

ASX ANNOUNCEMENT

16 January 2015

**CONQUEST AGRI LIMITED
(ADMINISTRATORS APPOINTED)
ACN 091 320 464
ASX:CQA**

DRAFT DEED OF COMPANY ARRANGEMENT

At the meeting of creditors held in pursuant to Section 439A of the Corporations Act 2001 on 7 January 2015 creditors resolved that the company would execute a Deed of Company Arrangement.

Attached is a draft Deed of Company Arrangement incorporating the terms approved by creditors at the meeting

The Deed of Company Arrangement will be executed on or before 28 January 2015.

Any shareholder or creditor queries can be directed to Michelle Levin and Sean Wengel at our Sydney office via email to conquestagri@williambuck.com.

Yours faithfully
Conquest Agri Limited

A handwritten signature in black ink, appearing to read 'R Whitton', written over a light grey background.

Robert Whitton
Joint and Several Administrator

**CHARTERED ACCOUNTANTS
& ADVISORS**

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
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Telephone: +61 2 8836 1500
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Dated January 2015

Deed of Company Arrangement

Parties

Conquest Agri Limited (Administrators Appointed)

ACN 091 320 464

Robert William Whitton and Brendan James Copeland and Sean Magnus Wengel

Chapmans Limited

ACN 000 012 386

Details of a proposed Deed of Company Arrangement (“the Deed”) Pursuant to S445F of the Corporations Act 2001 (“the Act”)

A Deed of Company Arrangement for the Company is proposed to contain amongst other things the following terms and conditions.

Parties

Conquest Agri Limited (Administrators Appointed)

ACN 091 320 464

c/- William Buck Business Recovery Services, Level 29, 66 Goulburn Street, Sydney NSW 2000

(Company)

Robert William Whitton and Brendan James Copeland and Sean Magnus Wengel

of William Buck, Level 29, 66 Goulburn Street, Sydney NSW 2000 **(Deed Administrators)**

Chapmans Limited

ACN 000 012 386

of c/- Level 10, 52 Phillip Street, SYDNEY, NSW, AUSTRALIA, 2000 **(Syndicate)**

(Secured Creditor)

Introduction

- A** On 5 December 2014, the Company, acting under section 436A of the Act, appointed Robert William Whitton and Brendan James Copeland as Joint and Several Administrators of the Company;
- B** The first meeting of the Company’s creditors under section 436E of the Act was held on 17 December 2014;
- C** The second meeting of the Company’s creditors, under section 439A of the Act, was held on 7 January 2015, to consider, among other things, the execution of a Deed of Company Arrangement;
- D** At the meeting, the Company’s creditors resolved under section 439C(a) of the Act that the Company execute a Deed of Company Arrangement in the terms of this Deed; and
- E** The purpose of this document is to provide for the business, property and affairs of the Company to be administered in a way that maximises the chances of the Company, or as much as possible of its business, continuing in existence, or, if it is not possible for the Company or its business to continue in existence, results in a better return for the Company’s creditors and members than would result from an immediate winding up of the Company.

1. The Administrators of the Deed

Robert William Whitton, Brendan James Copeland and Sean Magnus Wengel of William Buck, Level 29, 66 Goulburn Street, SYDNEY NSW 2000.

2. The Property of the Company ("arrangement assets") that is to be Available to pay Creditors' Claims

- A Deed fund will be established to meet the remuneration and expenses of the Joint and Several Voluntary Administrators and Joint and Several Deed Administrators
- The Deed Fund will include:
 - Pre-appointment cash at bank monies recovered by the Administrator.
 - Cash amounts recovered into the Company's bank accounts during the Voluntary Administration and Deed of Company Arrangement, including amounts held in the accounts of fully owned subsidiaries.
 - Debtor amounts owing to the Company from invoices issued to customers prior to and during the Administration period.
 - Amounts owing to the Company in regard to Loans and/or Convertible Notes
 - Shares in any entity including but not limited to shares in Priority One Ltd
 - Any other assets that are realised during the course of the Voluntary Administration and Deed of Company Arrangement, including assets held by fully owned subsidiaries.
- The Deed Fund is not trust monies.
- Any remaining arrangement assets after the Deed is fully effectuated and after the payment of the remuneration and expenses of the Joint and Several Voluntary Administrators and Joint and Several Deed Administrators shall revert to the Company.
- The Deed Administrator may be required, at the request of the Syndicate, to seek approval of creditors (subject to the provisions of the Corporations Act and ASIC Regulatory Guide 82) to form a Creditors Trust and the fund including the right to any share issues will become part of such trust as will the creditors.
- The Deed Administrators on behalf of the Company, with all reasonable assistance requested from the Syndicate, will as soon as practicable, but no more than 6 months from the date of the execution of the DOCA cause a meeting of Shareholders to be called to authorise the issuance to creditors the aforementioned share components of the Deed fund.

2.1 Additionally the Deed Fund will include the following share based transactions

- The Secured Creditor debt will be converted to equity in the Company via the issue of fully paid ordinary shares at the rate of 373 shares for every dollar of the admitted Secured Creditor claim.
- Convertible Noteholders will have the option of accepting either (but not both) of the following share based transactions:
 - In-specie shares in Priority One Ltd owned by the Company valuing such Priority One shares at the rate of 50 shares per dollar of their admitted claim; or
 - The issue of fully paid ordinary shares at the rate of 50 shares for every dollar of their admitted claim.
- Convertible Noteholders are to indicate their preference within 14 days upon the execution of the Deed, otherwise the option will revert to an acceptance of the in-specie shares in Priority One Ltd only.
- Other creditors' debt, including unsecured creditors except for Convertible Noteholders, will be converted to equity in the Company via the issue of fully paid ordinary shares at the rate of 50 shares for every dollar of their admitted claim.
- Shareholders of the Company will be required to ratify the issue of shares to the Secured Creditor and other creditors at a meeting of shareholders convened in accordance with the Act.

3. Conditions Precedent for Operation

- The Shareholders must pass such resolutions as are reasonably necessary to at a minimum:
 - allow the allotment of 373 shares for every dollar of the Admitted Claim of the Secured Creditor, to those persons or entities nominated by the Syndicate; and
 - allow the allotment 50 shares for every dollar of the Admitted Claim of each Unsecured Creditor.
 - Registration by Priority One Ltd of the transfers of shares to the Convertible Noteholders
 - to the extent necessary, approve pursuant to item 7, s611 of the Corporations Act 2001 the issue to the Secured Creditor or its nominee of the aforementioned shares.
- The ASX confirming to the Company and the syndicate that nothing contemplated by this Deed will prevent the Company retaining ASX Listing.

4. The Nature and Duration of any Moratorium Period for which the Deed Provides

- The Deed will bind all secured, unsecured and priority employee creditors having claims. This includes any amounts, including penalties in respect of taxes payable for the period prior to the voluntary administration of the Company regardless of the date returns were filed in respect of those liabilities.
- During the arrangement period (during which the Deed will be in force), no creditor will be able to sue, wind up or otherwise initiate or continue legal proceedings against the Company in respect of a debt being subject to the Deed.
- The arrangement period will last until a resolution by creditors to terminate the Deed is passed, by either a breach of the Deed or until all admitted creditors are paid their entitlements subject to the Deeds terms.
- Creditors' claims will be adjudicated on by the Deed Administrator in accordance with the provisions set down in the Act and in the Corporations Regulations. Admitted claims will be entitled to a dividend from the Deed fund.
- Creditor's wishing to appeal the Deed Administrator's adjudication will have the right of appeal established by Regulation 5.6.54 of the Corporations Regulations.

5. To What Extent the Company is to be Released from its Debts

In full, upon payment of admitted claims by application of the arrangement assets. The pro rata payment of admitted claims will not be determined until the list of admitted creditors is settled and all arrangement assets are realised.

The creditors must accept their entitlements under the DOCA in full satisfaction and complete discharge of all Claims.

Without limitation:

- any employee options will be released; and
- any convertible notes on issue will be released.

6. The Conditions (if any) for the Deed to Come into Operation

The Deed will come into operation and take effect once the Deed is executed by the Company and the Administrator in accordance with the provisions of Section 444B of the Act.

7. The Conditions (if any) for the Deed to Continue in Operation

The Deed shall continue until terminated by the Court, creditors pass a resolution to terminate the Deed, circumstances exist under the Deed which provides for its termination or the arrangement assets are distributed in full to creditors on their admitted claims.

8. The Circumstances in which the Deed Terminates

The Deed will terminate:

- In circumstances entitling the Company to be released from its debts (see D. above).
- In the event of termination by the Court, by creditors in accordance with the Act or in the event of the Company being unable to remedy a breach of the Deed.
- The Deed Administrator, at his discretion, may convene a meeting of creditors to consider the variation or termination of the Arrangement if, in his opinion, the Arrangement become unworkable.
- If the Deed is in default, the Syndicate has 21 days to rectify the breach. If the default cannot be rectified, the Deed Administrator will call a meeting of creditors to determine the future of the Company.

9. The Order in which Proceeds of Realising the Property Referred to in B above are to be Distributed among Creditors Bound by the Deed

Subject to the below, the proceeds shall be paid in the priorities prescribed by the Act in the event that the Company had been wound up:

- The fees and expenses of the Administrator and Deed Administrator;
- Shares issued; and
- If any payment made from the Joint and Several Deed Administrators' account remains uncollected or unclaimed after six months and reasonable attempts have been made to locate the intended recipient, the Joint and Several Deed Administrators may make that payment as unclaimed monies to the Australian Securities and Investments Commission or the Commonwealth of Australia.

10. The Day (not later than the day when the Administration began) on or before which Claims Must Have Arisen if they are to be Admissible under the Deed.

5 December 2014

11. Other

- Upon the Deed's signing, control of the Company will revert to the Joint and Several Deed Administrators;
- The Deed may be varied after execution by a resolution of creditors in accordance with the provisions of the Act;
- The Directors shall be a party to the Deed;
- The terms of Schedule 8A of the Act, except to the extent that they are inconsistent with the above terms, shall apply;
- The Company offers no warranty or guarantee in relation to the value of the shares referred to in Clause 2.1 above, at the time of the distribution or at any other time;
- If the directors of the Company have not already resigned, if requested by the Syndicate, the Deed Administrator must terminate the directors of the Company and cause the appropriate notices to be lodged with ASIC;
- Subject to the satisfaction of the Conditions Precedent, the Secured Creditor releases and must discharge all security held over the Company; and
- Upon request of the Syndicate and an ordinary resolution passed by the Shareholders of the Company to do so, the Deed Administrator must appoint persons who have been nominated by the Syndicate to be directors of the Company.

**Executed as a Deed by
CHAPMANS LIMITED
(ADMINISTRATORS APPOINTED)**
In accordance with the Corporations Act 2001

.....
Witness

.....
DIRECTOR

.....
Name of Witness (Please Print)

DRAFT