consummation of those Contemplated Transactions that remain to be consummated

at the applicable time, has not been issued or received, or does not remain in full force and effect;

- (y) the Company fails to perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement of a material nature under any Transaction Document; or
- (z) the Company and/or any of its Subsidiaries defaults in relation to any payment obligation under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a third party (taking into account any applicable grace period agreed by the relevant third party and excluding sums disputed in good faith by the Company).

### **10.2 Consequences of default**

If an Event of Default occurs and continues unremedied for a period of 3 Business Days, the Subscriber may declare at any time by notice to the Company that the entire outstanding Principal Amount, together with accrued and unpaid interest, and all other amounts accrued or outstanding under this Deed or the Notes, is immediately repayable on demand (or in respect of the occurrence of an Insolvency Event in relation to the Company, repayable immediately).

### **10.3 Shareholder approval exception**

Notwithstanding clause 10.1 or any other provision of this Deed, if an Event of Default under clause 10.1 is a consequence of an increase in the voting power of the Subscriber otherwise than by the exercise of the Conversion Right (as defined in Schedule 2), clause 14 applies and:

- (a) if the Company complies with clause 14, clause 10.2 does not apply and there is no breach of or other consequence under this Deed, unless and until the Company's shareholders do not give the approval contemplated by clause 14; and
- (b) the Company may seek proposals for financial accommodation to enable it to comply with clause 10.2, although the Company must not commit to arrangements for such financial accommodation before the Subscriber gives notice to the Company under clause 10.2. It is not an Event of Default and there is no breach of or other consequence under this Deed if the Company commits to arrangements for such financial accommodation after the Subscriber gives notice to the Company under clause 10.2

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## **11 Company Representations and warranties**

The Company represents and warrants to and for the benefit of the Subscriber that as at the date of this Deed and at all times during the continuance of this Deed:

- (a) it has been incorporated as a company limited by shares in accordance with the laws of the Commonwealth of Australia and will remain so incorporated, is validly existing under that law and has power and authority to own its assets and to carry on its business as it is now being conducted;
- (b) it has the power and authority to enter into this Deed and perform its obligations under this Deed, and to carry out the transactions contemplated by this Deed;
- (c) it has in full force and effect the authorisations necessary for it to enter into this Deed;

- (d) all corporate action required to be taken by the Company's Board of Directors and shareholders in order to authorise the Company to enter into and perform this Deed and actions contemplated by this Deed, has been taken, including all shareholder and regulatory approvals (including under Listing Rule 7.1), consents, permits, other approvals, registrations and waivers necessary or appropriate for the issue of the Notes and Shares into which they are convertible and will remain in force and effect until the Maturity Date, subject to clause 14;
- (e) any offer for sale by the Subscriber of Shares that would be issued on conversion of its Notes would not need disclosure under Part 6D.2 of the Corporations Act, subject only to the Company issuing and lodging a Cleansing Prospectus or a Cleansing Notice in accordance with its obligations under clause 3.2(e)(iii) of Schedule 2;
- (f) the balance sheet in Schedule 5 fairly and accurately represents the financial position of the Company and its Subsidiaries and has been prepared in accordance with Australian Accounting Standards and accounting policies of the Company applied over the preceding 3 financial years;
- (g) the Notes will be valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms;
- (h) the Shares issued upon conversion of Notes will be validly issued and fully paid;
- (i) the Company has complied with its obligations under Listing Rule 3.1 and no information released by the Company on the ASX or otherwise is inaccurate, misleading or deceptive in any material respect;
- (j) no Event of Default and no event which, with notice, lapse of time or both, would constitute an Event of Default, has occurred and is continuing;
- (k) except in relation to the Bid Implementation Agreement and this Deed (which are not yet announced to the market as at the date of this Deed) or as contemplated by clause 6, neither the Company nor any person acting on its behalf has provided the Subscriber or its agents, representatives or counsel with any inside information (as defined in the Corporations Act) or any material non-public information, and to the Company's knowledge, the Subscriber does not possess any inside information or material non-public information (and, to the extent this warranty is breached, the Company must immediately release the relevant inside information to the market);
- (l) the Security Pledge will be valid and enforceable as first ranking security in accordance with its terms;
- (m) this Deed constitutes a valid and binding obligation of such party, enforceable against such party in accordance with its terms;
- (n) the entry into and performance of this Deed and each transaction contemplated by this Deed does not and will not (with or without the giving of notice or the lapse of time or both) conflict with or result in a breach of or default under its constituent documents, or any agreement, deed, law, judgment, ruling order or decree to which it is a party or which is binding on that party;
- (o) it is not subject to an Insolvency Event;
- (p) no legal proceedings, arbitration, mediation or other dispute resolution process is taking place, pending or threatened, the outcome of which is likely to have a material

adverse effect on the ability of the Company to perform its obligations under this Deed;

- (q) the Company is admitted to the official list of the ASX and its Shares are admitted to quotation on the ASX;
- (r) it and each of its Subsidiaries has complied in all material respects with all laws and regulations applicable to it in all jurisdictions in which it or its Subsidiaries operate or is resident, including without limitation laws relating to taxation, money laundering, bribery or corruption of foreign Government officials, sanctions or terrorism and the protection of the environment;
- (s) Shares issued to the Subscriber will rank equally in all respects with the existing Shares on the date of issue and be credited as fully paid;
- (t) all Shares and Notes issued to the Subscriber will be issued free and clear of any encumbrances or security interests;
- (u) the Company will not obtain any debt funding or other financial accommodation, which ranks senior to, or pari passu with, the Notes, other than trade financing and other ordinary course Financial Indebtedness; and
- (v) the Company has incurred no subsequent liabilities or incurred any Financial Indebtedness since December 31, 2019 that materially impact the disclosure in Schedule 5 – Balance Sheet as at December 31, 2019; and
- (w) it does not enter into this Deed as trustee.

**11.2 Construction of representation and warranties**

- (a) Each representation and warranty of the Company is to be construed independently of the others and is not limited by reference to any other representation or warranty.
- (b) The representations and warranties of the Company set out in clause 11.1 are not limited in any way by information gathered by the Subscriber, its advisers or representatives.

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**12 Subscriber Representations and warranties**

The Subscriber represents and warrants to and for the benefit of the Company that as at the date of this Deed, and at all times during the continuance of this Deed:

- (a) it has been incorporated as a company limited by shares in accordance with the law of its place of incorporation, is validly existing under that law and has power and authority to own its assets and to carry on its business as it is now being conducted;
- (b) it has the power and authority to enter into this Deed and perform its obligations under this Deed, and to carry out the transactions contemplated by this Deed;
- (c) it has in full force and effect the authorisations necessary for it to enter into this Deed;
- (d) this Deed constitutes a valid and binding obligation of such party, enforceable against such party in accordance with its terms;
- (e) the entry into and performance of this Deed and each transaction contemplated by this Deed does not and will not (with or without the giving of notice or the lapse of

time or both) conflict with or result in a breach of or default under its constituent documents, or any agreement, deed, law, judgment, ruling order or decree to which it is a party or which is binding on that party;

- (f) it does not enter into this Deed as trustee; and
- (g) in respect of all offers of securities made pursuant to this Deed, no disclosure, registration, qualification or any other action is required to be undertaken by the Company in the jurisdiction of the Subscriber.

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### 13 FIRB Warranty

- (a) The Subscriber represents and warrants to Company as at the date of this Deed and as at each Issue Date that the Subscriber:
  - (i) is not a Foreign Government Investor or an associate (as defined in the FATA) of a Foreign Government Investor; and
  - (ii) will be in compliance with the requirements of the FATA in relation to this document and the transactions contemplated by it and will not cease to be in compliance on either of those dates.
- (b) In this clause **Foreign Government Investor** has the meaning given to that term in the FATA.

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### 14 Chapter 6 of the Corporations Act

If the Company becomes aware from the Subscriber or from publicly available information (such as a bidder's statement or substantial shareholder notice) that an issue of Shares to the Subscriber on conversion of Notes would cause a person to contravene section 606 of the Corporations Act, then:

- (a) as soon as reasonably practicable after becoming so aware, the Company must at its own cost convene a general meeting to consider the approval of the issue of such Shares to the Subscriber for the purposes of item 7 of section 611 of the Corporations Act (with the notice of such meeting to be accompanied by an explanatory statement and independent expert's report in relation to the transaction, as required by the Corporations Act and applicable ASIC policy);
- (b) the Subscriber must give the Company and the independent expert all reasonable assistance to enable the preparation of the notice of meeting, explanatory statement and independent expert's report, including providing any information required to be included in such documents by the Corporations Act, the ASX Listing Rules and applicable ASIC policy, including ASIC Regulatory Guides 74 and 111;
- (c) the timetable for issue of the Shares is extended as reasonably required to allow time for such approval; and
- (d) if the Company's shareholders do not approve the issue of Shares to the Subscriber, the Company's failure to issue Shares will constitute an immediate Event of Default for the purposes of clause 10.

## **15 Undertakings**

Each party undertakes:

- (a) to notify the other party in writing promptly (after public announcement if required) if any representation or warranty made under this Deed is found to have been incorrect or misleading in a material respect when made or taken to be made; and
  - (b) to notify the other party in writing promptly of any breach of any representation, warranty or undertaking given by it under this Deed.
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## **16 Company Declaration**

The Company declares that on conversion of Notes, it will not be issuing the relevant Shares for the purpose of the Subscriber selling or transferring them, or granting, issuing or transferring interests in, or options or warrants over, them.

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## **17 Subscriber Acknowledgement**

The Subscriber acknowledges and agrees that in entering into this Deed and in subscribing for the Notes, the Subscriber does not rely on any statement, representation, warranty, condition, forecast or other conduct which may have been made by or on behalf of the Company, except the warranties and the covenants and obligations of the Company under this Deed. The Subscriber declares that on conversion of Notes, it will not be receiving the relevant Shares for the purpose of the Subscriber selling or transferring them, or granting, issuing or transferring interests in, or options or warrants over, them.

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## **18 Costs**

The Company will pay all legal and other reasonable costs of the Subscriber in connection with the negotiation and preparation of this Deed and the issue of the Notes, on demand, free of deduction or set-off immediately on demand.

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## **19 GST**

- (a) Words or expressions defined in the GST Act have the same meaning in this clause, unless it is clear that a different meaning is intended.
- (b) Unless otherwise specifically stated, sums payable or consideration provided or in connection with this Deed will be expressed as exclusive of any applicable amount of GST.
- (c) Where a party makes a taxable supply under or in connection with this Deed and GST is imposed on that supply, the party making the taxable supply will be entitled to:
  - (i) increase the consideration otherwise provided for that supply under this Deed by the amount of that GST; and
  - (ii) otherwise recover from the recipient the amount of that GST.
- (d) If a GST gross-up is payable, then the supplier must give the recipient a Tax Invoice for the supply.

- (e) The additional amount is payable at the same time as the consideration for the supply is payable or is to be provided. However, the additional amount need not be paid until the supplier gives the recipient a Tax Invoice.
- (f) If the additional amount differs from the amount of GST payable by the supplier, the parties must adjust the additional amount accordingly.
- (g) If a party is entitled to be reimbursed or indemnified under this deed, the amount to be reimbursed or indemnified does not include any amount for GST for which the party is entitled to an Input Tax Credit.

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## **20 Notices**

### **20.1 Form - all communications**

All notices, certificates, consents, approvals, waivers and other communications in connection with this Deed or the Notes must be in writing in English and:

- (a) sent to the email address or postal address of the parties given in this Deed; or
- (b) if the recipient has notified otherwise, then marked for attention in the way last notified.

### **20.2 Delivery**

Communications must be:

- (a) sent to the relevant email address;
- (b) left at the relevant postal address; or
- (c) sent by prepaid ordinary post to the relevant postal address.

If the intended recipient has notified a changed address, then communications must be to that address.

### **20.3 When effective**

Communications take effect from the time they are received or taken to be received under clause 20.4 (whichever happens first) unless a later time is specified, provided that a notice of a changed address only takes effect 5 Business Days after the relevant party receives that notice from the other party.

### **20.4 When taken to be received**

- (a) Communications must be treated as given to and received by the party to which it is addressed:
  - (i) if sent by post to an address, on the third day (at the address to which it is posted) after posting; or
  - (ii) if sent by email before 5.00pm on a Business Day at the place of receipt, on the day it is sent and otherwise on the next Business Day at the place of receipt.
- (b) Despite clause 20.4(a)(ii), an email is not treated as given or received if the sender's computer reports that the message has not been delivered.

- (c) Despite clause 20.4 ("When taken to be received"), if communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

**20.5 Address for notices**

For the purpose of clause 20.1(a), each party's address for notice is set out below:

**Company**      **Liquefied Natural Gas Limited**

**Address**      1001 McKinney, Suite 600, Houston Texas 77002

**Email**      [gvesey@lnglimited.com](mailto:gvesey@lnglimited.com) (with a copy to [paul.vinci@jws.com.au](mailto:paul.vinci@jws.com.au) and [damian.reichel@jws.com.au](mailto:damian.reichel@jws.com.au))

**Subscriber**    **First Wall Street Capital Corp.**

**Address**      Carnegie Hall Tower, 152 West 57<sup>th</sup> Street 47 Floor, New York, NY 10019

**Email:**

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**21 General provisions**

**21.1 Severability**

If anything in this Deed is unenforceable, illegal or void then it is severed and the rest of this Deed remains in force.

**21.2 Variation**

The Company and the Subscriber may vary, modify or add to this Deed by mutual agreement evidenced in writing.

**21.3 Waiver**

- (a) A party's failure to exercise a power or right does not operate as waiver of that power or right.
- (b) The exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right.

**21.4 Entire Understanding**

This Deed comprises the entire agreement and understanding between the parties on everything connected with its subject matter and supersedes any prior agreement or understanding on anything connected with that subject matter.

**21.5 Assignment**

The Subscriber may only assign this Deed or otherwise transfer the benefit of this Deed or a right or remedy under it to another party (**Assignee**), provided that the Assignee:

- (a) has been validly transferred Notes under this Deed in accordance with clause 9(a) of the Note Terms; and
- (b) enters into a deed of assignment and assumption in respect of all of the rights and obligations of the Subscriber in relation to the Notes that have been so assigned.

**21.6 Discretion in exercising rights**

A party may exercise a right or remedy or give or refuse its consent under this Deed in any way it considers appropriate (including by imposing conditions) unless this Deed expressly provides otherwise.

**21.7 Partial exercising of rights**

If a party does not exercise a right or remedy fully or at a given time under this Deed the party may still exercise it later to the extent permitted by this Deed.

**21.8 No liabilities for loss**

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy under this Deed.

**21.9 Conflict of interest**

The Subscriber's rights and remedies under this Deed may be exercised even if this involves a conflict of duty or the Subscriber has a personal interest in their exercise.

**21.10 Remedies cumulative**

The rights and remedies of a party under this Deed are in addition to other rights and remedies given by law independently of this Deed.

**21.11 Indemnities**

Any indemnity in this Deed is a continuing obligation, independent of a party's other obligations under this Deed and continues after this Deed ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this Deed.

**21.12 Rights and obligations are unaffected**

Rights given to a party under this Deed and the Company's liabilities under it are not affected by anything which might otherwise affect them at law.

**21.13 Confidentiality**

Each party agrees not to disclose information provided by any other party that is not publicly available (including the existence of this Deed) except:

- (a) to any person in connection with an exercise of rights or a dealing with rights or obligations under this Deed;
- (b) to officers, employees, legal and other advisers and auditors of the Company, the Subscriber or a related body corporate (as defined in the Corporations Act) of either of them;
- (c) with the consent of the other party (such consent not to be unreasonably withheld);  
or
- (d) as required by any law, a regulator or stock exchange.

**21.14 Time limit on claims**

The Subscriber may not make any Claim for breach of warranty unless it has notified the Company in writing of that claim within 12 months from the date the Notes are issued under this Deed, such notification to include, at a minimum (i) the known facts giving rise to the Claim, (ii) the legal basis for the Claim and (iii) the remedies it will seek. A Claim is not enforceable against the Company and is taken to have been withdrawn unless any legal proceedings in connection with the Claim are commenced within 6 months after written notice of the Claim is served on the Company.

**21.15 Consequential loss**

- (a) The Company excludes all liability for indirect and consequential loss or damage (including for loss of profit (whether direct, indirect, anticipated or otherwise), loss of expected savings, opportunity costs, loss of business (including loss or reduction of goodwill), damage to reputation and loss or corruption of data regardless of whether any or all of these things are considered to be indirect or consequential losses or damage) in contract, tort (including negligence), under any statute or otherwise arising from or related in any way to this Deed or its subject matter.
- (b) The Subscriber excludes all liability for indirect and consequential loss or damage (including for loss of profit (whether direct, indirect, anticipated or otherwise), loss of expected savings, opportunity costs, loss of business (including loss or reduction of goodwill), damage to reputation and loss or corruption of data regardless of whether any or all of these things are considered to be indirect or consequential losses or damage) in contract, tort (including negligence), under any statute or otherwise arising from or related in any way to this Deed or its subject matter.

**21.16 No dealing in Company securities**

The Subscriber acknowledges that the Company has advised the Subscriber that the Subscriber must not deal, or cause another person to deal, in any shares or other securities of the Company contrary to the "insider trading" provisions in Part 7.10, Division 3 of the Corporations Act.

**21.17 Withholding Gross-Up**

If the Company is required by law to withhold or deduct an amount from any amount payable to the Subscriber:

- (a) the Company shall pay the amount required to be withheld or deducted to the relevant revenue or collection authority within the time allowed for such payment;
- (b) deliver to the Subscriber evidence that the payments have been made; and
- (c) the Company shall pay such additional amounts as are necessary to ensure that after making the deduction or withholding, the Subscriber receives the full amount required to be paid before giving effect to such deduction.

**21.18 Taxes**

- (a) Without limiting anything else in this Deed the Company shall:
  - (i) pay any Tax required to be paid to any Governmental Authority which is payable by the Company in connection with this Deed (including in respect

of the execution, delivery, performance, release, discharge, amendment or enforcement of this Deed or any Transaction Document); and

- (ii) pay any fine, penalty or other cost in respect of a failure to pay any Tax as required by this clause 21.17.
- (b) Without limiting anything else in this Deed:
  - (i) the Company shall pay all stamp, loan transaction, registration and similar Taxes, including fines and penalties, financial institutions duty and debits tax that may be payable to, or required to be paid by, any appropriate authority, or determined to be payable in connection with the execution, delivery, performance or enforcement of this Deed or any Transaction Document or any payment, receipt or other transaction contemplated by this Deed; and
  - (ii) the Company shall indemnify the Subscriber against any loss or liability incurred or suffered by it as a result of the delay or failure by the Company to pay those Taxes.
- (c) Without limiting anything else in this Deed, at all times on and from the date of this Deed, the Company shall comply in all material respects with all applicable laws relating to Tax and promptly file, or cause to be filed, all tax returns, business activity statements, and other tax filings, required under applicable Tax law.

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## **22 Governing law and jurisdiction**

- (a) This Deed is governed by the laws of New South Wales.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

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## **23 Counterparts**

This Deed may be executed in any number of counterparts. Each counterpart is an original, but the counterparts together form one and the same deed.

**Schedule 1 – Form of Certificate**

**LIQUEFIED NATURAL LIMITED**

**ABN 19 101 676 779**

**CERTIFICATE**

**CONVERTIBLE NOTE**

This is to certify that the person named below is the registered holder of convertible notes with the face value stated below issued by **Liquefied Natural Gas Limited** ABN 19 101 676 779 (**Company**) subject to the provisions of the terms and conditions set out in the Secured Convertible Note Subscription Deed dated on or about 23 February 2020.

Name and address of Subscriber	Certificate Number	Date of Issue	Face Value	Aggregate Face Value
[insert]	1	[insert]	US\$1.00	US\$[insert]

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 2020

**Executed by Liquefied Natural Gas Limited**  
in accordance with section 127 of the  
*Corporations Act 2001* (Cth) by:

\_\_\_\_\_  
Director signature

\_\_\_\_\_  
Director/Secretary signature

\_\_\_\_\_  
Director full name  
(BLOCK LETTERS)

\_\_\_\_\_  
Director/Secretary full name  
(BLOCK LETTERS)

## Schedule 2 – Terms of Issue of Convertible Notes

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### 1 Definitions and Interpretation

In these Note Terms unless the context or subject matter otherwise indicates or requires:

**Conversion Date** means the date on which one or more of the Notes are converted into Shares in accordance with these Note Terms.

**Conversion Period** means the period commencing on the Closing Date and ending on the Maturity Date.

**Conversion Price** means the applicable conversion price as set out in Schedule 4 that applies to the month that the Notes are converted (or, if the Subscriber elects to Convert in Whole in accordance with clause 3.2(c) of these Note Terms, means the VWAP of the Company's Shares over the 15 trading days before the Subscriber gives the Company the relevant Conversion Notice).

**Conversion Right** has the meaning given in clause 3.1 of these Note Terms.

**Conversion Notice** means a notice substantially in the form set out in Schedule 3.

**Interest Rate** means 12% per annum.

**Maturity Date** means the date which is six months after the Closing Date or if that is a non-Business Day, the next Business Day.

All other capitalised terms have the meaning given in clause 1.1 of the Deed

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### 2 Security

The Notes are secured by the Security Pledge.

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### 3 Conversion

#### 3.1 Conversion Right

The Subscriber has the right (**Conversion Right**) to Convert in Whole (as described in clause 3.2(c) of these Note Terms) or Convert in Part (as described in clause 3.2(d) of these Note Terms) the full Face Value of the Notes (plus any accrued but unpaid interest) into Shares at the applicable Conversion Price at any time during the Conversion Period.

#### 3.2 Conversion procedure

- (a) To exercise the Conversion Right, the Subscriber must give the Company, during the Conversion Period, a notice of conversion (**Conversion Notice**) in the form set out in Schedule 3, together with the relevant Note Certificate(s).
- (b) A Conversion Notice once delivered shall be irrevocable.
- (c) Convert in Whole - If the Subscriber exercises its Conversion Right to convert the Notes into the maximum 86,500,072 Shares available for issue under ASX Listing Rule 7.1, the Subscriber must:

- (i) pay the Company the unfunded balance of US\$6 million minus the sum of the Subscription Amounts already drawn down and received by the Company from the Closing Date to the date of the Conversion Notice, which will be converted at the then applying Conversion Price; plus
- (ii) pay the Company the Conversion Price on the balance of the 86,500,072 Shares,

with such payments due to the Company within 5 Business Days of the date of the Conversion Notice. Upon receipt of the payments, and upon issue of the Shares on conversion in accordance with this clause 3.2 of these Note Terms, the Notes (plus all accrued but unpaid interest) will be taken to have been repaid in full.

- (d) Convert in Part - If the Subscriber exercises its Conversion Right of the then outstanding Principal Amount and accrued but unpaid interest, the Principal Amount (plus applicable accrued but unpaid interest) will convert into Shares at the Conversion Price corresponding with the month of conversion as defined in Schedule 4.
- (e) The Company must:
  - (i) within 5 Business Days of receiving a Conversion Notice under clause 3.2 of these Note Terms, register the Subscriber in its register of members as the holder of the Shares and apply for quotation of the Shares on the ASX;
  - (ii) no later than 2 Business Days after the time when the ASX grants quotation of the Subscriber's Shares, provide the Subscriber with documentary evidence of the ASX having granted such quotation; and
  - (iii) give to ASX (upon issue of the Shares) a notice (**Cleansing Notice**) under section 708A(5)(e) of the Corporations Act in respect of the Shares that complies with section 708A(6) of the Corporations Act or issue a disclosure document under Chapter 6D of the Corporations Act (**Cleansing Prospectus**) in respect of the Shares on or before the date of issue of the Shares to ensure that they are Freely Tradeable on and from the date of their issue.
- (f) Upon conversion, the Subscriber is deemed to authorise the Company to register it as the holder of Shares and to be bound by the constitution of the Company.
- (g) The Notes may only be converted in whole and not in part.
- (h) The Company shall forward free of charge to the Subscriber a holding statement for the Shares issued on conversion of the Notes.

### **3.3 Maximum number of Shares on conversion**

- (a) The Maximum aggregate number of Shares that may be issued to the Subscriber on conversion of the Notes (including in payment of interest) is 86,500,072 Shares.
- (b) If, following the conversion of Notes, there remains any balance of the Principal Amount (or interest) owing that cannot be converted into Shares without exceeding the Share cap set out in clause 3.3(a) of the Note Terms, such amounts will not be convertible into Shares and will be repayable in cash by the Company on the Maturity Date immediately.

#### **4 Repayment of Principal Amount**

- (a) If the Subscriber has not delivered a Conversion Notice under clause 3 of these Note Terms on or before 5.00pm (Sydney Time) on the Maturity Date, the Company must pay the Principal Amount to the Subscriber on the second Business Day after the Maturity Date, free of any set-off, deduction or counter-claim.
- (b) The payment in full by the Company to the Subscriber of all amounts owing to the Subscriber under clause 4(a) of these Note Terms together with the payment of interest in accordance with the Note Terms operates in full and final satisfaction of the Company's obligations to the Subscriber under the Note.
- (c) The Company may prepay amounts payable under the Notes in whole or in part at any time, provided that in those circumstances the Company will be required to pay a make-whole payment equivalent to the amount of interest that would have been paid under these Note Terms in respect of the amount prepaid, had such amount prepaid remained outstanding until the Maturity Date. Any prepayment made by the Company under clause 4(c) of these Note Terms will operate in full and final satisfaction of the Company's obligations to the Subscriber in respect of such Notes.

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#### **5 Interest**

- (a) Each Note bears interest at the Interest Rate on the Face Value of the Note from time to time from (and including) the date such Note is issued until (but excluding) the earlier of:
  - (i) the date the Note is converted into Shares;
  - (ii) the date of prepayment; and
  - (iii) the Maturity Date,and interest is payable by the Company in Shares (at the Conversion Price) on the earlier of the Maturity Date and the date such Notes are converted into Shares.
- (b) Interest in respect of a Note accrues monthly in arrears.

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#### **6 Shares to rank equally**

Each Share issued upon conversion of the Notes will, as from the date of conversion, rank equally in all respects with the then issued Shares of the Company.

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#### **7 No Company Interest**

The Notes constitute direct, unconditional and secured obligations of the Company and do not confer:

- (a) any beneficial entitlement to, or interest in, any Shares;
- (b) any right to vote at a general meeting of the Company, except as permitted by the Corporations Act;

- (c) any right or beneficial entitlement to be paid or credited a dividend declared or determined by the Company or any other right or beneficial entitlement to participate in a distribution of profits of the Company;
- (d) any entitlement (beneficial or otherwise) to a share of the property of the Company (except to the extent of the Security Pledge) that could be distributed among the members of the Company if property of the Company were distributed among its members, including through a distribution or return of capital of the Company, whether as a result of a winding up or otherwise; or
- (e) the right to participate in any new issue of Shares.

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## **8 No Quotation**

The Notes will not be quoted on ASX. The Company will apply to ASX for quotation of Shares issued on conversion of the Notes and ensure that official quotation occurs within 5 Business Days of their issue.

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## **9 Transfer**

- (a) Notes may only be assigned or transferred without the consent of the Company if the transferee is a Related Body Corporate of the Subscriber and provided that: (1) the assignment or transfer does not breach applicable laws; (2) the transferee is a person that does not require disclosure under applicable laws (including, for Australian transferees, the transferee does not require disclosure under Chapter 6D or the Corporations Act); and (3) the Company will not be required to pay or reimburse any party with respect to any additional taxes, charges or costs which would not have arisen had the assignment or transfer not occurred.
- (b) Any transferee will be required to enter into a deed (on terms acceptable to the Company) assuming responsibility for obligations under the Deed as contemplated by clause 21.5(b) of the Deed.

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## **10 Adjustment for reorganisation of capital**

- (a) If the Company reorganises its capital, the number of Shares issued on conversion or the Conversion Price, or both, will be reorganised in accordance with ASX Listing Rule 7.21 and 7.22 (to the extent applicable) so that the holder of the Notes will not receive a benefit that holders of Shares do not receive.
- (b) Without limiting clause 10(a):
  - (i) If prior to an conversion of a Note, but after the issue of the Note, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of Shares resident in Australia, then on conversion of the Note, the number of Shares over which a Note is convertible will, subject to the ASX Listing Rules, be increased by the number of Shares which the holder of the Note would have received if the Note had been converted before the date on which entitlements to the issue were calculated.
  - (ii) If prior to conversion of a Note, but after the issue of the Note, any offer or invitation is made by the Company to at least all the holders of Shares

resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro rata basis relative to those holders' Shareholding at the time of the offer, the conversion price will, subject to the ASX Listing Rules, be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).

- (iii) Subject to the ASX Listing Rules, in the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:
  - (A) the number of the Shares to which the Subscriber is entitled on conversion of the Note will be reduced or increased in the same proportion as, and the nature of the Shares will be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
  - (B) an appropriate adjustment will be made to conversion price of the Note.
- (c) Full effect will be given to the provisions of clause 10, as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on conversion of the Notes, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

**Schedule 3 – Conversion Notice**

**LIQUEFIED NATURAL GAS LIMITED**

**CONVERSION NOTICE**

To: **Liquefied Natural Gas Limited**

I/We, being the holder of the Notes specified below, hereby irrevocably elect to convert such Notes into fully-paid ordinary shares (**Shares**), in accordance with the terms and conditions of the Notes and agree to become a member of Liquefied Natural Gas Limited and be bound by the Constitution of Liquefied Natural Gas Limited.

1. **Total Principal Amount, number and identifying number of Notes to be converted:**

Number of Notes: [insert]

Total Principal Amount: [insert]

**Identifying numbers of Certificates deposited in respect of Notes to be converted (if relevant):**

[insert]

2. **Name of Subscriber**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Signature: \_\_\_\_\_

### Schedule 4 – Conversion Price

Month of conversion	Conversion price (US\$)
February 2020	0.138728209
March 2020	0.138843816
April 2020	0.138960579
May 2020	0.139077353
June 2020	0.139194128
July 2020	0.139310902
August 2020	0.139427677

## Schedule 5– LNGL Balance Sheet as at December 31, 2019

	CONSOLIDATED	
	DEC 31, 2019 AUD \$'000	JUN 30, 2019 AUD \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	7,705	19,756
Trade and other receivables	284	187
Other financial assets	549	2,048
Prepayments	580	946
<b>Total current assets</b>	<b>9,118</b>	<b>22,937</b>
<b>Non-current assets</b>		
Right-of-use assets	13,956	-
Property, plant and equipment	11,803	11,824
<b>Total non-current assets</b>	<b>25,759</b>	<b>11,824</b>
<b>Total assets</b>	<b>34,877</b>	<b>34,761</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,758	3,264
Employee benefits and provisions	405	338
Lease liabilities - current	1,013	-
<b>Total current liabilities</b>	<b>3,176</b>	<b>3,602</b>
<b>Non-current liabilities</b>		
Employee benefits and provisions	30	27
Lease Liabilities - noncurrent	13,428	-
<b>Total non-current liabilities</b>	<b>13,458</b>	<b>27</b>
<b>Total liabilities</b>	<b>16,634</b>	<b>3,629</b>
<b>Net assets</b>	<b>18,243</b>	<b>31,132</b>
<b>Equity</b>		
<i>Equity attributable to equity holders of the Parent:</i>		
Contributed equity	420,091	420,096
Reserves	50,494	49,489
Accumulated losses	(452,206)	(438,317)
<b>Parent interests</b>	<b>18,379</b>	<b>31,268</b>
Non-controlling interest	(136)	(136)
<b>Total equity</b>	<b>18,243</b>	<b>31,132</b>

**Liquefied Natural Gas Limited Execution**

**EXECUTED** as a deed

**Executed by Liquefied Natural Gas Limited**  
in accordance with section 127 of the  
*Corporations Act 2001 (Cth)* by:

  
\_\_\_\_\_  
Director signature

\_\_\_\_\_  
Director/Secretary signature

**GREGORY M VESEY**

\_\_\_\_\_  
Director full name  
(BLOCK LETTERS)

**ANDREW GOULD**

\_\_\_\_\_  
Director/Secretary full name  
(BLOCK LETTERS)

**Liquefied Natural Gas Limited Execution**

**EXECUTED** as a deed

**Executed by Liquefied Natural Gas Limited**  
in accordance with section 127 of the  
*Corporations Act 2001* (Cth) by:

\_\_\_\_\_  
Director signature

**GREGORY M VESEY**  
\_\_\_\_\_  
Director full name  
(BLOCK LETTERS)

*Andrew Gould*  
\_\_\_\_\_  
Director/Secretary signature

**ANDREW GOULD**  
\_\_\_\_\_  
Director/Secretary full name  
(BLOCK LETTERS)

**First Wall Street Capital Execution**

**EXECUTED** as a deed

**Executed by First Wall Street Capital Corp.** in accordance with its constituent documents and by authority of its directors:



\_\_\_\_\_  
Director signature

\_\_\_\_\_  
Director/Secretary signature

**GLENN MYLES**

\_\_\_\_\_  
Director full name  
(BLOCK LETTERS)

\_\_\_\_\_  
Director/Secretary full name  
(BLOCK LETTERS)