

27 November 2015

Mr Mauro Piccini  
Adviser, Listings Compliance (Perth)  
ASX Compliance Pty Ltd  
Level 40 Central Park  
152-158 St Georges Terrace  
Perth WA 6000

Dear Mr Piccini

**COVE RESOURCES LIMITED (THE “COMPANY”) – ASX AWARE LETTER**

We refer to your letter dated 25 November 2015 in relation to the Company's proposed acquisition of BidEnergy Pty Ltd ("**BidEnergy**") and the Company's announcement "Cove to Acquire BidEnergy" lodged with ASX Market Announcement Platform on 25 November 2015.

Terms defined in your letter dated 25 November 2015 have the same meaning in this letter, unless otherwise defined.

We respond to the questions detailed in the referenced letter, as follows:

1. *Does the Entity consider the Information or any part thereof disclosed in the BidEnergy Acquisition Announcement, to be information that a reasonable person would expect to have a material effect on the price or value of its securities? (If in part, please specify the relevant part of the Information)?*

The Company considers the Information, collectively, to be information that a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company considers that part of the Information is price sensitive and part of the Information is not price sensitive. However, the Company considers that in the absence of the proposed transaction described in the BidEnergy Acquisition Announcement, none of the Information would be price sensitive.

2. *If the answer to question 1 is “no”, please advise the basis for that view.*

Not applicable.

3. *If the answer to question 1 is “yes”, when did the Entity first become aware of the Information or any part thereof disclosed in BidEnergy Acquisition Announcement? In answering this question, please specify the date and time when the Entity first became aware of the Information disclosed in the BidEnergy Acquisition Announcement or any part thereof.*

As previously disclosed, the Company has been reviewing complimentary and new acquisition opportunities since it was re-instated to official quotation on 1 June 2015. BidEnergy was identified as a potential opportunity during this process. The Company received a discussion paper on the opportunity to acquire BidEnergy from its corporate adviser on 13 November 2015 and commenced discussions therefrom.

These discussions continued until the term sheet was executed between the Company and BidEnergy on 24 November 2015. During the course of those discussions, as is usual during the course of any transaction negotiation, various items relating to BidEnergy and the proposed transaction, described as "Information", became known to the Company. However, the proposed transaction remained incomplete and confidential until the execution of the term sheet.

4. *If the answer to question 1 is "yes" and the Entity first became aware of the Information disclosed in the BidEnergy Acquisition announcement before the release of the Trading Halt Announcement, did the Entity make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Information was released promptly and without delay.*

The Company did not make any announcement in respect of the proposed transaction to acquire BidEnergy prior to the release of the Trading Halt Announcement and was not obliged to do so as Listing Rule 3.1A applied. The proposed transaction between the Company and BidEnergy remained confidential and incomplete until the term sheet was executed. The Company requested the Trading Halt immediately upon becoming aware of an increase in the volume of its stock being traded on 23 November 2015. The Company has no reason to believe confidentiality was lost in respect of the transaction described in the BidEnergy Acquisition Announcement at that time.

5. *Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1.

Yours sincerely



Winton Willesee  
Executive Chairman



25 November 2015

Winton Willesee  
Company Secretary  
Suite 25  
145 Stirling Highway  
NEDLANDS WA 6009

**By Email**

Dear Mr Willesee,

**COVE RESOURCES LIMITED ("ENTITY"): ASX AWARE LETTER**

ASX Limited ("ASX") refers to the following.

1. The Entity's share price movement from \$0.009 on 20 November 2015 to \$0.012 on 23 November 2015 representing an increase of 33%.
2. The Entity's announcement entitled "Trading Halt" lodged with ASX Market Announcements Platform and released at 11:44 am AEDT on 23 November 2015 (the "Trading Halt Announcement").
3. The Entity's announcement entitled "Cove to Acquire BidEnergy" lodged with ASX Market Announcements Platform and released at 09:58 am AEDT on 25 November 2015 (the "BidEnergy Acquisition Announcement") including amongst other things:
  - Disruptive, SaaS energy spend management platform – single solution to manage a customer's entire energy spend life cycle - from strategic sourcing, category management through to finance and accounts payable;
  - Innovative 'combinatorial auctions' offer a revolutionary energy sourcing solution for multi-site energy customers i.e. retail chains, banks, real estate, utilities and government – savings of up to 15% compared to a traditional tender or standard reverse auction processes;
  - Fully integrated 'big data' platform that manages all supplier bills, rapid interval data (smart meters), tariffs, and contracts;
  - Bills automatically receipted and validated with full payment integration to all Enterprise Resource Planning platforms including SAP, Oracle and Microsoft;
  - End-to-end automation from advanced energy sourcing through to payment processing reduces internal management costs by up to 90%;
  - Proven technology and business model – over \$200M of energy contracts transacted;



- Global reach with offices and customers in Australia, New Zealand and the UK – initial focus on energy with growth to other deregulated utility markets including gas and water;
- Over 4,500 sites under management from industries including banking, retail, government, health care, and leisure services – total addressable market in Australia, New Zealand, UK, Europe and US est. >15,000,000 sites;
- Incoming executive team and board of directors with significant experience in managing private and listed energy and software companies; and
- Cygnet Capital Pty Limited and Canaccord Genuity (Australia) Limited to joint lead manage an institutional re-compliance capital raising to raise \$7M to fund business development and expansion to the USA

(together, the “Information”)

4. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
5. The definition of “aware” in Chapter 19 of the Listing Rules. This definition states that:

*“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

6. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*



- *The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

7. ASX's policy position on the concept of "confidentiality" which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "Listing Rule 3.1A.2 – the requirement for information to be confidential". In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the Information or any part thereof disclosed in the BidEnergy Acquisition Announcement, to be information that a reasonable person would expect to have a material effect on the price or value of its securities? (If in part, please specify the relevant part of the Information).
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did the Entity first become aware of the Information or any part thereof disclosed in BidEnergy Acquisition Announcement? In answering this question, please specify the date and time when the Entity first became aware of the Information disclosed in the BidEnergy Acquisition Announcement or any part thereof.
4. If the answer to question 1 is "yes" and the Entity first became aware of the Information disclosed in the BidEnergy Acquisition announcement before the release of the Trading Halt Announcement, did the Entity make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this Information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

#### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than close of business (**5:00 pm WST**) on **Friday 27 November 2015**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.



You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@asx.com.au) and [mauro.piccini@asx.com.au](mailto:mauro.piccini@asx.com.au). It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.



Please contact me if you have any queries or concerns about the above.

Yours sincerely

*[sent electronically without signature]*

Mauro Piccini

**Senior Adviser, ASX Listings Compliance (Perth)**