

ABILENE OIL AND GAS LIMITED

(ASX: ABL)

16 March 2015

Pro-Rata Rights Issue Entitlement Offer Notice to shareholders under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (as notionally modified by ASIC Class Order 08/35)

On 6 March 2015, Abilene Oil and Gas Limited (**Abilene** or the **Company**) announced a pro-rata renounceable rights issue offer of 4 fully paid ordinary shares in the Company (**New Shares**) for every Abilene share held (**Share**) at an issue price of \$0.01 per share (**Rights Issue**). The Offer, which also comprises a shortfall offer, is made to holders of Shares with a registered address in Australia or New Zealand as at 7:00pm (Melbourne time) on Friday, 13 March 2015 (**Record Date**) (**Eligible Shareholders**).

The Rights Issue offers Eligible Shareholders the right to take up 4 new share for every 1 Abilene shares held as at the Record Date (**Entitlement**).

Eligible Shareholders who take up their entitlements under the Rights Issue in full are also able to participate in a further offer of New Shares, being the New Shares that have been initially offered to Eligible Shareholders under the Rights Issue and have not been taken up by them (**Shortfall Offer**).

The Rights Issue and Shortfall Offer comprise **the Offer**.

This notice is given by Abilene under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally modified by Australian Securities and Investments Commission (**ASIC**) Class Order 08/35).

Details of securities to be issued

Class of securities	Ordinary shares
ASX code of securities	ABL
Date of issue or expected issue of the securities	2 April 2015
Maximum number of securities issued or expected to be issued	a maximum of 292,893,180 New Shares
Offer Price	A\$0.01 (1.0 cent)
Maximum amount to be raised	A\$2,928,931.80

Detail of notice under section 708AA(2)(f)

In accordance with section 708AA(7) of the Corporations Act, the Company advises that:

- (a) the New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) this notice is being given under section 708AA(2)(f) of the Corporations Act (as notionally modified by ASIC Class Order 08/35);
- (c) as at the date of this notice, Abilene has complied with:



- (i) the provisions of Chapter 2M of the Corporations Act as they apply to Abilene; and
- (ii) section 674 of the Corporations Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act as (as notionally modified by ASIC Class Order 08/35); and
- (e) the potential effects that the issue of the new shares will have on the control of Abilene, and the consequences of such effects are described below.

Summary of potential control effects of the Offer on Abilene

The potential control effects that the Offer may have on the shareholders of Abilene, and the consequences of that effect (**Potential Control Effects**), will depend on a number of factors. The Potential Control Effects are described in detail in the Offer Booklet lodged with ASX on 6 March 2015.

As announced, the Company entered into an underwriting agreement with Holdrey Pty Ltd as trustee for the Don Mathieson Family Trust, an entity controlled by Mr Craig Mathieson, a director of the Company; and Salter Brothers Private Pty Ltd, an entity associated with Mr Paul Salter, a director of the Company (collectively, the **Underwriters**). The Underwriters have agreed to severally underwrite the Offer in equal proportions up to a maximum of 200,000,000 New Shares in aggregate at an aggregate issue price of \$2,000,000.

Each of the Underwriters have a relevant interest in a significant amount of Shares in the Company as at the date of the Offer Booklet:

- Holdrey Pty Ltd (**Holdrey**), an entity controlled by Mr Craig Mathieson, as at the date of the Offer Booklet holds approximately 22.55% in the issued Shares in the Company; and
- Each of Salter Brothers Private Pty Ltd and MAP Capital Pty Ltd are associates of Mr Paul Salter (**MAP Entities**). This means that MAP Capital Pty Ltd's current holding of approximately 4.74% in the issued Shares in the Company must be aggregated with any New Shares issued to Salter Brothers Private Pty Ltd pursuant to the Underwriting Agreement.

The Underwriters have not determined to what extent they will participate in the Rights Issue.

The Underwriters will not participate in the Shortfall Offer. The Underwriters are not associates.

The Potential Control Effects of the Offer on Abilene will depend on a number of factors, including:

- (a) the extent to which Eligible Shareholder participate in the Rights Issue;
- (b) the extent to which the Underwriters participate in the Rights Issue;
- (c) the identity of Eligible Shareholders that participate in the Entitlement component of the Offer;
- (d) the level, if required, of Eligible Shareholder participation in the Shortfall Offer; and
- (a) the identity of any Eligible Shareholders that participate in the Shortfall Offer.



It is not presently possible for the Directors of Abilene to predict the final level of subscription and shortfall under the Rights Issue, or the identity of Eligible Shareholders who will subscribe for their Entitlements or additional shares under the Shortfall Offer.

The Potential Control Effects of the Offer on the Company can be summarised as follows:

If all Eligible Shareholders take up their full Entitlements, there would be no significant effect on the control of Abilene, as the Offer is made pro-rata and in that case no rights would lapse or revert to the Shortfall Facility or Shortfall Placement.

If Eligible Shareholders do not take up their full Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.

The proportional interests of Shareholders who are not Eligible Shareholders will be diluted because they will not be entitled to participate in the Offer.

The following table illustrates how any dilution may impact shareholders that do not participate in the Offer, assuming that the maximum number of New Shares available under the Offer are issued.

Example Shareholder	Holdings as at Record Date	% at Record Date	Entitlement under the Rights Issue	Holdings if Entitlements not taken up	% following allotment of Shares
Shareholder 1	10,000,000	13.66%	40,000,000	10,000,000	2.73%
Shareholder 2	5,000,000	6.83%	20,000,000	5,000,000	1.36%
Shareholder 3	1,000,000	1.37%	4,000,000	1,000,000	0.27%
Shareholder 4	500,000	0.68%	2,000,000	500,000	0.13%

As a result of the Offer, and assuming that as a minimum the Underwriters take that number of New Shares that is equal to their full Entitlements under the Rights Issue, the minimum potential voting power, immediately following the Offer, of Holdrey is 22.55% and the MAP Entities is 4.74%.

Based on a theoretical extreme of:

- (a) 0% take up under the Rights Issue from Eligible Shareholders; and
- (b) 0% take up under the Shortfall Offer by Eligible Shareholders,

(other than the Underwriters), Holdrey's relevant interest in Abilene could theoretically increase to 42.34% on an undiluted basis, while the relevant interests of the MAP Entities could theoretically increase to 37.87%.

Assuming each of the Underwriters take up their full Entitlements under the Rights Issue, the following are examples of how Shareholders that do not participate in the Rights Issue may be impacted in terms of overall dilution in ownership:



% Take Up by Non-Underwriters under the Rights Issue and Shortfall Offer	Number of New Shares issued to Non-Underwriters	Number of New Shares issued to Underwriters	Total number of New Shares issued	Total Number of shares on issue post-Rights Issue	Maximum change in aggregate % ownership of Non-Underwriters
100%	212,951,664	79,941,516	292,893,180	366,116,475	0.00%
75%	159,713,748	133,179,432	292,893,180	366,116,475	-14.54%
50%	106,475,832	186,417,348	292,893,180	366,116,475	-29.08%
25%	53,237,916	200,000,000	253,237,916	326,461,211	-40.09%
0%	Nil	200,000,000	200,000,000	273,223,295	-53.22%

Each scenario would have the following control effects vis-à-vis the Underwriters:

% Take Up by Non-Underwriters under the Rights Issue and Shortfall Offer	% Holding of Holdrey Pty Ltd post-Offer	% Holding of MAP entities post- Offer
100%	22.55%	4.74%
75%	22.70%	19.14%
50%	29.97%	26.31%
25%	35.69%	31.70%
0%	42.64%	37.87%

Each of the Underwriters have stated that they have no current intention to procure or give effect to any of the following:

- (a) inject further capital into Abilene (following completion of the Offer);
- (b) transfer any property between them (or any person associated with them) and Abilene;
- (c) change the employment policies of Abilene, recognising that additional employees may be required in the future as Abilene's operations expand; or
- (d) change Abilene's existing policy in relation to financial matters or dividends.

Detailed information regarding the Offer is set out in the Offer Booklet.

-ENDS

For further information, contact:

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