

18 March 2016

Company Announcements Platform  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

**By Electronic Lodgement**

Dear Sir/Madam

**NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001**

This notice is given by Po Valley Energy Limited (**Company**) under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Corporations Act**) as notionally modified by Australian Securities and Investment Commission Class Order 08/35 (**C08/35**). References in this notice of the Corporations Act are references to the Corporations Act as modified or amended by CO 08/35.

The Company has announced its intention to undertake an equity raising of up to \$1,751,962 via a renounceable pro-rata entitlement offer (**Rights Issue**) of fully paid ordinary shares (**Shares**) at a price of \$0.005, on the basis of 2.5 new Shares for every 1 Shares held as at 5.00pm (WST) on 23 March 2016 to eligible shareholders of the Company with a registered address in Australia and New Zealand.

Based on the current capital structure a total of an additional 350,392,300 Shares (subject to rounding) will be issued under the Rights Issue. The Offer is partially underwritten by entities controlled by Mr Masterman and Dr Pirola (directors of the Company) and Kevin Bailey and the Supervised Fund, both shareholders of the Company. All Directors, Mr. Bailey and Supervised Investments have indicated that they intend to (and will procure that the entities associated with them will) participate in the Rights Issue to the full extent of their entitlements.

The Company hereby confirms that in respect of the Rights Issue (as per the requirements of paragraph 708AA(2)(f) of the Corporations Act):

- (a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Corporations Act;
- (c) as at the date of this notice the Company has complied with:
  - (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
  - (ii) section 674 of the Corporations Act as it applies to the Company;

- (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;
- (e) the potential effect that the issue of the new Shares pursuant to the Rights Issue will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given that the Rights Issue is a pro rata issue, the primary consequences are that:
  - (i) if all Shareholders subscribe for their entitlements, then all shareholders will retain their percentage ownership in the Company, and the issue of Shares under the Rights Issue is not expected to have any material effect on the control of the Company, subject only to changes resulting from the sale of shares by the nominee on behalf of ineligible shareholders; and
  - (ii) if some eligible shareholders do not take up their full entitlement, those shareholders' voting power would be diluted relative to the shareholders who did take up their full entitlement, including those who have applied for additional new securities under the top-up facility.

The effects on control if shareholders do not subscribe for all of their entitlements may be significant and is further particularised in section 4.9 of the offer document prepared by the Company in respect of the Rights Issue. In particular, section 4.9 of the offer document describes the potential situation where the Rights Issue is not fully subscribed for and the underwriters of the Rights Issue take up (or procure that their associated entities take up) their full entitlement as a Shareholder and also take up shortfall shares in their capacity as underwriter of the Rights Issue.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Lisa Jones".

Lisa Jones  
Company Secretary