ANTARES ENERGY LIMITED
A.C.N. 009 230 835

Ground Floor
63 Hay Street
Subiaco WA 6008

PO Box 690
West Perth WA 6872
www.antaresenergy.com

22 March 2016

Ms Anjuli Sinniah
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Ms Sinniah

**ANTARES ENERGY LIMITED (COMPANY OR ANTARES OR AZZ): ASX AWARE QUERY**

1. We refer to ASX's letter to the Company dated 10 March 2016 in relation to the ASX aware query (**"ASX Letter"**), as enclosed with this letter.

2. The ASX Letter requests that the Company respond to a number of questions relating to:

   2.1 The "Note Repayment Extension" which is defined in the ASX Letter as information relating to:

   *2.1.1* *"The Company has insufficient cash reserves to satisfy the redemption notices received to date for 11,190,669 notes (Notes) for a total redemption value of $23,821,338;*

   *2.1.2* *a meeting to be held with convertible noteholders to obtain:*

   *(a)* *An extension of the repayment date to 31 March 2017;*

   *(b)* *A moratorium on the payment of any interest from 31 January 2016 to 30 April 2017;*

   *(c)* *Increase the conversion rate so that one note is convertible into four fully paid ordinary shares."*

   2.2 The "Delayed Assets Sale" which is defined in the ASX Letter as information relating to:

   *2.2.1* *"On 30 October 2015, noteholders approved an extension of the reset date for the Notes to 31 March 2016 to allow AZZ sufficient time to progress the sale of its Northern Star and Big Star Projects ("Assets"). Despite AZZ's best efforts and extensions granted to the purchaser, Wade Energy Corporation (a private equity purchaser) ("Purchaser"), the sale of the Assets has not completed despite the sale agreement remaining on foot. AZZ is currently considering its options in relation to the Purchaser's failure to complete the acquisition of the Assets;*

*2.2.2* *AZZ has also conducted a sale process for the Assets to identify alternative purchasers. The sale process generated interest from a number of parties and the feedback on the quality of the Assets was positive; and*

*2.2.3* *AZZ is continuing to engage with parties who have expressed an interest in the Assets with the aim of agreeing a sale or joint venture for the Assets."*

3. As a preliminary matter, we note that each of the terms "Notes Repayment Extension" and "Delayed Assets Sale" rolls up multiple items of information, relating to matters which occurred at disparate points in time. The ASX's questions request that the Company provide its opinion as to whether the "information or any part thereof" reflected in those definitions has certain characteristics. Given the manner in which the terms "Notes Repayment Extension" and "Delayed Assets Sale" have been defined, and given the complexity of assessing whether a collection of information (relating to matters occurring at different points in time) hypothetically would be expected by a reasonable person to have a material effect on the price or value of the Company's securities, it is not possible to respond to those questions in a compendious fashion.

4. As we apprehend the ASX's primary concern is compliance with the ASX Listing Rules regarding continuous disclosure, we have sought to address the questions posed by the ASX by identifying those parts of the "Notes Repayment Extension" information and "Delayed Assets Sale" information which have been disclosed to the market, and when; and if not disclosed, the reasons why disclosure has not occurred. We have also set out the background and circumstances of the Company, as relevant to the Company's response to the ASX Letter.

**BACKGROUND**

**Sale of Northern Star and Big Star Assets**

5. On 7 September 2015, the Company announced that it had entered into two sale agreements (**Sale Agreements**) with a private equity purchaser for the sale of its Northern Star asset for US$148,788,560 and Big Star asset for US$105,069,420 (collectively, the **Assets**), subject to closing adjustments, taxes and frictional costs.

6. The Company did not release the name of the purchaser of the Assets for the following reasons:

6.1 the Company believed disclosing the identity of the purchaser jeopardised the ability to complete the sale of the Assets;

6.2 the Company has previously kept the names of purchasers confidential when announcing transactions of a similar nature to the market and has only released the names of the purchaser after completion of such transactions, with no objections being raised by ASX on these previous occasions. This includes the sale of the Company's ownership rights announced on 23 April 2009 (made without disclosing PetroHawk Energy Corporation as the purchaser until after the transaction had completed), the sale of non-core Hawkville interests announced on 19 April 2013 (made without disclosing BHP Billiton as the purchaser until after the transaction had completed) and the sale of the Southern Star assets announced on 27 October 2014 (made without disclosing the name of Breitburn Energy Partners until after the transaction had completed);

6.3 disclosing the identity of the purchaser would enable other sellers and intermediaries to contact the purchaser to undertake a transaction with those parties instead, potentially undermining the sale of the Assets for the Company;

6.4 as the purchaser is not a listed ASX company, there are no restrictions on it disclosing information to other parties on the status of the transaction. If third parties contact the purchaser directly, they may be able to gain access to non-public information. This non-public information may then be released to the public by third parties and the Company will no longer be able to ensure the information is reported correctly or completely;

6.5 as the development and disposal of oil and gas projects is the main undertaking of the Company, the Company would find it difficult to conduct similar transactions in the

future if potential purchasers were of the view that the Company could not keep details of the transaction confidential until completion occurred; and

6.6 as the Company operates in a market where private companies are significant purchasers of oil and gas projects, the Company's ability to require disclosure from these parties is severely limited and places the Company at a significant disadvantage to its competitors if the Company is required to disclose detailed information about prospective purchasers while its competitors for the sale of oil and gas projects are not.

7. Having regard to all the above matters, the Company considered that even if the identity of the purchaser was material, which it does not admit, the identity of the purchaser was confidential and did not consider that a reasonable person would expect the identity of the private equity purchaser to be disclosed.

8. The sale of the Assets to the private equity purchaser was originally expected to complete on or before 30 November 2015.

9. On 9 September 2015, ASX contacted the Company to request the name of the purchaser and further details of the Sale Agreements.

10. Between 9 September 2015 to 10 September 2015, ASX and the Company were in communications regarding the requests from ASX.

11. After 5:00pm on 10 September 2015, ASX advised that the Company needed to request a trading halt to consider its response to ASX's requests relating to the name of the purchaser and other information relating to the Sale Agreements.

12. On 11 September 2015, the Company's securities were placed in a trading halt to allow the Company to consider its response to requests for information relating to the Sale Agreements from ASX.

13. ASX requested that the Company disclose the identity of the purchaser of the Assets. For the reasons described in paragraphs 6 and 7, the Company did not believe that doing so was in the best interests of the Company as it jeopardised the ability to complete the sale of the Assets.

14. By 15 September 2015, the Company and ASX were unable to resolve their differences regarding the disclosure of the identity of the purchaser and ASX subsequently suspended the Company's securities from quotation.

15. In the announcement released by ASX suspending trading in the Company's securities, ASX also noted that the sale of the Assets would require the approval of the Company's shareholders (**Shareholders**) pursuant to listing ASX Listing Rule 11.2.

16. On 15 September 2015, the Company released a response to the suspension of quotation of its securities advising that at that time it did not want to disclose the identity of the private equity purchaser of the Assets as disclosing the identity of the purchaser would jeopardise the Company's ability to complete the sale of the Assets.

17. The directors believed that in accordance with paragraph 4.3 of ASX Guidance Note 16, the suspension of trading in the Company's securities would allow the Company to manage its continuous disclosure obligations where the Company was completing the complex sale of the Assets which was important to the Company's continued financial viability for the reasons described below.

18. The securities of the Company have remained suspended since 15 September 2015.

**Half Year Report**

19. On 11 September 2015, the Company released its half-year financial report (**Half Year Report**) for the half year ending 30 June 2015 which disclosed the Company's cash balance as at 31 August 2015 and developments relating to the Company up to the date of the report.

20. The Half Year Report also contained an emphasis of matter at the conclusion of Ernst & Young's review of the Company's half year accounts. The emphasis of matter drew the market's attention to Note 1 in the Half Year Report of the uncertainty about the Company's ability to continue as a going concern.

21. Note 1 of the Half Year Report disclosed to the market that:

    21.1 the Company and its subsidiaries' (**Group**) had a cash balance as at 31 August 2015 of A$4.5 million;

    21.2 the Group held listed shares in Breitburn Energy Partners LP (listed on NASDAQ) with a value as at 31 August 2015 of A$17.263 million;

    21.3 the Group had outstanding liabilities associated with the Notes as at 30 June 2015 of A$47.188 million, with a reset date on 31 October 2015; and

    21.4 should the holders of the Notes (**Noteholders**) elect to redeem their Notes, the Group had insufficient cash reserves to fund the redemption of the Notes and continue as a going concern.

22. As stated in Note 1 of the Half Year Report, the directors of the Company were of the opinion that the financial statements could be prepared on a going concern basis as they believed the announced sale of the Assets would provide the Company with sufficient cash to redeem any Notes if:

    22.1 the sale of the Assets completed prior to the reset date for the Notes on 31 October 2015. At the time the Company was in on-going discussions with the Purchaser and the parties intended to complete the sale of the Assets by the end of October; or

    22.2 the Group was able to secure short term financing to satisfy any redemption notices in relation to the Notes in advance of one of the sales of the Assets completing.

23. The Half Year Report disclosed that if the Company was not able to achieve the matters described in paragraphs 22.1 and 22.2 above, that there was significant uncertainty as to whether the Company could be able to continue as a going concern, unless alternative funds were secured to repay the Notes.

24. Accordingly, it was clear from the Company's publicly available Half Year Report that there was a risk that the Company may not have sufficient cash reserves to satisfy Noteholder redemptions on 31 October 2015 (depending on how many redemptions were actually received by the Company and the matters described in paragraphs 22.1 and 22.2 above), if that date was not extended.

**October 2015 Noteholders meeting**

25. On 8 October 2015, the Company issued a notice of meeting to Noteholders (**October 2015 Notice of Meeting**) for a meeting to be held on 30 October 2015 (**October 2015 Noteholders Meeting**) to extend the reset date of the Notes from 31 October 2015 to 31 March 2016.

26. The October 2015 Notice of Meeting advised that the Company was seeking to extend the reset date for the Notes in order for the Company to assess redemption notices received from Noteholders and progress the sale of the Assets.

27. While the amendment to the reset date of the Notes would extend the time the Company had to redeem the Notes of Noteholders who had lodged redemption notices with the Company, this did not affect the interest payments on the Notes which the Company was required to make on 30 October 2015 and 29 January 2016.

28. On 27 October 2015, the Company released an ASX announcement (**October 2015 Announcement**) providing an update on the sale of the Assets and the number of redemption notices that it had received prior to the October 2015 Noteholders Meeting.

29. In the 27 October 2015 Announcement, the Company advised that:

29.1 by 27 October 2015, the value of redemption notices for the Notes which the Company had received over the period from 8 September 2015 to 19 October 2015 (A$23,783,070) exceeded the cash held by the Company (A$4.5 million as held on 31 August 2015);

29.2 other than the liabilities associates with the Notes, the Company had no other significant debts; and

29.3 the Company had received redemption notices from Noteholders for 11,891,535 Notes for a total redemption value of A$23,783,070.

30. Accordingly, it was clear from Note 1 and the emphasis of matter in the Half Year Report, the nature of the extension to the reset date sought in the October 2015 Notice of Meeting and the information described in paragraph 29 (contained in the October 2015 Announcement) that:

30.1 by 27 October 2015, the value of redemption notices for the Notes which the Company had received (A$23,783,070) exceeded the cash held by the Company (A$4.5 million as held on 31 August 2015);

30.2 if Noteholders failed to grant the Company the extension to the reset date at the October 2015 Noteholders Meeting, the Company would not be able to satisfy the redemption notices for the Notes without the sale proceeds from Assets (or an alternative re-financing); and

30.3 there were risks relating to completion of the sale of the Assets.

31. The market was fully informed in October 2015 about the risks relating to completion of the sale of the Assets, the financial circumstances of the Company and its ability to redeem the Notes.

32. On 30 October 2015, the Noteholders approved the extension to the reset date of the Notes to 31 March 2016 at the October 2015 Noteholders Meeting with knowledge of this information relating to the circumstances of the Company.

**Draft notice of meeting of Shareholders sent to ASX**

33. Following the October 2015 Noteholders Meeting, the Company prepared a notice of meeting for despatch to Shareholders seeking approval for the disposal of the Assets pursuant to ASX Listing Rule 11.2 (**Draft Shareholders Notice of Meeting**).

34. On 6 November 2015, the Company provided ASX with the Draft Shareholders Notice of Meeting for its approval prior to despatch to Shareholders.

35. The Draft Shareholders Notice of Meeting disclosed the material terms of the Sale Agreements including the identity of the private equity purchaser of the Assets as being Wade Energy Corporation (**Wade** or **Purchaser**), a Texas limited liability company.

36. The Draft Shareholders Notice of Meeting also included information which had previously been disclosed to the market that there were risks relating to redemption of the Notes on the extended reset date of 31 March 2016 if the Company did not complete the sale of the Assets which had previously been disclosed through the October 2015 Announcement.

37. On 10 November 2015, the Company received a letter from ASX (**November ASX Letter**) advising that ASX considered (in its own opinion) that there was information included in the Draft Shareholders Notice of Meeting which should be included in a standalone announcement to ASX and that this standalone ASX announcement and the Draft Shareholders Notice of Meeting should include further information in response to questions from ASX.

38. The information and questions which ASX required the Company include and answer in a standalone announcement and in a revised Draft Shareholders Notice of Meeting included:

38.1 the identity of the private equity purchaser of the Assets being Wade, which would have been disclosed on the release of the Draft Shareholders Notice of Meeting;

38.2 information about the financial standing of Wade, its ability to complete the purchase of the Assets and whether it had completed transactions of a similar nature previously;

38.3 details of the US$70,000,000 of closing adjustments, taxes and frictional costs that the Company believed would be associated with the sale of the Assets; and

38.4 a statement correcting the Company's previous disclosure that completion of the sale of the Assets was not subject to any conditions precedent and including in the Draft Shareholders Notice of Meeting the conditions precedent to completion contained in the Sale Agreements.

39. The Company had no objection to making a standalone announcement which disclosed Wade as the purchaser of the Assets, as requested by ASX. However, the Company was unable to agree with ASX on the information that ASX had requested the Company disclose in an announcement and amendments to the Draft Shareholders Notice of Meeting, (being documents that the Company (not ASX) was releasing to the market).

40. The proposed shareholders' meeting was not convened and the information contained in the Draft Shareholders Notice of Meeting was not publicly released.

**Non-Released December Announcement**

41. On 1 December 2015, the Company released an announcement on ASX advising that:

41.1 the sale of the Assets had not completed by the expected completion date of 30 November 2015 (as contained in the Sale Agreements) and the Purchaser had requested an extension; and

41.2 the parties were negotiating amendments to the Sale Agreements and the Company would advise the market of the outcome of these negotiations.

42. On or around 4 December 2015, the Company and Wade executed amendments to the Sale Agreements to:

42.1 extend the completion date for the sale of the Assets to on or before 15 January 2016;

42.2 provide the Company with the option to terminate the Sale Agreements at any time prior to 15 January 2016; and

42.3 provide that there were no conditions precedent to completion, other than shareholder approval of the sale of the Assets.

43. On 4 December 2015, the Company provided ASX with an announcement for release to the market which advised the market of the amendments to the Sale Agreement described in paragraph 42 (**Non-Released December Announcement**) and the following information:

43.1 there remained risks and uncertainties relating to completion of the sale of the Assets, some of which were beyond the Company's control, including risks associated with Wade defaulting on its obligations under the amended Sale Agreements and credit risks associated with Wade and its private equity financiers;

43.2 while the Company continued to engage with Wade, the Company had been provided with limited information relating to the finances of Wade and its private equity financiers; and

43.3 there was no assurance or guarantee that completion under the Sale Agreements would occur.

44. On 4 December 2015 ASX refused to release the Non-Released December Announcement on the ASX announcements platform so that the information relating to the amended Sale Agreements could be disclosed to the market.

45. Instead, ASX requested copies of the documents relating to the amendments to the Sale Agreement which the Company provided to ASX on 5 December 2015.

46. On 8 December 2015, ASX requested that the Company amend the Non-Released December Announcement to include specific information which ASX believed (in its own opinion) should be disclosed and wanted the Company to disclose to the market, including:

    46.1 the name of the private equity financiers of Wade;

    46.2 the financial capacity of Wade to complete the purchase of the Assets;

    46.3 the enquiries made by the Company into the financial capacity of Wade and an explanation of the confidence the Company had in Wade being able to complete the purchase of the Assets under the amended Sale Agreements;

    46.4 a summary of the material amendments to the Sale Agreements which included the omission of conditions precedents under the original Sale Agreements;

    46.5 the circumstances surrounding Wade's acknowledgement that its right to terminate under the Sale Agreements had lapsed and the Company's right to terminate the Sale Agreements at its discretion at any time prior to completion; and

    46.6 the extent and purpose of the Company's continued engagement with Wade.

47. The Company was unable to agree with ASX on the content of the information that was to be included in the Non-Released December Announcement.

48. ASX did not release the Non-Released December Announcement to the market.

**December 2015 Quarterly Report and sales process**

49. While the Company continued (and continues) to engage with Wade to complete the sale of the Assets, after Wade's request for an extension to complete the purchase of the Assets, the Company, as a matter of good governance, began considering alternative transactions in the event the sale of the Assets to Wade did not proceed.

50. On 17 December 2015, the Company engaged advisors to conduct a confidential sale process for the Assets to identify alternative purchasers.

51. On 25 January 2016, a confidential data room was opened to parties involved in the sale process. All parties involved in the sale process were subject to non-disclosure agreements.

52. On 29 January 2016, the Company released its quarterly report to the market for the quarter ending 31 December 2015 (**December 2015 Quarterly Report**) which disclosed:

    52.1 the sale process the Company was undertaking for the Assets; and

    52.2 that the cash held by the Company had decreased from the amount disclosed in the Half Year Report to $1,389,000 as at 31 December 2015.

53. On 15 February 2016, the formal sale process concluded without any formal offers for the purchase of the Assets from interested parties.

54. However, in the weeks following the formal conclusion of the sale process the Company continued (and continues) to engage in confidential and incomplete discussions with parties that had expressed an interest in the Assets during the sale process.

55. The Company continues to remain engaged with both Wade and other interested parties in relation to a potential transaction involving the Assets.

**Information provided to Trustee**

56. Since convening the October 2015 Noteholders Meeting, the Company has been in correspondence with the trustee of the Notes (**Trustee**) and has provided the Trustee with information relating to progress with the sale of the Assets to Wade, the extension granted to Wade to complete the transaction and the alternative sale process that the Company has conducted in relation to the Assets.

57. The information provided to the Trustee was provided in order for the Company to comply with its obligations under the *Corporations Act 2001* (Cth) pursuant to an express undertaking by the Trustee that all information received by the Company would be kept on a confidential basis, subject to compliance with the Trustee's obligations under the *Corporations Act 2001* (Cth). The Company considers that a reasonable person would not expect the information so provided to be disclosed to the market.

**March 2016 Noteholders Meeting**

58. On 4 March 2016, the Company convened a meeting of Noteholders to be held on 31 March 2016 (**March 2016 Noteholders Meeting**) to consider various amendments to the Note Trust Deed, with the details of the proposed amendment set out in the notice and explanatory memorandum for the 2016 Noteholders Meeting released on ASX on 4 March 2016 (**March 2016 Notice of Meeting**).

59. The March 2016 Notice of Meeting seeks to:

    59.1 extend the reset date for the Notes to 31 March 2017;

    59.2 amend the interest payment date of the Notes such that a moratorium on the payment of any interest on the Notes is applied from 31 January 2016 to 30 April 2017; and

    59.3 increase the conversion rate of the Notes so that one Note is convertible into four ordinary shares in the Company.

60. As previously disclosed in the Half Year Report and October 2015 Announcement, by 27 October 2015 the Company had insufficient cash reserves to satisfy the redemption notices received by the Company (at that time) without the proceeds from a sale of the Assets or a successful refinancing.

61. The Company also disclosed in the December 2015 Quarterly Report that the cash held by the Company had decreased from the amount disclosed in the Half Year Report to $1,389,000 as at 31 December 2015.

62. The risks associated with completion of the sale of the Assets and the fact that the proceeds from the sale of the Assets (or an alternative refinancing) are required for the Company to satisfy the redemption notices on the next reset date of 31 March 2016 have been disclosed to the market since October 2015.

63. It was also clear that if any further amendment to the reset date of the Notes was required, the Company had to call such meeting by early March 2016 in order to provide Noteholders with at least 21 days' notice of the meeting as required pursuant to the Note Trust Deed.

64. The Company's decision to issue the March 2016 Notice of Meeting was made at the last practical date to comply with the minimum 21 days' notice period required under the Note Trust Deed.

65. The terms of the proposed resolutions for the March 2016 Noteholders Meeting, including the proposed amendments to the Note Trust Deed were finalised on 3 March 2016 and announced on ASX on 4 March 2016 following printing and despatch to Noteholders.

**Disclosure of information relating to the Note Repayment Extension and Delayed Assets Sale**

66. Based on the background and circumstances of the Company described in paragraphs 5 to 65 above, the Company considers that the information relating to the "Note Repayment Extension" and "Delayed Assets Sale", as defined in the ASX Letter, has been appropriately disclosed to ASX and the market in accordance with the Company's continuous disclosure obligations.

67. In summary:

67.1 The Company did not disclose the identity of the Purchaser in September 2015 as this information was confidential and it did not consider a reasonable person would expect the identity of the Purchaser to have been disclosed at this time. In November and December 2015, the Company did attempt to disclose the identity of the Purchaser, however this disclosure was not released by ASX due to ASX and the Company being unable to agreement on the content of the disclosures. The Company has disclosed the identity of the Purchaser to the Trustee on a confidential basis.

67.2 The risk and information relating to the Company's insufficient cash reserves to satisfy the redemption notices received by the Company has been previously disclosed by the Company in the Half Year Report and October 2015 Announcement.

67.3 The decision to convene the March 2016 Noteholders Meeting to propose the resolutions amending the Note Trust Deed, as described in paragraph 59, was made on 3 March 2016 once the terms of the March 2016 Notice of Meeting were finalised and to comply with the 21 day notice period required for a Noteholders Meeting pursuant to the Trust Deed to extend the reset date for the Notes, as described in paragraphs 60 to 65 above.

67.4 Since its announcement on 1 December 2015, the Company has informed the market of the delays in completion of the sale of the Assets to the Purchaser following the Purchaser seeking an extension on the completion date of 30 November 2015. The Company attempted to disclose the amended completion date of 15 January 2016 to the market pursuant to the Non-Released December Announcement. However, ASX prevented this announcement from being released to the market. In any event, the Sale Agreements have not been terminated and the Company was able to provide the market with an update on the on-going discussions being held with Wade in relation to the sale of the Assets in its December 2015 Quarterly Report.

67.5 The Company informed the market of the alternative sale process in its December 2015 Quarterly Report.

**RESPONSE TO QUESTIONS IN ASX LETTER**

68. In further summary response to the questions in the ASX Letter:

**Question 1**

*69. Does AZZ consider the Note Repayment Extension information or any part thereof in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

70. See paragraphs 3 and 4 above.

**Question 2**

*71. If the answer to question 1 is "no", please advise the basis for that view.*

72. See paragraphs 3 and 4 above.

**Question 3**

*73. When did AZZ first become aware of the Note Repayment Extension information or any part thereof?*

74. See paragraphs 19 to 32 for further information relating to the Half Year Report and October 2015 Announcement which publicly disclosed the Company's position with respect to its ability to satisfy redemption notices.

75. See paragraphs 58 to 65 for further information relating to the 2016 Noteholders Meeting.

**Question 4**

*76. If the answer to question 1 is "yes" and AZZ first became aware of the Note Repayment Extension information or any part thereof before 4 March 2016, did AZZ make any announcement prior to 4 March 2016 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 AZZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AZZ took to ensure that the information was released promptly and without delay?*

77. See paragraphs 3 and 4 above. See paragraphs 19 to 32 for further information relating to the Half Year Report and October 2015 Announcement which publicly disclosed the Company's position with respect to its ability to satisfy redemption notices.

78. See paragraphs 58 to 65 for further information relating to the 2016 Noteholders Meeting.

**Question 5**

*79. Does AZZ consider the Delayed Assets Sale information or any part thereof in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

80. See paragraphs 3 and 4 above.

81. Since the announcement on 1 December 2015, the Company has disclosed to the market that the Purchaser had requested an extension to the completion date of 30 November 2015.

82. The next public announcement released to the market by the Company was the December 2015 Quarterly Report which disclosed that the Company was continuing to negotiate amendments to the Sale Agreement with the Purchaser and was undertaking a sale process for the Assets.

83. As ASX did not release the Non-Released December Announcement to the market, the extended completion date of 15 January 2016 was not information that had been disclosed to the market.

84. Despite completion not occurring on the extended completion date, the Sale Agreement has not been terminated and the Company is continuing to engage with Wade in respect of the sale of the Assets.

85. Given the information that had been disclosed to the market already included the financial position of the Company and the inherent risks relating to the Company's ability to redeem the Notes, it is difficult for the Company to determine, without the benefit of expert analysis, whether the Delayed Assets Sale information was, either individually or collectively, information that would have had a material effect on the price or value of the Company's securities.

**Question 6**

*86. If the answer to question 5 is "no", please advise the basis for that view.*

87. See paragraphs 3 and 4 above, and the answers in paragraphs 80 to 85 above.

**Question 7**

*88. When did AZZ:*

*88.1 (**Question 7.1**) First become aware Wade Energy Corporation failed to complete the acquisition of the Assets pursuant to the sale and purchase agreements?*

*88.2 (**Question 7.2**) Begin conducting a sale process for the Assets to identify alternative purchasers?*

89. Question 7.1 - Completion under the Sale Agreements on the revised completion date of 15 January 2015 did not occur. However, the Sale Agreements have not been terminated and the Company is continuing to engage with Wade in respect of a potential transaction as well as considering its options in relation to the Sale Agreements.

90. Question 7.2 - The Company commenced the sale process and engaged advisors on 17 December 2015 and opened a data room on 25 January 2016. See paragraphs 49 to 54 for background to the sales process.

**Question 8**

*91. If the answer to question 5 is "yes" and AZZ first became aware of the Delayed Assets Sale information or any part thereof before 4 March 2016, did AZZ make any announcement prior to 4 March 2016 which disclosed the information? If so, please provide details. If not, please explain why:*

*91.1 (**Question 8.1**) Wade Energy Corporation's failure to complete the acquisition of the Assets pursuant to its obligations under the sale and purchase agreements was not released to the market at an earlier time?; and*

*91.2 (**Question 8.2**) AZZ's search for alternative purchasers was not disclosed to the market at an earlier time?*

*In your response to paragraph 8 above, please comment specifically on when you believe AZZ was obliged to release the Delayed Assets Sale information under Listing Rules 3.1 and 3.1A and what steps AZZ took to ensure that the information was released promptly and without delay.*

92. See paragraphs 3 and 4 above, and paragraphs 80 to 84 relating to the Sale Agreements.

93. The information relating to the sale process for the Assets was announced to the market on 29 January 2016 in the Company's December 2015 Quarterly Report.

**Question 9**

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

95. The Company confirms that it is in compliance with the Listing Rules and its continuous disclosure obligations pursuant to Listing Rule 3.1.

10 March 2016

Mr Graeme Smith
Company Secretary
Antares Energy Limited
c/o Finlaw Corporate Services
Ground Floor, 63 Hay Street
SUBIACO WA 6008

By email: gsmith@finlawcorporate.com.au

Dear Mr Smith

**ANTARES ENERGY LIMITED ("AZZ"): ASX aware query**

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

1. Aurora Funds Management Limited's ("ABW") announcement entitled "Suspension from official quotation" lodged with ASX Market Announcements Platform and released at 12:18pm (AEDT) on Monday 29 February 2016 and announcement entitled "Letter to Unitholders" lodged with ASX Market Announcements Platoform and released at 12.33pm (AEDT) on Monday 29 February 2016 which states the:

   *1.1.* The *Master Fund holds Antares Energy Limited Convertible Notes (ASX Code: AZZG)(Antares Notes) which have been suspended from trading and are, consequently, currently illiquid. The note is due to be repaid on 31st March 2016, but information has become available to us which leads us to believe there is a possibility that replayment will not occur on this date and therefore we are unable to accurately determine a value for the Antares Notes."*

2. AZZ's announcement entitled "Noteholder Notice of Meeting" lodged with ASX Market Announcements Platform and released at 7:46pm (AEDT) on Friday 4 March 2016 (the "Announcement"), disclosing:

   2.1. The Company has insufficient cash reserves to satisfy the redemption notices received to date for 11,190,669 notes ("Notes") for a total redemption value of $23,821,338;

   2.2. a meeting to be held with convertible noteholders to obtain:

      2.2.1. An extension of repayment date to 31 March 2017;

      2.2.2. A moratorium on the payment of any interest from 31 January 2016 to 30 April 2017;

2.2.3. Increase the conversion rate so that one note is convertible into four fully paid ordinary shares;

(information in paragraphs 2.1 and 2.2 collectively referred to as "Note Repayment Extension")

2.3. On 30 October 2015, noteholders approved an extension of the reset date for the Notes to 31 March 2016 to allow AZZ sufficient time to progress the sale of its Northern Star and Big Star projects ("Assets"). Despite AZZ's best efforts and extensions granted to the purchaser, Wade Energy Corporation (a private equity purchaser)("Purchaser"), the sale of the Assets has not completed despite the sale agreements remaining on foot. AZZ is currently considering its options in relation to the Purchaser's failure to complete the acquisition of the Assets;

2.4. AZZ has also conducted a sale process for the Assets to identify alternative purchasers. The sales process generated interest from a number of parties and the feedback on the quality of the Assets was positive; and

2.5. AZZ is continuing to engage with parties who have expressed an interest in the Assets with the aim of agreeing a sale or joint venture for the Assets

(information in paragraphs 2.3-2.5 collectively referred to as "Delayed Assets Sale").

3. 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.

4. 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"*.

5. 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."*

6. 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 AZZ consider the Note Repayment Extension information or any part thereof in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did AZZ first become aware of the Note Repayment Extension information or any part thereof?
4. If the answer to question 1 is "yes" and AZZ first became aware of the Note Repayment Extension information or any part thereof before 4 March 2016, did AZZ make any announcement prior to 4 March 2016 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 AZZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AZZ took to ensure that the information was released promptly and without delay.
5. Does AZZ consider the Delayed Assets Sale information or any part thereof in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
6. If the answer to question 5 is "no", please advise the basis for that view.

7. When did AZZ:

   7.1. First become aware Wade Energy Corporation failed to complete the acquisition of the Assets pursuant to the sale and purchase agreements?

   7.2. Begin conducting a sale process for the Assets to identify alternative purchasers?

8. If the answer to question 5 is "yes" and AZZ first became aware of the Delayed Assets Sale information or any part thereof before 4 March 2016, did AZZ make any announcement prior to 4 March 2016 which disclosed the information? If so, please provide details. If not, please explain why:

   8.1. Wade Energy Corporation's failure to complete the acquisition of the Assets pursuant to its obligations under the sale and purchase agreements was not release to the market at an earlier time?; and

   8.2. AZZ's search for alternative purchasers was not disclosed to the market at an earlier time?

   In your response to paragraph 8 above, please comment specifically on when you believe AZZ was obliged to release the Delayed Assets Sale information under Listing Rules 3.1 and 3.1A and what steps AZZ took to ensure that the information was released promptly and without delay.

9. Please confirm that AZZ 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 **5:00 p.m. WST on Friday 11 March 2016**.

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, AZZ'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 anjuli.sinniah@asx.com.au and tradinghaltsperth@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*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Anjuli Sinniah
**Adviser, Listings Compliance (Perth)**