

**Form 603**  
Corporations Act 2001  
Section 671B

**Notice of initial substantial holder**

To: Company Name/Scheme Wolf Petroleum Limited

ACN/ARSN 116 249 060

**1. Details of substantial holder (1)**

Name China Sam Enterprise Group Co., Ltd

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 20 / 07 / 2016

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Fully paid ordinary	17,642,498	17,642,498	5.43%

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
China Sam Enterprise Group Co., Ltd	Relevant interest under section 608(1) of the Corporations Act as registered holder of the shares. China Sam Enterprise Group Co., Ltd acquired the shares pursuant to an Implementation Agreement with Wolf Petroleum Limited dated on or about 10 June 2016.	17,642,498 FPO

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holders of relevant interest	Registered holder of Securities	Person entitled to be registered as a holder (8)	Class and number of securities
China Sam Enterprise Group Co., Ltd	China Sam Enterprise Group Co., Ltd	China Sam Enterprise Group Co., Ltd	17,642,498 FPO

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
China Sam Enterprise Group Co., Ltd	17/06/2016	\$40,000.00	-	4,000,000 FPO
China Sam Enterprise Group Co., Ltd	20/07/2016	\$136,424.98	-	13,642,498 FPO

**6. Associates**

The reasons the person named in paragraph 3 above and associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

**7. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
China Sam Enterprise Group Co., Ltd	7th Floor, Office Tower E1, Oriental Plaza, No.1 East Chang An Avenue, Beijing.

**Signature**

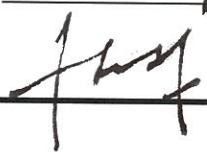
print name

Qisen Jiao

capacity

Director

sign here



date

20 / 07 / 2016

Execution version  
9 June 2016

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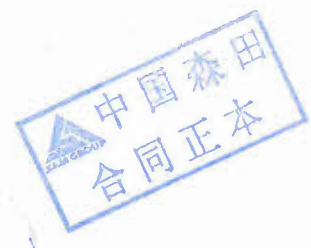
中国森田企业集团有限公司  
China Sam Enterprise Group Co., Ltd

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Wolf Petroleum Limited

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# Subscription Implementation Agreement

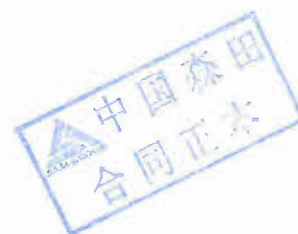


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Date 9 June 2016

## Parties

中国森田企业集团有限公司 **China Sam Enterprise Group Co., Ltd** of 7th Floor, Office Tower E1, Oriental Plaza, No.1 East Chang An Avenue, Beijing (**SAM**)

**Wolf Petroleum Limited ACN 116 249 060** Level 1, 330 Churchill Avenue, Subiaco Western Australia 6008 Australia (**WOF**)

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## Background

- A SAM and WOF have agreed in accordance with the terms of the Offer that SAM or its nominated Subsidiary will subscribe for three tranches of securities in WOF to obtain up to 51% of the voting Shares (**Proposed Transaction**).
- B SAM wishes to assist WOF by providing capital to enable WOF to pursue its corporate strategy including development of the Sukhbaatar, Jinst and Baruun Urt blocks and the Proposed Transaction represents an attractive opportunity for WOF shareholders to introduce a substantial investor with the experience and capital to support WOF's future growth.
- C The parties have agreed that the Proposed Transaction will be implemented on the terms set out in this document.
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## Agreed terms

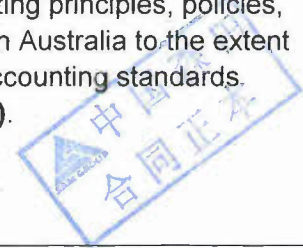
### 1 Definitions

The meanings of the terms used in this document are set out below, unless the context otherwise appears or requires.

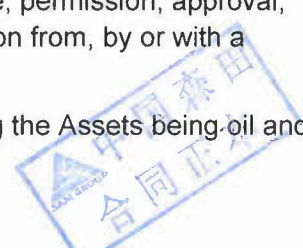
**Accounting Standards**

At any time:

- (a) the requirements of the Corporations Act about the preparation and contents of financial reports;
- (b) the accounting standards approved under the Corporations Act; and
- (c) generally accepted accounting principles, policies, practices and procedures in Australia to the extent not inconsistent with the accounting standards described in **paragraph (b)**.

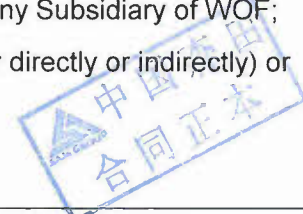


<b>Agreed Announcement</b>	The proposed announcement to the ASX regarding the Proposed Transaction to be made by WOF on the Execution Date, a draft of which is set out in <b>schedule 4</b> .
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASIC Act</b>	<i>Australian Securities and Investments Commission Act 1989</i> (Cth).
<b>ASIC Modifications</b>	A modification to or exemption required to be obtained by WOF from ASIC if required to implement any aspect of the Proposed Transaction.
<b>Accounts</b>	The historical income statements and statements of cash flows of WOF and the WOF Group and the historical statements of financial position and the notes to those statements.
<b>Affiliates</b>	Of a person means a Related Body Corporate of the person or any other person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, this person.
<b>Asset DD</b>	The due diligence investigations undertaken in connection with the request list in Part A of <b>schedule 1</b> .
<b>Assets</b>	Each of Sukhbaatar, Jinst and Baruun Urt blocks and all of WOF's rights in those tenements.
<b>Associate</b>	Has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this document.
<b>ASX</b>	Australian Security Exchange Limited ABN 98 008 624 691.
<b>ASX Settlement</b>	ASX Settlement Pty Limited ACN 008 504 532, a clearance and settlement facility licensed under the Corporations Act.
<b>ASX Settlement Operating Rules</b>	The settlement rules made by ASX Settlement.
<b>ASX Waivers</b>	Any waivers, confirmations and/or approvals required to be obtained by WOF from ASX to enable WOF if required to implement any aspect of the Proposed Transaction in compliance with the Listing Rules.
<b>Authorisations</b>	Includes an authorisation, consent, agreement, notice of non-objection, certificate, licence, permission, approval, permit or declaration or exemption from, by or with a Governmental Agency.
<b>Business</b>	Means the business of exploiting the Assets being oil and





	gas exploration, development and production in Mongolia.
<b>Business Day</b>	A day on which banks are open for business in Perth, other than a Saturday, Sunday or public holiday in Perth and ASX is open for trading.
<b>Celtic Facility</b>	The facility entered into with Celtic Capital on or about 11 April 2016 and any interests or charges owing on that facility.
<b>CHESS</b>	The Clearing House Electronic Subregister System
<b>CHESS Rules</b>	The ASX Settlement Operating Rules and the provisions of the Corporations Act and Listing Rules concerning the electronic share registration and transfer system as and to the extent that they apply to WOF.
<b>Claim</b>	<p>Any claim, demand, legal proceeding or cause of action including any claim, demand, legal proceeding or cause of action:</p> <ul style="list-style-type: none"><li>(a) based in contract (including breach of any warranty);</li><li>(b) based in tort (including misrepresentation or negligence);</li><li>(c) under common law or equity; or</li><li>(d) under statute (including the <i>Competition and Consumer Act 2010</i> (Cth), or like provisions in any state or territory legislation),</li></ul> <p>in any way relating to this document or the transaction contemplated by it.</p>
<b>Competing Proposal</b>	<p>Any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associate) may:</p> <ul style="list-style-type: none"><li>(a) directly or indirectly acquire a Relevant Interest in, or have the right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Shares or of the share capital of any Subsidiary of WOF;</li><li>(b) acquire Control of WOF or a Subsidiary of WOF;</li><li>(c) otherwise acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an economic interest in all or a material part of the Business or the Assets or the business or assets of any Subsidiary of WOF;</li><li>(d) otherwise acquire (whether directly or indirectly) or</li></ul>



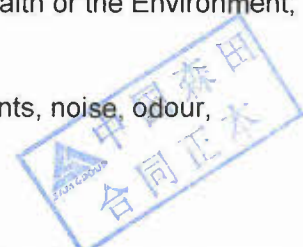
merge with WOF or a Subsidiary of WOF; or

- (e) enter into any agreement, arrangement or understanding requiring WOF or any of the Directors to change, withdraw or modify the Directors' recommendation of the Proposed Transaction, whether by way of takeover bid, scheme of arrangement, security holder approved acquisition, capital reduction or buy back, sale or purchase of shares, securities or assets, global assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), or other transaction or arrangement.

<b>Completion</b>	Means the Phase 1 Completion, Phase 2 Completion or Phase 3 Completion, as the case may be.
<b>Completion Date</b>	Means the Phase 1 Completion Date, Phase 2 Completion Date or Phase 3 Completion Date, as the case may be.
<b>Condition Date</b>	The date specified for satisfaction of each of the Conditions in <b>clause 4.1</b> .
<b>Conditions</b>	The conditions to Completion in <b>clause 4.1</b> .
<b>Contaminant</b>	Any substance, gas, liquid, chemical, mineral or other physical or biological matter that presents a risk of harm to human health or the Environment or that is controlled, prohibited or regulated from time to time by any Environmental Law, including by-products and derivatives of any such matter.
<b>Contamination</b>	The presence of any Contaminant in air, land or water at a concentration above the concentration at which it is naturally present at the same locality and which presents a risk of harm to human health or the Environment.
<b>Contract</b>	Includes joint ventures, farm-ins and other agreements relating to the Assets.
<b>Control</b>	The possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of a person, whether through the ownership of securities or other interests, by contract or agency or otherwise and the term person is deemed to include a partnership.
<b>Corporate and Financial DD</b>	The due diligence investigations undertaken in connection with the request list in Part B of <b>schedule 1</b> .
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).



<b>Director</b>	A director of WOF other than any director who is on leave of absence.
<b>Disclosure Document</b>	Means a disclosure document within the meaning of section 709 of the Corporations Act to permit the SAM Shares to be freely tradeable.
<b>Disclosure Material</b>	All document provided by WOF or its Representatives to SAM or its Representatives in respect of the Proposed Transaction.
<b>Duty</b>	Any stamp, transaction or registration duty or similar charge imposed by any Governmental Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.
<b>Encumbrance</b>	<p>An interest or power:</p> <ul style="list-style-type: none"><li>(a) reserved in or over an interest in any asset, including any retention of title; or</li><li>(b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,</li></ul> <p>by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, any agreement to grant or create any of the above.</p>
<b>Environment</b>	<p>All components of the earth including:</p> <ul style="list-style-type: none"><li>(a) land, air and water;</li><li>(b) any layer of the atmosphere;</li><li>(c) any organic or inorganic matter;</li><li>(d) any living organism; and</li><li>(e) any natural or manmade or modified features or structures,</li></ul> <p>and includes ecosystems and all elements of the biosphere.</p>
<b>Environmental Law</b>	Any law concerning Environmental Matters whether in Australia or otherwise.
<b>Environmental Matters</b>	<p>Any of the following matters:</p> <ul style="list-style-type: none"><li>(a) the protection of human health or the Environment;</li><li>(b) Contamination;</li><li>(c) the emission of Contaminants, noise, odour,</li></ul>



	vibration or electromagnetic fields;
	(d) the production, use, handling, storage, transportation, deposit or disposal of Contaminants;
	(e) conservation, heritage or natural resources;
	(f) threatened, endangered or other flora and fauna species;
	(g) town planning; or
	(h) climate change.
<b>Exclusivity Period</b>	The period from and including the Execution Date to the earlier of:  (a) the termination of this document in accordance with its terms;  (b) the extraordinary general meeting of WOF Shareholders to approve the Transaction Resolutions; or  (c) the date which is six months after the Execution Date.
<b>Execution Date</b>	The date of this document.
<b>Governmental Agency</b>	Any government or any governmental, semi governmental, statutory or judicial entity, regulatory body, agency or authority, whether in Australia, or elsewhere, including any self regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions.
<b>GST</b>	Goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
<b>GST Law</b>	The <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Independent Expert</b>	A person appointed under <b>clause 7.1</b> who is independent to SAM and the WOF Group and suitably qualified to prepare the Independent Expert's Report.
<b>Independent Expert's Report</b>	A report prepared by the Independent Expert on the reasonableness and fairness of the Proposed Transaction to WOF Shareholders.
<b>Listing Rules</b>	Listing Rules of the ASX.
<b>Loss</b>	All losses, costs, charges, damages, expenses and other liabilities arising out of or in connection with a fact, matter or circumstance, including all legal and other professional expenses incurred in connection with investigating,

disputing, defending or settling any Claim, or proceeding relating to that fact, matter or circumstance.

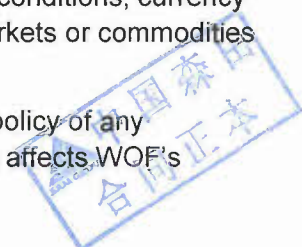
**Material Adverse Change**

An act, omission, event, change, condition, matter, thing or circumstance (either individually or aggregated with other acts, omissions, events, changes, conditions, matters, things or circumstances) which:

- (a) has diminished, or could reasonably be expected to diminish, the net assets of the WOF Group by \$50,000 or more;
- (b) has resulted, or could reasonably be expected to result, in any material rights or Authorisations in relation to the Assets being suspended, revoked, invalidated, varied, terminated, or otherwise coming to an end;
- (c) has resulted, or could reasonably be expected to result, in a material restraint on or hindrance to the feasibility, development, timely completion, operation, or profitability of the material projects in which a member of the WOF Group has an interest;
- (d) has resulted, or could reasonably be expected to result, in any member of the WOF Group incurring any obligations, liabilities, costs or expenses (whether contingent or otherwise) where the quantum (whether individually or when aggregated) exceeds \$50,000, except in the ordinary course of business;
- (e) has resulted, or could reasonably be expected to result, in any person commencing any litigation against any member of the WOF Group (whether in aggregate or for any single litigation) which may reasonably result in a judgment against any member of the WOF Group of more than \$50,000 (individually or in aggregate);

but does not include any of the following, which are taken not to constitute a material adverse effect:

- (f) matters occurring as a direct result or consequence of the Agreed Announcements and/or implementation of the Proposed Transaction;
- (g) general changes in economic conditions, currency exchange rates, securities markets or commodities prices;
- (h) changes in law, regulation or policy of any Governmental Authority which affects WOF's



operations,

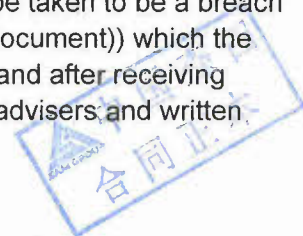
which:

- (i) are not specific to WOF; or
- (j) affect WOF in substantially the same manner as its customers and competitors.

<b>Notice of Meeting</b>	The notice of extraordinary general meeting of WOF Shareholders to seek approval for the Transaction Resolutions.
<b>Offer</b>	The binding offer made by SAM to WOF in respect of the Proposed Transaction by letter dated 26 May 2016.
<b>Option Holder</b>	The holder of SAM Options.
<b>Phase 1 Completion</b>	The issue of the Phase 1 Shares to SAM and payment of the Phase 1 Subscription Amount in accordance with <b>clause 3.2</b> .
<b>Phase 2 Completion</b>	The issue of the Phase 2 Shares to SAM and payment of the Phase 2 Subscription Amount in accordance with <b>clause 3.3</b> .
<b>Phase 3 Completion</b>	The issue of the Phase 3 Shares and SAM Options to SAM and payment of the Phase 3 Subscription Amount in accordance with <b>clause 3.4</b> .
<b>Phase 1 Completion Date</b>	The date Phase 1 Completion occurs.
<b>Phase 2 Completion Date</b>	The date Phase 2 Completion occurs.
<b>Phase 3 Completion Date</b>	The date Phase 3 Completion occurs.
<b>Phase 1 Shares</b>	The 4,000,000 Shares to be issued to SAM in accordance with <b>clauses 3.1 and 3.2(b)</b> .
<b>Phase 2 Shares</b>	The 72,450,000 Shares to be issued to SAM in accordance with <b>clauses 3.1 and 3.3(b)</b> .
<b>Phase 3 Shares</b>	The 243,316,000 Shares to be issued to SAM in accordance with <b>clauses 3.1 and 3.4(b)</b> .
<b>Phase 1 Subscription Amount</b>	The payment of \$40,000 by SAM for the subscription of the Phase 1 Shares.
<b>Phase 2 Subscription Amount</b>	The payment of \$724,500 by SAM for the subscription of the Phase 2 Shares.
<b>Phase 3</b>	The payment of \$2,433,160 by SAM for the subscription



<b>Subscription Amount</b>	of the Phase 3 Shares.
<b>Plant and Equipment</b>	Plant, equipment, vehicles, furniture, fixtures and fittings.
<b>Reimbursement Fee</b>	\$32,000 (exclusive of GST, if any).
<b>Related Body Corporate</b>	Has the meaning given in section 50 of the Corporations Act.
<b>Related Persons</b>	(a) a Related Body Corporate of WOF; (b) an adviser or consultant of WOF or an adviser or consultant of a Related Body Corporate of WOF; (c) a director, officer or employee of WOF or any entity referred to in paragraphs (1) or (b) of this definition.
<b>Relevant Interest</b>	Has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Representative</b>	In respect of a person, its Affiliates, and the officers, directors, and employees, partners, contractors, agents, advisers and representatives of the person and/or of an Affiliate of the person.
<b>SAM Options</b>	The 242,907,013 unlisted options over Shares to be issued to SAM in accordance with <b>clause 3</b> on the terms set out in <b>schedule 3</b> .
<b>SAM Shares</b>	Each of the Phase 1 Shares, the Phase 2 Shares and the Phase 3 Shares to be issued to SAM under <b>clause 3</b> as relevant.
<b>SAM Warranties</b>	The warranties given by SAM in <b>clause 13.5</b> .
<b>Share</b>	A fully paid ordinary share in the capital of WOF.
<b>Subscription Amount</b>	The amount that SAM must pay to subscribe for the SAM Shares contained in the table in <b>clause 3.1</b> .
<b>Subsidiary</b>	Has the meaning given in section 9 of the Corporations Act.
<b>Superior Proposal</b>	A bona fide Competing Proposal of the kind referred to in any of paragraphs (b), (c) or (d) of the definition of Competing Proposal (and not resulting from a breach by WOF of any of its obligations under <b>clause 11</b> (it being understood that any actions by the Related Persons of WOF in breach of <b>clause 11</b> will be taken to be a breach by WOF for the purposes of this document)) which the WOF Board, acting in good faith, and after receiving written legal advice from its legal advisers and written



advice from its financial advisers, determines:

- (a) is reasonably capable of being valued and completed taking into account all aspects of the Competing Proposal, including any timing considerations and any conditions precedent; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to WOF Shareholders (as a whole) than the Proposed Transaction (as such Proposed Transaction has been amended or varied following a previous application of the matching right set out in **clause 11.6**), taking into account all terms of the Competing Proposal.

<b>Tax</b>	Any tax, levy, charge, impost, fee, deduction, goods and services tax, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Governmental Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above but excludes Duty.
<b>Third Party</b>	A party other than a member of the WOF Group, SAM and any Subsidiary of SAM.
<b>Transaction Documents</b>	Any documents entered into between the parties in respect of the Proposed Transaction including this document, the Offer and any confidentiality agreements.
<b>Transaction Resolutions</b>	The resolutions contained in <b>clause 8.3</b> .
<b>Unacceptable Circumstances</b>	Has the meaning set out in section 657A of the Corporations Act.
<b>WOF Board</b>	The board of directors of WOF other than any Director who is on leave of absence.
<b>WOF Group</b>	WOF and each of its Subsidiaries.
<b>WOF Shareholders</b>	A holder of Shares.
<b>WOF Warranties</b>	The warranties given by WOF in <b>Schedule 2</b> .

## 2 Agreement to proceed with the Proposed Transaction

### 2.1 Obligation to propose and implement

- (a) WOF must propose the Proposed Transaction to WOF Shareholders and regulatory authorities including ASIC and ASX and implement the Proposed Transaction on and subject to the terms of this document.



- (b) SAM must assist WOF in proposing and implementing the Proposed Transaction on and subject to the terms of this document.

## 2.2 Timetable

- (a) The parties acknowledge that the timetable below (**Timetable**) is an indicative timetable and agree that they must consult with each other regularly in relation to:
- (i) performing their respective obligations within the framework established by the Timetable; and
  - (ii) the need to modify the Timetable.

Date	Action	Indicative time period
26 May 2016	SAM submits a binding offer to WOF	Day 1
9 June 2016	SAM and WOF sign the Implementation Agreement and WOF announces the Proposed Transaction to the market	Day 15
9 June 2016	WOF issues the Agreed Announcement. WOF Shares recommence trading.	Day 15
9 June 2016	SAM commences the Corporate and Financial DD	Day 15
13 June 2016	SAM deposits \$40,000 into Corrs Chambers Westgarth trust account.	Day 19
16 June 2016	SAM finalises the Corporate and Financial DD	Day 22
16 June 2016	SAM obtains Chinese regulatory approvals (MOFCOM and SAFE)	Day 22
17 June 2016	WOF issues Phase 1 Shares to SAM	Day 23
17 June 2016	SAM commences the Asset DD	Day 23
1 July 2016	SAM finalises the Asset DD	Day 37
1 July 2016	WOF issues Phase 2 Shares to SAM	Day 37
1 July 2016	Two SAM nominee directors are appointed to the WOF Board	Day 37
1 July 2016	WOF appoints Independent Expert	Day 37
8 July 2016	WOF repays all outstanding facilities including the Celtic Facility	Day 44
29 July 2016	Independent Expert finalises Independent Expert's Report	Day 65
1 August 2016	Notice of meeting and Independent Expert's Report are lodged with ASX for review	Day 68
10 August 2016	WOF dispatches notice of meeting and Independent Expert's Report to WOF Shareholders	Day 77
13 September	WOF holds extraordinary general meeting and three SAM directors are appointed to the WOF	Day 111

Date	Action	Indicative time period
2016	Board	
14 September 2016	WOF issues Phase 3 Shares and SAM Options to SAM	Day 112

- (b) The parties must use their best endeavours to achieve the dates in the Timetable and if any date in the Timetable becomes unachievable due to events beyond their control, the parties must consult in good faith to agree necessary amendments to the Timetable.

### 3 Subscription

#### 3.1 Issue and subscription

At Completion, WOF must issue and SAM must subscribe for the relevant SAM Shares and SAM Options free from all Encumbrances, as set out in the table below and on the terms of this document.

Tranche	Subscription price	Subscription Amount	SAM's fully diluted interest in WOF
Phase 1 Shares	\$0.01000	\$40,000	1.2852%
Phase 2 Shares	\$0.01000	\$724,500	19.9257%
Phase 3 Shares	\$0.01000	\$2,433,160	51.0000%
SAM Options	\$0.00	\$0.00	51.0000%
<b>Total</b>	-	\$3,197,660	51.0000%

#### 3.2 Phase 1 Completion

- (a) SAM's obligations at Phase 1 Completion are as follows:
- (i) At Phase 1 Completion, SAM must pay the Phase 1 Subscription Amount to WOF by electronic transfer of funds.
  - (ii) SAM may satisfy its obligations under this **clause 3** by causing a wholly owned subsidiary to do the things referred to in this **clause 3**.
- (b) WOF's obligations at Phase 1 Completion are as follows:
- (i) At Phase 1 Completion, WOF must ensure that:
    - (A) a meeting of the board of directors of WOF has been held at which it is resolved; or
    - (B) a written resolution of the directors of WOF is signed, resolving,
 

that, subject to and with effect from Phase 1 Completion:
    - (C) the Phase 1 Shares are issued to SAM;



- (D) the transaction confirmation statements in respect of the Phase 1 Shares are despatched in accordance with the Corporations Act and Listing Rules as soon as practicable after the Phase 1 Completion Date.
- (ii) WOF must ensure settlement of the subscription of the Phase 1 Shares takes place on the Phase 1 Completion Date on a delivery versus payment basis in accordance with the CHESSE Rules.
- (iii) WOF must perform all other obligations to be performed by WOF at Phase 1 Completion.

### 3.3 Phase 2 Completion

- (a) SAM's obligations at Phase 2 Completion are as follows:
  - (i) At Phase 2 Completion, SAM must pay the Phase 2 Subscription Amount to WOF by electronic transfer of funds.
  - (ii) SAM may satisfy its obligations under this **clause 3** by causing a wholly owned subsidiary to do the things referred to in this **clause 3**.
- (b) WOF's obligations at Phase 2 Completion are as follows:
  - (i) At Phase 2 Completion, WOF must ensure that:
    - (A) a meeting of the board of directors of WOF has been held at which it is resolved; or
    - (B) a written resolution of the directors of WOF is signed, resolving,  
that, subject to and with effect from Phase 2 Completion:
      - (C) the Phase 2 Shares are issued to SAM;
      - (D) the transaction confirmation statements in respect of the Phase 2 Shares are despatched in accordance with the Corporations Act and Listing Rules as soon as practicable after the Phase 2 Completion Date; and
      - (E) the persons nominated by SAM under **clause 5.1** be appointed to the offices specified in the notice, subject to receipt of any necessary consents to act but so that a properly constituted board of directors is in existence at all times.
  - (ii) WOF must ensure settlement of the subscription of the Phase 2 Shares takes place on the Phase 2 Completion Date on a delivery versus payment basis in accordance with the CHESSE Rules.
  - (iii) WOF must perform all other obligations to be performed by WOF at Phase 2 Completion.



### 3.4 Phase 3 Completion

- (a) SAM's obligations at Phase 3 Completion are as follows:
- (i) At Phase 3 Completion, SAM must pay the Phase 3 Subscription Amount to WOF by electronic transfer of funds.
  - (ii) SAM may satisfy its obligations under this **clause 3** by causing a wholly owned subsidiary to do the things referred to in this **clause 3**.
- (b) WOF's obligations at Phase 3 Completion are as follows:
- (i) At Phase 3 Completion, WOF must ensure that:
    - (A) a meeting of the board of directors of WOF has been held at which it is resolved; or
    - (B) a written resolution of the directors of WOF is signed, resolving,that, subject to and with effect from Phase 3 Completion:
    - (C) the Phase 3 Shares and the SAM Options are issued to SAM;
    - (D) the transaction confirmation statements in respect of the Phase 3 Shares and option certificates in respect of the SAM Options are despatched in accordance with the Corporations Act and Listing Rules as soon as practicable after the Phase 3 Completion Date; and
    - (E) the persons nominated by SAM under **clause 5.1** be appointed to the offices specified in the notice, subject to receipt of any necessary consents to act but so that a properly constituted board of directors is in existence at all times.
  - (ii) WOF must ensure settlement of the subscription of the Phase 3 Shares takes place on the Phase 3 Completion Date on a delivery versus payment basis in accordance with the CHES Rules.
  - (iii) WOF must perform all other obligations to be performed by WOF at Phase 3 Completion.

### 3.5 Use of the Subscription Amount

- (a) WOF must only use the Phase 1 Subscription Amount for WOF's incidental costs associated with SAM undertaking due diligence on WOF as detailed in **clause 9**.
- (b) WOF must only use the Phase 2 Subscription Amount for the purposes of:
- (i) immediately clearing all outstanding facilities including the Celtic Facility; and

- (ii) preparing and issuing a Disclosure Document to ensure that all SAM Shares and SAM Options are freely tradeable.

## 4 Conditions to Completion

### 4.1 Conditions

The obligations of the parties at each Completion are subject to and conditional upon the following conditions (**Conditions**):

Condition	Condition to:	Condition Date
(a) <b>No suspension:</b> WOF's securities are not be suspended from trading on the ASX	Phase 1 Completion, Phase 2 Completion and Phase 3 Completion	10 June 2016
(b) <b>Board approval:</b> final approvals from are obtained from the SAM board	Phase 1 Completion, Phase 2 Completion and Phase 3 Completion	9 June 2016
(c) <b>Chinese regulatory approvals:</b> SAM obtains Chinese regulatory approvals (MOFCOM and SAFE) for payment of the Subscription Amounts and any other money under the Proposed Transaction	Phase 1 Completion, Phase 2 Completion and Phase 3 Completion	9 June 2016
(d) <b>MAC:</b> no Material Adverse Change occurring in relation to WOF	Phase 1 Completion, Phase 2 Completion and Phase 3 Completion	Phase 1 Completion Date, Phase 2 Completion Date and Phase 3 Completion Date
(e) <b>S&amp;P 200:</b> the S&P ASX 200 Index has not decreased by more than 20% than its level at market close on the day prior to the Execution Date	Phase 1 Completion, Phase 2 Completion and Phase 3 Completion	Phase 1 Completion Date, Phase 2 Completion Date and Phase 3 Completion Date
(f) <b>Ordinary course:</b> WOF is continuing to conduct its business in the ordinary course	Phase 1 Completion, Phase 2 Completion and Phase 3 Completion	Phase 1 Completion Date, Phase 2 Completion Date and Phase 3 Completion Date
(g) <b>Public Authority:</b> no adverse action by a Governmental Authority against WOF	Phase 1 Completion, Phase 2 Completion and	Phase 1 Completion Date, Phase 2 Completion Date

		Phase 3 Completion	and Phase 3 Completion Date
(h)	<b>Satisfactory completion of Corporate and Financial DD:</b> SAM being satisfied with the outcome of its due diligence investigations on WOF in particular in connection with the Corporate and Financial DD	Phase 1 Completion	16 June 2016
(i)	<b>Celtic Facility:</b> WOF has repaid all outstanding facilities including the Celtic Facility	Phase 3 Completion	8 July 2016
(j)	<b>Satisfactory completion of Asset DD:</b> SAM being satisfied with the outcome of its due diligence investigations on WOF in particular in connection with the Asset DD	Phase 2 Completion	1 July 2016
(k)	<b>Director Appointments:</b> SAM director appointments approved by the WOF Board	Phase 2 Completion	1 July 2016
(l)	<b>Shareholder Approval:</b> WOF must obtain the approval of WOF Shareholders for the Transaction Resolutions in accordance with <b>clause 8.3</b>	Phase 3 Completion	13 September 2016

#### 4.2 Obligations of parties in relation to Conditions

Each party must:

- (a) use reasonable endeavours to ensure that the Conditions are satisfied as soon as practicable after the Execution Date; and
- (b) co-operate with each other and comply with all reasonable requests by the other for the purposes of procuring the satisfaction of any Condition and must not take any action which will hinder or prevent the satisfaction of any Condition.

#### 4.3 Notice

Each party must:

- (a) notify the other parties as soon as they become aware that a Condition has been satisfied, or has, or is likely to become, incapable of being satisfied; and
- (b) provide to the other parties as soon as practicable any documents or other reasonable evidence that evidences the satisfaction of the Condition, or that the Condition is incapable of being satisfied.

#### 4.4 Waiver

- (a) The Conditions in **clause 4.1(a) – (k)**:
  - (i) are for the benefit of SAM alone; and



- (ii) may only be waived by SAM giving notice in writing to WOF.
- (b) The Condition in **clause 4.1(I)** may only be waived by mutual consent by both parties in writing.

#### 4.5 Termination

- (a) Each of SAM and WOF may, by notice in writing to the other, terminate this document at any time before Completion if any Condition has become incapable of satisfaction and the Condition:
  - (i) can be waived:
    - (A) only if the party who wishes to terminate this document gives notice of the waiver in accordance with **clause 4.4**; or
    - (B) by a party or parties other than the party which wishes to terminate this document, and the party who wishes to terminate this document has given at least two Business Days notice to the other parties of its intention to terminate this document; and
  - (ii) has not been waived in accordance with **clause 4.4** at the time the notice of termination is given.
- (b) A party may terminate this document, by notice in writing to the other, if a Condition stated to be for its benefit in **clause 4.4** is not satisfied or waived by:
  - (i) 5.00pm on the Condition Date corresponding to the relevant Condition as set out in **clause 4.1**; or
  - (ii) such other date as SAM and WOF agree.

## 5 Appointment of Directors

### 5.1 SAM nominations

SAM may nominate in writing to WOF, persons to be appointed to the WOF Board at Completion up to the number set out in the table below.

Completion	SAM nominated directors on the WOF Board	Maximum number of Directors
Phase 1 Shares	0	5
Phase 2 Shares	2	5
Phase 3 Share	3	5

### 5.2 WOF appointments

- (a) As soon as practicable after each Completion, WOF must use reasonable endeavours to procure the appointment to the WOF Board of the persons nominated by SAM under **clause 5.1**.

- (b) WOF must ensure that the maximum number of Directors during the Exclusivity Period is no more than five including the persons nominated by SAM under **clause 5.1**.

## 6 Facilitating the Proposed Transaction

### 6.1 Directors' recommendation and acceptance

- (a) WOF warrants that the WOF Board has met and considered the Proposed Transaction and all of the Directors have informed WOF that in the absence of a Superior Proposal they will:
  - (i) unanimously recommend that Shareholders vote in favour of Transaction Resolutions; and
  - (ii) vote, or procure the vote in favour of the Transaction Resolutions, in respect of any Shares that they, or their Associates, own or control or otherwise have a Relevant Interest in.
- (b) WOF must use its best endeavours during the Exclusivity Period to procure that the Directors support the Proposed Transaction and in all public announcements in relation to the Offer, including in WOF's Agreed Announcement and in the Notice of Meeting, that in the absence of a Superior Proposal, all of the Directors publicly state that they:
  - (i) unanimously recommend that WOF Shareholders vote in favour of the Proposed Transaction; and
  - (ii) will vote, or procure the vote in favour of the Transaction Resolutions, in respect of any Shares that they, or their Associates, own or control or otherwise have a Relevant Interest in.
- (c) Subject to **clause 11**, WOF must use its best endeavours to procure during the Exclusivity Period that the WOF Board collectively does not, and that the Directors individually do not, change, withdraw or modify his or her recommendation unless the WOF Board has obtained written legal advice from its external legal advisers and determined that not to change, withdraw or modify his or her recommendation would reasonably be likely to involve a breach of the statutory or fiduciary duties owed by any Director or would otherwise be unlawful.

## 7 Tradability

### 7.1 Application for quotation

Immediately following the issue of the SAM Shares and the SAM Options, SAM must lodge an application to ASX for the quotation of the SAM Shares and the SAM Options on the ASX.





## 7.2 Tradability of SAM Shares

WOF must ensure that all SAM Shares issued to SAM are freely tradeable under section 707 of the Corporations Act within three months of their issue.

## 7.3 Disclosure Document

WOF must:

- (a) prepare the Disclosure Document in compliance with all applicable laws, including the Corporations Act and the Listing Rules to ensure that all SAM Shares are freely tradeable;
- (b) provide successive drafts of the Disclosure Document to SAM to review and comment on in advance of the Disclosure Document being circulated as a final document; and
- (c) take any comments on the Disclosure Document made by SAM into account in good faith when producing a further draft of the Disclosure Document.

# 8 WOF Shareholder approval

## 8.1 Independent Expert's Report

WOF must promptly engage the Independent Expert to prepare the Independent Expert's Report for inclusion in the Notice of Meeting.

## 8.2 Notice of Meeting

- (a) Subject to **clause 8.2(b)**, WOF must promptly and in accordance with the Timetable:
  - (i) prepare the Notice of Meeting in compliance with all applicable laws, including the Corporations Act and the Listing Rules; and
  - (ii) despatch the Notice of Meeting to WOF Shareholders.
- (b) WOF must:
  - (i) give SAM a reasonable opportunity to review an advanced draft of the Notice of Meeting and Independent Expert's Report before WOF lodges the Notice of Meeting with ASIC; and
  - (ii) consult in good faith with SAM in relation to any comments SAM may have on the Notice of Meeting.

## 8.3 WOF Shareholder approval

WOF must convene an extraordinary general meeting at which the WOF Shareholders approve (among other things):

- (a) the issue of the Phase 3 Shares and SAM Options to SAM for the purposes of Listing Rule 7.1;
- (b) the ratification of the issue of the Phase 1 Shares and the Phase 2 Shares to SAM for the purposes of Listing Rule 7.4;

- (c) to permit SAM or its nominee to acquire a Relevant Interest (as that term is defined in the Corporations Act) in WOF of greater than 20% under section 611 item 7 of the Corporations Act;
- (d) the appointment of the two directors nominated by SAM and appointment of a further director nominated by SAM to the WOF Board; and
- (e) such other matters as may be necessary or desirable to implement the Proposed Transaction,

**(Transaction Resolutions).**

## 9 Due diligence and access to information

From the Execution Date WOF must, and must cause its Representatives to afford to SAM and its Representatives reasonable access to such documents, records and other information (subject to any existing confidentiality obligations owed to Third Parties), premises, personnel and advisers of WOF and the records, premises or personnel of WOF and such reasonable co-operation as SAM reasonably requires for the purpose of:

- (a) undertaking the Corporate and Financial DD and the Asset DD in accordance with the Timetable;
- (b) SAM obtaining an understanding of the operations of WOF and the Assets;
- (c) understanding WOF's financial position (including its cashflow and working capital position), trading performance and management control systems;
- (d) meeting its obligations under this document;
- (e) answering the matters raised in requests for further information in connection with the Corporate and Financial DD and the Asset DD to SAM's reasonable satisfaction;
- (f) verifying WOF Warranties; and
- (g) any other purpose which is agreed in writing between the parties.

## 10 Reimbursement Fee

### 10.1 Basis for the Reimbursement Fee

- (a) SAM and WOF acknowledge that, if they enter into this document and the Proposed Transaction is subsequently not implemented SAM and Subsidiaries of SAM will incur significant costs including:
  - (i) fees for legal, financial and other professional advice in planning and implementing the Proposed Transaction;



- (ii) reasonable opportunity costs incurred in engaging in the Proposed Transaction or in not engaging in other alternative acquisitions or strategic initiatives;
  - (iii) costs of management and directors' time in planning and implementing the Proposed Transaction; and
  - (iv) out of pocket expenses incurred in planning and implementing the Proposed Transaction.
- (b) In these circumstances, WOF acknowledges that it is reasonable for the fee in **clause 10.2** to be made, without which SAM would not have entered into this document or otherwise agreed to increase the consideration payable under the Proposed Transaction.

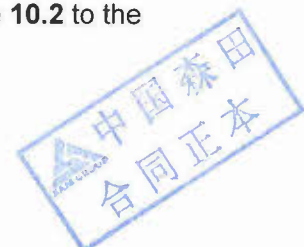
## 10.2 Reimbursement Fee trigger

WOF must pay the Reimbursement Fee to SAM, without set-off or withholding:

- (a) if a Competing Proposal of any kind is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within one year of the date of such announcement, the Third Party or any Associate of that Third Party:
  - (i) completes a Competing Proposal of a kind referred to in any of paragraphs (b), (c) or (d) of the definition of Competing Proposal; or
  - (ii) without limiting **clause 10.2(a)(i)**, acquires (either alone or in aggregate) a Relevant Interest in more than 50% of the Shares or acquires (either alone or in aggregate) Control of WOF; or
  - (iii) where a Condition, or an aspect of a Condition, is within WOF's control and WOF fails to use reasonable endeavours to prevent the breach of that Condition or to prevent that Condition becoming incapable of being fulfilled, in either case due to an act or omission of WOF, a Related Body Corporate of WOF or a director of WOF or a director of any Related Body Corporate of WOF.
- (b) A Director withdraws or modifies a recommendation in respect of the Proposed Transaction made under **clause 6.1**.

## 10.3 Timing of payment of Reimbursement Fee

- (a) A demand by SAM for payment of the Reimbursement Fee under **clause 10.2** must be in writing and state the circumstances which give rise to demand.
- (b) WOF must pay the Reimbursement Fee to SAM, without set-off or withholding, within three Business Days of receipt by WOF of a demand for payment where SAM is entitled under **clause 10.2** to the Reimbursement Fee.



#### **10.4 Compliance with law**

This **clause 10** does not impose an obligation on WOF to pay the Reimbursement Fee to the extent (and only to the extent) that the obligation to pay the Reimbursement Fee:

- (a) is declared by the Takeovers Panel to constitute Unacceptable Circumstances; or
- (b) is determined to be unenforceable as determined by a court.

#### **10.5 Reimbursement Fee payable only once**

Where the Reimbursement Fee becomes payable to SAM under **clause 10.2** and is actually paid to the SAM, SAM cannot make any Claim against WOF for payment of any subsequent Reimbursement Fee.

### **11 Exclusivity arrangements**

#### **11.1 No shop prohibition**

During the Exclusivity Period, WOF must not, and must ensure that each of its Related Persons do not, directly or indirectly solicit, invite, encourage or initiate (including by the provision of non-public information) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any person an intention to do anything referred to in this **clause 11.1**.

#### **11.2 No talk prohibition**

Subject to **clause 11.4**, during the Exclusivity Period, WOF must not, and must ensure that each of its Related Persons do not, directly or indirectly:

- (a) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make or which would reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;
- (b) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal;
- (c) disclose or otherwise provide any material non-public information about the business or affairs of the WOF Group to any person (other than a Governmental Authority, ASIC or ASX) with a view to obtaining or which would reasonably be expected to encourage or lead to receipt of an actual, proposed or potential Competing Proposal; or
- (d) communicate to any person an intention to do anything referred to in this **clause 11.2**.



### 11.3 Notification of approaches

- (a) Subject to **clause 11.4**, during the Exclusivity Period, WOF must as soon as possible notify SAM in writing if it, or any of its Related Persons, become aware of any direct or indirect:
- (i) approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal;
  - (ii) proposal made to WOF or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
  - (iii) provision by WOF or any of its Related Persons of any material confidential information concerning the WOF Group's operations to any person in relation to an actual, proposed or potential Competing Proposal.
- (b) A notification given under **clause 11.3** must include the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Proposal, together with all material terms and conditions of the actual, proposed or potential Competing Proposal.

### 11.4 Fiduciary exception

**Clauses 11.2 and 11.3** do not prohibit any action or inaction in relation to an actual, proposed or potential Competing Proposal if, in the opinion of the WOF Board, formed in good faith after receiving written advice from its external legal advisers, constitute, or would reasonably be likely to involve, a breach of any of the fiduciary or statutory duties of the Directors, provided that the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of **clause 11.1**.

### 11.5 Provision of information

During the Exclusivity Period, WOF must as soon as possible provide SAM with:

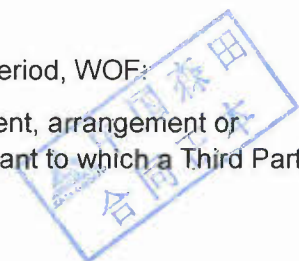
- (a) in the case of written materials, a copy of; and
- (b) in any other case, a written statement of,

any material non-public information about the business or affairs of WOF or its Subsidiaries disclosed or otherwise provided after the Execution Date to any person in connection with an actual, proposed or potential Competing Proposal, which has not previously been provided to SAM.

### 11.6 Matching right

Without limiting **clause 11.1**, during the Exclusivity Period, WOF:

- (a) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party



and/or WOF proposes to undertake or give effect to an actual, proposed or potential Competing Proposal; and

- (b) must use its best endeavours to procure that none of its Directors change their recommendation in favour of the Proposed Transaction to publicly recommend an actual, proposed or potential Competing Proposal,

unless:

- (c) the WOF Board acting in good faith determines that the actual, proposed or potential Competing Proposal would be or would be likely to be a Superior Proposal;
- (d) WOF has provided SAM with the material terms of the actual, proposed or potential Competing Proposal, including price and the identity of the Third Party making the actual, proposed or potential Competing Proposal; and
- (e) WOF has given SAM at least three Business Days after the provision of the information referred to in **clause 11.6(d)** to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal.

## **11.7 Cease discussions**

WOF must, and must ensure that each of its Related Persons, cease any discussions or negotiations existing as at the Execution Date and revoke any due diligence and/or data room access existing as at the Execution Date, each relating to:

- (a) any actual, proposed or potential Competing Proposal; or
- (b) any transaction that would, or would reasonably be expected to, reduce the likelihood of success of the Proposed Transaction.

## **12 Confidentiality**

### **12.1 Agreed announcement**

A party may not make any public announcement relating to this document (including the fact that the parties have executed this document) unless:

- (a) SAM and WOF have consented to the announcement, including the form and content of that announcement (such consent not to be unreasonably withheld); or
- (b) the announcement would be permitted under an exemption in **clause 12.2(b)**.

### **12.2 Confidentiality**

- (a) Each party (**recipient**) must keep secret and confidential, and must not divulge or disclose:



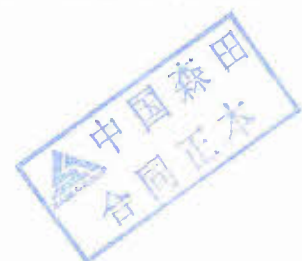
- (i) any information relating to another party or its business which is disclosed to the recipient by the other party, its representatives or advisers;
  - (ii) the negotiations of the parties in relation to the Transaction Documents; or
  - (iii) the subject matter or terms of any Transaction Document.
- (b) A recipient may disclose or use any information if:
- (i) the information is in the public domain as at the Execution Date (or subsequently becomes in the public domain other than by breach of any obligation of confidentiality binding on the recipient);
  - (ii) the recipient is required to disclose the information by applicable law, the ASX or the Listing Rules for so long as any member of the WOF Group is admitted to the Official List of the ASX, provided that the recipient has, to the extent possible having regard to the required timing of the disclosure, consulted with the provider of the information as to the form and content of the disclosure;
  - (iii) the disclosure is made by the recipient to its officers, employees, financiers or lawyers, accountants, investment bankers, consultants or other professional advisers to the extent necessary to enable the recipient to properly perform its obligations under this document or to conduct its business generally, in which case the recipient must ensure that such persons keep the information secret and confidential and do not divulge or disclose the information to any other person;
  - (iv) the disclosure is required for use in legal proceedings regarding this document; or
  - (v) the party to whom the information relates has consented in writing before the disclosure.
- (c) Each recipient which is a body corporate must ensure that its directors, officers, employees, agents, representatives and Related Bodies Corporate comply in all respects with the recipient's obligations under this **clause 12**.

## 13 Warranties

### 13.1 WOF Warranties

WOF warrants to SAM that each of the WOF Warranties is true, complete and accurate in all material respects as at both:

- (a) the Execution Date; and
- (b) each Completion Date,



except that if a WOF Warranty is expressed to be given at a particular time, that WOF Warranty is given only at that time.

### 13.2 Indemnity for breach of WOF Warranties

WOF indemnifies SAM against, and must pay to SAM on demand an amount equal to, all Loss suffered or incurred by SAM or a member of the WOF Group arising from or in connection with a breach of the WOF Warranties, except to the extent that the WOF Warranty or WOF's liability for the Loss is limited or qualified.

### 13.3 WOF Warranties construed independently

Each WOF Warranty must be construed independently and is not limited by reference to another WOF Warranty.

### 13.4 WOF Warranties survive Completion

Each WOF Warranty remains in full force and be binding despite Completion.

### 13.5 SAM Warranties

- (a) SAM warrants that as at the Execution Date and on each Completion Date:
- (i) **(incorporation)** it is validly incorporated, organised and subsisting under the laws of the place of its incorporation;
  - (ii) **(power and capacity)** it has full power and capacity to:
    - (A) own its property and carry on its business; and
    - (B) enter into and perform its obligations under this document;
  - (iii) **(due execution)** this document has been duly executed and is a legal, valid and binding agreement, enforceable against it in accordance with its terms;
  - (iv) **(authorisations)** all necessary authorisations for the execution, delivery and performance by it of this document in accordance with its terms have been obtained;
  - (v) **(no contractual restrictions)** it is not bound by any agreement that would prevent or restrict it from entering into and performing its obligations under this document;
  - (vi) **(no insolvency)** no resolutions have been passed or steps taken, and no petition or other process has been presented or threatened in writing against it, for winding-up or dissolution, and no receiver, receiver and manager, liquidator, administrator or like official has been appointed, or is threatened or expected to be appointed, over the whole or any part of its assets; and
  - (vii) **(sophisticated investor)** it is a sophisticated investor for the purposes of section 708(8) of the Corporations Act.
- (b) In addition to the warranties set out in **clause 13.5(a)**, SAM warrants that, as at the Execution Date it is not aware of any event or circumstance that



would result in one or more of the Conditions being breached or becoming incapable of fulfilment.

### **13.6 Indemnity for breach of SAM Warranties**

SAM indemnifies WOF against, and must pay to WOF on demand an amount equal to, all Loss suffered or incurred by WOF or a member of the WOF Group arising from or in connection with a breach of the SAM Warranties, except to the extent that the SAM Warranty or SAM's liability for the Loss is limited or qualified.

### **13.7 Reliance**

- (a) WOF acknowledges that SAM has entered into, and will complete, this document in reliance on the WOF Warranties.
- (b) SAM:
  - (i) acknowledges that the only statements, representations and warranties by or on behalf of WOF on which SAM has relied in entering into and performing this document are those expressly set out in this document (including in WOF Warranties); and
  - (ii) agrees that any Claim by SAM must be based solely on, and limited to, the express provisions of this document and that, to the maximum extent permitted by law, all terms and conditions that may be implied by law in any jurisdiction and which are not expressly set out in this document are excluded, or, if they cannot be excluded, the liability under them is limited to the maximum extent permitted by law.

## **14 Termination**

### **14.1 Termination rights**

A party (**Terminating Party**) may terminate this document at any time by notice to the other party if:

- (a) the other party is in breach of this document, which breach is material in the context of the Proposed Transaction;
- (b) the Terminating Party has given notice to the other party setting out full details of the material breach and stating an intention to terminate this document; and
- (c) the material breach has continued to exist for five Business Days from the time such notice was given.

### **14.2 Other termination rights**

SAM may terminate this document at any time by notice to WOF if:

- (a) a Competing Proposal is made and implemented or publicly announced and implemented for WOF by a Third Party;



- (b) any member of the WOF Board does not recommend the Proposed Transaction be approved by WOF Shareholders or, having recommended the Proposed Transaction, changes his or her recommendation in relation to the Proposed Transaction; or
- (c) a person other than SAM or one of its Related Bodies Corporate obtains voting power in WOF of 10% or more, or a person that has voting power in WOF of 10% or more increases their voting power by more than 3%, and that person is not a funds manager, bare trustee or custodian (other than a bare trustee or custodian that is acting for or on behalf of a trade or strategic investor).

### **14.3 Effect of termination**

If this document is terminated by a party:

- (a) each party is released from its obligations under this document, except those in **clauses 10, 12, 13.1, 14, 15, 16 and 17 and 18.11**;
- (b) each party retains the rights it has or may have against the other party in respect of any past breach of this document; and
- (c) in all other respects, all future obligations of the parties under this document will immediately terminate and be of no further force or effect, including any further obligations in respect of the Proposed Transaction.

### **14.4 Termination**

Where a party has a right to terminate this document, that right for all purposes will be validly exercised if the party delivers a notice in writing under **clause 17** to the other party stating that it terminates this document and the provision under which it is terminating the document.

## **15 Duties, costs and expenses**

### **15.1 Duty**

SAM as between the parties is liable for and must pay all Duty (including any fine, interest or penalty except where it arises from default by WOF) on or relating to this document, any document executed under it or any dutiable transaction evidenced or effected by it.

### **15.2 Parties to bear own other costs**

- (a) Except as expressly stated otherwise in this document, each party must pay its own legal and other costs and expenses in respect of the negotiation, preparation, execution, delivery and registration of this document and any other agreement or document entered into or signed under this document or in connection with the Proposed Transaction.
- (b) Any action to be taken by any party in performing its obligations under this document must be taken at its own cost and expense unless otherwise provided in this document.



## 16 GST

### 16.1 Interpretation

In this **clause 16**, a word or expression defined in the GST Law has the meaning given to it in the GST Law.

### 16.2 GST gross up

- (a) Subject to **clause 16.2(b)**, if a party makes a supply under or in connection with this document in respect of which GST is payable, the consideration for the supply but for the application of this **clause 16.2** (GST exclusive consideration) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- (b) **Clause 16.2(a)** does not apply to any consideration that is expressed in this document to be inclusive of GST.
- (c) Any consideration or payments that are not expressed to be inclusive of GST are exclusive of GST.

### 16.3 Reimbursements and indemnifications

If a party must reimburse or indemnify the other party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party is entitled to for the loss, cost or expense, and then increased in accordance with **clause 16.2**.

### 16.4 Tax invoice

A party need not make a payment for a taxable supply made under or in connection with this document until it receives a tax invoice for the supply to which the payment relates.

## 17 Notices

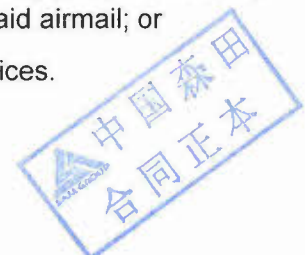
### 17.1 General

A notice, demand, certification, process or other communication relating to this document must be in writing in English and may be given by an agent of the sender (including its lawyers).

### 17.2 How to give a communication

In addition to any other lawful means, a communication may be given by being:

- (a) personally delivered;
- (b) left at the party's current delivery address for notices;
- (c) sent to the party's current postal address for notices by pre-paid ordinary mail or, if the address is outside Australia, by pre-paid airmail; or
- (d) sent by fax to the party's current fax number for notices.



### 17.3 Particulars for delivery of notices

- (a) The particulars for delivery of notices are initially:

#### SAM

Delivery address: 6th Floor, Office Tower E1, Oriental Plaza,  
No.1 East Chang An Avenue, Beijing

Postal address: As above

Fax: +86 8518 7098

Attention: Ms Ning Zhu

Copy to: Andrew Lumsden, Partner  
Corrs Chambers Westgarth  
(02) 9210 6385

email: [andrew.lumsden@corrs.com.au](mailto:andrew.lumsden@corrs.com.au)

#### WOF

Delivery address: Level 1, 330 Churchill Avenue  
Subiaco, Western Australia, 6008

Postal address: As above

Fax: +61 8 9200 4469

Attention: Mr Brian McMaster

- (b) Each party may change its particulars for delivery of notices by notice to each other party.

### 17.4 Communications by post

Subject to **clause 17.6**, a communication is given if posted:

- (a) within Australia to an Australian postal address, three Business Days after posting; or
- (b) outside of Australia to an Australian postal address or within Australia to an address outside of Australia, ten Business Days after posting.

### 17.5 Communications by fax

Subject to **clause 17.6**, a communication is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

### 17.6 After hours communications

If a communication is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,



it is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

### **17.7 Process service**

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this document may be served by any method contemplated by this **clause 17** or in accordance with any applicable law.

## **18 General**

### **18.1 Amendment**

This document may only be varied or replaced by a document executed by the parties.

### **18.2 Waiver and exercise of rights**

- (a) A single or partial exercise or waiver by a party of a right relating to this document does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

### **18.3 Rights cumulative**

Except as expressly stated otherwise in this document, the rights of a party under this document are cumulative and are in addition to any other rights of that party.

### **18.4 Consents**

Except as expressly stated otherwise in this document, a party may conditionally or unconditionally give or withhold any consent to be given under this document and is not obliged to give its reasons for doing so.

### **18.5 Further steps**

Each party must promptly do whatever any other party reasonably requires of it to give effect to this document and to perform its obligations under it.

### **18.6 Governing law and jurisdiction**

- (a) This document is governed by the laws of Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia.

### **18.7 Counterparts**

- (a) This document may consist of a number of counterparts and, if so, the counterparts taken together constitute one document.
- (b) A party may execute this document or any counterpart and exchange it by fax or as an electronic copy by email.



### **18.8 Entire understanding**

- (a) This document (including each document expressly referred to in this document or otherwise contemplated in this document to the extent it is necessary to give effect to the Proposed Transaction the subject of this document) contains the entire understanding between the parties as to the subject matter of this document.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this document are merged in and superseded by this document and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
  - (i) affects the meaning or interpretation of this document; or
  - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

### **18.9 Relationship of parties**

This document is not intended to create a partnership, joint venture or agency relationship between the parties.

### **18.10 Indemnities**

- (a) Each indemnity in this document is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, Completion or expiration of this document.
- (b) It is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred by this document.

### **18.11 Withholding**

- (a) All payments to be made under this document (regardless of their form) must be made free and clear of all deductions or withholdings unless the deduction or withholding is required by law.
- (b) If any deduction or withholding is required by law to be made from a sum payable by any person under this document, then, to the extent permitted by law, the relevant payer must pay to the payee such additional amount as is required to ensure that the amount received by the payee will equal the full amount which would have been received by it had no such deduction or withholding been required to be made.

### **18.12 Continuing rights and obligations**

All rights and obligations of a party which have not been exercised or performed at Completion are not extinguished or affected by Completion, unless those rights or obligations are specifically waived or released in writing by a document signed by all parties.



### 18.13 Construction

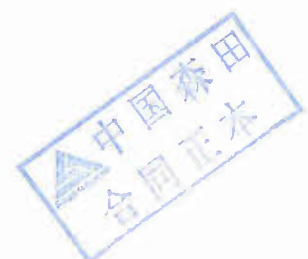
Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) any gender includes the other genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) 'includes' means includes without limitation;
- (e) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it;
- (f) a reference to:
  - (i) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
  - (iii) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
  - (iv) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
  - (v) a right includes a benefit, remedy, discretion or power;
  - (vi) time is to local time in Perth, Western Australia;
  - (vii) '\$' or 'dollars' is a reference to Australian currency;
  - (viii) this or any other document includes the document as novated, varied or replaced and despite any change in the identity of the parties;
  - (ix) writing includes:
    - (A) any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions; and
    - (B) words created or stored in any electronic medium and retrievable in perceivable form;
  - (x) this document includes all schedules and annexures to it; and
  - (xi) a clause, schedule or annexure is a reference to a clause, schedule or annexure, as the case may be, of this document

- (xii) a paragraph or item is a reference to a paragraph or item, as the case may be, of the schedule in which the reference is contained;
- (g) if the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day;
- (h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded; and
- (i) an obligation to use reasonable endeavours does not require a party to incur a substantial commercial detriment or payment obligation.

#### **18.14 Headings**

Headings do not affect the interpretation of this document.





# Schedule 1

## Part A - Corporate and Financial DD

### 1 FINANCIAL

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- 1.1 Details of any loans to Directors and executives of WOF.
- 1.2 Details of all options on issue in WOF.
- 1.3 Details of all exploration and evaluation expenditures incurred in the last five years.
- 1.4 Details of any foreign exchange reserves, gains and losses and any hedge positions.
- 1.5 Details of any derivative financial instruments.
- 1.6 Copies of any finance agreements to which WOF is a party or guarantor, including the Celtic Facility.

### 2 LITIGATION AND CLAIMS

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- 2.1 Details any prosecutions, demands, breaches, disputes, claims or proceedings (historical, actual, threatened or likely) involving any member of the WOF Group or any joint venture of which WOF is a member.
- 2.2 Copy of the settlement deed in respect of the claim for A\$104,880.91 and winding up application for WOF filed by Ngaanyatjarra Council (Aboriginal Corporation).
- 2.3 Details of the indemnity by Palgrave Resources against the claim described in 2.2 including copies of any deed of indemnity, related documentation and confirmation from Palgrave Resources that they will defend the claim and cover the losses.

### 3 EMPLOYMENT

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- 3.1 Details of all incentive plans for Directors and employees of the WOF Group (including any agreements to issue under the incentive plans).
- 3.2 Details of any employment arrangements with WOF employees.
- 3.3 Details of any consulting fee arrangement with any Director or executive.
- 3.4 Detailed staff schedule and description of nature of employment contracts.

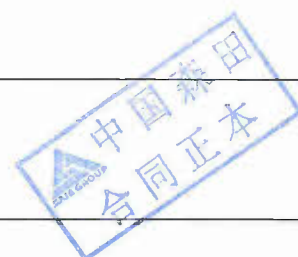
### 4 INSURANCES

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- 4.1 Copies of all current insurance policies.

### 5 LEGAL

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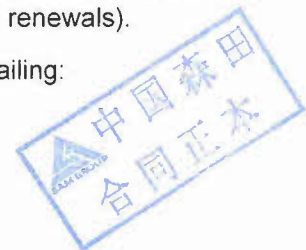


- 5.1 Details of all WOF Group members including:
  - (a) Wolf Operations Limited;
  - (b) Wolf Investments Pte Limited;
  - (c) MME Iron LLC;
  - (d) Land Oil LLC;
  - (e) Wolf Petroleum LLC;
  - (f) Strzelecki Mining Pty Ltd; and
  - (g) The Colonial Copper Company Pty Ltd.
- 5.2 Details of the service agreements for corporate advisory services and a fully serviced office including administration and information technology support for a term of two years with Garrison Capital Pty Ltd.
- 5.3 Copies of all sale or purchase agreements to which WOF has been party in the past 5 years.
- 5.4 Copies of any production sharing contracts on the S Block, Jinst and Baruun Urt and related documentation.
- 5.5 Copies of any petroleum survey contracts on the S Block, Jinst and Baruun Urt and related documentation.
- 5.6 Copy of the sale agreement regarding Slasko Krakowska Kompania Górnictwa Metali and related documentation.
- 5.7 Details of WOF's anti-bribery and corruption framework, including copies of all policies and manuals and copies of any reports prepared in relation to WOF and corruption or bribery of which WOF is aware.
- 5.8 Copies of all communications between WOF and Mongolian regulators occurring in the past 6 months and copies of all communications between WOF and Mongolian regulators that would be material to the decision of a reasonable and prudent investor in assessing whether to enter into the Proposed Transaction.

## Part B - ASSET DD

### 6 TENEMENTS

- 6.1 Details of any searches of the petroleum tenements held by WOF including S Block, Jinst and Baruun Urt (**Tenements**) (including applications and renewals).
- 6.2 In respect of each Tenement, instruments and documents detailing:
  - (a) the legal and beneficial owners;



- (b) the term;
  - (c) the timing for renewals and whether there are any issues that may arise in relation to renewals of that Tenement (native title issues in this regard will be dealt with separately);
  - (d) any rehabilitation obligations;
  - (e) any encumbrances;
  - (f) any exclusions;
  - (g) minimum expenditure requirements;
  - (h) whether there are any unusual or particularly onerous terms or conditions on the licenses;
  - (i) the amount and form of any performance (or other) bonds; and
  - (j) all royalty payment obligations or benefits.
- 6.3 Details of WOF's work programme.
- 6.4 Reports on any 'farm out' progress in respect of interests held by WOF.
- 6.5 Details of any landholder compensation or consent agreements or land purchase agreements.
- 6.6 Details of the Mongolian government's involvement in the Tenements and operations.
- 6.7 Site visits to each Tenement and access to the senior managers working at the Tenements.

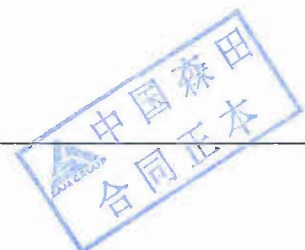
## **7 ENVIRONMENT**

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- 7.1 All material consents, licences, permits or other authorisations issued to any person in relation to the operations under any environmental law in any jurisdiction.
- 7.2 Evidence of compliance with the reporting requirements under the *National Greenhouse and Energy Reporting Act 2007* (Cth).
- 7.3 Any reports or audit findings relating to environmental, planning and water issues, including those prepared by:
- (a) government agencies;
  - (b) independent consultants;
  - (c) insurance or finance companies and brokers;
  - (d) safety authorities;
  - (e) any other authorities that may impose material environmental obligations on the operations (eg environmental conditions of the Tenements (including rehabilitation)); and
  - (f) copies of any environmental impact studies.

## **8 REPORTS**

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- 8.1 Seismic interpretation and geochemical results for Jinst, Baruun Urt and S Block.

**9 GOODS AND PLANT & EQUIPMENT**

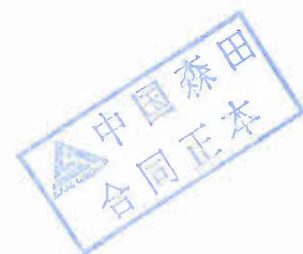
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- 9.1 Evidence of title to key plant and equipment.  
9.2 Details of encumbrances over key plant and equipment.  
9.3 Details of lease agreements to which WOF is a party.

**10 LEGAL**

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- 10.1 Copies of all other communications between WOF and Mongolian regulators that were not provided in response to Corporate and Financial DD request number 5.8.



## Schedule 2

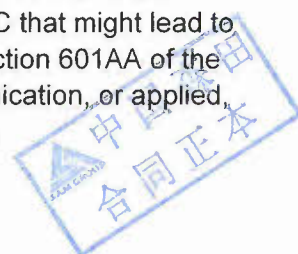
### WOF Warranties

#### 1 Capacity of WOF Group

- 1.1 Each member of the WOF Group is duly incorporated and validly exists under the law of its place of incorporation.
- 1.2 The execution, delivery and performance of this document:
- (a) has been properly authorised by all necessary corporate action of WOF;
  - (b) does not and will not (with or without the lapse of time, the giving of notice or both) contravene, conflict with or result in a breach of or default under:
    - (i) any provision of its constitution;
    - (ii) any material term or provision of any security arrangement, undertaking, agreement or deed to which it is a party or is subject to or by which it is bound; or
    - (iii) any writ, order or injunction, judgment, law, rule or regulation to which it is a party or is subject to or by which it is bound.
- 1.3 WOF has full corporate power and lawful authority to execute and deliver this document and to consummate and perform its obligations under this document and has obtained all necessary consents and authorisations to enable it to do so.
- 1.4 This document constitutes a legal, valid and binding obligation on WOF enforceable in accordance with its terms.

#### 2 Solvency of WOF Group

- 2.1 No member of the WOF Group:
- (a) has gone, or is proposed to go, into liquidation;
  - (b) has passed a winding-up resolution or commenced steps for winding-up or dissolution; or
  - (c) has received a deregistration notice under section 601AB of the Corporations Act or any communication from ASIC that might lead to such notice or applied for deregistration under section 601AA of the Corporations Act (or received a notice or communication, or applied, under any equivalent laws of another jurisdiction).



- 2.2 No order has been made, or application filed, or resolution passed or a notice of intention given to pass a resolution for the winding up of a member of the WOF Group and there are no facts, matters or circumstances justifying commencement of any such action.
- 2.3 No petition or other process for winding-up or dissolution has been presented or threatened in writing against a member of the WOF Group and, as far as WOF is aware, there are no facts, matters or circumstances justifying such a petition or other process.
- 2.4 No receiver, receiver and manager, judicial manager, liquidator, administrator controller, trustee, administrator or similar official has been appointed over all or any part of the assets or undertaking of any member of the WOF Group, as far as WOF is aware, there are no facts, matters or circumstances justifying such an appointment, and nor has any member of the WOF Group entered into or taken steps or proposed to enter into, any arrangement or composition or compromise with all or any class of its creditors.
- 2.5 No writ of execution has been issued against any member of the WOF Group, or any of their assets, and, as far as WOF is aware, there are no facts, matters or circumstances justifying such a writ.
- 2.6 Each member of the WOF Group is able to pay its debts as and when they fall due.

### 3 Share capital and corporate structure

- 3.1 The SAM Shares:
- (a) on Completion will be free of all Encumbrances and other Third Party interests or rights; and
- (b) are fully paid and no money is owing in respect of them.
- 3.2 The SAM Shares are to rank equally in all respects from the issue date with existing issued Shares.
- 3.3 Phase 1 and Phase 2 Shares can be issued without approval by WOF Shareholders under Listing Rule 7.1 or 7.1A.
- 3.4 SAM Shares will be quoted on the ASX from the date of issue.
- 3.5 The total number of Shares on issue 307,225,811.
- 3.6 WOF is not under any obligation to issue, and no person has a right to call for the issue or transfer (or to restrict the free transfer) of, any Share or other security in WOF at any time other than as detailed in the table below.

Number of options	ASX code	Exercise Price	Expiry Date
10,000,000	WOFAM	\$0.25	31 December 2016
232,907,013	WOFOA	\$0.05	31 July 2018

## 4 Public information

- 4.1 At the time of its publication there will be no omissions from the Notice of Meeting or Disclosure Document of material required by the Corporations Act.
- 4.2 At the time of its publication of the Notice of Meeting, Disclosure Document or any public information will not contain any statements which are misleading or deceptive (including, without limitation, misleading statements within the meaning of section 728(2) of the Corporations Act or false or misleading statements within the meaning of section 1041E of the Corporations Act).
- 4.3 Any statement of opinion, belief, expectation, intention or policy contained in the Notice of Meeting, Disclosure Document or any public information whether it relates to a future matter (including forward looking statements and forecast financial information) or otherwise was (at the time made) and is truly and honestly held by that person and the maker of the statement has reasonable grounds for holding the opinion, belief or expectation, or making the statement as to intention or policy.
- 4.4 There were (at the time made) and are reasonable grounds for the making of all statements contained in the Notice of Meeting, Disclosure Document or any public information; and at the time of publication any public information published or released by, or on behalf of, WOF will comply with all applicable laws.

## 5 Financial information

- 5.1 The Accounts present a true and fair view of the financial position, performance, cash flows, Assets and liabilities of each member of the WOF Group as at the dates and for the periods shown.
- 5.2 The Accounts have been prepared in accordance with the requirements of the Corporations Act (as applicable), the Accounting Standards and all other applicable laws.
- 5.3 The Accounts are not affected by any extraordinary, unusual or non-recurring item or any other factor that might make the financial position or operational results of the Company disclosed in the Accounts misleading or deceptive in any material respect.
- 5.4 Since 15 April 2016:
- (a) the Business has been carried on in the ordinary and usual course;
  - (b) no member of the WOF Group has sustained any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour dispute or court or governmental action, order or decree;
  - (c) there has been no change in the assets, liabilities, financial position or performance, profits, losses or prospects of any member of the WOF Group except for changes in the ordinary and usual course of business,

none of which individually or in the aggregate could reasonably be expected to cause a Material Adverse Change;

- (d) there has been no Material Adverse Change; and
- (e) there have been no transactions entered into by a member of the WOF Group (including any contract or commitment or incurrence of any liability (including a contingent liability)), other than those in the ordinary course of business, which are material with respect to the WOF Group.

5.5 On Completion, WOF will have sufficient working capital to carry on its Business.

## 6 No contravention

6.1 Neither the execution or performance of this document including carrying out by a member of the WOF Group of the transactions (or any of them) that this document contemplates, does or will contravene:

- (a) the Corporations Act or any other law to which it is subject or any order of any Governmental Agency that is binding on it;
- (b) the Listing Rules (except where compliance has been waived, or as modified, by ASX);
- (c) its constitution;
- (d) any legally binding requirement of ASIC (including any policy or class order of ASIC and any ASIC relief or ASIC Modification obtained by it in connection with the Proposed Transaction) or ASX; or
- (e) any other agreement, undertaking or instrument or authorisation or court or administrative order binding on it (or its Affiliates);

6.2 No member of the WOF Group has engaged in, and will not engage in, conduct that is misleading or deceptive or which is likely to mislead or deceive.

6.3 No member of the WOF Group is in breach of any provision of:

- (a) the Corporations Act or the ASIC Act;
- (b) any other law to which a member of the WOF Group is subject or any order of any Governmental Agency that is binding on it;
- (c) the Listing Rules (except where compliance has been waived, or as modified, by ASX);
- (d) its constitution;
- (e) any legally binding requirement of ASIC or ASX (including any ASIC Modification and ASX Waivers); and
- (f) any other undertaking or instrument or authorisation or court or administrative order binding on it (or its Affiliates).





## 7 Assets

- 7.1 WOF has not, and will not, have created or agreed to create any Encumbrance over any material part of, or all of, the Assets.
- 7.2 The Assets are:
- (a) legally and beneficially owned by WOF and are fully paid for;
  - (b) in the possession of WOF; and
  - (c) used solely by WOF.

## 8 Licences

- 8.1 Each member of the WOF Group holds all licences, permits, Authorisations or consents necessary to the conduct of its business and the carrying out of the transactions contemplated by this document and each WOF Group Member has complied with, and is not in breach of, any of those licences, permits, Authorisations or consents in any material respect.
- 8.2 All of these licences, permits, Authorisations and consents are in full force and effect and, so far as WOF is aware, are not liable to be revoked or not renewed,

## 9 Confidential Information

- 9.1 No member of the WOF Group has disclosed any material information which is confidential to a member of the WOF Group, except in the ordinary course of the business and subject to appropriate confidentiality protections in favour of each member of the WOF Group.
- 9.2 The WOF Group has established, maintained and adhered to effective procedures and has taken all necessary and appropriate steps to keep its confidential information confidential and to safeguard that information from unauthorised access, use, copying or disclosure.
- 9.3 So far as each member of the WOF Group is aware, there has not been any misuse or unauthorised disclosure of its confidential information.

## 10 Business of WOF

- 10.1 Each member of the WOF Group has carried on and will carry on its business in the ordinary course and have not disposed or agreed to dispose and will not during that period dispose or agree to dispose of the whole or any material part of its business or its property except in the ordinary course.

## 11 Insurance

- 11.1 Each member of the WOF Group is insured by, or is a beneficiary of policies issued by, insurers of recognised financial responsibility against relevant losses



and risks and in amounts as are prudent and customary in the businesses in which it is engaged.

- 11.2 All policies of insurance insuring a member of the WOF Group or its businesses, assets, employees, officers and directors are in full force and effect in all material respects.
- 11.3 Each member of the WOF Group is in compliance with the terms of those policies in all material respects.
- 11.4 There are no claims by a member of the WOF group under any insurance policy to which any insurance company is denying liability or defending under a reservation of rights clause which is required to be paid by a member of the WOF Group will, or is likely to, have a material adverse effect.

## 12 Title to property

- 12.1 The WOF Group owns or has the right to occupy all real and personal property necessary to conduct its Business.
- 12.2 Each member of the WOF Group has good and marketable title in fee simple to all real property owned by it and good and marketable title to all personal property owned by it, in each case free and clear of all Encumbrances except as would not, individually or in the aggregate, have a material adverse effect
- 12.3 Real property or personal property held under lease by any member of the WOF Group is held by that entity under valid, subsisting and enforceable leases with such exceptions as would not have a material adverse effect.
- 12.4 So far as WOF is aware, there is no proposal by any competent Governmental Authority which would adversely affect the use of any property, as it currently used by any member of the WOF Group.
- 12.5 Each property is in good condition and repair and is substantially fit for the purpose for which it is presently used.

## 13 Internal controls

- 13.1 The WOF Group has internal controls, processes and structures to safeguard the integrity of the WOF Group's financial reporting in accordance with Principle 4 of the ASX's Principles of Good Corporate Governance and Best Practice Recommendations.
- 13.2 WOF is not aware of any material weaknesses in the WOF Group's internal controls, processes and structures.
- 13.3 Since the date of the latest audited financial statements there has been no change in the WOF Group's internal controls, processes and structures that has materially adversely affected, or is reasonably likely to materially adversely affect, the WOF Group's internal controls.



## 14 Internal accounting controls

- 14.1 The WOF Group maintains a system of internal accounting controls sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Australian equivalents to International Financial Reporting Standards (A-IFRS), including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that:
- (a) transactions are executed in accordance with management's general or specific authorisations;
  - (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability;
  - (c) access to assets is permitted only in accordance with management's general or specific authorisation; and
  - (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

## 15 Employees

- 15.1 No labour problem or dispute involving any of the employees of any member of the WOF Group, or, to the knowledge of WOF, is pending, imminent or threatened except for in each case, such problems or disputes which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change.

## 16 Taxation

- 16.1 Each member of the WOF Group has filed all Tax returns that are required to be filed or has requested extensions (except in any case in which the failure to file would not, individually or in the aggregate, result in a Material Adverse Change) and has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that would not, individually or in the aggregate, result in a Material Adverse Change.

## 17 Anti-money laundering

- 17.1 The operations of the WOF Group are and have been conducted at all times in compliance in with all applicable financial record keeping and reporting requirements imposed by law or regulation and in compliance with the applicable anti-money laundering and proceeds of crime statutes of all jurisdictions in which the WOF Group operates, the rules and regulations and

any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Agency (collectively, the **Money Laundering Laws**).

- 17.2 No action, suit or proceeding by or before any court or Governmental Agency, authority or body or any arbitrator involving a member of the WOF Group with respect to the Money Laundering Laws is pending or is, to the knowledge of WOF, threatened.

## 18 Office of Foreign Assets Control

- 18.1 No member of the WOF Group, director, officer, agent, employee or representative of a member of the WOF Group or Related Body Corporate of a member of the WOF Group, is currently subject to any sanctions administered or enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury, the United Nations Security Council, the European Union or any of its Member States, or other relevant sanctions authority (**Sanctions**), or located, organised or resident in a country or territory that is the subject of Sanctions.
- 18.2 WOF will not directly or indirectly use the Subscription Amounts, or lend, contribute or otherwise make available such Subscription Amounts to any subsidiary, joint venture partner or other person or entity, to fund or facilitate any activities of any person or entity or in any country or territory that is subject to any Sanctions, or in any other manner that will result in a violation of Sanctions by any person.

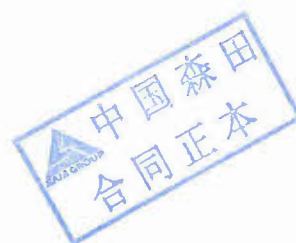
## 19 Bribery

- 19.1 No member of the WOF Group, to the best of the knowledge of WOF and no director, officer, agent or employee of any member of the WOF Group has:
- (a) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity;
  - (b) made any direct or indirect unlawful payment to any member of the WOF Group or domestic government official or employee from corporate funds; or
  - (c) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment,

in each case, in violation of any applicable law in Australia or any other applicable law.

## 20 Environmental

- 20.1 No member of the WOF Group has received any:



- (a) written notice of any Claims, investigations, prosecutions or proceedings brought or threatened against a member of the WOF Group;
- (b) written complaint or notification from any Governmental Agency, in respect of any:
- (c) breach of any Environmental Law or any Authorisation under an Environmental Law; or
- (d) Contamination arising or alleged to arise from the Business or from the occupation or ownership of the Assets,

which remains outstanding, and as far as WOF is aware, there are no facts, matters or circumstances which may give rise to any such Claims, investigations, prosecutions, proceedings, complaints or notifications.

- 20.2 There is no Contamination present in, on or under the Assets or in, on or under any other part of the Environment which has originated, or emanated, from the Assets or that results in a material non-compliance with any Environmental Law in respect of which remediation is required to be carried out under any Environmental Law.

## 21 Health and Safety

- 21.1 No member of the WOF Group has received written notice of any Claims, investigations or proceedings made or threatened against a member of the WOF Group or employees of the Business in respect of accidents, injuries, disease or any other harm to the health and safety of employees, contractors or other persons, made under or as a result of breach of health and safety laws in Australia or otherwise, and which remain outstanding and, as far as WOF is aware, there are no fact, matters or circumstances which may give rise to any such Claims, investigations or proceedings.

## 22 Contracts

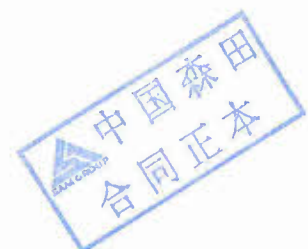
- 22.1 As at the Execution Date, no member of the WOF Group has entered into any Contract other than:
- (a) in the ordinary course of business; and
  - (b) on arm's length terms.
- 22.2 Each Contract is valid, binding and enforceable against the parties to it in accordance with its terms.
- 22.3 The Disclosure Material contains full copies of all Contracts.
- 22.4 As far as WOF is aware, no member of the WOF Group is in breach of any Contract and nor would a member of the WOF Group be in breach of any Contract, but for the requirements of notice or lapse of time, and neither is any other party to any Contract.



- 22.5 No member of the WOF Group has given or received a notice of termination or intended termination or material default of any Contract, and no facts, matters or circumstances exist which may lead to the giving or receiving of any such notice.
- 22.6 There are no current material disputes in relation to any Contract.
- 22.7 There are no offers, tenders or quotations made by a member of the WOF Group which are outstanding and capable of acceptance by a Third Party which would give rise to a contractual obligation binding on a member of the WOF Group.
- 22.8 The Contracts are all the agreements to which members of the WOF Group are a party which are material to the making of an informed investment decision in relation to the Proposed Transaction and each Group Member:
- (d) has full power to enter into and comply with all contracts which are material to the business of the WOF Group (including the Contracts) and those contracts are binding and enforceable by the relevant member of the WOF Group in accordance with their terms;
  - (e) has not received notice of any cancellation, termination or failure to renew any of the Contracts referred to in paragraph (a) above, which would individually or in the aggregate have a Material Adverse Change; and
  - (f) is not in breach in any material respect under any of the Contracts referred to in paragraph (a) above and so far as WOF is aware nothing has occurred which is, or with giving of notice, lapse of time, satisfaction of some other condition, or any combination of these, constitutes an event (whatever called) which causes or enables the expenditure or acceleration of expenditure of any payment to be made under, or the enforcement, termination or rescission of, any of those Contracts.

## 23 Compliance

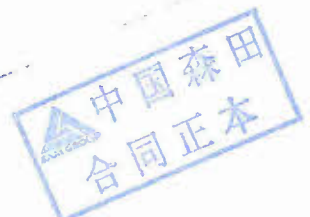
- 23.1 There are no instances of non-compliance by members of the WOF Group with applicable laws in relation to the conduct of the Business or the ownership and use of the Assets where such non-compliance would result in a liability or restriction materially and adversely affecting the Business (taken as a whole).
- 23.2 As far as WOF is aware, the members of the WOF Group hold all statutory licences, permits, consents and Authorisations necessary for the proper carrying on of its activities all of which are:
- (a) fully paid up;
  - (b) being materially complied with;
  - (c) in full force and effect; and
  - (d) not liable to be revoked in whole or in part.



- 23.3 No notice received by a member of the WOF Group from any Governmental Agency remains outstanding which affects or relates to or which may affect or relate to the Business or any of the Assets which is likely to give rise to any material adverse consequences to the Business.
- 23.4 As far as WOF is aware, there are no facts, matters or circumstances that may prejudice the continuance or renewal of the statutory licenses, permits, consents and Authorisations.
- 23.5 As far as WOF is aware, all accounts, books, ledgers and financial and other records of the WOF Group have been maintained in accordance with applicable laws and are up to date in all material respects and are in the possession or under the control of the WOF Group.

## 24 Litigation

- 24.1 No litigation, prosecution, administrative or dispute resolution proceedings against a member of the WOF Group claiming damages or any amount(s) are outstanding.
- 24.2 No written notice has been received in relation to any potential litigation, prosecution, or administrative or dispute resolution proceedings.
- 24.3 As far as WOF is aware, there are no facts, matters or circumstances which may give rise to any litigation, prosecution or administrative or dispute resolution proceedings.
- 24.4 No member of the WOF Group has:
- (a) commenced any outstanding litigation, administrative or dispute resolution proceedings against any other party or parties claiming damages or any amount(s) from the party or parties; or
  - (b) issued any written notice concerning any such potential litigation, administrative or dispute resolution proceedings.
- 24.5 There is no:
- (a) unsatisfied judgment or award outstanding against a member of the WOF Group; or
  - (b) execution or process of any court or authority issued against or levied or enforceable upon or against a member of the WOF Group or the Assets, whether or not the effect of such execution or process has been stayed.
- 24.6 No investigation or inquiry by any parliament, parliamentary committee or body or Governmental Agency is in progress or pending or announced or threatened in writing in connection with a member of the WOF Group and, as far as WOF is aware, there are no facts, matters or circumstances which may give rise to such an investigation or inquiry.



## Schedule 3

### SAM Option Terms

- (a) SAM Options will be issued to SAM or its nominee for no consideration (**Option Holder**) and WOF must give the Option Holder a certificate or holding statement stating:
- (i) the number of SAM Options issued to the Option Holder;
  - (ii) the Exercise Price of the SAM Options; and
  - (iii) the date of issue of the SAM Options.
- (b) The SAM Options expire at 5.00 pm Australian Eastern Standard Time on 5 August 2018 (**Expiry Date**). Subject to paragraph (g), the Option Holder may exercise SAM Options at any time up to the Expiry Date. Any option not exercised, automatically expires on the Expiry Date.
- (c) A SAM Option will entitle the Option Holder to subscribe for one fully paid ordinary share in the capital of WOF (**Share**) upon delivery of an exercise notice under paragraph (d)-(e) and payment of the exercise price of \$0.00001 (**Exercise Price**).
- (d) SAM Options may only be exercised by the delivery to the registered office of WOF or the share registry of a notice in writing stating the intention of the Option Holder to:
- (i) exercise all or a specified number of options; and
  - (ii) pay the Exercise Price in full for the exercise of each such option.
- (e) The exercise notice must be accompanied by the certificate or holding statement for the SAM Options being exercised and a cheque made payable to WOF for the Exercise Price for the SAM Options being exercised.
- (f) The SAM Options will be deemed to have been exercised on the date the exercise notice is received by WOF or the share registry.
- (g) It is a pre-condition to the exercise of a SAM Option that a WOF listed option currently on issue has been exercised and a Share issued.
- Example:** If a WOFOA option holder exercises 100 WOFOA options and WOF issues 100 shares, SAM will be permitted to exercise a corresponding number of SAM Options.
- (h) WOF will issue the Shares to which an Option Holder is entitled following exercise of the SAM Options and despatch the relevant share certificate or other appropriate acknowledgment as soon as reasonably practicable thereafter, unless the issue of Shares would give rise to a contravention of the Corporations Act.

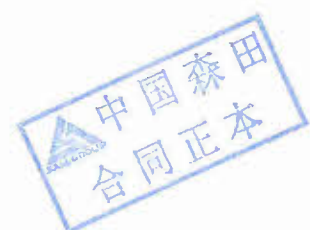




- (i) The exercise of only some SAM Options will not affect the rights of the Option Holder to the balance of the SAM Options held by it.
- (j) If the Option Holder exercises less than the total number of SAM Options registered in the Option Holder's name:
  - (i) the Option Holder must surrender its option certificate, if one has been issued by WOF; and
  - (ii) WOF must cancel the certificate and issue the Option Holder a new certificate or holding statement stating the remaining number of SAM Options held by the Option Holder and stating the information set out in paragraph (a) above.
- (k) SAM Options will not confer an entitlement to receive dividends declared and paid by WOF, nor an entitlement to vote at general meetings of WOF unless the Option Holder has exercised its options before the record date for determining these entitlements and participates as a result of holding Shares.
- (l) All Shares issued on exercise of a SAM Option will:
  - (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
  - (ii) be issued credited as fully paid;
  - (iii) be duly authorised and issued by all necessary corporate action; and
  - (iv) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emption rights and any transfer restrictions.
- (m) The SAM Options may be transferred at any time in accordance with the Corporations Act.
- (n) The Option Holder does not have the right to participate in bonus issues or new issues of securities offered to WOF Shareholders until Shares are issued to the Option Holder pursuant to the exercise of the relevant SAM Options.
- (o) In the event of a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the capital of WOF, the rights of the Option Holder (including, without limitation, the number of SAM Options to which the Option Holder is entitled to and the Exercise Price) will be changed (as appropriate) in accordance with relevant statutory requirements.
- (p) WOF is entitled to treat the registered holder of a SAM Option as the absolute holder of that SAM Option and is not bound to recognise any equitable or other claim to, or interest in, that SAM Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.



- (q) If WOF is obliged to make a payment in respect of withholding tax in relation to the SAM Options, WOF must:
- (i) promptly pay any amount deducted to the appropriate Governmental Authority;
  - (ii) if requested by the Option Holder, within 30 days after that request, give to the Option Holder a copy of the relevant documentation evidencing the payment; and
  - (iii) issue the Option Holder the net number of SAM Options after making the payment.



## Schedule 4

### Agreed Announcement

#### **NEW CORNERSTONE INVESTOR: CHINA SAM ENTERPRISE GROUP CO., LTD TO INVEST UP TO \$3.2 MILLION IN WOLF PETROLEUM**

Wolf Petroleum Limited [ASX:WOF] (**WOF** or **the Company**) is pleased to announce that it has agreed terms for the funding of up to \$3.2 million from China Sam Enterprise Group Co., Ltd (**China SAM**).

The key terms of the transaction comprise China SAM subscribing for:

- 4,000,000 ordinary shares at 0.01 cents per share (**Phase 1 Shares**);
- 72,450,000 ordinary shares at 0.01 cents per share (**Phase 2 Shares**);
- 243,316,000 ordinary shares at 0.01 cents per share (**Phase 3 Shares**) and up to 242,907,013 options (**WOF Options**) subject to shareholder approval; and
- the appointment of up to three China SAM nominees to the board of WOF,

(the **Proposed Transaction**).

WOF's Executive Chairman Matthew Wood, said "Securing China SAM as a new cornerstone investor is a milestone development for Wolf and its shareholders. In this current downturn in the petroleum industry, well-funded investment groups such as China SAM who know Mongolia and know the Wolf assets deciding to join Wolf is a vote of support in the work that the company has been doing for a number of years to develop our interests in these blocks."

The Proposed Transaction will provide the Company with additional capital for the continual development of its petroleum exploration projects, the Sukhbaatar, Jinst and Baruun Urt blocks. The Proposed Transaction will not result in a change in the nature of the Company's activities. China SAM is committed to assisting WOF in the development of its existing projects, the Sukhbaatar, Jinst and Baruun Urt blocks. China SAM is not a related party of the Company.

The Proposed Transaction is subject to satisfaction of conditions precedent and to finalisation of formal documentation.

Shareholder approval of the Phase 3 Shares and the issue of ordinary shares on the conversion of the WOF Options will be sought for ASX Listing Rule and Corporations Act requirements at a general meeting of WOF shareholders, which is expected to be convened in early September. The notice of meeting will include an independent expert's report



The implementation agreement contains customary terms for the subscription and industry standard deal protection provisions including a \$32,000 reimbursement fee.

As set out above, it is proposed that China SAM will nominate three new directors to the Board, with two nominee directors of SAM to be appointed concurrently with the issue of the Phase 2 Shares and a further additional nominee director to be appointed concurrently with the issue of the Phase 3 Shares. Further details and background regarding the nominee directors will be provided to shareholders in due course.

Two existing members of the Board intend to resign from their existing roles.

### ***Indicative Capital Structure***

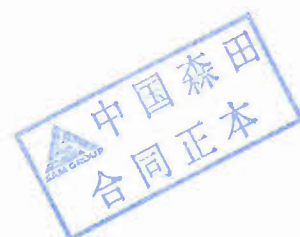
Set out below is the indicative capital structure of the Company following completion of the Proposed Transaction and associated capital raisings. The anticipated capital structure of the Company is only an estimate and is subject to variation.

	SHARES	OPTIONS
Shares currently on issue	307,225,811	242,907,013 <sup>1</sup>
Phase 1 Shares	4,000,000	Nil
Phase 2 Shares	72,450,000	Nil
Phase 3 Shares and WOF Options	243,316,000	242,907,013
<b>TOTAL<sup>2</sup></b>	<b>626,991,811</b>	<b>485,814,026</b>

#### **Note:**

1. Comprising 232,907,013 listed options exercisable at \$0.05 on or before 31 July 2018 and 10,000,000 unlisted options exercisable at \$0.25 on or before 31 December 2016.
2. This assumes that no options in WOF are exercised.

**About China SAM Enterprise Group:** China SAM Enterprise Group was founded in 1985 and headquartered in Beijing. One of its subsidiaries is Morita Energy who is involved in oil, natural gas, exploration including gas exploration licenses in Mongolia. The Group has approximately 40,000 square kilometres of exploration licenses in Mongolia.



## Execution

**Executed by** 中国森田企业集团有限公司 )  
China Sam Enterprise Group Co., Ltd: )



.....  
Authorised officer

.....  
Name of Director (print)

**Executed by Wolf Petroleum Limited** )  
in accordance with s 127 of the )  
Corporations Act

.....  
Company Secretary/Director

.....  
Director

.....  
Name of Company Secretary/Director  
(print)

.....  
Name of Director (print)