



# ENERGY WORLD CORPORATION LTD.

9A Seaforth Crescent,  
Seaforth NSW 2092, Australia.

Tel : (61 2) 9247 6888  
Fax: (61 2) 9247 6100

19 December 2014

**The Listing Manager  
Company Announcement Platform  
ASX Limited**

## CLEANSING NOTICE

**Notice under section 708A(12C)(e) of the Corporations Act 2001 (Corporations Act) (pursuant to ASIC Class Order [CO10/322]) to enable fully paid ordinary shares in the capital of Energy World Corporation Ltd (EWC) (Ordinary Shares) issued on conversion of interest bearing, registered convertible notes in an aggregate principal amount of US\$25,000,000 (Notes) issued by EWC, in accordance with the EWI Subscription Agreement (as defined below) and the Note Instrument (as defined below) to be on-sold to retail investors.**

### 1 Introduction

#### *Background*

On 14 May 2013, EWC and Energy World Philippines Holdings Limited (**EWP**) entered into a subscription agreement (**SCPE Subscription Agreement**) with Standard Chartered Private Equity (Singapore) Pte. Ltd (**SCPE**) in respect of the issue by EWP of and subscription by SCPE for interest bearing, guaranteed, registered convertible exchangeable notes in an aggregate principal amount of up to US\$75,000,000 (**SCPE Notes**) and the issue of a warrant by EWC to SCPE (the **Original SCPE Warrant**). On the same date EWC lodged a Cleansing Notice to enable the Ordinary Shares to be issued on exercise of the SCPE Notes and the Original SCPE Warrant to be on-sold to retail investors. Details of the documents under which the SCPE Notes were issued and the effect of the issue of the SCPE Notes and the Original SCPE Warrant on the capital structure of EWC, are set out in EWC's Cleansing Notice dated 14 May 2013.

On 30 September 2013, EWC and the SCPE agreed to amend the documents under which the SCPE Notes were issued and for EWC to issue an additional warrant to SCPE. Details of the amendments to the documents under which the SCPE Notes were issued and the effect of the issue of the SCPE Notes (as amended) and the Original SCPE Warrant on the capital structure of EWC as a consequence of such amendments, are set out in EWC's announcement on 30 September 2013.

On 21 November 2013, EWC issued an additional warrant to SCPE (**Additional SCPE Warrant**). Details of the documents under which the Additional SCPE Warrant was issued and the effect of the issue of the Additional SCPE Warrant on the capital structure of EWC, are set out in EWC's Cleansing Notice dated 21 November 2013. The Cleansing Notice was lodged to enable the Ordinary Shares to be issued on exercise of the Additional SCPE Warrant and the Original SCPE Warrant to be on-sold to retail investors.

On 29 May 2014, EWC announced that SCPE would no longer make available to EWP the sum of US\$25,000,000 for the Second Tranche Notes as foreseen under the SCPE Subscription Agreement.

EWC received an offer from Energy World International Limited (**EWI**) to replace the US\$25,000,000 funding on materially similar terms and conditions that were previously agreed with SCPE for its SCPE Notes; matching loan conditions, a coupon of 2.5% and an initial conversion price of AU\$0.50 cents per Ordinary Share (except that the Notes would be issued by EWC not by EWP and would not provide for a conversion right into shares of EWP) (**EWI Transaction**). EWI is a related party to EWC and therefore EWC shareholder approval was required before EWC entered into any transaction documents relating to the EWI Transaction. The EWI Transaction was approved by the shareholders of EWC by shareholder resolution at EWC's Annual General Meeting held on 21 November 2014 (**Shareholder Resolution**).

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On 19 December 2014, EWC entered into the EWI Subscription Agreement with EWI in respect of the subscription by EWI for the Notes and the issue by EWC of the Notes to EWI on that date. Details of the documents under which the Notes were issued and the effect of the issue of the Notes on the capital structure of EWC are set out below.

The net proceeds from the issue of the Notes are to be used for EWC's Philippines business and for general corporate purposes of EWC.

## 2 The effect of the issue of the Notes on EWC

Under the EWI Subscription Agreement, EWI has subscribed for, and EWC has issued, US\$25 million 2.5% convertible notes due in 2019 which may be converted into Ordinary Shares in EWC. A summary of the key terms of the EWI Subscription Agreement and the rights and liabilities attaching to the Notes is provided in sections 2, 3 and 4 of this Cleansing Notice.

This Cleansing Notice relates to the issue of the Notes. As at the date of this Cleansing Notice, EWC has satisfied each of the relevant conditions precedent for the issue of the Notes.

### *Effect on capital structure of EWC*

The effect of the issue of the Notes on the capital structure of EWC is as follows:

Based on the AU\$0.50 initial conversion price and Exchange Rate under the Notes, the maximum number of Ordinary Shares into which the Notes would convert is 61,215,000 Ordinary Shares. The following table sets out the effect on the capital structure of EWC on conversion of the Notes (including the effect taking into account the SCPE Notes actually issued and Original SCPE Warrants and Additional SCPE Warrants issued to SCPE (as indicated in column 4)):

|                                       | <b>Pre issue of the Notes</b> | <b>Assuming full conversion of Notes</b> | <b>Assuming full conversion of Notes and full exchange of the SCPE Notes actually issued and exercise of Original SCPE Warrants and Additional SCPE Warrants issued to SCPE</b> |
|---------------------------------------|-------------------------------|--|---|
| Ordinary shares quoted on the ASX (#) | 1,734,166,672                 | 1,795,381,672                            | 1,910,638,200   |

Note that the calculations in this section 2 of this Cleansing Notice assume that the conversion and the issue of the Ordinary Shares in respect of the Notes, have not been affected by any of the adjustment or anti-dilution clauses included in the terms of the Notes (discussed below).

The initial conversion price under the Notes is a premium of 37.25% to EWC's 30 day Volume Weighted Average Price.



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### ***Pro Forma Balance Sheet***

The following table sets out the audited Consolidated Statement of Financial Position as at 30 June 2014 (as lodged with ASX on 30 September 2014) and the unaudited pro forma Consolidated Statement of Financial Position as at 30 June 2014, prepared on the basis of the accounting policies normally adopted by EWC.

The pro forma statement is based on that previously reported statement adjusted to reflect the issue of the Notes and other transaction costs. That is, the Notes would raise gross proceeds of US\$25,000,000, with upfront fees and commitment fees payable to EWI and EWC's other costs (legal fees and other expenses related to the issue) incurred in connection with the issue estimated to amount to not more than 1.5%, giving net proceeds of approximately US\$24,625,000. The pro forma statement is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards (in particular disclosures under AASB 132: Financial Instruments Presentation).

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## Historical and Proforma Statement of Financial Position as at 30 June 2014

|   | Audited (US\$'000) | Note Issue            |                                 | Note Conversion, SCPE Note Exchange and Excise of Warrants             |                                 |
|---|--------------------|-----------------------|---------------------------------|--|---------------------------------|
|   |                    | Note Issue (US\$'000) | Proforma (unaudited) (US\$'000) | Note Conversion, SCPE Note Exchange and Excise of Warrants (US\$'000)* | Proforma (unaudited) (US\$'000) |
| <b>CURRENT ASSETS</b>                               |                    |                       |                                 |  |                                 |
| Cash assets   | 14,245             | 24,625                | 38,870                          | 80,658   | 45,903                          |
| Cash held in reserve accounts                       | 40,415             |                       | 40,415                          |  | 40,415                          |
| Trade and other receivables                         | 23,727             |                       | 23,727                          |  | 23,727                          |
| Inventories   | 1,521              |                       | 1,521                           |  | 1,521                           |
| Prepayment  | 5,541              |                       | 5,541                           |  | 5,541                           |
| <b>TOTAL CURRENT ASSETS</b>                         | <b>85,449</b>      | <b>24,625</b>         | <b>110,074</b>                  | <b>80,658</b>  | <b>117,107</b>                  |
| <b>NON-CURRENT ASSETS</b>                           |                    |                       |                                 |  |                                 |
| Cash held in reserve accounts                       | 126,082            |                       | 126,082                         |  | 126,082                         |
| Oil and gas assets                                  | 109,954            |                       | 109,954                         |  | 109,954                         |
| Exploration and evaluation expenditure              | 59,650             |                       | 59,650                          |  | 59,650                          |
| Property, plant and equipment                       | 909,066            |                       | 909,066                         |  | 909,066                         |
| <b>TOTAL NON-CURRENT ASSETS</b>                     | <b>1,204,752</b>   | <b>-</b>              | <b>1,204,752</b>                | <b>-</b>   | <b>1,204,752</b>                |
| <b>TOTAL ASSETS</b>                                 | <b>1,290,201</b>   | <b>24,625</b>         | <b>1,314,826</b>                | <b>80,658</b>  | <b>1,321,859</b>                |
| <b>CURRENT LIABILITIES</b>                          |                    |                       |                                 |  |                                 |
| Trade and other payables                            | 204,450            |                       | 204,450                         |  | 204,450                         |
| Income tax payable                                  | 2,124              |                       | 2,124                           |  | 2,124                           |
| Interest-bearing borrowings                         | 35,400             |                       | 35,400                          |  | 35,400                          |
| Derivative liabilities                              | 2,896              |                       | 2,896                           |  | 2,896                           |
| Provisions  | 187                |                       | 187                             |  | 187                             |
| <b>TOTAL CURRENT LIABILITIES</b>                    | <b>245,057</b>     | <b>-</b>              | <b>245,057</b>                  | <b>-</b>   | <b>245,057</b>                  |
| <b>NON CURRENT LIABILITIES</b>                      |                    |                       |                                 |  |                                 |
| Interest-bearing borrowings                         | 382,245            | 24,625                | 406,870                         |  | 382,245                         |
| Deferred tax liabilities                            | 47,312             |                       | 47,312                          |  | 47,312                          |
| Derivative liabilities                              | 901                |                       | 901                             |  | 901                             |
| Provisions  | 13,451             |                       | 13,451                          |  | 13,451                          |
| <b>TOTAL NON CURRENT LIABILITIES</b>                | <b>443,909</b>     | <b>24,625</b>         | <b>468,534</b>                  | <b>-</b>   | <b>443,909</b>                  |
| <b>TOTAL LIABILITIES</b>                            | <b>688,966</b>     | <b>24,625</b>         | <b>713,591</b>                  | <b>-</b>   | <b>688,966</b>                  |
| <b>NET ASSETS</b>                                   | <b>601,235</b>     | <b>-</b>              | <b>601,235</b>                  | <b>80,658</b>  | <b>632,893</b>                  |
| <b>EQUITY</b>                                       |                    |                       |                                 |  |                                 |
| Issued capital                                      | 466,805            |                       | 466,805                         | 80,658   | 498,463                         |
| Asset revaluation reserve                           | 19,211             |                       | 19,211                          |  | 19,211                          |
| Cash flow hedge reserve                             | (3,473)            |                       | (3,473)                         |  | (3,473)                         |
| Foreign currency translation reserve                | 6,195              |                       | 6,195                           |  | 6,195                           |
| Other reserves                                      | 3,213              |                       | 3,213                           |  | 3,213                           |
| Retained profits/(Accumulated losses)               | 100,260            |                       | 100,260                         |  | 100,260                         |
| Shareholders' equity attributable to members of EWC | <b>592,211</b>     | <b>-</b>              | <b>592,211</b>                  | <b>80,658</b>  | <b>623,869</b>                  |
| Outside equity interest in controlled entities      | <b>9,024</b>       |                       | <b>9,024</b>                    |  | <b>9,024</b>                    |
| <b>TOTAL SHAREHOLDER'S EQUITY</b>                   | <b>601,235</b>     | <b>-</b>              | <b>601,235</b>                  | <b>80,658</b>  | <b>632,893</b>                  |

\*This proforma is made on the assumption that the Notes are converted in full for Ordinary Shares in EWC, the SCPE Notes (actually issued) are exchanged in full for Ordinary Shares in EWC and the Original SCPE Warrant and Additional SCPE Warrant are excised in full.

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### 3 Rights and liabilities attaching to the Notes

Defined terms used in this section 3 and not otherwise defined in sections 1 and 2 of this Cleansing Notice have the meanings given to them in Annexure A to this Cleansing Notice.

#### **EWI Subscription Agreement**

The EWI Subscription Agreement provides for the issue of the Notes and certain other covenants relating to EWI's investment. The following is a summary of certain key terms of the EWI Subscription Agreement. A more detailed summary of the key terms of the EWI Subscription Agreement is included in Annexure A to this Cleansing Notice.

Under the EWI Subscription Agreement, amongst other things:

- The net proceeds from the issue of the Notes are to be used for EWC's Philippines business and for the general corporate purposes of EWC.
- EWI has the right to nominate a director (and an alternate director to that nominated director) to be initially appointed to the board of EWC through the filling of a casual vacancy or as an additional director (referred to as the Nominated Company Director). If, for any reason, the appointment of the Nominated Company Director is not confirmed at a general meeting of EWC's shareholders or the Nominated Company Director ceases to be appointed as a member of the Board, EWC will cause the Nominated Company Director to be appointed or re-appointed to fill a casual vacancy, or as an additional director, on Board as soon as practicable and otherwise within five (5) days thereafter. This right applies from Closing until EWI and its Affiliates cease to hold in aggregate Notes with a face value of at least US\$25,000,000.
- EWC provides certain undertakings to EWI, including to use the net proceeds from the sale of the Notes for EWC's Philippines business and general corporate purposes of EWC and to maintain the Nominated Company Director to the board of EWC, and not to remove or replace any such director without the prior written consent of EWI in accordance with the provisions set out in the paragraph above.

#### **Terms of the Notes**

The following is a summary of certain key terms of the Notes. A more detailed summary of the key terms of the Notes is included in Annexure A to this Cleansing Notice.

Under the Note Instrument, amongst other things:

- EWC's obligations under the Notes constitute the senior, direct, unconditional, unsecured and unsubordinated obligations of EWC, and shall at all times rank at least equally with all of its other present and future, direct, senior, unconditional, unsecured and unsubordinated obligations.
- The Maturity Date in respect of the Notes is on the date falling on the fifth (5<sup>th</sup>) anniversary of the Closing Date.
- The Notes shall bear interest from and including their date of issuance at the rate of:
  - two point five per cent. (2.5%) per annum of the outstanding principal amount of the Notes; and/or;
  - five per cent. (5%) per annum of the outstanding principal amount of the Notes, on and from the occurrence of a Redemption Event.

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- At any time during the Conversion Period, the Noteholder has the right at its election in its sole discretion to convert into Ordinary Shares all or part of the principal amount of each Note held by it. The number of Ordinary Shares to be issued will be determined by dividing the principal amount of such Note (converted into Australian dollars at the Exchange Rate) by the Conversion Price in effect at the relevant Conversion Date.
- A Conversion Right may be exercised in respect of one or more Notes.
- The existence of the Conversion Right is conditional upon the relevant Noteholder having obtained FIRB Approval for the granting to such Noteholder of the Conversion Right (if required).
- The Ordinary Shares issued pursuant to a Noteholder's exercise of its Conversion Right will be issued fully paid and will rank equally with, and have the same voting rights, dividend rights and other entitlements as the other Ordinary Shares as the case may be.
- Upon the occurrence of a Redemption Event, any Noteholder may by notice in writing to EWC, declare the Notes held by it to be immediately due and payable, in which event EWC shall immediately redeem each such Note by paying in cash, the entirety of the outstanding principal amount of such Notes together (except in the case of some limited exceptions) with an additional amount as would give such Noteholder an internal rate of return of ten per cent. (10%) per annum, calculated from the issue date of the Notes until the date that such aggregate amount is paid in full.
- EWC gives certain undertakings in the Note Instrument, including, for so long as any portion of a Note remains outstanding, to:
  - ensure that, at all times, there is available such number of unencumbered Ordinary Shares as would be required to be issued upon conversion of the relevant Notes; and
  - promptly notify each of the Noteholders upon the occurrence of any Redemption Event, and in any event, within five (5) business days of such occurrence.
- EWC is to maintain an agreed Debt to EBITDA Ratio for so long as any portion of a Note remains outstanding.
- The Note Instrument also includes certain anti-dilution protections for the Noteholders.

#### **4 EWC confirmations for purposes of Section 708(12C)(b) and (c) of the Corporations Act**

EWC confirms that as at the date of this Cleansing Notice:

- (a) Ordinary Shares are continuously quoted securities on ASX; and
- (b) there is no determination under Section 713(6) of the Corporations Act in force in respect of EWC; and
- (c) trading in Ordinary Shares on ASX was not suspended for more than a total of five days during the period of 12 months before the date of this notice (being the first day on which the Notes were issued).

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## 5 Rights and liabilities attaching to Ordinary Shares issued on conversion of Notes

Ordinary Shares of EWC issued on conversion of the Notes will be issued fully paid and ranking equally in all respect with existing Ordinary Shares.

## 6 Compliance with continuous disclosure

EWC is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations.

Aside from the information contained in documents previously lodged by EWC with the ASX pursuant to its continuous disclosure obligations, there is no additional information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of EWC; and
  - (ii) the rights and liabilities attaching to the Notes or Ordinary Shares to be issued on conversion of the Notes.

## 7 Additional Information

### *Right to Obtain Documents*

Copies of documents lodged with ASIC in relation to EWC, including the Constitution, may be obtained from, or inspected at, an ASIC office. In addition, EWC will make available to you free of charge at any time copies of:

- (c) EWC's Annual Report for the year end 30 June 2014; and
- (d) any continuous disclosure notices given by EWC after lodgement of that Annual Report and before release of this Cleansing Notice.

### *ASIC*

This Cleansing Notice is issued under Section 708(12C)(e) of the Corporations Act (pursuant to ASIC Class Order [CO10/322]) to enable Ordinary Shares issued upon conversion of the Notes to be on-sold to retail investors.

### *Important notices*

This document does not constitute an offer of Ordinary Shares.

This document contains forward looking statements that are not based solely on historical facts but are based on current expectations about future events and results. These forward looking statements are subject to inherent risks and uncertainties. Such risks and uncertainties include factors and risks specific to the operations of EWC, as well as general economic conditions, prevailing interest rates, conditions in the financial markets, government policies and regulations and competitive pressures. As a consequence, actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

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Forward-looking statements in this document speak only at the date of this document. Subject to any continuing obligations under applicable law or the ASX Listing Rules, EWC does not in providing this information undertake any obligation to publicly update or revise any of the forward-looking statements for any change in events, conditions or circumstances on which any such statement is based. Accordingly, you are cautioned about placing undue reliance on forward looking statements contained in this document.

Yours faithfully,

For and on behalf of  
ENERGY WORLD CORPORATION LTD.

A handwritten signature in black ink, appearing to read 'Ian W. Jordan', is written over a light blue horizontal line.

Ian W. Jordan  
Director and Company Secretary

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## ANNEXURE A Summary of key terms under the EWI Subscription Agreement

| EWI SUBSCRIPTION AGREEMENT |  |
|----------------------------|--|
| 1.                         | <b>Transaction:</b> The EWI Subscription Agreement provides for the issue of the Notes on the terms and subject to the conditions set out therein.   |
| 2.                         | <b>EWI:</b> Energy World International Limited, a related third party, incorporated in British Virgin Islands.   |
| 3.                         | <b>Use of proceeds:</b> The net proceeds from the issue of the Notes are to be used for EWC's Philippines business and for the general corporate purposes of EWC.  |
| 4.                         | <b>Appointment of Directors:</b> EWI has the right to nominate a director (and an alternate director to that nominated director) to be initially appointed to the board of EWC through the filling of a casual vacancy or as an additional director (referred to as the Nominated Company Director). If, for any reason, the appointment of the Nominated Company Director is not confirmed at a general meeting of EWC's shareholders or the Nominated Company Director ceases to be appointed as a member of the Board, EWC will cause the Nominated Company Director to be appointed or re-appointed to fill a casual vacancy, or as an additional director, on Board as soon as practicable and otherwise within five (5) days thereafter. This right applies from Closing until EWI and its Affiliates cease to hold in aggregate Notes with a face value of at least US\$25,000,000. |
| 5.                         | <b>Undertakings:</b> Undertakings given by EWC to EWI include to:<br><br>(a) use the net proceeds from the sale of the Notes for EWC's Philippines business and general corporate purposes of EWC; and<br><br>(b) comply with the provisions relating to EWI's right to nominate a Nominated Company Director set out above, from Closing until EWI and its Affiliates cease to hold in aggregate Notes with a face value of at least US\$25,000,000.  |
| 6.                         | <b>Governing law:</b> English law.   |

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## NOTE INSTRUMENT

1. **Issue:** Convertible, senior, direct, unconditional, unsecured, unsubordinated, interest bearing, registered Notes which mature on 19 December 2019, with a principal amount of US\$25,000,000.
2. **Noteholder:** Energy World International Limited, incorporated in British Virgin Islands and a related party of EWC.
3. **Form and denomination:** The Notes were issued in registered form without coupons attached, subject to the Conditions.
4. **Title:** Title to the Notes passes only by transfer and registration in the Register.
5. **Status:** EWC's obligations under the Notes constitute the senior, direct, unconditional, unsecured and unsubordinated obligations of EWC, and shall at all times rank at least equally with all of its other present and future, direct, senior, unconditional, unsecured and unsubordinated obligations.
6. **Transferability:** Save for (i) a transfer of Notes by a Noteholder to its Affiliates, or (ii) any transfer by a Noteholder following a Redemption Event, the transfer of Notes is subject to EWC's right of first refusal to purchase such Notes, as set out in the Conditions, but is not otherwise subject to the approval of EWC.
7. **Interest:** The Notes shall bear interest from and including their date of issuance at the rate of:
  - (a) two point five per cent. (2.5%) per annum of the outstanding principal amount of the Notes; and/or
  - (b) five per cent. (5%) per annum of the outstanding principal amount of the Notes, on and from the occurrence of a Redemption Event,payable in cash semi-annually in arrears.
8. **Maturity Date:** The Maturity Date in respect of the Notes is on the date falling on the fifth (5<sup>th</sup>) anniversary of the Closing Date (19 December 2019).
9. **Conversion Right:** At any time during the Conversion Period, each Noteholder has the right at its election in its sole discretion to convert into Ordinary Shares all or part of the principal amount of each Note held by it. The number of Ordinary Shares to be issued shall be determined by dividing the principal amount of such Note (converted into Australian dollars at the Exchange Rate) by the Conversion Price in effect at the relevant Conversion Date.  
  
A Conversion Right may be exercised in respect of one or more Notes.  
  
The existence of the Conversion Right is conditional upon the relevant Noteholder having obtained FIRB Approval for the granting to such Noteholder of the Conversion Right (if required).
10. **Initial Conversion Price:** The Initial Conversion Price is A\$0.50 per share.
11. **Alternate Exchange Option:** If, at any time after the Closing Date, the Ordinary Shares are listed for trading on an Alternate Exchange, each Noteholder has the right to elect to receive, upon exercise of the Conversion Right, either Ordinary Shares that are listed on ASX, or Ordinary Shares listed on an Alternate Exchange.
12. **Initial Conversion Price and Conversion Right Adjustment:** Subject to the ASX Listing Rules, EWC is to make

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appropriate adjustments to the Conversion Rights of the Notes in certain circumstances including:

- (a) upon the subdivision of outstanding Ordinary Shares, it shall proportionately decrease the Conversion Price, and upon the combination of outstanding Ordinary Shares, proportionately increase the Conversion Price, in each case immediately prior to such subdivision or combination (as the case may be);
- (b) upon EWC making a dividend or other distribution to holders of Ordinary Shares payable in Ordinary Shares or Share Equivalents, it shall proportionately decrease the Conversion Price at the time of such issuance;
- (c) upon EWC making a dividend or other distribution payable in securities of EWC other than Ordinary Shares or Share Equivalents, then upon any subsequent conversion of Notes, it shall issue the applicable number of Ordinary Shares together with the applicable amount of securities of EWC (as if the Notes had been converted into Ordinary Shares immediately prior to such event);
- (d) upon any capital reorganisation or reclassification of Ordinary Shares, or EWC's consolidation, merger or amalgamation with another person, then upon any subsequent conversion of Notes, EWC shall cause the issue of the applicable kind and number of shares and other securities and property to the Noteholder (as if the Notes had been converted into Ordinary Shares on the date of such event); and
- (e) in any other event where the above dilution protections are not strictly applicable but where failure to make an adjustment to the Conversion Price would not fairly protect the conversion rights of the Notes, EWC is to make the appropriate adjustment(s) necessary to preserve, without dilution, such conversion rights.

13. **Pro rata offer in case of EWC Securities Issue:** If EWC makes an issue of Securities, it shall make an offer to Noteholders to subscribe for such Securities on a pro rata basis as if the Notes had been converted for Ordinary Shares (whether or not such issue of Securities is offered pro rata to all holders of Ordinary Shares).

14. **Shares issued on conversion:** The Ordinary Shares issued pursuant to a Noteholder's exercise of its Conversion Right will be issued fully paid and will rank equally with, and have the same voting rights, dividend rights and other entitlements as the other Ordinary Shares as the case may be.

15. **Redemption on maturity:** EWC shall immediately redeem each Note which remains outstanding on the Maturity Date by paying, in cash, the entirety of the outstanding principal amount of such Note, together with all accrued and unpaid interest thereon.

16. **Prepayment:** EWC may not prepay the Notes at any time and may only redeem the Notes at the election of the Noteholder thereof.

17. **Early redemption:** Upon the occurrence of a Redemption Event, any Noteholder may by notice in writing to EWC, declare the Notes held by it to be immediately due and payable, in which event EWC shall immediately redeem each such Note by paying in cash, the entirety of the outstanding principal amount of such Notes together (except in the case of some limited exceptions) with an additional amount as would give such Noteholder an internal rate of return of ten per cent. (10%) per annum, calculated from the issue date of the Notes until the date that such aggregate amount is paid in full.

18. **Redemption Events:** Redemption Events include the following:

- (a) EWC defaults in paying any amount payable in respect of any of the Notes for more than three (3) business days;
- (b) EWC breaches any of its financial covenants under the Note Instrument and such breach is incapable of remedy or is not remedied as permitted thereunder;

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- (c) EWC materially breaches any of its covenants or undertakings in the Note Instrument, which breach is incapable of remedy or is not remedied as permitted thereunder;
- (d) EWC fails to deliver any Ordinary Shares as and when required under the Note Instrument;
- (e) the occurrence of various usual insolvency type events affecting EWC Group;
- (f) it is or will become unlawful for EWC to perform or comply with any one or more of its material obligations under any of the Notes or the other Transaction Documents;
- (g) any step is taken by any person with the intention of causing the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of an EWC Group member;
- (h) the acquisition by any person (other than Stewart Elliott and his Related Persons) of equity interests in EWC resulting in such person being the record, legal or beneficial owner of more than fifty per cent. (50%) of the equity interests in EWC on a Fully Diluted Basis (except where each Noteholder is given the opportunity to participate in such transaction, and such participation would result in each Noteholder receiving an amount in excess of the principal amount of its Notes together with accrued interest thereon);
- (i) either (i) the Ordinary Shares cease to be listed on the ASX; (ii) (subject to certain provisos) the Ordinary Shares are and remain suspended from trading for a period of ten (10) or more consecutive trading days; or (iii) EWC or the ASX announces its intention to remove EWC from the official list of the ASX.

19. **Taxation:** EWC shall pay all fees, capital duties, stamp duties, registration duties and other similar taxes, if any payable on or in connection with (i) the issue of the Notes, (ii) the initial delivery of the Note certificates, (iii) the execution of the Note Instrument, (iv); and the issue of Ordinary Shares.

In the event that any deduction or withholding for or on account of any taxes is compelled by law, EWC will pay such additional amounts in cash as will result in the receipt by the Noteholders of net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required.

20. **Undertakings:** EWC gives certain undertakings in the Note Instrument, including, for so long as any portion of a Note remains outstanding, to:

- (a) ensure that, at all times, there is available such number of unencumbered Ordinary Shares as would be required to be issued upon conversion of the relevant Notes; and
- (b) promptly notify each of the Noteholders upon the occurrence of any Redemption Event, and in any event, within five (5) business days of such occurrence.

21. **Financial covenant:** EWC is to maintain an agreed Debt to EBITDA Ratio for so long as any portion of a Note remains outstanding.

22. **Governing law:** English law.

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## DEFINITIONS

In this Cleansing Notice, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

|                                  |  |
|----------------------------------|--|
| <b>A\$ or Australian dollars</b> | means Australian dollars, the lawful currency of Australia   |
| <b>ASX</b>                       | means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited  |
| <b>ASX Listing Rules</b>         | means the official listing rules of ASX, as amended and waived by ASX from time to time  |
| <b>Affiliate</b>                 | means, with respect to any person, any other person Controlling, Controlled by, or under common Control with such person, as well as any entity which is Controlled by any of the foregoing  |
| <b>Alternate Exchange</b>        | means the Main Board of the Hong Kong Stock Exchange or another internationally recognised stock exchange except for ASX   |
| <b>Closing</b>                   | means the closing of the issue and subscription of the Notes by EWC and the payment by EWI of the Subscription Amount for the Notes in accordance with the EWI Subscription Agreement.   |
| <b>Closing Date</b>              | means the date of the Closing, being 19 December 2014.   |
| <b>Conditions</b>                | means the terms and conditions of the Notes set forth in the Note Instrument   |
| <b>Control</b>                   | of a person means with respect to a non-natural person, direct or indirect ownership of more than fifty per cent. (50%) of the outstanding voting securities of such person or the ability to appoint more than half of the directors of the board or equivalent governing body of such person or the ability, direct or indirect, to direct or cause the direction of the management and policies of such person; and the terms " <b>Controls</b> ", " <b>Controlling</b> " and " <b>Controlled</b> " shall have corresponding meanings |
| <b>Conversion Date</b>           | means the first business day after a Noteholder duly exercises its Conversion Right  |
| <b>Conversion Period</b>         | means:<br><br>(a) the period commencing from the first anniversary of the Closing Date to the date which is ten (10) days prior to the Maturity Date; or<br><br>(b) any time after the occurrence of a Redemption Event.   |
| <b>Conversion Price</b>          | means the Initial Conversion Price (see item (10) under the section entitled "Note Instrument" above), as adjusted from time to time in accordance with the Note Instrument  |

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- Conversion Right** means each Noteholder's right, its election in its sole discretion to convert into Ordinary Shares all or part of the principal amount of each Note held by it, in accordance with the Note Instrument
- Debt to EBITDA Ratio** means the ratio of consolidated net debt of the EWC Group to consolidated EBITDA of the EWC Group, which at the end of each period of twelve months ending on the last day of the EWC Group's financial year, shall be no more than 4.00:1.00
- EWC Group** means EWC and each of its Subsidiaries from time to time
- EWI Subscription Agreement** means the Subscription Agreement for the Notes by and among EWC and EWI dated on or about the date of this notice
- Exchange Rate** means, an exchange rate of US\$100,000 to A\$122,430, being the "mid" rate for the conversion of US\$ to A\$ quoted by Bloomberg at the close of business (Hong Kong time) on the business day prior to the issue of the Notes
- FATA** means the Foreign Acquisitions and Takeovers Act 1975 (Cth) of Australia
- FIRB Approval** means the consent of the Treasurer of the Commonwealth of Australia under the FATA and for this purpose the Treasurer is taken to have consented to the relevant transaction if:
- (c) the Treasurer issues a notice under the FATA stating that the Commonwealth Government of Australia does not object to the relevant transaction; or
  - (d) the Treasurer is, by reason of lapse of time, not empowered or ceases to be entitled to make an order under the FATA in relation to the relevant transaction,
- and that approval is given either unconditionally or on conditions that are reasonably acceptable to the relevant Noteholder.
- Fully Diluted Basis** means, at any time with respect to EWC, the share capital of EWC on a fully-diluted as-converted basis at the relevant time including all Ordinary Shares that would be issued if all of the Notes had been converted to Ordinary Shares at such time (whether or not such Notes are by their terms then currently convertible)
- Maturity Date** has the meaning given to it under item (8) under the section entitled "Note Instrument" above
- Nominated Company Director** means the one director nominated by EWI by written notice to EWC from time to time for appointment to the board of EWC
- Notes** means the notes in an aggregate principal amount of US\$25,000,000 issued by EWC pursuant to the EWI Subscription Agreement
- Note Instrument** means the deed constituting the Notes to be executed by EWC, the Note and the Conditions (along with the schedules thereto) (as from time to time amended, modified or supplemented in accordance with the terms of the Note Instrument) and includes any instrument which is executed in accordance with the provisions of the Note Instrument (as from time to time

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amended, modified or supplemented as aforesaid) and expressed to be supplemental thereto

|                              |   |
|------------------------------|---|
| <b>Noteholders</b>           | means the holders of the Notes from time to time  |
| <b>Ordinary Shares</b>       | means fully paid ordinary shares in EWC   |
| <b>Redemption Event</b>      | means any of the events listed in Condition 13.1 of the Note Instrument (and summarised in item (18) under the section entitled "Note Instrument" above)  |
| <b>Related Person</b>        | means any 'related party' as such term is defined in section 228 of the Corporations Act  |
| <b>Securities</b>            | means all Ordinary Shares or Share Equivalents; provided that the term "Securities" does not include (i) Ordinary Shares issued or issuable pursuant to a subdivision or consolidation of Ordinary Shares to which Condition 6.1 applies or (ii) Ordinary Shares issued pursuant to the Note Instrument |
| <b>Share Equivalents</b>     | means warrants, options and rights exercisable for Ordinary Shares or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional Ordinary Shares  |
| <b>Subscription Amount</b>   | means US\$25,000,000  |
| <b>Subsidiary</b>            | has the meaning as set forth in section 9 of the Corporations Act   |
| <b>Transaction Documents</b> | means the EWI Subscription Agreement, the Note Instrument (including each Note) and any other agreements, instruments or certificates executed or entered into pursuant to or in connection with any of the foregoing   |
| <b>US\$ or U.S. dollars</b>  | means United States dollars, the lawful currency of the United States   |

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