

Sbet Australia Pty Limited  
- and -  
Sportingbet PLC  
- and -  
Centrebet International Limited

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**SCHEME IMPLEMENTATION AGREEMENT**

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# Scheme Implementation Agreement

## Parties

**Sbet Australia Pty Limited ACN 149 603 494** of Fannie Bay Racecourse, Dick Ward Avenue, Fannie Bay NT 0820, Australia (**Bidder**); and

**Sportingbet PLC (UK company number 03534726)** of 4<sup>th</sup> Floor, 45 Moorfields, London, EC2Y 9AE, United Kingdom (**Guarantor**); and

**Centrebet International Limited ACN 066 441 067** of 110-116 Bourke Street, Alexandria, NSW 2015 Australia (**Target**).

(together the **parties** and each a **party**)

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## Background

- A. Bidder proposes to acquire all of the Shares and the Performance Rights for the Consideration pursuant to schemes of arrangement under section 411 of the Corporations Act.
- B. The Guarantor is the ultimate holding company of Bidder and has agreed to guarantee the performance of the obligations of Bidder as set out in this agreement and the Schemes.
- C. Target has agreed to propose the Schemes and issue the Explanatory Memorandum and Target and Bidder have agreed to implement the Schemes on the terms and conditions of this agreement.

## Agreement

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### 1. Definitions and interpretation

#### 1.1 Definitions

In this agreement, unless the context requires otherwise:

**Acquisition** means the acquisition by Bidder of all the Shares and Performance Rights by way of the Schemes.

**Admission** means both Admission to Listing and Admission to Trading.

**Admission to Listing** means the admission of the New Guarantor Shares to the premium segment of the Official List maintained by the FSA.

**Admission to Trading** means admission of the New Guarantor Shares to trading on the LSE.

**Agreed Announcement** means the announcement to be made by Target to the ASX and by the Bidder Group to a Regulatory Information Service in the form set out in Schedule D (or in such other form as may be agreed by the parties in writing).

**Announcement** means any press release, announcement or other public notice or statement, but does not include an Explanatory Statement or supplementary Explanatory Statement required by the Corporations Act in respect of a Scheme.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Regulatory Guides** means the regulatory guides published by ASIC from time to time.

**ASX** means ASX Limited ABN 98 008 624 691.

**Authorisation** includes:

- (a) any consent, registration, filing, agreement, notice of non-objection, notarisation, certificate, licence, regulatory or other approval, permit, authority, waiver or exemption from, by or with a Government Body; and
- (b) any consent or authorisation regarded as given by a Government Body due to the expiry of a period specified by a statute within which the Government Body should have acted if it wished to proscribe or limit anything already lodged, registered or notified under that statute.

**Bidder Group** means:

- (a) Bidder;
- (b) Guarantor;
- (c) any Related Body Corporate of, or any other entity either directly or indirectly wholly-owned by, Bidder and/or Guarantor; and
- (d) any other entity that forms part of the same consolidated entity as Bidder and/or Guarantor for the purposes of the Companies Act,

and **Bidder Group Member** has a corresponding meaning.

**Bidder Group Capital Raising** means the capital raising to be undertaken by Guarantor by way of:

- (a) a proposed firm placing and placing and open offer of Guarantor ordinary shares; and
- (b) a proposed convertible bonds issue on the terms and conditions set out in the CB Subscription Agreement,

the material details of each of which are set out in the Bidder Group Prospectus and Circular, the ultimate purpose of which is to enable Bidder to pay or otherwise procure the provision of, the Cash Component from the net proceeds from that capital raising.

**Bidder Group Capital Raising Satisfaction Date** has the meaning given to that item in clause 3.2(b)(iii).

**Bidder Group Explanatory Memorandum Information** means all information regarding Bidder Group that is required by the Corporations Act and the ASIC Regulatory Guides to be included in the Explanatory Memorandum having regard to the legal requirements for the Explanatory Memorandum and, in particular, the standard of disclosure required by applicable laws and information that is typically provided in transactions contemplated by the Schemes.

**Bidder Group Information** means the Bidder Group Explanatory Memorandum Information, Bidder Group Prospectus and Circular Information and all information included in any Supplemental Document other than Target Supplemental Information.

**Bidder Group Prospectus and Circular** means the document so-entitled published by Guarantor and approved by the FSA on the date of this agreement.

**Bidder Group Prospectus and Circular Information** means all information included in the Bidder Group Prospectus and Circular, other than the Target Prospectus and Circular Information.

**Bidder Warranties** means the representations and warranties made by Bidder in clause 8.2.

**Business Continuity Undertaking** means any undertaking, obligation or representation referred to in clause 5.1.

**Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in Sydney (Australia) or London (United Kingdom).

**Cash Component** means that part of the Scheme Consideration that Bidder is required to pay in immediately available funds in accordance with the provisions of this agreement, the Deed Poll and the Schemes.

**CBA Facilities** means the facilities made available under a facility agreement dated 21 December, 2006 between Target and the Commonwealth Bank of Australia ACN 123 123 124.

**CB Subscription Agreement** means the Subscription Agreement entered into between ISM Capital LLP and Guarantor dated on or prior to the date of this agreement in relation to the proposed issue by Guarantor of convertible bonds with an expiration date of 2016 and an aggregate face value of up to £70,000,000.

**Collection Agent** means an entity (approved to in writing by both Bidder and Target) appointed to act as:

- (a) agent and bare trustee for each Litigation Claim Participant with respect to any and all proceeds received by it in connection with the Litigation Claim; and
- (b) security trustee for and behalf of each Litigation Claim Participant,

in each case, in the manner set out in the Litigation Management Deed (the material terms of which are set out in the Litigation Claim Term Sheet) and the Collection Agent Deed Poll.

**Collection Agent Deed Poll** means a deed poll proposed to be dated prior to the EM Lodgement Date under the terms of which the Collection Agent acknowledges to and in favour of all Litigation Claim Participants the provisions upon which it will:

- (a) hold and deal with any proceeds received by it in connection with the Litigation Claim; and
- (b) act as security trustee for and on behalf of each Litigation Claim Participant.

**Companies Act** means the UK Companies Act 2006, as amended from time to time.

**Competing Bidder** means a person who makes or wishes to make a Competing Proposal, which the Target Board reasonably believes will be a Superior Proposal.

**Competing Proposal** means a transaction or arrangement pursuant to which a third party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a significant part of the business of the Target Group;
- (b) acquire a Relevant Interest in excess of 20% of the Shares;
- (c) acquire control of Target or the Target Group within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise directly or indirectly acquire, merge with, or acquire a significant holding of Shares or economic interest in Target or its businesses, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Target Group or other synthetic merger or any other transaction or arrangement.

**Condition** means a condition set out in clause 3.1.

**Conditions Satisfaction Date** means the date which is five (5) Business Days before the End Date or such later date agreed by the parties in writing.

**Confidentiality Deed** means the confidentiality deed between Target and Guarantor dated on or around 14 December 2009.

**Consent Contract** means any of the following contracts in existence or likely to be in existence and effect, at the Second Court Date:

- (a) the CBA Facilities;
- (b) the TAB Contract; and
- (c) the Playtech Contracts.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Federal Court, New South Wales registry or such other court of competent jurisdiction as Target and Bidder may agree in writing.

**CPI** means the Consumer Price Index (eight capital cities all groups) published by the Australian Bureau of Statistics.

**CREST** means the relevant system (as defined in the UK Uncertificated Securities Regulations 2001, as amended from time to time).

**Deed Poll** means a deed poll to be executed by Bidder and Guarantor in favour of Scheme Participants, substantially in the form set out in Annexure A or in such other form as Target, Bidder and Guarantor agree in writing.

**Disclosure and Transparency Rules** means the disclosure and transparency rules produced by the FSA and forming part of the FSA Handbook of rules and guidance, as amended from time to time.

**Disclosure Materials** means any document or written information in any form (including tangible or electronic) relating to Target or any Target Group Member which has been made available to Bidder Group, or any of its Representatives, or to which any Bidder Group Member or any of its Representatives has had access by whatever means in respect of the due diligence investigations into the Target Group conducted by Bidder prior to the date of this agreement, including but not limited to:

- (a) all written information provided in all management presentations and/or sight visits by Target or any of its Representatives to any Bidder Group Member or to any of its Representatives;
- (b) all documents and information contained in the electronic online data room as at the date of this agreement;
- (c) all written answers and questions given as part of the answer and question process; and
- (d) all written information provided by Target or any of its Representatives to any Bidder Group Member (or its agents and advisers) up until the date of this agreement.

**EBITDA** means earnings before interest, tax, depreciation and amortisation as such amount is calculated in accordance with Generally Accepted Accounting Principles, consistently applied by Target.

**Effective** means, when used in relation to a Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

**Effective Date** means the date on which a Scheme becomes Effective.

**EM Lodgement Date** means the date of lodgement of the Explanatory Memorandum with ASIC in satisfaction of the Bidder's obligations under section 411(2) of the Corporations Act.

**Encumbrance** means an encumbrance or security interest, including a mortgage, a fixed charge, a floating charge, a pledge, lien, conditional sale agreement, hire or hire purchase agreement, option, restriction as to transfer, use or possession, easement, or a subordination to a right of a person, and **Encumber** has a corresponding meaning.



**End Date** means 31 October, 2011 or such later date agreed by the parties in writing.

**English Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks generally are open for business in London (United Kingdom).

**Enlarged Group** means the combined Bidder Group and Target Group after the Implementation Date.

**Explanatory Memorandum** means the explanatory memorandum to be prepared by Target in respect of the Schemes in accordance with the terms of this agreement and to be despatched by Target to Target Shareholders and Performance Rightholders. For the sake of clarity, unless expressly provided for otherwise in this agreement, reference to the Explanatory Memorandum will also mean and include a reference to the Explanatory Statement.

**Explanatory Statement** means an explanatory statement more particularly described in section 412(1)(a) of the Corporations Act.

**First Court Date** means the first day of hearing of an application made to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meetings or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

**FSA** means the Financial Services Authority of the United Kingdom, in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA.

**FSMA** means the UK Financial Services and Markets Act 2000, as amended from time to time.

**Gambling Licence** means any one or more of the following, as applicable:

- (a) licence to operate the business of sports bookmaker granted to Target from the Northern Territory Racing Commission;
- (b) licence to conduct Internet gambling activities granted to Target from the Netherlands Antilles (now Curaçao);
- (c) licence to conduct remote betting granted to Target from the United Kingdom Gambling Commission;
- (d) letter of intent to grant a class 1 on 4 licence to Target from the Maltese Lottery and Gaming Authority; and
- (e) letter of intent to grant a class 3 on 4 licence to Target from the Maltese Lottery and Gaming Authority.

**Generally Accepted Accounting Principles** means accounting principles generally accepted in Australia including applicable:

- (a) framework requirements, accounting standards and interpretations of the Australian Accounting Standards Board;
- (b) international financial reporting standards; and
- (c) framework requirements, accounting standards and interpretations issued by the International Accounting Standards Board.

**Government Body** means:

- (a) any government of any jurisdiction, whether national, state, territorial, regional or local;
- (b) any supra-national government body (such as the European Union); and

- (c) any agency, authority, board, bureau, commission, council, court, department, panel, office, tribunal or other body exercising governmental, semi-governmental, administrative, regulatory, fiscal or judicial powers in any jurisdiction or across jurisdictions.

**Guarantor Board** means the board of directors of the Guarantor.

**Guarantor General Meeting** means the general meeting (including any adjournment thereof) of Guarantor Shareholders to be convened in order to seek and obtain the Guarantor Shareholder Approval.

**Guarantor Shareholder** means each person who is the registered holder of a voting share in the Guarantor.

**Guarantor Shareholder Approval** means the Guarantor Shareholder approval required under the Companies Act and the UKLA Listing Rules by Guarantor to undertake the Bidder Group Capital Raising and to approve the Acquisition, adopting the resolutions in the form set out in the Bidder Group Prospectus and Circular (with such alterations as may be agreed in writing between Bidder and Target from time to time).

**Guarantor Shareholder Approval Satisfaction Date** has the meaning given to that term in clause 3.2(b)(ii).

**Implementation** means the implementation of the Share Scheme and the Performance Right Scheme, each in accordance with their respective terms and conditions.

**Implementation Date** means the date which is 3 Business Days after the Record Date or such other date as Target and Bidder agree in writing.

**Independent Expert** means the independent expert to be engaged by Target to prepare the Independent Expert's Report.

**Independent Expert's Report** means the report from the Independent Expert commissioned by the Target Board for inclusion in the Explanatory Memorandum, and any updates to such report that the Independent Expert issues, stating whether or not in his or her opinion:

- (a) the Share Scheme is in the best interests of Target Shareholders; and
- (b) the Performance Right Scheme is in the best interests of the Performance Rightholders.

**Listing Rules** means the official listing rules of ASX, as amended from time to time.

**Litigation Claim** has the meaning given to that term in the Litigation Claim Term Sheet.

**Litigation Claim Committee** means the committee that is authorised by Target and SubCo under the provisions of the Litigation Management Deed to manage on behalf of Target and SubCo the conduct and, if applicable, the settlement, of the Litigation Claim, which material details of such authorisation are set out in the Litigation Claim Term Sheet.

**Litigation Claim Right** means all rights of each Litigation Claim Participant under the:

- (a) Litigation Management Deed (the material terms of which are set out in the Litigation Claim Term Sheet);
- (b) the Schemes; and
- (c) the Deed Poll,

to receive any and all proceeds which are proposed to be paid by Bidder to the Collection Agent, in accordance with the provisions of the Litigation Management Deed, arising from the conduct, and if applicable settlement, of the Litigation Claim.

**Litigation Claim Participant** means each;

- (a) Scheme Participant; and

(b) person who is registered as a holder of an Option as at the Record Date

**Litigation Claim Term Sheet** means the term sheet set out in Annexure E of this agreement.

**Litigation Claim Unit** means a unit in the issued capital of the Litigation Claim Unit Trust in respect of which each such unit entitles the holder to receive distributions in accordance with the terms of the Litigation Claim Unit Trust.

**Litigation Claim Unit Trust** means a trust, proposed to be constituted by a trust deed dated on or before the EM Lodgement Date, of which:

- (a) the Unit Trustee is the trustee; and
- (b) a term of the trust will require the Unit Trustee to promptly distribute any payments made to the Unit Trustee in accordance with the Litigation Management Deed (the material terms of which are set out in the Litigation Claim Term Sheet) arising from the conduct, and if applicable settlement, of the Litigation Claim.

**Litigation Management Deed** means the deed proposed to be entered into on or before the EM Lodgement Date by each of Bidder, Guarantor, Target, SubCo, Collection Agent and Unit Trustee, the material terms of which are set out in the Litigation Claim Term Sheet.

**Lock-up Period** means the period commencing on the date of this agreement and ending on the earlier to occur of:

- (a) the date this agreement is terminated in accordance with its terms;
- (b) the Effective Date; and
- (c) the End Date.

**LSE** means the London Stock Exchange plc.

**Net Assets** means net assets as calculated in accordance with Generally Accepted Accounting Principles, consistently applied by Target.

**New Guarantor Shares** means 154,761,904 new ordinary shares in the share capital of Guarantor to be issued in connection with the Bidder Group Capital Raising.

**Official List** means the official list of the UKLA.

**Option** means an option to acquire a Share.

**Performance Right** means a right to receive a Share.

**Performance Rightholder** means a person who is registered in the Performance Right Register as a holder of Performance Rights.

**Performance Right Register** means Target's register of the holders of Performance Rights.

**Performance Right Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Target and Performance Right Scheme Participants substantially in the form set out in Annexure C subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Target and Bidder or in such other form as Target and Bidder agree in writing.

**Performance Right Scheme Consideration** means the consideration to be provided to Performance Right Scheme Participants for the transfer to Bidder of each Performance Right under the terms of the Performance Right Scheme, being:

- (a) A\$2.00 in respect of each Performance Right;
- (b) one (1) Litigation Claim Right in respect of each Performance Right; and
- (c) one (1) Litigation Claim Unit in respect of each Performance Right,

held by a Performance Right Scheme Participant as at the Record Date.

**Performance Right Scheme Meeting** means the meeting of Performance Rightholders to be convened by the Court in relation to the Performance Right Scheme pursuant to section 411(1) of the Corporations Act.

**Performance Right Scheme Participant** means each person who is registered in the Performance Right Register as a holder of a Performance Right as at the Record Date.

**Playtech Contracts** means any one or more of the following agreements:

- (a) the Software Licence Agreement dated 4 November 2004 between Centrebet Gaming NV (subsequently assigned to Target) and Playtech Cyprus Limited (subsequently assigned to Playtech Software Limited) as amended;
- (b) the Poker Network Agreement dated 4 November 2004 between Centrebet Gaming NV (subsequently assigned to Target) and Game Park Trading Limited as amended;
- (c) the Class Four Services Agreement dated 12 May 2010 between Target and PT Games Limited as amended;
- (d) the Class Four Services Agreement – Annex A dated 12 May 2010 between Target and PT Games Limited as amended; and
- (e) any other agreement which replaces any of the agreements referred to in any of paragraphs (a) to (d) (inclusive) of this definition.

**Project Rocket** means Target's five year strategic plan disclosed by Target to the ASX on or around 9 November 2010.

**Prospectus Rules** means the rules referred to as such and expressed to relate to transferable securities in section 73A(4) of FSMA.

**Record Date** means 7.00pm (Sydney time) on the date which is 5 Business Days after the Effective Date, or any other date agreed by the parties to be the record date to determine entitlements to receive the Scheme Consideration under the Schemes.

**Regulatory Approval** means each Authorisation, consent, approval, clearance, decision, determination or other act by a Government Body necessary to effect the Schemes.

**Regulatory Information Service** means an information dissemination provider approved by the FSA and whose name is set out in a list maintained by the FSA.

**Related Body Corporate** has the meaning given in section 50 of the Corporations Act.

**Relevant Interest** has the meaning given in section 9 of the Corporations Act.

**Representative** means in relation to a person:

- (a) for the purpose of clause 7, each director, officer, employee, advisor, agent or other representative of that person or of any Related Body Corporate of that person; and
- (b) for all other purposes, means:
  - (i) that person;
  - (ii) its Related Bodies Corporate; and
  - (iii) each director, officer, employee, advisor, agent or other representative of that person or any Related Body Corporate of that person.

**Schemes** means the Share Scheme and the Performance Right Scheme.

**Scheme Consideration** means the Share Scheme Consideration and the Performance Right Scheme Consideration.

**Scheme Meetings** means the Share Scheme Meeting and the Performance Right Scheme Meeting.

**Scheme Notice** means a notice of meeting of the convening and conduct of a Scheme Meeting, prepared in accordance with the requirements of the Corporations Act and the Listing Rules.

**Scheme Participants** means the Share Scheme Participants and the Performance Right Scheme Participants.

**Second Court Date** means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Schemes or, if the hearing of such application is adjourned or subject to appeal for any reason, means the first day on which the adjourned or appealed application is heard.

**Security** has the meaning given to that term in section 92(3) of the Corporations Act.

**Share** means each fully paid ordinary share in the issued capital of Target.

**Share Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Share Scheme Participants substantially in the form set out in Annexure B subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Target and Bidder or in such other form as Target and Bidder agree in writing.

**Share Scheme Consideration** means the consideration to be provided to Share Scheme Participants for the transfer to Bidder of each Share under the terms of the Share Scheme, being:

- (a) A\$2.00 in respect of each Share;
- (b) one (1) Litigation Claim Right in respect of each Share; and
- (c) one (1) Litigation Claim Unit in respect of each Share,

held by a Share Scheme Participant as at the Record Date.

**Share Scheme Meeting** means the meeting of the Target Shareholders to be convened by the Court in relation to the Share Scheme pursuant to section 411(1) of the Corporations Act.

**Share Scheme Participant** means each person who is registered in the Target Share Register as a holder of a Share as at the Record Date.

**SubCo** means Centrebet Pty Limited (ACN 106 487 736).

**Superior Proposal** means a Competing Proposal which, in the opinion of the Target Board acting in good faith and in accordance with its fiduciary and/or statutory duties (after having received written advice from Target's legal and financial advisers) would, if completed substantially in accordance with its terms, result in a transaction more favourable to Target Shareholders and Performance Rightholders than the transactions contemplated by this agreement and the Schemes, taking into account all the terms and conditions of the Competing Proposal.

**Supplemental Circular** means any circular to be dispatched by Bidder in respect of the Acquisition after the posting of the Bidder Group Prospectus and Circular.

**Supplemental Document** means a Supplemental Circular or a Supplemental Prospectus.

**Supplemental Prospectus** means any supplemental prospectus or prospectus equivalent document which is required by Section 87G of the Prospectus Rules, which is approved by the FSA in accordance with the UKLA Listing Rules, which is prepared by Bidder Group in connection with Admission.

**TAB Contract** means the management services agreement dated on or about 16 February 2009 between TOTE Tasmania Pty Ltd, ACTTAB Limited and Racing and Wagering Western Australia and Target as amended.

**Target Board** means the board of directors of Target.

**Target Explanatory Memorandum Information** means all information included in the Explanatory Memorandum, other than the Bidder Group Explanatory Memorandum Information and the Independent Expert's Report.

**Target Group** means:

- (a) Target;
- (b) any Related Body Corporate of, or any other entity either directly or indirectly wholly-owned by, Target; and
- (c) any other entity that forms part of the same consolidated entity as Target for the purposes of the Corporations Act,

and **Target Group Member** has a corresponding meaning.

**Target Material Adverse Change** means any event, occurrence or matter which either individually or when aggregated with other like events, occurrences or matters, has had, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Target Group, taken as a whole, or to the status or terms of any material contract entered into by any Target Group Member, or to the status or terms of any Authorisation that is applicable to the Target Group or its business, in each case where that change has either reduced or is reasonably likely to reduce:

- (a) the recurring EBITDA of the Target Group for any consecutive twelve month period, by at least A\$2,300,000; or
- (b) the Net Assets of the Target Group, by at least A\$12,000,000,

other than where any such event, occurrence or matter:

- (a) results solely from changes in Target's percentage wagering win rate;
- (b) is required to be undertaken or procured by the Target Group pursuant to this agreement or the Schemes;
- (c) all material details and particulars of which were known to Bidder Group prior to the date of this agreement;
- (d) all material details and particulars of which were disclosed in writing by Target to Bidder Group prior to the date of this agreement (including, without limitation, as part of the Disclosure Materials);
- (e) relates solely to Project Rocket based on Target management's revenue, costs, operational and strategic initiatives and/or capital expenditure assumptions underpinning the guidance publicly disclosed by Target or otherwise disclosed by Target to Bidder;
- (f) affects the wagering and gaming market (including, without limitation, matters of a regulatory, tax and fee nature), but excluding the wagering and gaming market of Australia;
- (g) resulting from changes in general economic, political, financial, currency exchange, securities or commodities market conditions that occur after the date of this agreement; or
- (h) all details and particulars of which were announced to ASX by Target prior to the date of this agreement.

**Target Prescribed Occurrence** means any of the occurrences set out in Schedule 3.

**Target Prospectus and Circular Information** means all information regarding Target Group and all Target Group Members that is required to be included in the Bidder Group Prospectus and Circular having regard to the legal and regulatory requirements for the Bidder Group Prospectus and Circular and, in particular, the standard of disclosure required by applicable laws and

regulations and information that is typically provided in transactions in the nature of the Schemes and the Bidder Group Capital Raising.

**Target Shareholder** means each person who is registered in the Target Share Register as a holder of a Share.

**Target Share Register** means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

**Target Share Registry** means Link Market Services Limited ACN 083 214 537 of Level 12, 600 George Street, Sydney NSW 2000.

**Target Supplemental Information** means all information relating to Target and its Related Bodies Corporate which may be required under the Companies Act, UKLA Listing Rules, FSMA, Prospectus Rules and all other applicable laws and regulations for inclusion in a Supplemental Document.

**Target Warranties** means the representations and warranties made by Target in clause 8.4.

**Timetable** means the indicative timetable in relation to the Bidder Group Capital Raising, the Schemes, the Guarantor Shareholder Approval, the Scheme Meetings, the First Court Date and the Second Court Date and all other related matters or actions as set out in Schedule 1, or such other indicative timetable as may be agreed in writing by the parties.

**UK Insolvency Act** means the UK Insolvency Act 1986, as amended from time to time.

**UKLA** means the UK Listing Authority.

**UKLA Disclosure Rules** means the rules relating to the disclosure of information made in accordance with section 73A(3) of the FSMA, as amended from time to time.

**UKLA Listing Rules** means the Listing Rules made by the FSA under Part VI of the FSMA, as amended from time to time.

**Underwriting Agreement** means the Sponsor and Placing and Open Offer Underwriting Agreement entered into between Oriel Securities Limited, Bidder and Guarantor dated on or prior to the date of this agreement.

**Unit Trustee** means an entity approved in writing by each of Bidder and Target to be the trustee of the Litigation Claim Unit Trust.

**voting share** has the meaning given to that term in Section 9 of the Corporations Act.

## 1.2 Interpretation

In this agreement, unless the context requires otherwise:

- (a) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (b) singular words include the plural and vice versa;
- (c) words referring to a particular gender include all other genders;
- (d) words referring to a person include any type of entity;
- (e) where a list of items is concluded by a general word or phrase, that general word or phrase is not to be read as being limited to items similar to those in the list;
- (f) where one or more examples are given of items covered by a general word or phrase, that is not to be read as limiting the meaning of that general word or phrase to those examples or similar items;
- (g) the word “including” is to be read as if the words “but not limited to” were inserted immediately after it;

- (h) a reference to a clause, paragraph, Schedule or Annexure is to a clause, paragraph, Schedule or Annexure of or to this agreement and a reference to this agreement includes any schedules and annexures;
- (i) a reference to a document (including this agreement) includes that document as amended, novated or replaced from time to time;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it, and all regulations and statutory instruments issued under it;
- (k) a reference to a group of persons or things includes any two or more of them jointly and each of them individually;
- (l) a reference to a party means a party to this agreement and includes that party's executors, administrators, substitutes, successors and permitted assigns;
- (m) a reference to \$, A\$, dollars, ¢ or cents is to the currency of the Commonwealth of Australia;
- (n) a reference to the 'knowledge' of Target is a reference to the knowledge of Mr Con Kafataris (Director), Mr Michael McRitchie (Managing Director) and Mr Robert Bannon (Chief Operating Officer);
- (o) any reference to time in this agreement will be and be treated as a reference to that time as at Australian Eastern Standard Time (AEST) unless expressly provided for otherwise in this agreement.

### **1.3 Headings**

Headings are for ease of reference only and do not affect the meaning of this agreement.

### **1.4 Construction**

This agreement is to be construed to give effect to the commercial intent of the parties and the common law rule that the construction of an agreement least favourable to the party who was responsible for its preparation or who seeks to rely on it should be preferred, is expressly excluded.

### **1.5 Business Days**

Where something is required by this agreement to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

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## **2. Obligations in relation to Acquisition**

### **2.1 Best endeavours to implement Acquisition**

- (a) The parties agree to implement both of the Schemes in accordance with the terms of this agreement and use their respective best endeavours to give effect to both of the Schemes on and subject to the terms of this agreement.
- (b) Bidder agrees to use its best endeavours to obtain Guarantor Shareholder Approval by no later than the Guarantor Shareholder Approval Satisfaction Date and successfully raise sufficient funds by way of the Bidder Group Capital Raising by no later than the Bidder Group Capital Raising Satisfaction Date to enable it to pay in full the Cash Component in accordance with the requirements of the Schemes.
- (c) Without limitation to the provisions of clause 4.5 or the role of the Transition Committee therein referred to, each of the parties agrees to procure to the extent it is able that its Representatives work in good faith and in a timely and co-operative fashion with the other party's Representatives (including by attending meetings and by providing sufficient and relevant information).



## **2.2 Scheme Consideration**

Subject to the provisions of the Deed Poll, Bidder covenants in favour of Target that, in consideration for the transfer to Bidder of:

- (a) all Shares under the terms of the Share Scheme, Bidder will:
  - (i) provide at least 1 Business Day prior to the Implementation Date, the Cash Component of the Share Scheme Consideration to Target to hold on trust for, and subsequently provide to, Share Scheme Participants in accordance with the terms of the Share Scheme and this agreement;
  - (ii) on the Implementation Date, transfer, or procure the issue and allotment of, the Litigation Claim Units and the creation of the Litigation Claim Rights to Share Scheme Participants, each in accordance with the terms of the Share Scheme, Deed Poll, Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet) and this agreement; and
  - (iii) at any time following the Implementation Date, procure Target to pay to the Collection Agent and/or the Unit Trustee any and all monies Target is required to pay or procure the payment of, to the Collection Agent and/or the Unit Trustee in accordance with the terms of the Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet); and
- (b) all Performance Rights under the terms of the Performance Right Scheme, Bidder will:
  - (i) provide at least 1 Business Day prior to the Implementation Date, the Cash Component of the Performance Right Scheme Consideration to Target to hold on trust for, and subsequently provide to, Performance Right Scheme Participants in accordance with the terms of the Performance Right Scheme and this agreement;
  - (ii) on the Implementation Date, transfer, or procure the issue and allotment of, the Litigation Claim Units and the creation of the Litigation Claim Rights to the Performance Right Scheme Participants, each in accordance with the terms of the Performance Right Scheme, Deed Poll, Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet) and this agreement; and
  - (iii) at any time following the Implementation Date, procure Target to pay to the Collection Agent and/or the Unit Trustee any and all monies Target is required to pay or procure the payment of, to the Collection Agent and/or the Unit Trustee in accordance with the terms of the Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet).

Bidder represents and warrants to Target that on Implementation there will be no other Litigation Claim Units nor Litigation Claim Rights, other than those Litigation Claim Units and Litigation Claim Rights transferred to, issued and allotted to or otherwise created for Litigation Claim Participants in accordance with the terms of the Schemes, Deed Poll, Litigation Management Deed and this agreement.

## **2.3 Payment of Cash Component**

Subject to Bidder complying with its obligations under clause 2.2 and the Deed Poll, Target acknowledges that it is and will remain bound to pay the Cash Component of:

- (a) the Share Scheme Consideration to each of the Share Scheme Participants in accordance with the terms of the Share Scheme and this agreement; and
- (b) the Performance Right Scheme Consideration to each of the Performance Right Scheme Participants in accordance with the terms of the Performance Right Scheme and this agreement,

in each case, by no later than 4.00pm on the Business Day immediately following the Implementation Date.

## **2.4 Timetable**

Bidder and Target acknowledge that:

- (a) the Timetable is indicative; and
- (b) they each must co-operate with each other and all relevant Government Bodies with a view to expediting the Implementation Date.

For the sake of clarity, the provisions of this clause 2.4 do not in any way limit the obligations of the Guarantor to use its best endeavours to satisfy:

- (c) the Condition set out in clause 3.1(i) (Guarantor Shareholder Approval) on or before the Guarantor Shareholder Approval Satisfaction Date; and
- (d) the Conditions set out in clause 3.1(k) (Admission) and clause 3.1(n) (Bidder Group Capital Raising) on or before the Bidder Group Capital Raising Satisfaction Date.

## **2.5 Acknowledgements**

Bidder, Guarantor and Target each acknowledge that:

- (a) subject to paragraphs (b) and (c) of this clause 2.5, they are and will remain obliged to enter into the Litigation Management Deed prior to the EM Lodgement Date;
- (b) for the period from and including the date of this agreement to and including the first date on which all parties to the Litigation Management Deed have signed the Litigation Management Deed, the directors of Target will be entitled to conduct, and if applicable settle, the Litigation Claim, at their discretion but subject to the Litigation Claim being conducted pursuant to the provisions of the Litigation Claim Term Sheet and provided that Target will procure that those directors will advise Bidder of all material actions proposed to be taken, or that have been taken, in connection with the conduct of the Litigation Claim;
- (c) Target intends to lodge the originating process for the Litigation Claim with the relevant court prior to the Scheme Meetings being convened;
- (d) the provisions of any or all of the Deed Poll, Share Scheme, Performance Right Scheme and the Litigation Claim Term Sheet may need to be varied, after signing this agreement, and notwithstanding the provisions of any of those documents in the form set out in any annexure to this agreement, as a result of changes required or sought to any of those documents, by any of:
  - (i) the Unit Trustee;
  - (ii) the Collection Agent
  - (iii) ASIC and/or;
  - (iv) the Court.

## **2.6 Underwriting Agreement**

Neither this agreement nor the Underwriting Agreement will come into force or be of any effect unless and until both agreements have been duly executed by each of the respective parties thereto and dated, and, if either agreement is signed by all of its respective parties thereto and dated prior to the other agreement being duly signed and dated by all of its respective parties thereto, that first mentioned agreement will be held in escrow until the latter mentioned agreement has been duly signed by all its respective parties thereto and dated.

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### 3. Conditions precedent

#### 3.1 Conditions

Each of the Schemes is wholly conditional upon and must not be implemented or given effect until each of the following conditions has been fulfilled or waived in accordance with clause 3.5:

- (a) **(Independent Expert's Report)** the Independent Expert's Report concludes that:
  - (i) the Share Scheme is in the best interests of Target Shareholders; and
  - (ii) the Performance Right Scheme is in the best interests of Performance Rightholders;
- (b) **(Regulatory Approvals):**
  - (i) **(ASIC and ASX)** ASIC and ASX issue or provide such consents or approvals or do such other acts which are necessary or desirable to implement the Schemes. If such consents, approvals or doing of other acts are subject to conditions, those conditions must be acceptable to both Target and Bidder, each acting reasonably and in good faith;
  - (ii) **(ACCC)** ACCC provides such consents or approvals or does such other acts which are necessary or desirable to implement the Schemes. If such consents, approvals or doing of other acts are subject to conditions, those conditions must be acceptable to both Target and Bidder, each acting reasonably and in good faith; and
  - (iii) **(Licences)** such consents or approvals which are necessary to implement the Schemes are obtained from the relevant Government Body in respect of the licences referred to in paragraphs (a) and (b) only in the defined term Gambling Licences;
- (c) **(Court Orders)** the Court orders that the Scheme Meetings be convened and approves the Schemes in accordance with section 411(4)(b) of the Corporations Act;
- (d) **(Target Shareholder Approval)** Target Shareholders approve the Share Scheme by the majorities required under section 411(4)(a) of the Corporations Act at the Share Scheme Meeting convened by the Court;
- (e) **(Performance Rightholder Approval)** Performance Rightholders approve the Performance Right Scheme by the majorities required under section 411(4)(a) of the Corporations Act at the Performance Right Meeting convened by the Court;
- (f) **(Target Material Adverse Change)** no Target Material Adverse Change occurs (unless it is capable of being remedied, and is so remedied by Target within 20 Business Days of the date of receipt by Target of a written notice from Bidder setting out the relevant circumstances and stating an intention to terminate this agreement, but if the Second Court Date occurs before the end of the abovementioned 20 Business Day period, then remedied by Target by 8.00 am on the Second Court Date) at any time after the date of this agreement and before 8.00 am on the Second Court Date;
- (g) **(Target Prescribed Occurrence)** no Target Prescribed Occurrence occurs (unless it is capable of being remedied, and is so remedied by Target within 20 Business Days of the date of receipt by Target of a written notice from Bidder setting out the relevant circumstances and stating an intention to terminate this agreement, but if the Second Court Date occurs before the end of the abovementioned 20 Business Day period, then remedied by Target by 8.00 am on the Second Court Date) at any time after the date of this agreement and before 8.00 am on the Second Court Date;
- (h) **(Regulatory Prohibition)** no Government Body has:

- (i) undertaken a judicial proceeding seeking to enjoin, restrain or otherwise prohibit or impose conditions on either or both of the Schemes which remains in effect at 8.00 am on the Second Court Date;
  - (ii) issued an order, decree or ruling prohibiting or imposing conditions on either or both of the Schemes which remains in effect at 8.00 am on the Second Court Date; or
  - (iii) failed or declined to issue, by 8.00 am on the Second Court Date, an order, decree, ruling, notification or communication that is required for either or both of the Schemes to be implemented in accordance with this agreement;
- (i) **(Guarantor Shareholder Approval)** the Guarantor Shareholders having approved the Bidder Group Capital Raising and the Acquisition in accordance with the Guarantor Shareholder Approval on or before the Guarantor Shareholder Approval Satisfaction Date;
- (j) **(No Options)** all holders of Options having agreed with Target and Bidder in writing, subject to and simultaneously upon the Schemes becoming Effective and otherwise on terms and conditions acceptable to Bidder, to cancel or transfer (as the case may be) all their Options for consideration per Option not exceeding the aggregate of:
- (i) the difference between the Cash Component per Share and the exercise price of such Option;
  - (ii) a Litigation Claim Right; and
  - (iii) a Litigation Claim Unit;
- (k) **(Admission)** Admission having become effective on or before the Bidder Group Capital Raising Satisfaction Date;
- (l) **(Contract Approvals)** all counterparties to the TAB Contracts having consented to the Acquisition in accordance with the provisions of each such TAB Contract;
- (m) **(Litigation Claim)** prior to the EM Lodgement Date:
- (i) the Litigation Management Deed having been entered into by Bidder, Guarantor, Target, SubCo, Collection Agent and Unit Trustee;
  - (ii) the Collection Agent having been appointed and the Collection Agent having executed the Collection Agent Deed Poll;
  - (iii) the Litigation Claim Unit Trust having been established and the Unit Trustee having been appointed as the trustee of the Litigation Claim Unit Trust,
- in each case, on terms reflecting the principles and provisions set out in the Litigation Claim Term Sheet and otherwise on terms acceptable to Bidder and Target; and
- (n) **(Bidder Group Capital Raising)** on or before the Bidder Group Capital Raising Satisfaction Date, Bidder having provided Target with evidence that it has received net proceeds from the Bidder Group Capital Raising that are at least equal to the Cash Component, such evidence to take the form of a screen shot of a bank account or bank accounts in the name of Guarantor and/or in the name of an escrow agent on Guarantor's behalf showing such amount of net proceeds standing to the credit of such account or accounts accompanied by a confirmation in writing that the aggregate amount in such account or accounts represents the net proceeds of the Bidder Group Capital Raising and which net proceeds amount will be used to satisfy the Cash Component, or such other form of evidence as shall be satisfactory to, and agreed in advance in writing with, Target.

### 3.2 General obligations in relation to Conditions

Without prejudice to any other obligations of the parties under this agreement:

- (a) Target must use:

- (i) its reasonable endeavours to ensure that each of the Conditions set out in clauses 3.1(a) (Independent Expert's Report), 3.1(b)(i) (Regulatory Approvals) (ASIC and ASX), 3.1(d) (Target Shareholder Approval), 3.1(e) (Performance Rightholder Approval) 3.1(j) (No Options) and 3.1(l) (Contract Approvals); and
  - (ii) its best endeavours to ensure that each of the Conditions set out in clauses 3.1(f) (Target Material Adverse Change) and 3.1(g) (Target Prescribed Occurrence),
- is satisfied at all times until 8.00 am on the Second Court Date;
- (b) Bidder must use its best endeavours to ensure that:
    - (i) each of the Conditions set out in clauses 3.1(b)(ii) (Regulatory Approvals) (ACCC) and 3.1(b)(iii) (Regulatory Approvals) (Licences) is satisfied prior to 8.00 am on the Second Court Date;
    - (ii) the Condition set out in clause 3.1(i) (Guarantor Shareholder Approval) is satisfied within 21 calendar days from the date of execution of this agreement (**Guarantor Shareholder Approval Satisfaction Date**);
    - (iii) the Conditions set out in clause 3.1(k) (Admission) and clause 3.1(n) (Bidder Group Capital Raising) each having been satisfied on or before 21 June 2011 (or such later date as Target may agree) (**Bidder Group Capital Raising Satisfaction Date**);
  - (c) all parties must use best endeavours to ensure that the Condition set out in clause 3.1(m) (Litigation Claim) is satisfied at all times until 8.00 am on the First Court Date; and
  - (d) if Guarantor has received proceeds from the Bidder Group Capital Raising that are at least equal to the Cash Component, Target undertakes to Bidder that Target will not despatch the Explanatory Memorandum to any Target Shareholder or Performance Rightholder without the prior written consent of Bidder provided that such consent will be granted if:
    - (i) Admission to Listing has occurred on or prior to the Bidder Group Capital Raising Satisfaction Date; and
    - (ii) the Explanatory Memorandum has been prepared in accordance with the provisions of clause 4.1(a).

### 3.3 Regulatory approvals and consents

- (a) Bidder must:
  - (i) with such assistance from Target as is reasonably required by Bidder, and which Target will be obliged to provide in a timely manner, promptly apply for all Authorisations set out in clauses 3.1(b)(ii) (Regulatory Approvals) (ACCC) and 3.1(b)(iii) (Regulatory Approvals) (Licences); and
  - (ii) use its best endeavours to take all such steps as are necessary to obtain the Authorisations set out in clauses 3.1(b)(ii) (Regulatory Approvals) (ACCC) and 3.1(b)(iii) (Regulatory Approvals) (Licences), including promptly responding to requests for information from ACCC and any other relevant Government Body.
- (b) Target must use its best endeavours to assist Bidder in order to ensure that the Conditions set out in clauses 3.1(b)(ii) (Regulatory Approvals) (ACCC) and 3.1(b)(iii) (Regulatory Approvals) (Licences) are satisfied in full on or before 8.00 am on the Second Court Date.
- (c) Without limitation to the provisions of clause 4.5 or the role of the Transition Committee therein referred to, each party must use its best endeavours to consult with each other party in advance in relation to all material communications with any Government Body relating to any regulatory approval and consent required under either or both of the Schemes to be obtained.

### **3.4 Notice in relation to satisfaction of Conditions**

Without limitation to the provisions of clause 4.5 or the role of the Transition Committee therein referred to, each of Bidder and Target must:

- (a) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions; and
- (b) in relation to any Condition, promptly notify the other party in writing upon becoming aware of:
  - (i) the satisfaction of that Condition, in which case the notifying party must also provide reasonable evidence to the effect that that Condition has been satisfied; and
  - (ii) any fact or circumstance which results in that Condition becoming incapable of satisfaction or may result in that Condition not being satisfied in accordance with its terms.
- (c) Bidder and Target must each:
  - (i) give the other a draft of its certificate by 5pm on the Business Day prior to the Second Court Date (by reference to the relevant party's knowledge of the status of the satisfaction or waiver of the Conditions as at that time); and
  - (ii) give the Court on the Second Court Date a certificate (in respect of the matters within its knowledge) whether or not the Conditions (other than the Condition set out in clause 3.1(c) (Court Orders)) have been satisfied or waived.

### **3.5 Benefit and waiver of Conditions**

- (a) The Conditions in clauses 3.1(f) (Target Material Adverse Change), 3.1(g) (Target Prescribed Occurrence), 3.1(j) (No Options) and 3.1(l) (Contract Approvals) are for the benefit of Bidder and may, to the extent legally permissible, only be waived by Bidder by notice in writing to Target.
- (b) The Conditions in clauses 3.1(a) (Independent Expert's Report), 3.1(b) (Regulatory Approvals), 3.1(c) (Court Orders), 3.1(d) (Target Shareholder Approval), 3.1(e) (Performance Rightholder Approval), 3.1(h) (Regulatory Prohibition), 3.1(i) (Guarantor Shareholder Approval), 3.1(k) (Admission), 3.1(m) (Litigation Claim) and 3.1(n) (Bidder Group Capital Raising) are for the benefit of both parties and may not be waived.
- (c) A party entitled to waive a Condition under this clause 3.5 may do so in its absolute discretion.
- (d) If a waiver by a party of a Condition is itself expressed to be conditional and the other party does not accept the conditions thereto, the relevant Condition has not been waived.
- (e) If a party waives the breach or non-fulfilment of any of the Conditions, that waiver does not prevent it from suing the other party for any breach of this agreement that resulted in the breach or non-fulfilment of the Condition.
- (f) Waiver of a breach or non-fulfilment in respect of one Condition does not constitute:
  - (i) a waiver of breach or non-fulfilment of any other Condition resulting from the same event; or
  - (ii) a waiver of breach or non-fulfilment of that Condition resulting from any other event.

### **3.6 Failure of Conditions**

- (a) If:

- (i) any Condition (other than the Conditions set out in clauses 3.1(i) (Guarantor Shareholder Approval), 3.1(k) (Admission) and 3.1(m) (Bidder Group Capital Raising) that is stated in clause 3.5 to be for the benefit of a party (in this clause 3.6, the **first party**) (whether or not the Condition is also stated to be for the benefit of the other party):
  - (A) becomes incapable of satisfaction; or
  - (B) has not been satisfied or waived in accordance with clause 3.5 before the Conditions Satisfaction Date,

the first party may serve notice on the other party requiring it to consult in good faith with a view to considering whether the Schemes, or either of them, may proceed by way of alternative means or methods or extending the date for satisfaction of the relevant Condition, or adjourning or changing the date of the application to the Court for an order pursuant to section 411(4)(b) of the Corporations Act.

- (b) If the parties are unable to reach agreement under clause 3.6(a) within 10 Business Days after the delivery of the notice under that clause, the first party may terminate this agreement by notice in writing to the other party, provided that the first party shall not be permitted to terminate this agreement in respect of the relevant Condition becoming incapable of satisfaction, or not being satisfied before the End Date, if a failure by such party to comply with its obligations under this agreement directly and materially contributed to the relevant Condition becoming incapable of satisfaction or not being satisfied.
- (c) If:
  - (i) any Condition set out in clauses 3.1(i) (Guarantor Shareholder Approval), 3.1(k) (Admission) and 3.1(m) (Bidder Group Capital Raising):
    - (A) becomes incapable of satisfaction; or
    - (B) has not been satisfied:
      - (1) in the case of the Condition set out in clause 3.1(i) (Guarantor Shareholder Approval), on or before the Guarantor Shareholder Approval Satisfaction Date; and
      - (2) in the case of the Conditions set out in clause 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising), on or before the Bidder Group Capital Raising Satisfaction Date, or
  - (ii) the Underwriting Agreement and/or the CB Subscription Agreement is validly terminated in accordance with its provisions without the prior consent of Target on or before the Bidder Group Capital Raising Satisfaction Date,

Target may terminate this agreement by notice in writing to Bidder.

### **3.7 Alternative structure**

Without limiting, and at all times subject to, clause 3.6(a), clause 3.6(b) and clause 3.6(c), if an event occurs which indicates that an alternative transaction structure may be more appropriate than the Schemes or either of them, the parties must discuss with each other in good faith possible alternative transaction structures and, if a more appropriate transaction structure is agreed, if relevant:

- (a) promptly amend this agreement to reflect that alternative transaction structure or enter into a replacement implementation agreement reflecting that alternative transaction structure and incorporating the commercial terms set out in this deed which do not conflict with that alternative transaction structure;
- (b) make such amendments to the Schemes, or either of them, as are reasonable in the circumstances; and/or

- (c) withdraw the Schemes, or either of them.

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## **4. Implementation of Acquisition**

### **4.1 Schemes**

#### **(a) Target's obligations**

Target must take all steps reasonably necessary to implement the Schemes as soon as is reasonably practicable after the date of this agreement and so as to complete the Acquisition in accordance with the Timetable. In particular Target must:

- (i) prepare the Explanatory Memorandum in accordance with the requirements of the Corporations Act and the ASIC Regulatory Guides;
- (ii) provide a draft and successive revised drafts, as the case may be, of the Explanatory Memorandum to Bidder and the Representatives of Bidder and provide Bidder and its Representatives with a reasonable opportunity to provide suggested amendments to that draft Explanatory Memorandum prior to the provision of a draft to ASIC under clause 4.1(a)(vi)(A);
- (iii) if such suggested amendments relate to the Bidder Group Explanatory Memorandum Information, Target must consider in good faith such suggested amendments and include the same in the Explanatory Memorandum unless either such suggested amendments would:
  - (A) render the Explanatory Memorandum misleading or deceptive; or
  - (B) in the opinion of Target, acting promptly, reasonably and in good faith and after consultation with Bidder, would otherwise be considered to be detrimental to Target;
- (iv) ensure that the Explanatory Memorandum contains a unanimous recommendation from the Target Board that Target Shareholders and Performance Rightholders vote in favour of the Share Scheme and the Performance Right Scheme (respectively):
  - (A) in the absence of a Superior Proposal being received by the Target Board and disclosed to Bidder; and
  - (B) subject to the Independent Expert opining that:
    - (1) the Share Scheme is in the best interests of Target Shareholders; and
    - (2) the Performance Right Scheme is in the best interests of the Performance Rightholders;
- (v) promptly following Target signing this agreement, appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Explanatory Memorandum;
- (vi) as soon as reasonably practicable but no later than 14 days before the First Court Date, provide an advanced draft of the Explanatory Memorandum to:
  - (A) ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act; and
  - (B) Bidder;
- (vii) apply to ASIC for the production of statements in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to either of the Schemes;



- (viii) provided the statement referred to in clause 4.1(a)(vii) has been received, lodge all documents with the Court and take all other reasonable steps to ensure that an application is heard by the Court for an order under section 411(1) of the Corporations Act directing Target to convene the Scheme Meetings;
- (ix) request ASIC to register the Explanatory Statement included in or accompanying the Explanatory Memorandum in relation to the Schemes in accordance with section 412(6) of the Corporations Act;
- (x) take all reasonable steps necessary to comply with the orders of the Court including, as required, dispatching the Explanatory Memorandum, the Explanatory Statement and Scheme Notices to the Target Shareholders and Performance Rightholders and convening and holding the Scheme Meetings;
- (xi) if the resolutions submitted to the Scheme Meetings in relation to the Schemes are passed by the majorities required under section 411(4)(a) of the Corporations Act, apply to the Court for orders approving the Schemes;
- (xii) if the Schemes are approved by the Court under section 411(4)(b) of the Corporations Act:
  - (A) promptly lodge with ASIC an office copy of the orders of the Court approving the Schemes in accordance with section 411(10) of the Corporations Act;
  - (B) close the Target Share Register and Performance Right Register as at the Record Date and determine entitlements to the Scheme Consideration in accordance with the Schemes;
  - (C) promptly register all transfers of Shares and Performance Rights to Bidder in accordance with the Schemes; and
  - (D) promptly do all other things contemplated by or necessary to give effect to the Schemes and the orders of the Court approving the Schemes; and
- (xiii) from the First Court Date until the Implementation Date, promptly inform Bidder if it becomes aware that the Explanatory Memorandum or the Explanatory Statement contains a statement which is misleading or deceptive in a material respect or contains a material omission.

**(b) Bidder's obligations**

Bidder must take all steps reasonably necessary to assist Target to implement the Schemes as soon as is reasonably practicable and so as to complete the Acquisition substantially in accordance with the Timetable and in particular Bidder must:

- (i) do everything reasonably required to:
  - (A) convene a meeting (including the preparation and distribution of all required documentation in relation to that meeting) of its members to obtain the Guarantor Shareholder Approval by the Guarantor Shareholder Approval Satisfaction Date; and
  - (B) raise sufficient funds by way of the Bidder Group Capital Raising on or before the Bidder Group Capital Raising Satisfaction Date to enable it to pay in full the Cash Component in accordance with the provisions of the Schemes;
- (ii) provide to Target the Bidder Group Explanatory Memorandum Information in a form appropriate for inclusion in the Explanatory Memorandum;
- (iii) promptly provide copies of all Bidder Group Explanatory Memorandum Information, Bidder Group Prospectus and Circular Information and any explanations in relation thereto that is reasonably requested by the Independent

Expert to enable it to prepare its Independent Expert's Report for inclusion in the Explanatory Memorandum;

- (iv) keep Target fully informed of any matters raised by any Government Body in relation to the Schemes and use all reasonable endeavours and co-operate with Target to resolve any such matters;
- (v) generally use its reasonable endeavours to obtain all Authorisations that it is required or able to obtain, in order to effect the Schemes (including any required foreign investment approvals, ASIC or ASX relief or waivers) and keep Target informed of progress in obtaining such Authorisations;
- (vi) as soon as reasonably practicable after receipt from Target of a draft of the Explanatory Memorandum in accordance with clause 4.1(a)(i) provide any suggested changes to the Bidder Group Explanatory Memorandum Information in that draft;
- (vii) as soon as reasonably practicable after receipt from Target of the draft of the Explanatory Memorandum provided in accordance with clause 4.1(a)(vi)(B), either:
  - (A) confirm in writing to Target that the Bidder Group Explanatory Memorandum Information in the form and context in which it appears in the Explanatory Memorandum is not misleading or deceptive in any material respect and does not contain any material omission; and/or
  - (B) provide to Target the changes required to ensure that the Bidder Group Explanatory Memorandum Information in the form and context in which it appears in the Explanatory Memorandum will not be misleading or deceptive and will not contain any material omission;
- (viii) provide to Target all such further or new information of which Bidder becomes aware after the Explanatory Memorandum has been despatched until the date of the Scheme Meetings that is required to ensure that the Bidder Group Explanatory Memorandum Information in the form and context in which it appears in the Explanatory Memorandum is not misleading or deceptive in any material respect and does not contain any material omission;
- (ix) prior to the First Court Date, duly execute the Deed Poll and deliver the duly executed Deed Poll to Target;
- (x) procure that it is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel, Bidder will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be reasonably necessary in order to ensure the fulfilment of its obligations under this agreement and the Schemes;
- (xi) not act in a manner inconsistent with obtaining Court approval for the Schemes;
- (xii) if the Schemes become Effective:
  - (A) provide the Cash Component on the Implementation Date in accordance with the provisions of the Schemes;
  - (B) on the Implementation Date, transfer, or procure the issue and allotment of, the Litigation Claim Units and the creation of the Litigation Claim Rights, each in accordance with the terms of the Schemes, Deed Poll, Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet) and this agreement; and
  - (C) at any time following the Implementation Date, procure Target to pay to the Collection Agent and/or the Unit Trustee any and all monies Target is required to pay or procure the payment of, to the Collection Agent and/or

the Unit Trustee in accordance with the terms of the Litigation Management Deed (the material details of which are set out in the Litigation Claim Term Sheet); and

- (xiii) comply with the Timetable to the extent reasonably practicable and consult with Target in relation to any actual or desired departures from the Timetable.

#### **4.2 Guarantor Shareholder Approval and Bidder Group Capital Raising**

##### **(a) Bidder's obligations**

Without prejudice to clause 4.1(b)(i), Bidder must take all steps reasonably necessary to raise sufficient funds by way of the Bidder Group Capital Raising (or such other means) to enable it to pay in full the Cash Component and to obtain the Guarantor Shareholder Approval on or before the Bidder Group Capital Raising Satisfaction Date so as to complete the Acquisition substantially in accordance with the Timetable, and in particular Bidder must:

- (i) consult with the FSA to the extent reasonably necessary in order to implement the Bidder Group Capital Raising and/or the Schemes and obtain the approval of the FSA, or the confirmation of no objection by the FSA, to the Bidder Group Prospectus and Circular, and be in a position to publish the Bidder Group Prospectus and Circular and post the same to Guarantor Shareholders. Bidder must also ensure that Target is provided with:
  - (A) reasonable opportunity to review and comment on any written submission to the FSA; and
  - (B) copies of the final version of any written submissions made to the FSA,in each case, in so far as these relate to the Bidder Group Capital Raising and/or the Schemes and, to the extent that it is permitted, Bidder shall keep Target informed of all material discussions which it has with the FSA;
- (ii) at all times comply with its obligations under the Underwriting Agreement and the CB Subscription Agreement and unless Target has received the evidence referred to in clause 3.1(n), not amend any material term of the Underwriting Agreement or the CB Subscription Agreement without the prior written consent of Target, such consent not to be unreasonably withheld or delayed;
- (iii) if, after the publication and despatch of the Bidder Group Prospectus and Circular to all Guarantor Shareholders, any new factor or circumstance or any mistake or inaccuracy is noted or arises which would or is reasonably likely to result in a requirement to publish or post a Supplemental Document or make an announcement under the Companies Act, Listing Rules, Prospectus Rules, FSMA or Disclosure and Transparency Rules or any other applicable laws and regulations:
  - (A) prepare such Supplemental Document or announcement in consultation with Target and provide Target with a reasonable opportunity to comment on drafts of the same; and
  - (B) in good faith consider, and if felt appropriate or required, include in any Supplemental Document, any comments or amendments to the Supplemental Document that Bidder receives in writing from Target;
- (iv) convene the Guarantor General Meeting to obtain the Guarantor Shareholder Approval in respect of the resolutions set out in the Bidder Group Prospectus and Circular and to hold such meeting in accordance with the Timetable, and if necessary to reconvene the Guarantor General Meeting and any other necessary Guarantor Shareholder meeting on such dates and at such times as may be approved by Target and as nearly as practicable on a date consistent with the Timetable;

- (v) keep Target informed in writing, on a regular basis and daily on each of the five Business Days immediately preceding the Guarantor General Meeting, of the number of proxy votes received in respect of the resolutions to be proposed at the Guarantor General Meeting;
- (vi) execute or procure the execution of all necessary documents, forms and instruments which may be required by the FSA, LSE, CREST or any other regulatory authority in relation to Admission and pay all fees and costs and otherwise do all acts or things which may be requested by, or may be necessary to comply with the requirements of, FSA, LSE, CREST or any other regulatory authority in relation to Admission; and
- (vii) first apply the net proceeds of the Bidder Group Capital Raising to fund the Cash Component and not for any other purpose.

(b) **Bidder's Acknowledgement and Warranty**

(i) **Bidder's Acknowledgement**

Bidder acknowledges and agrees that:

- (A) the Bidder Group Prospectus and Circular is the sole responsibility of Bidder and its officers;
- (B) Bidder must also ensure that the Bidder Group Prospectus and Circular contains an unqualified unanimous recommendation from the Guarantor Board that Guarantor Shareholders vote in favour of all resolutions required to provide the Guarantor Shareholder Approval; and
- (C) Bidder must procure that the Guarantor Board does not, subject to their right at all times to act in compliance with their fiduciary duties to Guarantor and Guarantor Shareholders, withdraw, qualify or adversely modify such recommendation.

(ii) **Bidder's Warranty**

Bidder represents and warrants to Target on each date from the date of this agreement until and including the date of despatch of the Bidder Group Prospectus and Circular to Guarantor Shareholders that, without limiting clause 4.2(a)(iii):

- (A) the Bidder Group Prospectus and Circular that is despatched to Guarantor Shareholders is in the same form as the Bidder Group Prospectus and Circular as was reviewed by Target on or immediately prior to the date of the agreement; and
- (B) it has prepared the Bidder Group Prospectus and Circular in accordance with the requirements of the Companies Act, UKLA Listing Rules, Prospectus Rules, FSMA and all other applicable laws and regulations.

(c) **Target's obligations**

Target must take all steps reasonably necessary to provide Bidder with the Target Prospectus and Circular Information as soon as is reasonably practicable after the date of this agreement and so as to complete the Acquisition substantially in accordance with the Timetable, and in particular must provide to Bidder and Bidder's Representatives, as nominated by Bidder, all such further or new information and details of any significant new matter, event or occurrence of which Target becomes aware after the Bidder Group Prospectus and Circular has been despatched until the date of the Admission to Listing that is required to ensure that the Target Prospectus and Circular Information and any Target Supplemental Information, in the form and context in which it appears in the Bidder Group Prospectus and Circular or any Supplemental Document, is not misleading or deceptive in any material respect and does not contain any material omission.

#### 4.3 No amendment to Guarantor Shareholder Approval resolutions

- (a) Bidder shall ensure that the resolutions to be proposed at the Guarantor General Meeting in order to obtain the Guarantor Shareholder Approval shall be in the form of the resolutions set out in the Bidder Group Prospectus and Circular, and shall not amend the form of the resolutions or the notice of the Guarantor General Meeting, or propose any further resolutions for consideration at the Guarantor General Meeting or adjourn the Guarantor General Meeting or any other general meeting referred to in clause 4.2(a)(iv) except (subject to the provisions of clause 4.3(b)(i)) with the prior written consent of Target (such consent not to be unreasonably withheld or delayed) or at the reasonable request of Target.
- (b) In the absence of a Superior Proposal being received by the Target Board or the occurrence of a Target Material Adverse Change:
  - (i) Target shall be obliged to give its consent to any matter referred to in this clause 4.3 unless the giving of such consent would be likely to frustrate, hinder or delay implementation of, or otherwise be detrimental to, the Bidder Group Capital Raising and/or the Schemes; and
  - (ii) neither Guarantor nor Bidder shall, at the Guarantor General Meeting or any other general meeting of Guarantor or Bidder (and any adjournment thereof) to be held prior to the Implementation Date, propose or amend any resolution, the effect of which if passed, would be likely to preclude, impede, delay or prejudice the implementation of the Bidder Group Capital Raising and/or the Schemes.

#### 4.4 Bidder Group Explanatory Memorandum Information

Bidder:

- (a) consents to the inclusion of the Bidder Group Explanatory Memorandum Information in the Explanatory Memorandum; and
- (b) acknowledges that:
  - (i) subject to Target complying with and performing its obligations under clause 4.1(a)(ii) and clause 4.1(a)(iii), it Bidder is responsible for ensuring that the Bidder Group Explanatory Memorandum Information is not misleading or deceptive in any material respect (whether by omission or otherwise), in the form and context in which it was provided to Target, and that Target will not verify or audit that information;
  - (ii) Target will disclaim responsibility for the Bidder Group Explanatory Memorandum Information that is contained in the Explanatory Memorandum; and
  - (iii) the Explanatory Memorandum will state that Bidder is responsible for the Bidder Group Explanatory Memorandum Information, in the form and context in which it appears in the Explanatory Memorandum.

#### 4.5 Transition Committee

- (a) As soon as practicable after the date of this agreement, the parties will establish a committee (**Transition Committee**) comprising two appropriately qualified representatives of each of Target and Bidder.
- (b) The Transition Committee's role will be to meet on at least a fortnightly basis (but more frequently if required) until the earlier of the termination of this agreement and the Implementation Date to facilitate the exchange of information between the parties as may be reasonably necessary for the purpose of implementing the Schemes. Each party will cooperate with the other in good faith and in a timely manner to assist the Transition Committee to perform its role.

#### **4.6 Reconstitution of Target Group Members Boards**

As soon as practicable after the implementation of the Schemes, Target will use its best endeavours to:

- (a) take all actions necessary to procure that any director of each Target Group Member as designated by Bidder in writing and each director of Target in office on the Implementation Date, resigns their office on terms and conditions acceptable to Bidder, acting reasonably; and
- (b) cause the appointment to the Target Board and to the boards of each Target Group Member of such persons as nominated by Bidder, subject to those persons having provided a consent to act as a directors of each relevant company.

#### **4.7 Consideration**

Bidder agrees that, subject to the Schemes becoming Effective, in consideration of the transfer to Bidder of each Share and each Performance Right held by each Scheme Participant under the Schemes, Bidder will provide at least 1 Business Day prior to the Implementation Date, the Cash Component to Target to hold on trust for, and subsequently provide to, each Scheme Participant for each Share and/or Performance Right held by them in accordance with the Schemes.

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### **5. Conduct of business and requests for access**

#### **5.1 Conduct of businesses of all Target Group Members**

- (a) Subject always to the provisions of clause 5.1(c), from the date of this agreement until the Implementation Date, Target must procure that each Target Group Member conducts its business or each of its businesses in the ordinary course of business.
- (b) Subject always to the provisions of clause 5.1(c), no Target Group Member may:
  - (i) at any time prior to the date of publication of the financial result for the year ended 30 June 2011 in respect of the Target Group (which is expected by Target to occur no later than 23 August 2011), or such later date that the parties may agree to, declare, pay or distribute any dividend, bonus or other share of its profits or assets other than to its wholly owned subsidiary or to another Target Group Member;
  - (ii) at any time between the date of this agreement and the Implementation Date, both dates inclusive, amend or purport to amend the terms of its constitution;
  - (iii) at any time between the date of this agreement and the Implementation Date, both dates inclusive, enter into any contract or commitment requiring any payment or payments by any Target Group Member that in aggregate is in excess of A\$500,000, other than any contract or commitment which is solely in relation to the implementation of Project Rocket and in respect of which such contract or commitment is in accordance with the plan to implement Project Rocket as approved from time-to-time by the Target Board;
  - (iv) at any time between the date of this agreement and the Implementation Date, both dates inclusive, terminate, breach or vary a material provision of, a Consent Contract or a Gambling Licence without the prior written consent of Bidder where such termination, breach or variation would result in a Target Material Adverse Change;
  - (v) at any time between the date of this agreement and the Implementation Date, both dates inclusive, waive any material claims or material rights under, or waive the benefit of, any provisions of any Consent Contract where any such waiver would result in a Target Material Adverse Change;
  - (vi) without the prior written consent of Bidder, at any time between the date of this agreement and the Implementation Date, both dates inclusive, fail to respond

within the period of time prescribed by the relevant Government Body or by law, or if not prescribed, within a reasonable period of time, to any correspondence received from a Government Body relating to a Gambling Licence to which it is required or obliged to respond where such failure to respond would, or would be likely to, have a material adverse impact on the relevant Gambling Licence;

- (vii) at any time between the date of this agreement and the Implementation Date, both dates inclusive, cease the whole or substantial part of its business without the prior written consent of Bidder;
- (viii) at any time prior to 31 August, 2011 increase, or agree to increase, the salary, remuneration or any other benefits of any of its directors, officers, employees or contractors (**Employees**) by a percentage that is in excess of the prevailing CPI, other than:
  - (A) pursuant to a binding contractual obligation that was in existence prior to the date of this agreement and all the material terms of which formed part of the Disclosure Materials; or
  - (B) where it is in relation to an Employee whose total salary, remuneration and other benefits (**Remuneration Package**) is less than A\$200,000 per annum and provided that the increase does not, without the prior written consent of Bidder, result in any Employee's Remuneration Package either:
    - (1) exceeding A\$200,000 per annum; or
    - (2) being increased by more than twenty per cent. (20%) above the aggregate dollar value of an Employee's Remuneration Package as at the date of this agreement;
- (ix) at any time between the date of this agreement and the Implementation Date, both dates inclusive, introduce any employee, executive or contractor scheme that entitles or will entitle any person to be issued or allotted with any share, option or other form of Security in the capital of any Target Group Member; and
- (x) at any time between the date of this agreement and the Implementation Date, both dates inclusive, create, agree to create or permit or authorise the creation of, a new Encumbrance securing an amount in excess of A\$1,000,000 over any of its assets other than:
  - (A) pursuant to a binding contractual obligation that was in existence prior to the date of this agreement and all the material terms of which formed part of the Disclosure Materials;
  - (B) by operation of law; or
  - (C) where the creation, or agreement to create, a new Encumbrance is in connection with putting in place a new facility the purpose of which is to replace (in whole or in part) the existing CBA Facility (**New Facility**) provided that:
    - (1) the Target Board considers (acting in good faith) that the New Facility is on or around what is current arms length market terms; and
    - (2) Bidder has provided its consent to the terms of the New Facility and each related Encumbrance, prior to the creation, or making of the agreement to create, such Encumbrance, such consent not to be unreasonably withheld or delayed. The obligation of Target to obtain the consent of the Bidder as referred to in this clause 5.1(b)(x)(C)(2) will expire at 5.00 pm on 1 August, 2011.

- (c) Any restriction on conduct which is imposed by this clause 5.1 does not apply if the conduct, or intention to carry out the conduct:
  - (i) is required or contemplated by this agreement or the Schemes or the Bidder Group Prospectus and Circular or otherwise by law (including the fiduciary and statutory duties of the Target Board);
  - (ii) is undertaken with the prior written approval of Bidder, such approval not to be unreasonably withheld or delayed; or
  - (iii) was disclosed in the Disclosure Materials.

## **5.2 Requests for access**

- (a) Subject to clause 5.2(b), from the date of this agreement until the Implementation Date, Target will in good faith, on request from Bidder and Bidder's Representatives, as nominated by Bidder, and for the sole purpose of implementing the Schemes and the Bidder Group Capital Raising, promptly after receiving such request, provide to Bidder and Bidder's Representatives, as nominated by Bidder, access at reasonable times to:
  - (i) members of Target executive committee and to such other personnel as are reasonably approved by the executive committee;
  - (ii) records and premises of the Target Group, unless the provision of any such access is prohibited by law; and
  - (iii) other Target Group business sites and locations, unless the provision of such access is prohibited by law.
- (b) Target is not required to provide access to Bidder under clause 5.2(a) where any information is considered by Target acting reasonably as being commercially sensitive to Target or which is the subject of third party confidentiality.

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## **6. Announcements**

### **6.1 No Announcement**

No party may make an Announcement relating to the subject matter of this agreement or its variation or termination or make public this agreement (or any of its terms) unless the Announcement or publication:

- (a) is required by this agreement;
- (b) has the prior approval of the other party; or
- (c) is required to be made by any applicable law, regulation or the listing and disclosure rules applicable to a party.

### **6.2 Notice of Announcement**

If any party is required to make an Announcement it must, to the extent practicable without breaching any of the applicable provisions of the Corporations Act, Listing Rules and relevant ASIC Regulatory Guides, the Companies Act, UKLA Listing Rules, UKLA Disclosure Rules, Prospectus Rules and FSMA and all other applicable laws and regulations, give to the other:

- (a) such notice as is reasonable in the circumstances of its intention to make the Announcement; and
- (b) a draft of the Announcement and an opportunity, which is reasonable in the circumstances, to comment on the contents of the draft Announcement (but it is under no obligation to incorporate any comments so provided).



### 6.3 Agreed Announcement

Immediately after the execution of this agreement, Target must issue the Agreed Announcement to the ASX and Bidder must issue the Agreed Announcement to a Regulatory Information Service.

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## 7. Release

### 7.1 Target Released Party

(a) Bidder hereby releases its rights and agrees with Target that it will not make a claim against any Representative of any Target Group Member (each a **Target Released Party**) in connection with:

- (i) any breach of any representations, covenants and warranties of Target in this agreement; or
- (ii) any disclosures (including, without limitation, the Explanatory Memorandum and/or the Bidder Group Prospectus and Circular) containing any statement which is false or misleading whether in content or by omission,

except where the Target Released Party has not acted in good faith or has engaged in wilful misconduct.

(b) This clause is subject to any Corporations Act restriction and will be read down accordingly.

(c) Target receives and holds the benefit of this clause 7.1 to the extent it relates to each Target Released Party as trustee for them.

### 7.2 Bidder Released Party

(a) Target hereby releases its rights and agrees with Bidder and Guarantor that it will not make a claim against any Representative of any Bidder Group Member (each a **Bidder Released Party**) in connection with:

- (i) any breach of any representations, covenants and warranties of Bidder or Guarantor in this agreement; or
- (ii) any disclosure (including, without limitation, the Explanatory Memorandum and/or the Bidder Group Prospectus and Circular) containing any statement which is false or misleading whether in content or by omission,

except where the Bidder Released Party has not acted in good faith or has engaged in wilful misconduct.

(b) This clause is subject to any Corporations Act restriction and will be read down accordingly.

(c) Bidder receives and holds the benefit of this clause 7.2 to the extent it relates to each Bidder Released Party as trustee for them.

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## 8. Representations, warranties and indemnities

### 8.1 Reliance on due diligence

(a) Without limiting the effect of the representations and warranties provided by Target, Bidder acknowledges that:

- (i) prior to entry into this agreement, it has undertaken and concluded its own due diligence enquiries and investigations of Target's business; and
- (ii) it has relied on its own due diligence and upon publicly available information about the Target Group.

- (b) Target is not liable (whether by way of damages or otherwise) in respect of a breach of any Target Warranty nor can Bidder rely on clause 10.2 to the extent that the alleged breach of the Target Warranty:
  - (i) was disclosed in this agreement;
  - (ii) was disclosed in the Disclosure Material;
  - (iii) which in relation to any alleged breach of a Target Warranty being given:
    - (A) as at the date of this agreement, is within the actual knowledge of Bidder or any of its Related Bodies Corporate or any of their respective Representatives; and
    - (B) after the date of this agreement, is as at such relevant date, within the actual knowledge of Bidder or any of its Related Bodies Corporate or any of their respective Representatives.

## **8.2 Bidder representations and warranties**

Bidder represents and warrants to Target (on its own behalf and separately as trustee for each of Target's Representatives) on each date from the date of this agreement and until (and including) 8.00 am on the Second Court Date that:

- (a) **(Corporate capacity)**
  - (i) Bidder is a validly existing corporation registered under the laws of its place of incorporation;
  - (ii) the execution and delivery of this agreement by Bidder has been properly authorised by all necessary corporate action and Bidder has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement; and
  - (iii) this agreement constitutes legal, valid and binding obligations on Bidder and this agreement does not conflict with or result in a breach of or default under:
    - (A) the constitution of Bidder or any Bidder subsidiary; or
    - (B) any writ, order or injunction, judgment, law, rule or regulation to which Bidder and/or any of its Related Bodies Corporate are a party or by which they are bound by;
- (b) **(Bidder Group Information):**
  - (i) on the understanding that Target and its Representatives will rely on the information referred to in sub-paragraphs (A) and (B) of this clause 8.2(b)(i) for the purposes of preparing the Explanatory Memorandum and for the purposes of considering, formulating and providing to Bidder and Bidder's Representatives, the Target Prospectus and Circular Information to be included in the Bidder Group Prospectus and Circular:
    - (A) subject to Target complying with and performing its obligations under clause 4.1(a)(ii) and clause 4.1(a)(iii), the Bidder Group Explanatory Memorandum Information has been prepared in good faith and submitted to Target and Target's Representatives for inclusion in the Explanatory Memorandum; and
    - (B) the Bidder Group Prospectus and Circular Information will be included in the Bidder Group Prospectus and Circular;
  - (ii) subject to Target complying with and performing its obligations under clause 4.1(a)(ii) and clause 4.1(a)(iii), the Bidder Group Information, in the form as disclosed or provided by Bidder or Bidder's Representatives to Target and

Target's Representatives, does not contain a statement which is misleading or deceptive in any material respect and does not contain any material omission (other than a statement or omission which has been rectified by Bidder or Bidder's Representatives to the Court's satisfaction by the Second Court Date); and

(iii) the Bidder Group Prospectus and Circular Information, in the form as disclosed or provided by Bidder or Bidder's Representatives to Target and Target's Representatives, includes all particulars and information required by and complies in all material respects with the Companies Act, UKLA Listing Rules, Prospectus Rules, FSMA and all other applicable laws and regulations; and

(c) **(Scheme Consideration)** subject to the satisfaction of the Conditions, Bidder has or will have sufficient cash to pay the Cash Component at the time required by clauses 2.2 and 4.7.

### **8.3 Bidder indemnity**

(a) Bidder acknowledges that in entering into this agreement, Target and each Representative of Target have relied on the Bidder Warranties.

(b) Bidder indemnifies Target (on its own behalf and separately as trustee for each Representative of Target) against any loss suffered or incurred by reason of any breach of any of the Bidder Warranties.

### **8.4 Target representations and warranties**

Target represents and warrants to Bidder (on its own behalf and separately as trustee for each of Bidder's Representatives) on each date from the date of this agreement and until (and including) 8.00am on the Second Court Date that:

(a) **(Corporate capacity):**

(i) Target is a validly existing corporation registered under the laws of its place of incorporation;

(ii) the execution and delivery of this agreement by Target has been properly authorised by all necessary corporate action and Target has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement; and

(iii) this agreement constitutes legal, valid and binding obligations on Target and this agreement does not conflict with or result in a breach of or default under:

(A) the constitution of Target or any Target subsidiary; or

(B) any writ, order or injunction, judgment, law, rule or regulation to which Target and/or any of its Related Bodies Corporate is party or by which they are bound;

(b) **(Target Explanatory Memorandum Information):**

(i) the Target Explanatory Memorandum Information has been and will be prepared in good faith and on the understanding that Bidder and its Representatives will rely on that information for the purposes of considering and approving the Bidder Group Explanatory Memorandum Information to be included in the Explanatory Memorandum;

(ii) the Target Explanatory Memorandum Information does not contain a statement which is misleading or deceptive in any material respect and does not contain any material omission (other than a statement or omission which has been rectified by Target to the Court's satisfaction by the Second Court Date); and

(iii) the Target Explanatory Memorandum Information includes all particulars and information required by and complies in all material respects with relevant laws

(including the Corporations Act, Listing Rules and relevant ASIC Regulatory Guides);

- (c) **(Continuous disclosure)** Target is not in breach of its continuous disclosure obligations and is not, in relation to information which has been withheld from Bidder prior to the date of this agreement, relying on the carve-out in ASX Listing Rule 3.1A to withhold any information from disclosure other than as disclosed in writing to Bidder prior to the date of this agreement;
- (d) **(Cessation of discussions)** as at the date of this agreement, Target and its Representatives have ceased to participate in any discussions and/or negotiations with any third party that concern, or that could reasonably be expected to lead to, a Competing Proposal from that third party;
- (e) **(Capital structure)** Target's capital structure as at the date of this agreement is set out in Schedule 2.

#### **8.5 Target indemnity**

- (a) Target acknowledges that in entering into this agreement, Bidder and each of its Representatives have relied on the Target Warranties.
- (b) Target indemnifies Bidder (on its own behalf and separately as trustee for each of Bidder's Representatives) against any loss suffered or incurred by reason of any breach of any of the Target Warranties.

#### **8.6 Notifications**

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 8.

#### **8.7 Status of representations and warranties**

Each representation and warranty in this clause 8:

- (a) is severable;
- (b) will survive the termination of this agreement; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this agreement.

#### **8.8 Status and enforcement of indemnities**

- (a) Each indemnity in this agreement:
  - (i) is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this agreement; and
  - (ii) is given to the party to which it is expressed to be given, and as trustee for each Representative of that party, and a reference to a loss in an indemnity given to a party includes a loss suffered or incurred by a Representative of that party.
- (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 agreement.

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### **9. Lock up arrangements**

#### **9.1 No shop**

During the Lock-up Period, Target must not, and must ensure that its Representatives do not, except with the prior written consent of Bidder, solicit or invite any Competing Proposal or

expression of interest or offer which may lead to a Competing Proposal, or initiate discussions with any third party which may reasonably be expected to lead to a Competing Proposal. Nothing in the foregoing prevents Target or its Representatives from making normal presentations to, and responding to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Schemes or its business generally.

## **9.2 No talk and no due diligence**

During the Lock-up Period, Target must not, and must ensure that its Representatives do not, except with the prior written consent of Bidder:

- (a) participate in any negotiations in relation to a Competing Proposal;
- (b) provide any information to a third party for the purposes of enabling that person to make a Competing Proposal or an expression of interest, offer or proposal which may reasonably be expected to lead to a Competing Proposal; or
- (c) enter into any deed, arrangement or understanding in relation to a Competing Proposal,

unless the Target Board acting in good faith and after having received written advice from its legal advisers, determines that:

- (d) the Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal; and
- (e) not to undertake any of the acts referred to in clause 9.2(a) to clause 9.2(c) (inclusive) in relation to the Competing Proposal would be likely to constitute a breach of the statutory and fiduciary duties owed by any member of the Target Board.

## **9.3 Notification by Target**

- (a) During the Lock-up Period, Target must promptly notify Bidder if it:
  - (i) is approached, directly or indirectly, by any third party to undertake any act of a kind referred to in clause 9.2(a), (b) or (c); or
  - (ii) proposes to undertake any act of a kind referred to in clause 9.2(a), (b) or (c).
- (b) If Target receives a Competing Proposal, Target must ensure that no member of the Target Board nor the Target Board publicly recommends against, qualifies his or its support of or withdraws his or its recommendation of either or both of the Schemes, makes a public statement indicating that he or it no longer supports either or both of the Schemes, or endorses, supports or recommends a Competing Proposal, unless the Target Board, acting in good faith, determines that the Competing Proposal is a Superior Proposal, and Target has first:
  - (i) given Bidder three (3) English Business Days prior written notice of the proposed adverse recommendation, qualification of support, withdrawal of recommendation or statement; and
  - (ii) provided to Bidder with the notice referred to in clause 9.3(b)(i):
    - (A) all material terms of the Competing Proposal, including details of the proposed price or implied value (including details of any consideration not in cash), conditions (including, without limitation, certainty of funding), timing and break fee (if any);
    - (B) copies of any material confidential information concerning the Target Group's operations provided to any person associated with the Competing Proposal not previously provided to Bidder; and
    - (C) the name of the person who has made the Competing Proposal (**Competing Bidder**) and any other identifying details which may identify the Competing Bidder (**Identifying Details**), provided that

Target must request the Competing Bidder's consent to the Identifying Details being provided to Bidder. If such consent is refused, Target may only withhold the Identifying Details from Bidder if the Target Board, acting in good faith and after having received written advice from its legal advisers, determines that providing the Identifying Details to Bidder would be likely to constitute a breach of the statutory and fiduciary duties owed by any member of the Target Board. Target must notify Bidder if any Identifying Details are withheld.

- (c) Any information provided to Bidder under clause 9.3(b)(ii) will be provided subject to the terms of the Confidentiality Deed.
- (d) During the period of three (3) English Business Days referred to in clause 9.3(b)(i), Bidder has the right to offer to amend the terms of either or both of the Schemes or to propose an alternative transaction (**Bidder Counterproposal**) which provides at least an equivalent outcome for the Target Shareholders and the Performance Rightholders as the Competing Proposal.
- (e) Target must procure that the Target Board considers any Bidder Counterproposal and if the Target Board, acting in good faith, determines that:
  - (i) the Bidder Counterproposal would provide at least an equivalent outcome for the Target Shareholders and the Performance Rightholders as the Competing Proposal; and
  - (ii) the other terms and conditions of the Bidder Counterproposal taken as a whole are not less favourable than those of the Competing Proposal,then Target and Bidder must use their best endeavours to:
  - (iii) agree the amendments to this agreement and the Schemes that are reasonably necessary to reflect the Bidder Counterproposal;
  - (iv) enter into one or more appropriate amendment agreements to effect to those amendments; and
  - (v) implement the Bidder Counterproposal,in each case as soon as reasonably practicable, and Target must procure that each member of the Target Board recommends the Bidder Counterproposal and not the Competing Proposal to Target Shareholders and Performance Rightholders.
- (f) Any material modification to any Competing Proposal (which will include any modification relating to the price or value of any Competing Proposal) will be taken to render that proposal a new Competing Proposal in respect of which Target must comply with its obligations under this clause 9.3.
- (g) Notwithstanding anything in this clause 9.3, each obligation of Target under this clause 9.3 does not apply to the extent that the Target Board, acting in good faith and after having taken advice from its legal advisers, determines that complying with such obligation would be likely to involve a breach of the fiduciary or statutory duties owed by any Target Director.
- (h) Notwithstanding anything in this clause 9.3, in the event that Bidder has not satisfied:
  - (i) the Condition set out in clause 3.1(i) (Guarantor Shareholder Approval) by the Guarantor Shareholder Approval Satisfaction Date; and/or
  - (ii) the Conditions set out in clauses 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising) by the Bidder Group Capital Raising Satisfaction Date,

this clause 9.3 will cease to apply until such time that Bidder has satisfied the Conditions set out in clauses 3.1(i) (Guarantor Shareholder Approval), 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising).

#### 9.4 Bidder Reimbursement Fee

- (a) Subject to this clause 9.4 and clause 9.6, Target must pay Bidder an amount equal to one per cent. (1%) of the Cash Component, whether or not the Cash Component or any part or parts thereof ever becomes payable under either or both of the Schemes (**Bidder Reimbursement Fee**), in accordance with clause 9.4(b) without withholding or set off, if either or both of the Schemes do not proceed and any of the following events occur:
- (i) any Target director fails to recommend or any Target director recommends against, qualifies their support of or withdraws his recommendation of either or both of the Schemes, makes a public statement indicating that he or she no longer supports either or both of the Schemes or endorses, or supports or recommends a Competing Proposal, except where the reason for the failure to recommend or change in recommendation or public statement is that the Independent Expert has concluded that either or both of the Schemes are not in the best interests of Target Shareholders and Performance Rightholders;
  - (ii) a material breach by Target of its obligations under this agreement and that breach is not remedied within 20 Business Days (or such shorter period ending on the Second Court Date) from the date on which written notification of the breach is first sent to Target. For the sake of clarity, any breach of a Business Continuity Undertaking will constitute a material breach of the abovementioned obligations for the purposes of this clause 9.4;
  - (iii) the Court fails (taking into account all appeals) to approve either or both of the Schemes for the purpose of section 411(1)(b) of the Corporations Act solely as a result of a material non-compliance by Target with any of its obligations under this agreement;
  - (iv) the Effective Date of either or both of the Schemes has not occurred prior to the End Date as a consequence of:
    - (A) non-compliance by Target with any of its obligations under this agreement; or
    - (B) without limiting clause 9.4(a)(iv)(A), either or both of the Scheme Meetings not being held in a reasonably expeditious manner due to Target delaying either or both of the Scheme Meetings as a result of a Competing Proposal; or
  - (v) a Target Prescribed Occurrence occurs.
- (b) Target must pay Bidder the Bidder Reimbursement Fee within 10 Business Days after receiving a written notice from Bidder setting out the relevant circumstances and requiring payment of the Bidder Reimbursement Fee.
- (c) Despite any other term of this agreement, the Bidder Reimbursement Fee:
- (i) is only payable once;
  - (ii) will not be payable to Bidder if Target is entitled to terminate this agreement under clauses 10.1 and 10.3; and
  - (iii) will not be payable if, but without limitation to the provisions of clause 9.4(a)(iii):
    - (A) a Government Body acts or makes any determination or pronouncement that has the effect of preventing the implementation of either or both of the Schemes in accordance with their respective terms or such other terms as the parties may agree to acting reasonably; or
    - (B) Bidder fails (taking into account all appeals and entitlements to seek judicial review) to obtain the necessary approvals or confirmations of a Government Body required by this agreement.

- (d) The payment of the Bidder Reimbursement Fee by Target to Bidder is to compensate Bidder and Guarantor for:
- (i) advisory costs, legal costs (on a solicitor to own client basis), costs of management and directors' time;
  - (ii) out of pocket expenses incurred in implementing the Schemes;
  - (iii) reasonable opportunity costs incurred in pursuing the Schemes or not pursuing other alternative transactions or strategic initiatives; and
  - (iv) damage to Bidder's and Guarantor's reputation associated with a failed transaction and the implication of those damages,
- in each case incurred by Bidder or Guarantor (as the case may be) as a result of it having entered into this agreement, making the Agreed Announcement or pursuing the Schemes.
- (e) The Bidder Reimbursement Fee is a genuine pre-estimate of the costs and losses which Bidder and/or Guarantor is expected to incur in connection with the Schemes and it is not a pre-condition to Bidder being paid the Bidder Reimbursement Fee that it or Guarantor has actually incurred those costs or losses or that it or Guarantor is able to prove that it or Guarantor has done so.
- (f) Target acknowledges and agrees that:
- (i) the Bidder Reimbursement Fee is reasonable in the context of the Schemes;
  - (ii) benefits will flow to Target and the Share Scheme Participants and the Performance Right Scheme Participants from Bidder proposing and implementing the Schemes; and
  - (iii) Target entering into this agreement and performing its obligations hereunder is necessary to induce Bidder to propose and implement the Schemes and otherwise complete the Acquisition; and
- (g) Target and Bidder agree that the Bidder Reimbursement Fee has been determined and agreed between the parties after Target and its Representatives have conducted a competitive and comprehensive process designed to elicit proposals the intent and effect of which would be to effect the acquisition by any proposing party of all the Shares and Performance Rights.

#### 9.5 Target Reimbursement Fee

- (a) Subject to the provisions of this clause 9.5 and clause 9.6, Bidder must pay Target an amount equal to one per cent. (1%) of the Cash Component, whether or not the Cash Component or any part or parts thereof ever becomes payable under either or both of the Schemes (**Target Reimbursement Fee**) in accordance with 9.5(b) without withholding or set off, if either or both of the Schemes do not proceed and any of the following events occur:
- (i) any Guarantor director fails to recommend or any Guarantor director recommends against, qualifies their support of or withdraws their recommendation of the Bidder Group Capital Raising and/or the Acquisition, or makes a public statement indicating that he or she no longer supports the Bidder Group Capital Raising and/or the Acquisition, except where the reason for the failure to recommend or change in recommendation or public statement is that the Independent Expert has concluded that either or both of the Schemes are not in the best interests of Target Shareholders and Performance Rightholders;
  - (ii) a material breach by Bidder of its obligations under this agreement and that breach is not remedied within 20 Business Days (or such other shorter period ending on the Second Court Date) from the date on which written notification of the breach is first sent to Bidder;



- (iii) the Effective Date of either or both of the Schemes has not occurred prior to the End Date as a consequence of non-compliance by Bidder with any of its obligations under this agreement and/or non-compliance by Guarantor with any of its obligations under the Underwriting Agreement and/or the CB Subscription Agreement;
  - (iv) the Condition in clause 3.1(b)(iii) (Regulatory Approvals) (Licences) is not satisfied in respect of obtaining any consent or approval from a Government Body in the Northern Territory and in the Netherlands Antilles, on or before the Conditions Satisfaction Date;
  - (v) the Condition in clause 3.1(i) (Guarantor Shareholder Approval) is not satisfied but only to the extent that such Condition requires to be satisfied in order to permit, under the Companies Act and the UKLA Listing Rules, Bidder and Guarantor to carry out and complete the Acquisition, on or before the Guarantor Shareholder Approval Satisfaction Date;
  - (vi) the Conditions set out in clauses 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising) are not satisfied on or before the Bidder Group Capital Raising Satisfaction Date; or
  - (vii) the Underwriting Agreement and/or the CB Subscription Agreement has been terminated or amended in a manner that Target regards as material and adverse to the likelihood of the Bidder Group Capital Raising succeeding in accordance with its terms, without the prior written consent of Target, on or before the Bidder Group Capital Raising Satisfaction Date, unless Bidder has first satisfied the Conditions set out in clauses 3.1(k) (Admission) and 3.1(n) (Bidder Group Capital Raising).
- (b) Bidder must pay Target the Target Reimbursement Fee within 10 Business Days after receiving a written notice from Target setting out the relevant circumstances and requiring payment of the Target Reimbursement Fee.
- (c) Despite any other term of this agreement, the Target Reimbursement Fee:
- (i) is only payable once;
  - (ii) will not be payable to Target if Bidder is entitled to terminate this agreement under clause 10.1 or clause 10.2; and
  - (iii) will not be payable if, but without limiting the provisions of clause 9.5(a)(iv), a Government Body acts or makes any determination or pronouncement that has the effect of preventing the implementation of either or both of the Schemes in accordance with their respective terms or such other terms as the parties may agree to acting reasonably.
- (d) The payment of the Target Reimbursement Fee by Bidder to Target is to compensate Target for:
- (i) advisory costs, legal costs (on a solicitor to own client basis), costs of management and directors' time;
  - (ii) out of pocket expenses incurred in implementing the Schemes;
  - (iii) reasonable opportunity costs incurred in pursuing the Schemes or not pursuing other alternative transactions or strategic initiatives; and
  - (iv) damage to Target's reputation associated with a failed transaction and the implication of those damages,

in each case incurred by Target as a result of it having entered into the agreement or pursuing the Schemes.

- (e) The Target Reimbursement Fee is a genuine pre-estimate of the costs and losses which Target is expected to incur in connection with the Schemes and it is not a pre-condition to Target being paid the Target Reimbursement Fee that it has actually incurred those costs or losses or that it is able to prove that it has done so.
- (f) Bidder acknowledges and agrees that:
  - (i) the Target Reimbursement Fee is reasonable in the context of the Schemes;
  - (ii) benefits will flow to Bidder, Guarantor and Guarantor Shareholders from Target proposing and implementing the Schemes; and
  - (iii) Bidder entering into this agreement and performing its obligations hereunder is necessary to induce Target to propose and implement the Schemes and otherwise complete the Acquisition.
- (g) Target acknowledges that under no circumstances, will the Target Reimbursement Fee be greater than, at the time it is due to be paid, one per cent (1%) of the market capitalisation of the Guarantor at that time.

## 9.6 Compliance with law

- (a) If a court, the Takeovers Panel or UKLA determines that the Bidder Reimbursement Fee or the payment of the Bidder Reimbursement Fee, or any part thereof:
  - (i) constitutes, or would if performed, constitute:
    - (A) a breach of fiduciary or statutory duties of the Target Board; or
    - (B) unacceptable circumstances within the meaning of the Corporations Act; or
  - (ii) exceeds the level or limit set out in rule 10.2.7(1)(b) of the UKLA Listing Rules (**Bidder Limit**); or
  - (iii) is unenforceable or would, if paid, be unlawful for any reason,

then Target is not obliged to pay the Bidder Reimbursement Fee or the relevant part thereof and, if the Bidder Reimbursement Fee has already been paid, then Bidder must within 5 Business Days after receiving written demand from Target refund the Bidder Reimbursement Fee or the relevant part thereof to Target provided that in the event of a determination in accordance with clause 9.6(b)(ii), the provisions of this clause 9.6(b) shall only apply to the relevant part of the Bidder Reimbursement Fee that exceeds the Bidder Limit.

- (b) If a court, the Takeovers Panel or the UKLA determines that the Target Reimbursement Fee or the payment of the Target Reimbursement Fee, or any part thereof:
  - (i) constitutes, or would if performed constitute:
    - (A) a breach of fiduciary or statutory duties of the Target Board; or
    - (B) unacceptable circumstances within the meaning of the Corporations Act;
  - (ii) exceeds the level or limit set out in rule 10.2.7(1)(b) of the UKLA Listing Rules (Target Limit); or
  - (iii) is unenforceable or would, if paid, be unlawful for any reason,

then Bidder is not obliged to pay the Target Reimbursement Fee or the relevant part thereof and, if the Target Reimbursement Fee has already been paid, then Target must within 5 Business Days after receiving written demand from Bidder refund the Target Reimbursement Fee or the relevant part thereof to Bidder, provided that in the event of a determination in accordance with clause 9.6(b)(ii), the provisions of this clause 9.6(b)

shall only apply to the relevant part of the Target Reimbursement Fee that exceeds the Target Limit.

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## **10. Termination**

### **10.1 Termination by either party**

Either Bidder or Target may terminate this agreement (in this clause 10.1, the terminating party is referred to as the **Terminating Party**) at any time before 8.00 am on the Second Court Date by notice in writing to the other party if:

- (a) either or both of the Schemes is or are not Effective by the End Date provided that the Terminating Party may not terminate this agreement under this clause if either or both of the Schemes is or are not Effective by the End Date as a result of a breach by the Terminating Party of its obligations under this agreement;
- (b) the other party (in this clause 10.1(b), the **breaching party**) is in material breach of any material obligation of it under this agreement before 8.00 am on the Second Court Date provided that the Terminating Party is only entitled to terminate this agreement if it has given notice to the breaching party setting out the relevant circumstances of the breach and stating an intention to terminate this agreement and the breach has continued to exist 20 Business Days (or any shorter period ending at 5.00 pm on the day before the Second Court Date) from the time such notice is first received by the breaching party; or
- (c) one of the Conditions in clause 3.1 for that party's benefit (including if that Condition is for both parties benefit) is not satisfied in accordance with its terms (including, for sake of clarity, its time for satisfaction).

For the sake of clarity, any breach of a Business Continuity Undertaking will constitute a material breach of any material obligation for the purposes of clause 10.1(b).

### **10.2 Termination by Bidder**

Bidder may terminate this agreement at any time before 8.00 am on the Second Court Date by notice in writing to Target if:

- (a) a Target Warranty is breached;
- (b) that breach cannot be remedied, or is not remedied, before 8.00 am on the Second Court Date; and
- (c) that breach of Target Warranty amounts to a Target Material Adverse Change.

### **10.3 Termination by Target**

Target may terminate this agreement at any time before 8.00 am on the Second Court Date by notice in writing to Bidder, if:

- (a) a Bidder Warranty is breached and the breach cannot be remedied before 8.00 am on the Second Court Date;
- (b) Bidder has not on or before the Bidder Group Capital Raising Satisfaction Date raised sufficient funds to enable it to pay in full the Cash Component in accordance with the provisions of the Schemes; or
- (c) the Target Board has changed its recommendation to approve either or both of the Schemes prior to the Scheme Meetings where the Target Board has made a determination in accordance with the provisions of both clause 9.2(d) and clause 9.2(e).

### **10.4 Mutual termination**

Bidder and Target agree that if:

- (a) the Court, in the course of granting the approval referred to in clause 3.1(c), orders that such approval is or be conditional upon a condition or conditions;
- (b) both Target and Bidder, notify in writing to each other, no later than one (1) Business Day after the Second Court Date, that all or any of those conditions are unacceptable,

then upon the mutual exchange of such written notification between Bidder and Target:

- (c) this agreement will be deemed to have been terminated and, subject to clause 10.5, of no further force or effect;
- (d) Target will not be required to pay the Bidder Reimbursement Fee; and
- (e) Bidder will not be required to pay the Target Reimbursement Fee.

#### **10.5 Effect of termination**

In the event of termination of this agreement by either Target or Bidder pursuant to this clause 10, this agreement will become void and have no effect, other than:

- (a) clauses 1, 7, 8, 9.4, 9.5, 9.6, 10, 11, 12, 15, 16 and 17 which shall survive such termination; and
- (b) in respect of any liability for an antecedent breach of this agreement.

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### **11. Confidentiality**

- (a) No party may disclose the existence or contents of this agreement except:
  - (i) in the Agreed Announcement;
  - (ii) in the Explanatory Memorandum or the Bidder Group Prospectus and Circular;
  - (iii) to that party's professional advisers or such of its Representatives as is reasonably required to effect the Bidder Group Capital Raising and/or the Schemes and implement the provisions of this agreement; or
  - (iv) to the extent required by law or the rules of any stock exchange (provided the disclosing party consults with the other party as to the form and content of any disclosure required and uses its best endeavours to minimise the extent of such disclosure).
- (b) Nothing in this agreement amends the Confidentiality Deed, which remains in full force and effect notwithstanding this clause.
- (c) To the extent of any inconsistency between the provisions of this clause 11 and the Confidentiality Deed, the former shall prevail.

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### **12. Parent Guarantee**

- (a) The Guarantor hereby unconditionally and irrevocably guarantees to Target the performance of all the obligations and duties, and discharge of all the liabilities (including, without limitation, the payment of the Cash Component and the Target Reimbursement Fee), of Bidder in accordance with the provisions of this agreement and the Schemes (collectively the **Guaranteed Obligations**).
- (b) If any Guaranteed Obligation is not performed or discharged when it is due to be so performed or discharged in accordance with the provisions of this agreement and the Schemes, the Guarantor must immediately on demand from Target perform or discharge any such Guaranteed Obligation.
- (c) The Guarantor indemnifies Target against any claim, loss, liability, cost or expense which Target pays or is liable as a direct result of the failure of:

- (i) Bidder to perform an obligation under this agreement; or
  - (ii) Guarantor to cause Bidder to perform an obligation under this agreement.
- (d) Target acknowledges and agrees that the Guarantor will not be or become liable to Target for any indirect or consequential claim, loss, liability, cost or expense which Target:
- (i) pays or incurs;
  - (ii) is, or claims to be, liable to pay; or
  - (iii) will, or claims it will, incur,
- as a result of any non-performance referred to in clause 12(b) or any failure referred to in clause 12(c).
- (e) This clause 12 applies and the obligations of the Guarantor remains unaffected despite an increase in the amount of the Cash Component or the Target Reimbursement Fee or the extent of Bidder's other obligations under this agreement.
- (f) This clause 12 is:
- (i) a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation; and
  - (ii) independent of and not in substitution for or affected by any other guarantee or other document or agreement which Target may hold concerning the Guaranteed Obligation or another obligation of Bidder.
- (g) The Target may enforce this clause 12 against the Guarantor:
- (i) whether or not the Cash Component or the Target Reimbursement Fee is due;
  - (ii) whether or not it has first given notice, made a demand or taken steps against Bidder or any other person.
- (h) The guarantee under this clause 12 remains in force until:
- (i) the Cash Component or the Target Reimbursement Fee has been paid in accordance with the provisions of this agreement; and
  - (ii) the other obligations of Bidder under this agreement have been performed.

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## **13. GST and VAT**

### **13.1 Interpretation**

In this agreement:

- (a) **GST** and **GST Law** have the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth);
- (b) **VAT** means value added tax in the United Kingdom under the Value Added Tax Act 1994; and
- (c) terms defined in the GST Law have the same meaning when used in this clause.

### **13.2 Payments GST exclusive**

Unless otherwise stated in this agreement, all payments to be made, and other consideration to be provided, for supplies made under this agreement exclude GST.

### **13.3 Tax invoice**

If GST is payable on a supply made under this agreement:

- (a) the supplier must provide to the recipient a tax invoice for the supply complying with the GST Law;
- (b) despite any other provision of this agreement, the recipient will not be obliged to pay for the supply unless and until the recipient has received the tax invoice; and
- (c) when the recipient is obliged to pay for the supply, the recipient must also pay to the supplier an amount equal to the GST payable by the supplier on the supply.

#### **13.4 Adjustment events**

If:

- (a) there is an adjustment event in relation to a supply; or
- (b) the Commissioner of Taxation lawfully adjusts the value of a supply for the purpose of calculating GST,

and that results in the amount of GST payable by the supplier on the supply being different from the amount of GST previously recovered by the supplier from the recipient under clause 13.3, the supplier must promptly provide to the recipient an adjustment note for the amount in question and:

- (c) if there has been an increasing adjustment, the recipient must within a reasonable period of receiving the adjustment note pay to the supplier the amount of the increase; or
- (d) if there has been a decreasing adjustment, the supplier must promptly refund to the recipient the amount of the decrease.

#### **13.5 VAT**

- (a) Unless otherwise stated in this agreement, all payments to be made and other consideration to be provided, under this agreement is exclusive of VAT.
- (b) One party shall only account to another party under this agreement for VAT on supplies made to the first party where that other party has to account for that VAT to HM Revenue & Customs and has issued a valid VAT invoice to the first party.

#### **13.6 Reimbursable amounts**

If a party is required under this agreement to reimburse another party for any loss or expense incurred by the other party, the amount to be reimbursed will be the sum of:

- (a) the amount of the loss or expense, net of any input tax credits to which the other party may be entitled in respect of the loss or expense; and
- (b) if the receipt of the reimbursement is itself a taxable supply, any GST payable in respect of that supply.

#### **13.7 Withholdings**

If the supplier has not provided its ABN to the recipient, the recipient may withhold from any payment due to the supplier under this agreement any amount it is required to withhold by law because of that fact.

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### **14. Expenses and stamp duty**

#### **14.1 Expenses**

Except as otherwise provided in this agreement, each party must pay the legal and other expenses it incurs in connection with negotiating, preparing, executing and performing this agreement.

#### **14.2 Stamp duty**

Bidder and Target agree that, as between Bidder and Target, Bidder:

- (a) must pay all stamp duty and any related fines and penalties in respect of this agreement, the performance of this agreement and each transaction effected by or made or to be effected or made under this agreement;
- (b) indemnify Target against any liability arising from failure to comply with this clause 14.2(a); and
- (c) is authorised to apply for and retain the proceeds of any refund due in respect of stamp duty paid under clause 14.2(a).

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## **15. Notices**

### **15.1 Form of notices**

Any notice or other communication (including any request, demand, approval or consent) under this agreement to or by a party:

- (a) must be in legible writing and in English;
- (b) must be signed by the sender or on its behalf by a director, secretary, attorney, solicitor or other authorised agent;
- (c) must be hand delivered or sent by prepaid post, electronic mail or facsimile to the intended recipient's address or facsimile number set out in clause 15.2 or such other address or facsimile number as the intended recipient may have notified to the sender by notice;
- (d) if posted internationally, must be sent by airmail; and
- (e) if sent by email, must be in the form of an attached pdf or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this agreement.

### **15.2 Address for notices**

The parties' addresses and facsimile numbers for service of notices and other communications under this agreement are:

#### **Bidder:**

Address: Fannie Bay Racecourse, Dick Ward Avenue, Fannie Bay NT 0820, Australia  
Email: Jim.Wilkinson@sportingbet.com & Anthonyw@sportingbet.com.au  
Facsimile: +44 (0)207 184 1810  
Attention: Jim Wilkinson & Anthony Waller

#### **Guarantor**

Address: 4th Floor, 45 Moorfields, London EC2Y 9AE, United Kingdom  
Email: Jim.Wilkinson@sportingbet.com & Daniel.Talisman@sportingbet.com  
Facsimile: +44 (0)207 184 1810  
Attention: Jim Wilkinson & Daniel Talisman

#### **Target:**

Address: 110-116 Bourke Road, Alexandria NSW 2015, Australia  
Email: Michael.McRitchie@centrebet.com  
Facsimile: +61 8 89555750  
Attention: Michael McRitchie

With a copy to:

Email: lance.sacks@cliffordchance.com  
Facsimile: +61 2 8922 8088

Attention: Lance Sacks, Partner, Clifford Chance

### **15.3 Service of notices**

A notice is to be regarded as having been given by the sender and received by the intended recipient:

- (a) if hand delivered, on delivery;
- (b) if sent by post:
  - (i) from within the same country as the recipients address, two (2) Business Days after the date of posting; or
  - (ii) internationally by airmail, five (5) Business Days after the date of posting;
- (c) if sent by electronic mail, when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted; or
- (d) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice,

but if the delivery or receipt is after 5pm on a Business Day or on a day which is not a Business Day in the place where the notice is sent to the intended recipient, the notice is to be taken as having been received at 9am on the next Business Day in that place.

### **15.4 Process Agent**

- (a) Without preventing any other mode of service, any document in any action (including any writ, summons or originating process or any third or other party notice) may be served on Bidder or Guarantor by being delivered to or left for that party at the address appearing at the commencement of this document or with its process agent.
- (b) Bidder and Guarantor appoints Addisons Lawyers (Sydney Office) as its agent to receive and accept service of any document referred to in clause 15.4(a).
- (c) Addisons Lawyers (Sydney Office) will remain as Bidder's and Guarantor's process agent until Bidder or Guarantor, as the case may be, notifies Target of the appointment of a replacement process agent.

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## **16. Jurisdictional matters**

### **16.1 Governing law**

This agreement is governed by the law applicable in New South Wales.

### **16.2 Submission to jurisdiction**

Each party submits to the non-exclusive jurisdiction of the courts in New South Wales and the courts that may hear appeals from them.

### **16.3 Waiver of objection**

Each party waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.



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## **17. General**

### **17.1 Agreements, approvals and consents**

Where something requires the agreement, approval or consent of a party under this agreement, unless this agreement expressly provides otherwise, the party may:

- (a) give that agreement, approval or consent conditionally or unconditionally; or
- (b) withhold that agreement, approval or consent,

in its absolute discretion and without giving any reasons for doing so.

### **17.2 Partial exercise of rights**

The fact that a party does not exercise a right fully or at a given time will not prevent the party from exercising it later.

### **17.3 Failure to enforce**

The failure of a party to require performance of any obligation under this agreement is not a waiver of that party's right:

- (a) to insist on performance of, or to claim damages for breach of, that obligation unless that party acknowledges in writing that the failure is a waiver; or
- (b) to require performance of that or any other obligation under this agreement.

### **17.4 Waiver, variation or termination**

A provision of this agreement or a right created under it may not be waived, varied or terminated except in writing, signed by the party or parties to be bound.

### **17.5 Cumulative rights**

The rights arising out of or under this agreement are cumulative and additional to any rights provided in law or equity.

### **17.6 Assignment**

A party must not transfer, assign, novate or otherwise dispose of any of its rights or obligations under this agreement without the prior written consent of the other party.

### **17.7 Prohibition and severance**

- (a) Any provision of this agreement which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) If a provision of this agreement is illegal, void or unenforceable in any jurisdiction, that fact does not affect the legality, validity or enforceability of:
  - (i) the remaining provisions in that or any other jurisdiction; or
  - (ii) that provision in any other jurisdiction.
- (c) Any provision of this agreement that is illegal, void or unenforceable may be severed from this agreement and the remaining provisions continue in force unless this would materially change the intended effect of this agreement.

### **17.8 Entire agreement**

This agreement and the Confidentiality Deed:

- (a) represent the entire agreement between the parties as to its subject matter; and

- (b) supersede all prior agreements, arrangements, understandings and negotiations between the parties on that subject matter.

**17.9 Further assurances**

Each party must:

- (a) do all things reasonably necessary to give full effect to this agreement and the transactions contemplated by it (including signing any other documents needed to do that);
- (b) not do anything that might hinder performance of this agreement; and
- (c) use all reasonable endeavours to cause relevant third parties to do likewise.

**17.10 Counterparts**

This agreement may consist of a number of copies, each signed by one or more parties to the agreement. If so, the signed copies are treated as making up the one agreement.

**17.11 Attorneys**

Each person who executes this agreement on behalf of a party under a power of attorney declares that they are not aware of any fact or circumstance that might affect their authority to do so under the power of attorney.

## Schedule 1 - Timetable

<b>Event</b>	<b>Date</b>
Scheme Implementation Agreement signed (in Sydney)	Thursday, 26 May 2011
Underwriting Agreement signed (in London)	Thursday, 26 May 2011
Agreed Announcement	Thursday, 26 May 2011
Despatch Bidder Group Prospectus and Circular	Friday, 27 May 2011
Convertible bonds issued pursuant to the CB Subscription Agreement	Wednesday, 8 June 2011
Guarantor General Meeting (resolutions sought to approve Bidder Group Capital Raising and Class 1 transaction)	Monday, 13 June 2011
Admission to Listing	Thursday, 16 June 2011
Bidder Group Capital Raising Satisfaction Date	Tuesday, 21 June 2011
Signing of Litigation Management Deed, Collection Agent Deed Poll and Litigation Claim Unit Trust  Completion of registration of Litigation Claim Unit Trust as a managed investment scheme by ASIC	Monday, 27 June 2011
Lodgement of draft Explanatory Memorandum with ASIC	Monday, 27 June 2011
First Court Date	Tuesday, 12 July 2011
Registration of Explanatory Memorandum at ASIC; commence despatch of Explanatory Memorandum	Wednesday, 13 July 2011
Despatch of Explanatory Memorandum completed	Monday, 18 July 2011
Scheme Meetings	Wednesday, 17 August 2011
Second Court Date	Monday, 22 August 2011

Effective Date	Tuesday, 23 August 2011
Record Date	Tuesday, 30 August 2011
Implementation Date	Wednesday, 31 August 2011

## **Schedule 2 - Target Capital Structure**

<b><u>Securities</u></b>	<b><u>Number on issue at the date of this agreement</u></b>
Ordinary shares (fully paid)	87,764,414
Options	1,163,215
Performance Rights	3,462,059

### Schedule 3 - Target Prescribed Occurrences

**Target Prescribed Occurrence** means the occurrence of any of the following:

- (a) Target converting all or any of its shares into a larger or smaller number of shares.
- (b) Any Target Group Member resolving to reduce its share capital in any way.
- (c) Any Target Group Member:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act.
- (d) Any Target Group Member issues any Security, or agrees to issue any Security, other than any Security that:
  - (i) the Target Group Member is at the time of signing the agreement, legally obliged to issue; and
  - (ii) the details of that obligation form part of the Disclosure Materials.
- (e) At any time before 1 July 2011, any Target Group Member issues Performance Rights or grants an option over any Security, or agrees to make such an issue of Performance Rights or grant such an option, other than Performance Rights or options over any Security that:
  - (i) that Target Group Member is, at the time of Target signing this agreement, legally obliged to issue or grant; and
  - (ii) the details of that obligation form part of the Disclosure Materials.
- (f) At any time on or after 1 July 2011, any Target Group Member issues Performance Rights or grants an option over any Security, or agrees to make such an issue of Performance Rights or grant such an option, other than Performance Rights or options over any Security that the Target Board considers is consistent with recent policies and procedures or published performance criteria applicable to the proposed recipient of such Performance Right and/or option.
- (g) Any Target Group Member issues, or agrees to issue, convertible notes.
- (h) Any Target Group Member disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property.
- (i) Any Target Group Member Encumbers, or agrees to Encumber, the whole, or a substantial part, of its business or property.
- (j) Any Target Group Member resolves to be wound up.
- (k) A liquidator or provisional liquidator of any Target Group Member is appointed.
- (l) A court makes an order for the winding up any Target Group Member.
- (m) An administrator of any Target Group Member is appointed under section 436A, 436B or 436C of the Corporations Act.
- (n) Any Target Group Member executes a deed of company arrangement.
- (o) A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of any Target Group Member.

- (p) Any Consent Contract or any Gambling Licence ceasing to be in full force and effect, other than as a result of an act or omission of Bidder and the effect of such cessation is, or is reasonably likely to be, a reduction in:
  - (i) the recurring EBITDA of the Target Group for any consecutive twelve month period by at least A\$2,300,000; or
  - (ii) 16.2 the Net Assets of the Target Group, by at least A\$12,000,000.
- (q) Any Target Group Member is or becomes, or receives a credible threat that it will become, the subject of any claim, dispute, investigation or litigation that:
  - (i) has the reasonable prospect of causing that Target Group Member to experience a Target Material Adverse Change; and
  - (ii) that credible threat, claim, dispute, investigation or litigation was not known or disclosed to any Bidder Group Member prior to the date of this agreement.
- (r) On or after the date of this agreement, any person acquires, or is granted the right to acquire (whether or not conditional), Relevant Interest in more than twenty per cent. (20.0%) of the Shares.
- (s) On or after the date of this agreement, the Target Board consents to the transfer of any Performance Right or Option.

Signed by the parties [please date and sign where marked (X)]

Dated: (X) 26 May 11 .....

**Signed by**  
**SBET AUSTRALIA PTY LIMITED**

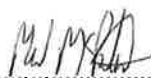
(X).....  
Director/Company Secretary\* sign here


(X).....  
Director sign here

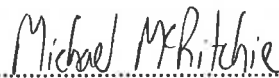
(X).....  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)


(X).....  
Director print name

**Signed by**  
**CENTREBET INTERNATIONAL LIMITED**

(X) .....  
Director/Company Secretary\* sign here

(X) .....  
Director sign here

(X) .....  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)

(X) .....  
Director print name

**Signed by**  
**SPORTINGBET PLC**

(X).....  
Director/Company Secretary\* sign here

(X).....  
Director sign here

(X).....  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)


(X).....  
Director print name



Signed by the parties [please date and sign where marked (X)]

Dated: (X).....

Signed by  
**SBET AUSTRALIA PTY LIMITED**

(X)   
Director/Company Secretary\* sign here

(X).....  
Director sign here

(X) **ANTHONY WALLER**  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)

(X).....  
Director print name

Signed by  
**CENTREBET INTERNATIONAL LIMITED**

(X).....  
Director/Company Secretary\* sign here

(X).....  
Director sign here

(X).....  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)

(X).....  
Director print name

Signed by  
**SPORTINGBET PLC**

(X).....  
Director/Company Secretary\* sign here

(X).....  
Director sign here


(X).....  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)

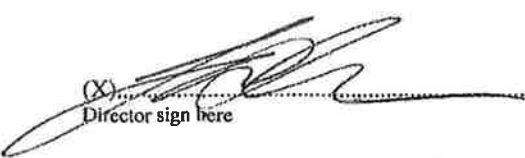
(X).....  
Director print name

Signed by the parties [please date and sign where marked (X)]

Dated: (X).....

**Signed by**  
**SBET AUSTRALIA PTY LIMITED**

(X) .....  
Director/Company Secretary\* sign here

(X) .....  
Director sign here

(X) ~~ANDREW MCIVER~~.....  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)

(X) JIM WILKINSON.....  
Director print name

**Signed by**  
**CENTREBET INTERNATIONAL LIMITED**

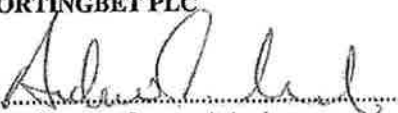
(X).....  
Director/Company Secretary\* sign here

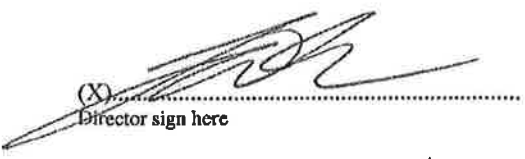
(X).....  
Director sign here

(X).....  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)

(X).....  
Director print name

**Signed by**  
**SPORTINGBET PLC**

(X) .....  
Director/Company Secretary\* sign here

(X) .....  
Director sign here

(X) ANDREW MCIVER.....  
Director/Company Secretary\* print name here  
(\* Cross-out whichever does not apply)

(X) JIM WILKINSON.....  
Director print name

**Annexure A - Deed Poll**

## Deed Poll

**BY:** Sbet Australia Pty Limited (ACN 149 603 494) of Fannie Bay Racecourse, Dick Ward Avenue, Fannie Bay NT 0820, Australia (**Bidder**); and  
Sportingbet plc (UK company number 03534726) of 4<sup>th</sup> Floor, 45 Moorfields, London EC2Y 9AE, United Kingdom (**Guarantor**)

**IN FAVOUR OF: Each Scheme Participant**

---

## Background

- A.** The directors of Target have resolved that Target should propose the Share Scheme set out in Annexure A (**Share Scheme**) and the Performance Right Scheme set out in Annexure B (**Performance Right Scheme**) (together, the **Schemes**).
- B.** Target and Bidder have entered into a Scheme Implementation Agreement with respect to the Schemes and associated matters dated 26 May 2011 (**Scheme Implementation Agreement**).
- C.** The effect of the Schemes will be that all Shares and Performance Rights held by Scheme Participants will be transferred to Bidder in exchange for the Scheme Consideration.
- D.** In accordance with clause 4.1(b) of the Scheme Implementation Agreement, Bidder is entering into this Deed Poll to covenant in favour of each Scheme Participant that it will observe and perform its obligations under the Scheme Implementation Agreement and the Schemes.
- E.** Guarantor is the ultimate holding company of Bidder and is entering into this Deed Poll to guarantee the obligations of Bidder under this Deed Poll and the Schemes.

## Agreement

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### 1. Definitions and interpretation

#### 1.1 Definitions

Terms defined in the Scheme Implementation Agreement or the Schemes have the same meaning where used in this Deed Poll, unless the context makes it clear that the definition is not intended to apply.

#### 1.2 Rules for interpreting this Deed Poll

The rules specified in clause 1.2 of the Scheme Implementation Agreement apply in interpreting this Deed Poll, unless the context makes it clear that a rule is not intended to apply.

#### 1.3 Headings

Headings are for ease of reference only and do not affect the meaning of this Deed Poll.

#### 1.4 Business Days

Where something is required by this Deed Poll to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

---

## **2. Nature of Deed Poll**

### **2.1 Enforceability**

Bidder acknowledges that this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms and even though that Scheme Participant is not party to this Deed Poll.

### **2.2 Power of attorney**

Each Scheme Participant irrevocably appoints Target and each of the Target directors, severally, as its agent and attorney, inter alia, to enforce this Deed Poll for and on behalf of that Scheme Participant against Bidder or Guarantor.

---

## **3. Conditions Precedent**

### **3.1 Conditions Precedent**

Bidder's obligations under clause 4 and the guarantee by Guarantor under clause 7 are subject to each of the Schemes becoming Effective.

### **3.2 Termination**

Subject to clause 3.3 and clause 6, if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms prior to either or both of the Schemes becoming Effective; or
- (b) either or both of the Schemes fail to become Effective by the End Date,

the obligations of Bidder and Guarantor under this Deed Poll will automatically terminate and the terms of the Deed Poll will be of no further force or effect.

### **3.3 Consequences of termination**

If this Deed Poll is terminated under clause 3.2, then in addition and without prejudice to any other rights, powers or remedies available to any of the persons hereinafter referred to in this clause 3.3:

- (a) each of Bidder and Guarantor is released from its obligations to further perform this Deed Poll except for those obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights it has against Bidder and Guarantor in respect of any breach of this Deed Poll which occurs before it is terminated.

---

## **4. Compliance with Scheme Obligations**

### **4.1 Performance of Scheme obligations generally**

Subject to clause 3, Bidder covenants in favour of each Scheme Participant to perform and do all those things Bidder is required to do under the Scheme Implementation Agreement, the Schemes and the Litigation Management Deed.

### **4.2 Payment of Scheme Consideration**

Subject to clause 3, and without limiting clause 4.1, in consideration of the transfer to Bidder of all the Shares and the Performance Rights in accordance with the provisions of the Schemes, Bidder agrees to:

- (a) at least 1 Business Day prior to the Implementation Date, pay to Target the Cash Component for Target to hold on trust for, and subsequently provide to, Scheme Participants;

- (b) on the Implementation Date, issue and allot the Litigation Claim Rights to Scheme Participants;
- (c) on the Implementation Date, transfer or procure the issue and allotment of the Litigation Claim Units to Scheme Participants; and
- (d) at any time following the Implementation Date, pay to the Collection Agent and/or the Unit Trustee any and all monies it is required to pay to the Collection Agent and/or the Unit Trustee,

in each case, in accordance with the provisions of the Schemes (to be dealt with by Target in accordance with the provisions of the Schemes), the Scheme Implementation Agreement and the Litigation Management Deed; and

- (e) otherwise comply with its obligations under the Litigation Management Deed.

#### **4.3 Manner of payment**

Pursuant to and subject to the Schemes, the obligations of Bidder to pay the Cash Component will be satisfied by Bidder complying with its obligations under clause 3.3 of the Share Scheme and its obligations under clause 3.3 of the Performance Right Scheme.

---

### **5. Warranties**

Each of Bidder and Guarantor represents and warrants that:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll to be carried out by it;
- (c) it has taken or will take all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll by it and to carry out the transactions contemplated by this Deed Poll; and
- (d) this Deed Poll has been duly and validly executed and delivered by it and is a valid and binding obligation of it.

---

### **6. Continuing Obligations**

This Deed Poll is irrevocable and subject to clause 3 remains in full force and effect until the earlier of Bidder having completely performed its obligations under this Deed Poll or the termination of this Deed Poll under clause 3.

---

### **7. Parent Guarantee**

- (a) Guarantor hereby unconditionally and irrevocably guarantees to each Scheme Participant the performance of all the obligations and duties, and discharge of all the liabilities (including, without limitation, the payment of the Scheme Consideration), of Bidder in accordance with the provisions of this Deed Poll, the Schemes, the Scheme Implementation Agreement and the Litigation Management Deed (collectively the **Guaranteed Obligations**).
- (b) If any Guaranteed Obligation is not performed or discharged when it is due to be so performed or discharged in accordance with the provisions of this Deed Poll or the Schemes (as the case may be), Guarantor must immediately on demand from any Scheme Participant, or from Target or a Target director as agent and attorney

of each Scheme Participant, perform or discharge any such Guaranteed Obligation.

- (c) Guarantor indemnifies each Scheme Participant against any claim, loss, liability, cost or expense which that Scheme Participant pays or is liable as a direct result of the failure of:
  - (i) Bidder to perform any Guaranteed Obligation; or
  - (ii) Guarantor to cause Bidder to perform any Guaranteed Obligation.
- (d) Each Scheme Participant acknowledges and agrees that Guarantor will not be or become liable to any Scheme Participant for any indirect or consequential claim, loss, liability, cost or expense which that Scheme Participant:
  - (i) pays or incurs;
  - (ii) is, or claims to be, liable to pay; or
  - (iii) will, or claims it will, incur,as a result of any non-performance referred to in clause 7(b) or any failure referred to in clause 7(c).
- (e) This clause 7 applies and the obligations of Guarantor remain unaffected despite an increase in the amount of the Cash Component or the extent of Bidder's other Guaranteed Obligations.
- (f) This clause 7 is:
  - (i) a principal obligation and is not to be treated as ancillary or collateral to any other right or obligation; and
  - (ii) independent of and not in substitution for or affected by any other guarantee or other document or agreement which the any Scheme Participant may hold concerning the Guaranteed Obligation or another obligation of Bidder.
- (g) A Scheme Participant (and Target or a Target director as agent and attorney of each Scheme Participant) may enforce this clause 7 against Guarantor:
  - (i) whether or not the Cash Component is due; or
  - (ii) whether or not it has first given notice, made a demand or taken steps against Bidder or any other person.
- (h) Subject to clause 3, the guarantee under this clause 7 remains in force until:
  - (i) the Cash Component has been paid in accordance with the provisions of this Deed Poll and the Schemes;
  - (ii) the Litigation Claim Rights have been issued and allotted in accordance with the provisions of this Deed Poll, the Schemes, the Scheme Implementation Agreement and the Litigation Management Deed;
  - (iii) the Litigation Claim Units have been transferred or issued and allotted in accordance with the provisions of this Deed, the Schemes, the Scheme Implementation Agreement and the Litigation Management Deed;
  - (iv) the Litigation Management Deed has been terminated in accordance with its terms; and
  - (v) the other obligations of Bidder under this Deed Poll, the Schemes and the Litigation Management Deed have been duly performed, in each case in accordance with the provisions of the relevant document.

---

## **8. GST and VAT**

### **8.1 Interpretation**

In this Deed Poll:

- (a) **GST** and **GST Law** have the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth);
- (b) **VAT** means value added tax in the United Kingdom under the Value Added Tax Act 1994; and
- (c) terms defined in the GST Law have the same meaning when used in this clause.

### **8.2 Payments GST exclusive**

Unless otherwise stated in this Deed Poll, all payments to be made, and other consideration to be provided, for supplies made under this Deed Poll exclude GST.

### **8.3 Tax invoice**

If GST is payable on a supply made under this Deed Poll:

- (a) the supplier must provide to the recipient a tax invoice for the supply complying with the GST Law;
- (b) despite any other provision of this Deed Poll, the recipient will not be obliged to pay for the supply unless and until the recipient has received the tax invoice; and
- (c) when the recipient is obliged to pay for the supply, the recipient must also pay to the supplier an amount equal to the GST payable by the supplier on the supply.

### **8.4 Adjustment events**

If:

- (a) there is an adjustment event in relation to a supply; or
- (b) the Commissioner of Taxation lawfully adjusts the value of a supply for the purpose of calculating GST,

and that results in the amount of GST payable by the supplier on the supply being different from the amount of GST previously recovered by the supplier from the recipient under clause 8.3, the supplier must promptly provide to the recipient an adjustment note for the amount in question and:

- (c) if there has been an increasing adjustment, the recipient must within a reasonable period of receiving the adjustment note pay to the supplier the amount of the increase; or
- (d) if there has been a decreasing adjustment, the supplier must promptly refund to the recipient the amount of the decrease.

### **8.5 VAT**

- (a) Unless otherwise stated in this Deed Poll, all payments to be made and other consideration to be provided, under this Deed Poll is exclusive of VAT.
- (b) One party shall only account to another party under this Deed Poll for VAT on supplies made to the first party where that other party has to account for that VAT to HM Revenue & Customs and has issued a valid VAT invoice to the first party.

### **8.6 Reimbursable amounts**

If a party is required under this Deed Poll to reimburse another party for any loss or expense incurred by the other party, the amount to be reimbursed will be the sum of:



- (a) the amount of the loss or expense, net of any input tax credits to which the other party may be entitled in respect of the loss or expense; and
- (b) if the receipt of the reimbursement is itself a taxable supply, any GST payable in respect of that supply.

## 8.7 Withholdings

If the supplier has not provided its ABN to the recipient, the recipient may withhold from any payment due to the supplier under this Deed Poll any amount it is required to withhold by law because of that fact.

---

## 9. Stamp Duty

Bidder must:

- (a) pay any stamp duty imposed in respect of this Deed Poll or the Schemes, the performance of this Deed Poll or the Schemes and each transaction effected by or made under this Deed Poll or the Schemes; and
- (b) indemnify each Scheme Participant against any liability arising from failure to comply with clause 9(a).

---

## 10. General

### 10.1 Notices

Each communication (including each notice, consent, approval, request and demand) to Bidder or Guarantor under or in connection with this Deed Poll:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by that party to the other party from time to time):

#### **Bidder**

Name: Sbet Australia Pty Limited  
Attention: Jim Wilkinson and Anthony Waller  
Address: Fannie Bay Racecourse  
Dick Ward Avenue  
Fannie Bay NT 0820  
Australia  
Facsimile: +44 (0)207 1841 810  
Email: Jim.Wilkinson@sportingbet.com &  
Anthonyw@sportingbet.com.au

#### **Guarantor**

Name: Sportingbet plc  
Attention: Jim Wilkinson and Daniel Talisman  
Address: 4th Floor  
45 Moorfields  
London EC2Y 9AE  
United Kingdom  
Facsimile: +44 (0)207 1841 810

Email: Jim.Wilkinson@sportingbet.com &  
Daniel.Talisman@sportingbet.com

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) must be delivered by hand or posted by prepaid post to the address, sent by electronic mail, or sent by fax to the number, of the addressee in accordance with clause 10.1(b);
- (e) if sent by email, must be in a form of an attached pdf or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this Deed Poll;
- (f) will be taken to be received by the address:
  - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
  - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
  - (iii) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent;
  - (iv) (in the case of delivery by hand) on delivery; and
  - (v) (in the case of electronic mail) when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted.

## **10.2 Process Agent**

- (a) Without preventing any other mode of service, any document in any action (including any writ, summons or originating process or any third or other party notice) may be served on Bidder or Guarantor by being delivered to or left for that party at the address appearing at the commencement of this document or with its process agent.
- (b) Each of Bidder and Guarantor appoints Addisons Lawyers as its agent to receive any document referred to in clause 10.2(a).
- (c) Addisons Lawyers will remain as Bidder's and Guarantor's process agent until that party notifies Target of the appointment of a replacement process agent.

## **10.3 Waiver**

- (a) Waiver of any right arising from a breach of this Deed Poll or of any right, power, authority, discretion or remedy arising upon default under this Deed Poll must be in writing and signed by the party granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
  - (i) a right arising from a breach of Deed Poll; or
  - (ii) a right, power, authority, discretion or remedy created or arising upon default under this Deed Poll,does not result in a waiver of that right, power authority, discretion or remedy.
- (c) A party is not entitled to rely on or delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this Deed Poll or

on a default under this Deed Poll as constituting a waiver of that right, power, authority, discretion or remedy.

- (d) A party may not rely on any conduct of another person as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

#### **10.4 Variation**

A provision of this Deed Poll may not be amended or varied unless the amendment or variation is agreed to by Target or Court in writing, in which event, Bidder and Guarantor will enter into a further Deed Poll in favour of the Scheme Participants, giving effect to such amendment or variation.

#### **10.5 Assignment**

- (a) The rights and obligations of Bidder, Guarantor and each Scheme Participant under this Deed Poll are personal and must not be assigned or otherwise dealt with at law or in equity.
- (b) Any purported dealing in contravention of clause 10.5(a) is invalid.

#### **10.6 Cumulative rights**

The rights, powers and remedies of Bidder, Guarantor and the Scheme Participants under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

#### **10.7 Further action**

Bidder and Guarantor will promptly do all things and execute and deliver all further documents required by law or reasonably requested by any other party to give effect to this Deed Poll and the Schemes.

#### **10.8 Governing law and jurisdiction**

This Deed Poll is governed by the laws of New South Wales and each of Bidder and Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

**Executed as a Deed Poll**

**Dated:** .....2011

<b>Executed by Sbet Australia Pty Limited by or in the presence of:</b>	
(X)..... Director/Company Secretary* sign here	(X)..... Director sign here
(X)..... Director/Company Secretary* print name here (*Cross-out whichever does not apply)	(X)..... Director print name here

<b>Executed by Sportingbet plc by or in the presence of:</b>	
(X)..... Director/Company Secretary* sign here	(X)..... Director sign here
(X)..... Director/Company Secretary* print name here (*Cross-out whichever does not apply)	(X)..... Director print name here

## **Annexure B - Share Scheme**

## **Share Scheme of Arrangement made under section 411 of the Corporations Act 2001 (Cth)**

**PARTIES:** Centrebet International Limited (ABN 55 066 441 067) of 110 – 116 Bourke Road, Alexandria, New South Wales 2015, Australia (**Target**)

### **Each Share Scheme Participant**

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#### **Background**

- A.** Target is:
- (i) a public company incorporated in New South Wales; and
  - (ii) is admitted to the Official List of ASX.
- B.** The Shares are quoted on the stock market conducted by ASX.
- C.** Target has:
- (i) 87,764,414 Shares on issue;
  - (ii) 3,462,059 Performance Rights on issue; and
  - (iii) 1,163,215 Options on issue.
- D.** Target, Bidder and Guarantor have entered into the Scheme Implementation Agreement dated 26 May 2011 (**Scheme Implementation Agreement**) pursuant to which, among other things, Target has agreed to propose and (subject to the satisfaction of certain conditions as therein stated) implement this Share Scheme.
- E.** If this Share Scheme becomes Effective, then in accordance with the provisions of this Share Scheme and the Scheme Implementation Agreement:
- (a) the Shares will be transferred to Bidder; and
  - (b) in respect of each Share registered in the Target Share Register as being held by a Share Scheme Participant on the Record Date:
    - (i) Bidder must provide or procure the payment of the Cash Component of the Share Scheme Consideration in respect of that Share;
    - (ii) Bidder must issue and allot one Litigation Claim Right in respect of that Share;
    - (iii) Bidder must transfer or procure the issue and allotment of one Litigation Claim Unit in respect of that Share.
- F.** Bidder has entered into the Deed Poll for the purpose of covenanting in favour of the Share Scheme Participants to perform its obligations under this Share Scheme and the Scheme Implementation Agreement.
- G.** Guarantor is the ultimate holding company of Bidder and has entered into the Deed Poll to guarantee the obligations of Bidder under this Share Scheme and the Scheme Implementation Agreement.

## Agreement

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### 1. Definitions and interpretation

#### 1.1 Definitions

Terms defined in the Scheme Implementation Agreement have the same meaning where used in this Share Scheme. In addition, in this Share Scheme:

**Aggregate Cash Component** means the aggregate of the Cash Component of the Share Scheme Consideration to be paid by Bidder to all Share Scheme Participants.

**ASX Settlement** means ASX Settlement Pty Limited (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the operating rules of the settlement facility of ASX Settlement for the purposes of the Corporations Act.

**CHES** means the Clearing House Electronic Sub-register System.

**Optionholder** means a holder of one or more Options.

**Share Scheme** means a scheme of arrangement between Target and each Share Scheme Participant as set out in this document, and as implemented in accordance with the Scheme Implementation Agreement but subject to any alterations or conditions made or required by the Court under section 411 of the Corporations Act and consented to by Target and Bidder.

**Share Scheme Transfer** means, in respect of each Share Scheme Participant, a duly completed and executed and otherwise proper instrument of transfer of the Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all of the Shares.

**Target Trust Account** means the bank account more particularly referred to in clause 3.3(a).

#### 1.2 Rules for interpreting this Share Scheme

The rules specified in clause 1.2 of the Scheme Implementation Agreement apply in interpreting this Share Scheme unless the context makes it clear that a rule is not intended to apply.

#### 1.3 Headings

Headings are for ease of reference only and do not affect the meaning of this Share Scheme.

#### 1.4 Business Days

Where something is required by this Share Scheme to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

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## 2. Conditions to this Share Scheme

### 2.1 Conditions precedent to this Share Scheme

(a) This Share Scheme is conditional on:

- (i) each Condition having been satisfied or, subject to the terms of the Scheme Implementation Agreement, having been waived or taken to have been waived; and
- (ii) as at 8.00am on the Second Court Date, the Scheme Implementation Agreement having not been terminated.

- (b) The satisfaction of each of the Conditions is a condition precedent to the operation of the remainder of this Share Scheme.
- (c) If the Effective Date does not occur on or before the End Date or any later date that Bidder and Target agree:
  - (i) this Share Scheme will lapse and be of no further force or effect; and
  - (ii) Target, Bidder and Guarantor will thereupon be released from:
    - (A) any further obligation to take any steps to implement this Share Scheme; and
    - (B) any liability with respect to this Share Scheme.

## **2.2 Certificate in relation to conditions**

Target must provide to the Court on the Second Court Date, a certificate which is authorised by the Target Board and signed by at least one Target director (or such other evidence as the Court may request) stating, to the best of its knowledge, whether or not each of the Conditions (other than the Condition stated in clause 3.1(c) (Court Orders) of the Scheme Implementation Agreement) have been satisfied, or subject to the terms of the Scheme Implementation Agreement, waived or taken to be waived. The certificate hereinbefore referred to will constitute conclusive evidence that such Conditions are satisfied, waived or taken to be waived.

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## **3. Share Scheme**

### **3.1 Lodgement of Court orders**

- (a) Target must use its best endeavours to lodge with ASIC copies of the Court order under section 411(4)(b) of the Corporations Act approving this Share Scheme by no later than 5.00 pm on the first Business Day after the day on which the Court approves this Share Scheme.
- (b) The Court order under section 411(4)(b) of the Corporations Act approving this Share Scheme is taken to have effect on and from the date of lodgement of the order with ASIC or such other date as is specified in the order.

### **3.2 Transfer of Shares**

- (a) On the Implementation Date, in consideration for and subject to:
  - (i) Bidder depositing the Aggregate Cash Component into the Target Trust Account at least 1 Business Day prior to the Implementation Date;
  - (ii) Bidder issuing and allotting the Litigation Claim Rights to the Share Scheme Participants in accordance with clause 3.3(c)(i);
  - (iii) Bidder establishing and registering with ASIC the Litigation Claim Unit Trust in accordance with the Litigation Management Deed; and
  - (iv) Bidder transferring or procuring the issuance and allotment of the Litigation Claim Units to the Share Scheme Participants in accordance with clause 3.3(c)(ii) and the Litigation Management Deed,

the Shares, together with all rights and entitlements attaching to the Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Share Scheme Participant (other than acts performed by Target as attorney and agent for Share Scheme Participants under clause 7) by:

- (v) Target executing and delivering to Bidder as attorney for all Share Scheme Participants, the Share Scheme Transfer to transfer all Shares to Bidder, without the need for any further act by Share Scheme Participants; and



- (vi) Bidder duly executing the Share Scheme Transfer, attending to the stamping of the Share Scheme Transfer (if required) and delivering it to Target for registration.
- (b) Immediately after receipt by Target of the Share Scheme Transfer pursuant to clause 3.2(a)(vi), Target must enter the name of Bidder in the Target Share Register in respect of all the Shares that are the subject to the Share Scheme Transfer.
- (c) For the purpose of effecting the entry of Bidder's name in the Target Share Register in the manner contemplated in clause 3.2(b), Bidder hereby gives its consent to that entry and also to becoming a member of Target.

### **3.3 Payment or provision of Share Scheme Consideration**

- (a) At least 1 Business Day prior to the Implementation Date, Target must procure that Bidder, in accordance with its obligation contained in clause 4.7 of the Scheme Implementation Agreement, deposits in cleared funds an amount equal to the Aggregate Cash Component into an Australian dollar denominated trust account, operated by Target as trustee for the Share Scheme Participants, to be held on trust for the Share Scheme Participants for the sole and exclusive purpose of paying the Cash Component of the Share Scheme Consideration to each Share Scheme Participant (in respect of each Share that that Share Scheme Participant holds on the Record Date), except that any interest on the amounts deposited (less bank fees and other charges) shall be held on trust by Target for and on behalf of Bidder.
- (b) By no later than 4.00pm on the Business Day immediately following the Implementation Date and subject to Bidder having complied with its obligation contained in clause 4.7 of the Scheme Implementation Agreement, Target must pay or procure the payment from the Target Trust Account of the Cash Component of the Share Scheme Consideration to each Share Scheme Participant entitled to such Cash Component of the Scheme Consideration in respect of each Share that the Share Scheme Participant holds on the Record Date.
- (c) On the Implementation Date, Target will procure that Bidder:
  - (i) issues and allots to each Share Scheme Participant one Litigation Claim Right in respect of each Share that the Share Scheme Participant holds on the Record Date; and
  - (ii) transfers or procures the issue and allotment to each Share Scheme Participant one Litigation Claim Unit in respect of each Share that the Share Scheme Participant holds on the Record Date.
- (d) The obligations of Target under clause 3.3(b) will be satisfied by Target completing the following actions by no later than 4.00pm on the Business Day immediately following the Implementation Date:
  - (i) dispatching, or procuring the dispatch of, a cheque to each Share Scheme Participant by prepaid post to their address recorded in the Target Share Register (as at the Record Date), such cheque being drawn in the name of the Share Scheme Participant (or, in the case of joint Share Scheme Participants, in accordance with the procedure set out in clause 3.3(g)); or
  - (ii) making a deposit in an account with any ADI (as defined in the Banking Act 1959 (Cth)) in Australia notified by the Share Scheme Participant as at the Record Date (including any account notified by the Share Scheme Participant to Target for the purpose of payment of dividends),

for the relevant amount, with that amount being denominated in Australian dollars.

- (e) The obligations of Target under clause 3.3(c) will be satisfied by Target procuring Bidder to take the following actions on the Implementation Date:
  - (i) dispatching, or procuring the dispatch of, a certificate for the Litigation Claim Rights and a certificate for the Litigation Claim Units to each Share Scheme Participant which that Share Scheme Participant is entitled to; and
  - (ii) registering, or procuring the registration of, each Share Scheme Participant as the holder of the Litigation Claim Rights and the Litigation Claim Units which that Share Scheme Participant is entitled to.
- (f) To the extent that there is a surplus in the amount held in the Target Trust Account, that surplus must be paid by Target to Bidder following the satisfaction of Target's obligations under clause 3.3(d).
- (g) In the case of joint Share Scheme Participants, the cheque will be forwarded to the Share Scheme Participant whose name appears first in the Target Share Register on the Record Date.

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#### **4. Dealings in Shares**

- (a) For the purpose of establishing who is a Share Scheme Participant, dealings in Shares will only be recognised by Target if:
  - (i) the transferee is registered in the Target Share Register as the holder of the relevant Shares on the Record Date; and
  - (ii) in all other cases, a registrable transmission application or transfer in respect of all other dealings in any Shares is received on or before the Record Date at the place where the Target Share Register is maintained.
- (b) If this Share Scheme becomes Effective, a holder or joint holders of Shares (and any person claiming through that holder or those joint holders) must not dispose of or purport to agree to dispose of any Shares or any interest in them after the Record Date.
- (c) Target will:
  - (i) not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date (except for a transfer of Shares to Bidder pursuant to this Share Scheme and any subsequent transfer by Bidder);
  - (ii) register registrable transmission applications or transfers of the kind referred to in clause 4(a)(ii) on or before the Record Date; and
  - (iii) accept and recognise any notice of exercise of a Performance Right or Option which is received on or before the Record Date at the place where the Performance Right Register is maintained, and:
    - (A) issue and allot to the relevant Performance Rightholder or Optionholder that number of Shares as that Performance Rightholder or Optionholder is entitled to on exercise of that Performance Right or Option (as the case may be); and
    - (B) register that Performance Rightholder or Optionholder in the Target Share Register on or before the Record Date as a holder of the Shares issued and allotted to that Performance Rightholder or Optionholder as referred to in clause 4(c)(iii)(A).
- (d) For the purpose of determining entitlements to the Share Scheme Consideration, Target must maintain the Target Share Register in accordance with the provisions

of this clause 4 until the Cash Component of the Share Scheme Consideration has been paid, the Litigation Claim Rights have been issued and allotted and the Litigation Claim Units have been transferred, or issued and allotted, to all the Share Scheme Participants. The Target Share Register in this form will solely determine entitlements to the Share Scheme Consideration.

- (e) All statements of holding for Shares will cease to have effect from the Record Date as documents of title in respect of those Shares (other than statements of holding for Shares in favour of Bidder) and, as from that date, each entry current at that date on the Target Share Register (other than entries in respect of Bidder) will cease to have effect except as evidence of entitlement to the Share Scheme Consideration in respect of the Shares relating to that entry.
- (f) As soon as possible after the Record Date, Target will ensure that details of the names, registered addresses and holdings of Shares for each Share Scheme Participant as shown in the Target Share Register on the Record Date are available to Bidder in the form Bidder reasonably requires.

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## **5. Quotation of Shares**

- (a) Target will apply for, and is expected to be granted, the suspension in trading of Shares to take effect on and from the close of trading on the day on which Target notifies ASX that the Court has approved this Share Scheme under section 411(4)(b) of the Corporations Act.
- (b) On a date after the Implementation Date to be determined by Bidder, Target will make an announcement to ASX and apply:
  - (i) for termination of official quotation of Shares on ASX; and
  - (ii) to have itself removed from the official list on ASX.

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## **6. Share Scheme provisions**

### **6.1 Consent to Share Scheme amendments**

If the Court proposes to approve this Share Scheme subject to any alterations or conditions to this Share Scheme, Target may by its counsel or solicitor consent on behalf of all Share Scheme Participants and all other persons concerned, to those alterations or conditions to which Bidder has consented.

### **6.2 Share Scheme Participants' agreements and representations**

- (a) The Share Scheme Participants agree, and Target agrees for and on behalf of all Share Scheme Participants, to the transfer of all of their Shares in accordance with this Share Scheme.
- (b) Each Share Scheme Participant is taken to have represented and warranted to Bidder and Target that at the date of transfer of all the Shares (including any rights and entitlements attaching to the Shares) that are, or are to be, transferred to Bidder under this Share Scheme:
  - (i) that Share Scheme Participant will transfer to Bidder and otherwise in accordance with this Share Scheme, all its legal and beneficial right, title and interest in each of the Shares that are registered in the Target Share Register in its name on the Record Date;
  - (ii) each Share referred to in clause 6.2(b)(i) will be fully paid and free from all mortgages, charges, liens, encumbrances, security interests and other interests of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and

- (iii) it has full power and capacity to sell and to transfer all and each of its Shares together with any rights and entitlements attaching to those Shares to Bidder under this Share Scheme.

### **6.3 Title to and rights in Shares**

On and from the Implementation Date, Bidder will be legally and beneficially entitled to the Shares transferred to it under this Share Scheme pending registration by Target of Bidder in the Target Share Register as the holder of the Shares.

### **6.4 Effect of this Share Scheme**

This Share Scheme binds Target and all Share Scheme Participants from time to time and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Target.

### **6.5 Enforcement of Deed Poll**

Target undertakes in favour of each Share Scheme Participant to enforce the Deed Poll against Bidder and Guarantor on behalf of and as agent and attorney for the Share Scheme Participants.

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## **7. Power of attorney**

### **7.1 Power of attorney**

- (a) Each Share Scheme Participant will be deemed to have authorised Target to do and execute all acts, matters, things and documents on the part of the Share Scheme Participant necessary to implement this Share Scheme, including (without limitation) executing, as its agent and attorney, or where necessary or appropriate as its corporate representative, a share transfer or transfers in relation to Shares as contemplated by clause 7.1(b).
- (b) For the purpose of transferring the Shares to Bidder in accordance with clause 3.2, each Share Scheme Participant irrevocably appoints Target and each of its officers, severally, in accordance with this clause 7.1 as its true and lawful attorney, or where necessary or appropriate as its corporate representative, with effect from the Effective Date, with power:
  - (i) in the case of Shares in a CHES Holding:
    - (A) to cause a message to be transmitted to ASX Settlement in accordance with ASX Settlement Operating Rules so as to transfer to Bidder the Shares held by that Share Scheme Participant from the CHES sub-register of Target to the issuer sponsored sub-register operated by Target notwithstanding that, at the time of such transfer, the Share Scheme Consideration which is due under this Share Scheme has not been provided to or received by that Share Scheme Participant; or
    - (B) to complete and sign on behalf of that Share Scheme Participant any required form of transfer to Bidder of such Shares (which may be effected by a master transfer of all Shares);
  - (ii) in the case of Shares that are registered in the issuer sponsored sub-register of the Target Share Register, to complete and sign on behalf of that Share Scheme Participant any required form for the transfer to Bidder of such Shares (which may be effected by a master transfer of all Shares); and
  - (iii) in the case of all Shares, to exercise all powers and rights which that Share Scheme Participant could lawfully exercise as the registered holder of the Shares or any of them including without limitation attending and

voting at any meeting of Target (which meeting that Share Scheme Participant undertakes not to otherwise attend or vote at in person or by proxy or other representative), requisitioning any meeting of Share Scheme Participants and doing all things incidental and ancillary to any of the foregoing and it is acknowledged and agreed that in exercising such powers, the attorney may act in the interests of Bidder as the intended registered holder of those Shares.

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## **8. General**

### **8.1 Notices**

Each communication (including each notice, consent, approval, request and demand) to Target under or in connection with this Share Scheme:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by Target from time to time):

#### **TARGET**

Name: Centrebet International Limited

Attention: Company Secretary

Address: 110 – 116 Bourke Road, Alexandria, New South Wales  
2015, Australia

Facsimile: +61 8 8955 5750

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) must be delivered by hand or posted by prepaid post to the address, sent by electronic mail, or sent by fax to the number, of the addressee in accordance with clause 8.1(b);
- (e) if sent by email, must be in a form of an attached pdf or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this Scheme;
- (f) will be taken to be received by the address:
  - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
  - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
  - (iii) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent;
  - (iv) (in the case of delivery by hand) on delivery; and
  - (v) (in the case of electronic mail) when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted.

## **8.2 Stamp duty**

Bidder will pay all stamp duty payable in connection with the transfer of the Shares to Bidder.

## **8.3 Consent**

- (a) Each Share Scheme Participant consents to Target doing all things necessary or incidental to the implementation of this Share Scheme.
- (b) Each Share Scheme Participant acknowledges that this Share Scheme binds Target and all Share Scheme Participants (including those who do not attend the Share Scheme Meeting, do not vote at the Share Scheme Meeting or vote against this Share Scheme at the Share Scheme Meeting) in accordance with the provisions of this Share Scheme.

## **8.4 Governing law**

- (a) The law of New South Wales governs this Share Scheme.
- (b) Target and the Share Scheme Participants submit to the non-exclusive jurisdiction of the courts of New South Wales.

## **8.5 Further action to be taken by Target**

Target must do all things and execute all documents necessary or expedient to give full effect to, and perform its obligations under or in relation to, this Share Scheme and the transactions contemplated by it.

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## **Annexure C - Performance Right Scheme**

## **Performance Right Scheme of Arrangement made under section 411 of the Corporations Act 2001 (Cth)**

**PARTIES:** Centrebet International Limited (ABN 55 066 441 067) of 110 – 116 Bourke Road, Alexandria, New South Wales 2015, Australia (**Target**)

### **Each Performance Right Scheme Participant**

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#### **Background**

- A.** Target is:
- (i) a public company incorporated in New South Wales; and
  - (ii) is admitted to the Official List of ASX.
- B.** The Shares are quoted on the stock market conducted by ASX.
- C.** Target has:
- (a) 87,764,414 Shares on issue; and
  - (b) 3,462,059 Performance Rights on issue.
- D.** Target, Bidder and Guarantor have entered into the Scheme Implementation Agreement dated 26 May 2011 (**Scheme Implementation Agreement**) pursuant to which, among other things, Target has agreed to propose and (subject to the satisfaction of certain conditions as therein stated) implement this Performance Right Scheme.
- E.** If this Performance Right Scheme becomes Effective, then in accordance with the provisions of this Performance Right Scheme and the Scheme Implementation Agreement:
- (a) the Performance Rights will be transferred to Bidder; and
  - (b) in respect of each Performance Right registered in the Performance Right Register as being held by a Performance Right Scheme Participant on the Record Date:
    - (i) Bidder must provide or procure the payment of the Cash Component of the Performance Right Scheme Consideration in respect of that Performance Right;
    - (ii) Bidder must issue and allot one Litigation Claim Right in respect of that Performance Right;
    - (iii) Bidder must transfer or procure the issue and allotment of one Litigation Claim Unit in respect of that Performance Right.
- F.** Bidder has entered into the Deed Poll for the purpose of covenanting in favour of the Performance Right Scheme Participants to perform its obligations under this Performance Right Scheme and the Scheme Implementation Agreement.
- G.** Guarantor is the ultimate holding company of Bidder and has entered into the Deed Poll to guarantee the obligations of Bidder under this Performance Right Scheme and the Scheme Implementation Agreement.



## Agreement

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### 1. Definitions and interpretation

#### 1.1 Definitions

Terms defined in the Scheme Implementation Agreement have the same meaning where used in this Performance Right Scheme. In addition, in this Performance Right Scheme:

**Aggregate Cash Component** means the aggregate of the Cash Component of the Performance Right Scheme Consideration to be paid by Bidder to all Performance Right Scheme Participants.

**LTIP Rules** means the rules of the Centrebet International Limited Long Term Incentive Plan, as applicable from time to time.

**Performance Right Scheme** means a scheme of arrangement between Target and each Performance Right Scheme Participant as set out in this document, and as implemented in accordance with the Scheme Implementation Agreement but subject to any alterations or conditions made or required by the Court under section 411 of the Corporations Act and consented to by Target and Bidder.

**Performance Right Scheme Transfer** means, in respect of each Performance Right Scheme Participant, a duly completed and executed and otherwise proper instrument of transfer of the Performance Rights for the purposes of regulation 7.11.11 of the *Corporations Regulations 2001* (Cth), which may be a master transfer of all of the Performance Rights.

**Target Trust Account** means the bank account more particularly referred to in clause 3.3(a).

#### 1.2 Rules for interpreting this Performance Right Scheme

The rules specified in clause 1.2 of the Scheme Implementation Agreement apply in interpreting this Performance Right Scheme unless the context makes it clear that a rule is not intended to apply.

#### 1.3 Headings

Headings are for ease of reference only and do not affect the meaning of this Performance Right Scheme.

#### 1.4 Business Days

Where something is required by this Performance Right Scheme to be done on a day which is not a Business Day in the place where it is to be done, it must be done on the next day which is a Business Day in that place.

---

### 2. Conditions to this Performance Right Scheme

#### 2.1 Conditions precedent to this Performance Right Scheme

(a) This Performance Right Scheme is conditional on:

- (i) each Condition having been satisfied or, subject to the terms of the Scheme Implementation Agreement, having been waived or taken to have been waived; and
- (ii) as at 8.00am on the Second Court Date, the Scheme Implementation Agreement having not been terminated.

(b) The satisfaction of each of the Conditions is a condition precedent to the operation of the remainder of this Performance Right Scheme.

- (c) If the Effective Date does not occur on or before the End Date or any later date that Bidder and Target agree:
  - (i) this Performance Right Scheme will lapse and be of no further force or effect; and
  - (ii) Target, Bidder and Guarantor will thereupon be released from:
    - (A) any further obligation to take any steps to implement this Performance Right Scheme; and
    - (B) any liability with respect to this Performance Right Scheme.

## **2.2 Certificate in relation to conditions**

Target must provide to the Court on the Second Court Date, a certificate which is authorised by the Target Board and signed by at least one Target director (or such other evidence as the Court may request) stating, to the best of its knowledge, whether or not each of the Conditions (other than the Condition stated in clause 3.1(c) (Court Orders) of the Scheme Implementation Agreement) have been satisfied, or subject to the terms of the Scheme Implementation Agreement, waived or taken to be waived. The certificate hereinbefore referred to will constitute conclusive evidence that such Conditions are satisfied, waived or taken to be waived.

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## **3. Performance Right Scheme**

### **3.1 Lodgement of Court orders**

- (a) Target must use its best endeavours to lodge with ASIC copies of the Court order under section 411(4)(b) of the Corporations Act approving the Performance Right Scheme by no later than 5.00 pm on the first Business Day after the day on which the Court approves the Performance Right Scheme.
- (b) The Court order under section 411(4)(b) of the Corporations Act approving the Performance Right Scheme is taken to have effect on and from the date of lodgement of the order with ASIC or such other date as is specified in the order.

### **3.2 Transfer of Performance Rights**

- (a) On the Implementation Date, in consideration for and subject to:
  - (i) Bidder depositing the Aggregate Cash Component into the Target Trust Account at least 1 Business Day prior to the Implementation Date;
  - (ii) Bidder issuing and allotting the Litigation Claim Rights to the Performance Right Scheme Participants in accordance with clause 3.3(c)(i);
  - (iii) Bidder establishing and registering with ASIC the Litigation Claim Unit Trust in accordance with the Litigation Management Deed; and
  - (iv) Bidder transferring or procuring the issuance and allotment of the Litigation Claim Units to the Performance Right Scheme Participants in accordance with clause 3.3(c)(ii) and the Litigation Management Deed,

the Performance Rights, together with all rights and entitlements attaching to the Performance Rights as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Performance Right Scheme Participant (other than acts performed by Target as attorney and agent for Performance Right Scheme Participants under clause 6) by:

- (v) Target executing and delivering to Bidder as attorney for all Performance Right Scheme Participants, the Performance Right Scheme Transfer to transfer all Performance Rights to Bidder, without the need for any further act by Performance Right Scheme Participants; and

- (vi) Bidder duly executing the Performance Right Scheme Transfer, attending to the stamping of the Performance Right Scheme Transfer (if required) and delivering it to Target for registration.
- (b) Immediately after receipt by Target of the Performance Right Scheme Transfer pursuant to clause 3.2(a)(vi), Target must enter the name of Bidder in the Performance Right Register in respect of all the Performance Rights that are the subject to the Performance Right Scheme Transfer.
- (c) For the purpose of effecting the entry of Bidder's name in the Performance Right Register in the manner contemplated in clause 3.2(b), Bidder hereby gives its consent to that entry and also to becoming a Performance Rightholder.

### **3.3 Payment or provision of Performance Right Scheme Consideration**

- (a) At least 1 Business Day prior to the Implementation Date, Target must procure that Bidder, in accordance with its obligation contained in clause 4.7 of the Scheme Implementation Agreement, deposits in cleared funds an amount equal to the Aggregate Cash Component into an Australian dollar denominated trust account, operated by Target as trustee for the Performance Right Scheme Participants, to be held on trust for the Performance Right Scheme Participants for the sole and exclusive purpose of paying the Cash Component of the Performance Right Scheme Consideration to each Performance Right Scheme Participant (in respect of each Performance Right that that Performance Right Scheme Participant holds on the Record Date), except that any interest on the amounts deposited (less bank fees and other charges) shall be held on trust by Target for and on behalf of Bidder.
- (b) By no later than 4.00pm on the Business Day immediately following the Implementation Date and subject to Bidder having complied with its obligation contained in clause 4.7 of the Scheme Implementation Agreement, Target must pay or procure the payment from the Target Trust Account of the Cash Component of the Performance Right Scheme Consideration to each Performance Right Scheme Participant entitled to such Cash Component of the Performance Right Scheme Consideration in respect of each Performance Right that the Performance Right Scheme Participant holds on the Record Date.
- (c) On the Implementation Date, Target will procure that Bidder:
  - (i) issues and allots to each Performance Right Scheme Participant one Litigation Claim Right in respect of each Performance Right that the Performance Right Scheme Participant holds on the Record Date; and
  - (ii) transfers or procures the issue and allotment to each Performance Right Scheme Participant one Litigation Claim Unit in respect of each Performance Right that the Performance Right Scheme Participant holds on the Record Date.
- (d) The obligations of Target under clause 3.3(b) will be satisfied by Target completing the following actions by no later than 4.00pm on the Business Day immediately following the Implementation Date:
  - (i) dispatching, or procuring the dispatch of, a cheque to each Performance Right Scheme Participant by prepaid post to their address recorded in the Performance Right Register (as at the Record Date), such cheque being drawn in the name of the Performance Right Scheme Participant (or, in the case of joint Performance Right Scheme Participants, in accordance with the procedure set out in clause 3.3(g)); or
  - (ii) making a deposit in an account with any ADI (as defined in the Banking Act 1959 (Cth)) in Australia notified by the Performance Right Scheme Participant as at the Record Date (including any account notified by the

Performance Right Scheme Participant to Target for the purpose of payment of salary),

for the relevant amount, with that amount being denominated in Australian dollars.

- (e) The obligations of Target under clause 3.3(c) will be satisfied by Target procuring Bidder to take the following actions on the Implementation Date:
  - (i) dispatching, or procuring the dispatch of, a certificate for the Litigation Claim Rights and a certificate for the Litigation Claim Units to each Performance Right Scheme Participant which that Performance Right Scheme Participant is entitled to; and
  - (ii) registering, or procuring the registration of, each Performance Right Scheme Participant as the holder of the Litigation Claim Rights and the Litigation Claim Units which that Performance Right Scheme Participant is entitled to.
- (f) To the extent that there is a surplus in the amount held in the Target Trust Account, that surplus must be paid by Target to Bidder following the satisfaction of Target's obligations under clause 3.3(d).
- (g) In the case of joint Performance Right Scheme Participants, the cheque will be forwarded to the Performance Right Scheme Participant whose name appears first in the Performance Right Register on the Record Date.

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#### **4. Dealings in Performance Rights**

- (a) For the purpose of establishing who is a Performance Right Scheme Participant:
  - (i) each unvested Performance Right registered in the Performance Right Register will automatically vest on the Effective Date of the Performance Right Scheme;
  - (ii) dealings in Performance Rights will only be recognised by Target if such dealings are in accordance with the LTIP Rules and:
    - (A) the transferee is registered in the Performance Right Register as the holder of the relevant Performance Rights on the Record Date; and
    - (B) in all other cases, a registrable transmission application or transfer in respect of all other dealings in any Performance Rights is received on or before the Record Date at the place where the Performance Right Register is maintained; and
  - (iii) any exercise of a Performance Right will only be recognised by Target if the notice of such exercise is received on or before the Record Date at the place where the Performance Right Register is maintained.
- (b) If the Performance Right Scheme becomes Effective, a holder or joint holders of Performance Rights (and any person claiming through that holder or those joint holders) must not dispose of or exercise, or purport to agree to dispose of or to exercise, any Performance Rights or any interest in them after the Record Date.
- (c) Target will:
  - (i) not accept for registration or recognise for any purpose any transmission application or transfer in respect of Performance Rights received after the Record Date (except for a transfer of Performance Rights to Bidder pursuant to the Performance Right Scheme and any subsequent transfer by Bidder);

- (ii) not accept or recognise any notice of exercise or purported exercise of a Performance Right which is received after the Record Date;
- (iii) register registrable transmission applications or transfers of the kind referred to in clause 4(a)(ii)(B) on or before the Record Date; and
- (iv) in relation to the exercise of a Performance Right in accordance with clause 4(a)(iii), on or before the Record Date:
  - (A) register the relevant Performance Rightholder as the holder of any Shares that Performance Rightholder is entitled to receive on exercise of the Performance Right; and
  - (B) remove the name of the relevant Performance Rightholder from the Performance Right Register as the holder of each Performance Right so exercised.
- (d) For the purpose of determining entitlements to the Performance Right Scheme Consideration, Target must maintain the Performance Right Register in accordance with the provisions of this clause 4 until the Cash Component of the Performance Right Scheme Consideration has been paid, the Litigation Claim Rights have been issued and allotted and the Litigation Claim Units have been transferred, or issued and allotted, to all the Performance Right Scheme Participants. The Performance Right Register in this form will solely determine entitlements to the Performance Right Scheme Consideration.
- (e) All statements of holding for Performance Rights will cease to have effect from the Record Date as documents of title in respect of those Performance Rights (other than statements of holding for Performance Rights in favour of Bidder) and, as from that date, each entry current at that date on the Performance Right Register (other than entries in respect of Bidder) will cease to have effect except as evidence of entitlement to the Performance Right Scheme Consideration in respect of the Performance Rights relating to that entry.
- (f) As soon as possible after the Record Date, Target will ensure that details of the names, registered addresses and holdings of Performance Rights for each Performance Right Scheme Participant as shown in the Performance Right Register on the Record Date are available to Bidder in the form Bidder reasonably requires.

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## **5. Performance Right Scheme provisions**

### **5.1 Consent to Performance Right Scheme amendments**

If the Court proposes to approve this Performance Right Scheme subject to any alterations or conditions to this Performance Right Scheme, Target may by its counsel or solicitor consent on behalf of all Performance Right Scheme Participants and all other persons concerned, to those alterations or conditions to which Bidder has consented.

### **5.2 Performance Right Scheme Participants' agreements and representations**

- (a) The Performance Right Scheme Participants agree, and Target agrees for and on behalf of all Performance Right Scheme Participants, to the transfer of all of their Performance Rights in accordance with this Performance Right Scheme.
- (b) Each Performance Right Scheme Participant is taken to have represented and warranted to Bidder and Target that at the date of transfer of all the Performance Rights (including any rights and entitlements attaching to the Performance Rights) that are, or are to be, transferred to Bidder under this Performance Right Scheme:
  - (i) that Performance Right Scheme Participant will transfer to Bidder and otherwise in accordance with this Performance Right Scheme, all its legal and beneficial right, title and interest in each of the Performance Rights

that are registered in the Performance Right Register in its name on the Record Date;

- (ii) each Performance Right referred to in clause 5.2(b)(i) will be fully paid and free from all mortgages, charges, liens, encumbrances, security interests and other interests of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- (iii) it has full power and capacity to sell and to transfer all and each of its Performance Rights together with any rights and entitlements attaching to those Performance Rights to Bidder under this Performance Right Scheme.

### **5.3 Title to and rights in Performance Rights**

On and from the Implementation Date, Bidder will be legally and beneficially entitled to the Performance Rights transferred to it under this Performance Right Scheme pending registration by Target of Bidder in the Performance Right Register as the holder of the Performance Rights.

### **5.4 Effect of this Performance Right Scheme**

This Performance Right Scheme binds Target and all Performance Right Scheme Participants from time to time and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Target, the LTIP Rules and any other terms of issue of any of the Performance Rights.

### **5.5 Enforcement of Deed Poll**

Target undertakes in favour of each Performance Right Scheme Participant to enforce the Deed Poll against Bidder and Guarantor on behalf of and as agent and attorney for the Performance Right Scheme Participants.

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## **6. Power of attorney**

### **6.1 Power of attorney**

- (a) Each Performance Right Scheme Participant will be deemed to have authorised Target to do and execute all acts, matters, things and documents on the part of the Performance Right Scheme Participant necessary to implement this Performance Right Scheme, including (without limitation) executing, as its agent and attorney, or where necessary or appropriate as its corporate representative, a transfer or transfers in relation to Performance Rights as contemplated by clause 6.1(b).
- (b) For the purpose of transferring the Performance Rights to Bidder in accordance with clause 3.2, each Performance Right Scheme Participant irrevocably appoints Target and each of its officers, severally, in accordance with clause 6.1 as its true and lawful attorney, or where necessary or appropriate as its corporate representative, with effect from the Effective Date, with power:
  - (i) to complete and sign on behalf of that Performance Right Scheme Participant any required form for the transfer to Bidder of such Performance Rights (which may be effected by a master transfer of all Performance Rights); and
  - (ii) to exercise all powers and rights which that Performance Right Scheme Participant could lawfully exercise as the registered holder of the Performance Rights or any of them including without limitation attending and voting at any meeting of Performance Rightholders (which meeting that Performance Right Scheme Participant undertakes not to otherwise attend or vote at in person or by proxy or other representative), requisitioning any meeting of Performance Right Scheme Participants and

doing all things incidental and ancillary to any of the foregoing and it is acknowledged and agreed that in exercising such powers, the attorney may act in the interests of Bidder as the intended registered holder of those Performance Rights.

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## **7. General**

### **7.1 Notices**

Each communication (including each notice, consent, approval, request and demand) to Target under or in connection with this Performance Right Scheme:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by Target from time to time):

#### **TARGET**

Name: Centrebet International Limited  
Attention: Company Secretary  
Address: 110 – 116 Bourke Road, Alexandria, New South Wales  
2015, Australia  
Facsimile: +61 8 8955 5750

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) must be delivered by hand or posted by prepaid post to the address, sent by electronic mail, or sent by fax to the number, of the addressee in accordance with clause 7.1(b);
- (e) if sent by email, must be in a form of an attached pdf or other scanned image of an original communication that includes a handwritten signature and the accompanying email must state that the attachment is a communication under this Scheme;
- (f) will be taken to be received by the address:
  - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
  - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
  - (iii) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent;
  - (iv) (in the case of delivery by hand) on delivery; and
  - (v) (in the case of electronic mail) when transmitted by the sender unless the sender receives a message from its internet service provider or the recipient's mail server indicating that it has not been successfully transmitted.

### **7.2 Stamp duty**

Bidder will pay all stamp duty payable in connection with the transfer of the Performance Rights to Bidder.

### **7.3 Consent**

- (a) Each Performance Right Scheme Participant consents (including, without limitation, consenting where applicable to the Target Board amending all or any of the provisions of the LTIP Rules) to Target doing all things necessary or incidental to the implementation of the Performance Right Scheme.
- (b) Each Performance Right Scheme Participant acknowledges that this Performance Right Scheme binds Target and all Performance Right Scheme Participants (including those who do not attend the Performance Right Scheme Meeting, do not vote at the Performance Right Scheme Meeting or vote against the Performance Right Scheme at the Performance Right Scheme Meeting) in accordance with the provisions of this Performance Right Scheme.

### **7.4 Governing law**

- (a) The law of New South Wales governs this Performance Right Scheme.
- (b) Target and the Performance Right Scheme Participants submit to the non-exclusive jurisdiction of the courts of New South Wales.

### **7.5 Further action to be taken by Target**

Target must do all things and execute all documents, including without limitation ensure that the Target Board makes such amendments to the LTIP Rules, as are necessary or expedient to give full effect to, and perform its obligations under or in relation to, this Performance Right Scheme and the transactions contemplated by it.

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## **Annexure D - Agreed Announcement**

# CENTREBET

26 May 2011

## ASX ANNOUNCEMENT

### Centrebet International Limited enters into Scheme Implementation Agreement with Sportingbet plc

Further to the announcement on 11 May 2011, Centrebet International Limited ("Centrebet", "the Company") announces today that it has entered into a Scheme Implementation Agreement ("SIA") with Sportingbet plc ("Sportingbet") and Sbet Australia Pty Limited ("Bidder"), a wholly-owned subsidiary of Sportingbet, under which it is proposed that Bidder will acquire all of the outstanding ordinary shares and performance rights in Centrebet (each a "Centrebet Security") under two separate inter-conditional Schemes of Arrangement ("the Schemes").

Under the terms of the Schemes, Centrebet shareholders and performance rightholders<sup>1</sup> ("Securityholders") will receive a cash consideration of A\$2.00 ("Cash Consideration") per Centrebet Security, valuing Centrebet equity at approximately A\$183 million.

In addition to the Cash Consideration, Centrebet Securityholders will receive a litigation claim right and a litigation claim unit<sup>2</sup> which will entitle them to 90% of the potential net proceeds of the Company's proposed GST litigation claim<sup>3</sup> ("Litigation Claim") if successful. It is expected that any such proceeds would be realised and paid over an extended period of time.

The proposed acquisition by Sportingbet of Centrebet is subject to Sportingbet having raised sufficient proceeds to fund the Cash Consideration, Sportingbet shareholders approving both the transaction and the funding thereof and a number of other conditions precedent as detailed in the attached Scheme Implementation Agreement.

The Cash Consideration is intended to be financed by way of a £65 million underwritten issue of ordinary shares and a £65 million issue of convertible bonds, for which firm binding orders have been received by Sportingbet (together "Capital Raising").

#### Summary of the Offer

- **Cash Consideration of A\$2.00 per Centrebet Security**
- **Centrebet Securityholders to receive (if successful) an entitlement to 90% of potential net proceeds (net of any associated costs and other payments) of the Company's proposed GST litigation claim over time**
- **Transaction to be financed by way of an underwritten capital raising and issue of convertible bonds**
- **Subject to Sportingbet satisfying certain conditions precedent, including Capital Raising and shareholder approval conditions, the Centrebet Board will unanimously recommend the transaction, in the absence of a superior proposal and subject to the Independent Expert concluding that the Schemes are in the best interests of Centrebet Securityholders**
- **Transaction to be implemented by way of two separate inter-conditional Schemes of Arrangement**

<sup>1</sup> It is contemplated that holders of options will receive A\$2.00 cash in respect of each option they hold, less the applicable exercise price of such option.

<sup>2</sup> For each share, performance right or option, on a one for one basis.

<sup>3</sup> As previously disclosed in Centrebet's most recent annual report, on 9 September 2010 the Australian Tax Office ("ATO") issued an unfavourable private ruling in relation to a GST private ruling application lodged by Centrebet Pty Limited with the ATO in relation to the calculation of Global GST paid from April 2006 to March 2010. Centrebet Pty Limited will be challenging the basis of the ATO decision by seeking declaratory relief proceedings to have the matter heard before the courts. Whilst it is not possible to determine the likelihood of success or timing of resolution in the matter, if Centrebet is successful in challenging the ATO's position, there is a potential benefit of up to A\$90.7 million (A\$10.5 million would be immediately recoverable with the balance of A\$80.2 million to be progressively applied as a credit against any future global GST payable). If Centrebet is unsuccessful in its proceedings, there will be no proceeds recoverable in connection with the Litigation Claim. On behalf of the Company, for tax purposes, the Litigation Claim Independent Valuer, Loneragan Edwards & Associates Limited, has assessed the value of benefits that may arise in connection with the Litigation Claim. If successful, the value is assessed taking into account a number of matters including the time it may take to realise any benefit and litigation risk at 6.9 – 10.0 cents per Centrebet Security as at 31 March 2011. It should be noted that this is a point in time estimate and subject to change.

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# CENTREBET

## Centrebet Board Recommendation

Subject to Sportingbet satisfying its own shareholder approval and Capital Raising conditions precedent, the Centrebet Board will unanimously recommend to Centrebet Securityholders that they vote in favour of the Schemes at the relevant Scheme meeting, in the absence of a superior proposal and subject to the Independent Expert concluding that the Schemes are in the best interests of Centrebet Securityholders.

The Centrebet Board has appointed Lonergan Edwards & Associates Limited ("Lonergan Edwards") to prepare an Independent Expert's report on whether the offer from Sportingbet is in the best interests of Centrebet Securityholders. The Independent Expert's report will be included in the Scheme booklet to be sent to shareholders in due course.

The Kafataris family (together holding 59.66% of all the ordinary shares in Centrebet) along with each of the Directors of Centrebet intend to vote all the Centrebet shares and performance rights held or controlled by them in favour of the applicable Scheme at the Scheme meetings, subject to the same qualifications set out above in relation to the Directors recommendation.

## Key Transaction Metrics

The Cash Consideration<sup>4</sup> of A\$2.00 per share represents:

- A premium of 26% to the closing price of A\$1.59 on 10 May 2011, representing the last trading day prior to the announcement of the Sportingbet proposal on 11 May 2011;
- A premium of 24% to the three month volume weighted average price prior to 11 May 2011 of A\$1.61;
- A premium of 28% to the six month volume weighted average price prior to 11 May 2011 of A\$1.56;
- A premium of 35% to the closing price of A\$1.48 on 5 March 2010, representing the last trading day prior to initial speculation regarding the receipt by Centrebet of a proposal for a control changing transaction; and
- FY11 EV/EBITDA<sup>5</sup> of 13.2x and FY10 Underlying EV/EBITDA of 7.6x.

## Scheme Implementation Agreement

A copy of the executed SIA entered into by Centrebet, Bidder and Sportingbet is attached to this announcement and a summary of the key terms of that SIA is provided in Schedule 1 of this announcement.

The proposed acquisition is subject to Sportingbet satisfying its own shareholder approval and Capital Raising conditions precedent. In order to limit the risks associated with these two conditions, Centrebet has negotiated the following conditions which, if breached, result in break fees payable to Centrebet:

- the Sportingbet shareholder approval condition is required to be satisfied within 21 calendar days from today. The Sportingbet Circular in relation to this shareholder approval is expected to be dispatched by Sportingbet on 27 May 2011 and the Sportingbet shareholder meeting is scheduled for 13 June 2011; and
- the Sportingbet Capital Raising condition is required to be satisfied by 21 June 2011. The proposed issue of ordinary shares the subject of the Capital Raising is underwritten by Oriel Securities, subject to market standard termination rights, and a Prospectus in relation to this will be included in the above-mentioned Sportingbet Circular.

In addition to the above conditions precedent, the transaction is subject to a limited number of conditions precedent including Centrebet Securityholders and court approval of the Schemes, no Centrebet material adverse change, the Independent Expert concluding that the Schemes are in the best interests of Centrebet Securityholders and certain regulatory approvals.

<sup>4</sup> Excluding any potential value associated with the Litigation Claim right and Litigation Claim unit.

<sup>5</sup> Based on broker forecast FY11 EBITDA of \$13.2 million, most recent publicly reported net cash position of \$9.3 million and diluted shares on issue of 91.5 million. For reference, the proposal represents FY10 EV/Reported EBITDA of 8.1x.

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# CENTREBET

The Scheme Implementation Agreement provides for customary deal protections, including the payment of a break fee to Sportingbet and a target break fee to Centrebet in certain circumstances (details contained within Schedule 1). The Scheme Implementation Agreement also provides for limited rights of termination.

## Litigation Claim Management Deed

The Litigation Claim is to be governed by a proposed Litigation Claim Management Deed. The material terms of the proposed Litigation Claim Management Deed are set out in a Term Sheet attached as Annexure E to the Scheme Implementation Agreement, and a summary of the key terms of that Term Sheet is provided in Schedule 2 of this announcement.

## Timetable for the Schemes

A single Scheme booklet containing information relating to the proposed transaction, details of both Scheme meetings and details of the Litigation Claim right and Litigation Claim unit, is expected to be sent to Centrebet Securityholders in July 2011. Centrebet proposes to only dispatch the Scheme booklet following satisfaction by Sportingbet of its shareholder approval and Capital Raising conditions precedent.

Scheme meetings to vote on the proposed Schemes are expected to be held in August 2011. Subject to the approval of the Schemes by Centrebet Securityholders and the court and the timely satisfaction (or waiver) of the conditions precedent, Centrebet expects the transaction to be completed by September 2011.

A more detailed indicative timetable in connection with the approval and implementation of the transaction is set out in Schedule 1 of the Scheme Implementation Agreement.

## Summary

Graham Kelly, Centrebet Chairman, said: "As previously announced to the market, Centrebet has been exploring consolidation opportunities and has been facilitating discussions with prospective parties to determine whether a proposal could be developed that is in the best interests of, and capable of being put to, Centrebet Securityholders."

"The Centrebet Board believes the Company is well positioned to continue to deliver strong growth into the future. Notwithstanding this, we believe that this is a very attractive outcome for Centrebet Securityholders and subject to the relevant conditions being satisfied, the Board will recommend that Securityholders vote in favour of the Schemes."

Michael McRitchie, Centrebet Managing Director, said: "The offer is demonstrably attractive and a combination with Sportingbet will make Centrebet a stronger business in the Australian market. I am excited about the ability of the merged group to take advantage of the opportunities in the current market."

Centrebet will advise its Securityholders of any further relevant developments as they occur.

Centrebet is being advised by Greenhill Caliburn and Clifford Chance.

## For enquiries please contact:

**Michael McRitchie**  
Managing Director  
Centrebet International Limited  
(02) 9206 8933

**Ron Malek**  
Co-Chief Executive  
Greenhill Caliburn  
(02) 9229 1409

**Roger Feletto**  
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# CENTREBET

## About Centrebet

Centrebet commenced operations in 1992 and in 1996 was the first licensed bookmaker in the Southern Hemisphere to offer online sports betting. Centrebet is now a leading International online wagering and gaming operator offering fixed odds betting on a wide variety of Australian and International sporting, racing, entertainment and political events, as well as online poker and casino products. Online poker and casino products are not offered to Australian residents due to regulatory considerations.

## About Sportingbet

Sportingbet is a UK based online sports betting and gaming group primarily operating in Europe and Australia. Sportingbet's shares are quoted on the London Stock Exchange (Code: SBT). As at 1 January 2011, Sportingbet operated websites in 21 different languages, available in 26 countries and accepted bets in 20 different currencies. Sportingbet currently holds betting and gaming licenses and approvals in Alderney, Antigua and Barbuda, Australia, Malta, South Africa and the UK.

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# CENTREBET

## SCHEDULE 1: SUMMARY OF THE SCHEME IMPLEMENTATION AGREEMENT

*The summary below is not exhaustive on the matters which it deals with and readers should refer to the execution copy of the Scheme Implementation Agreement.*

Set out below is an outline of certain key terms of the Scheme Implementation Agreement. An execution copy of the Scheme Implementation Agreement is attached to this announcement.

### Scheme consideration

The consideration under the Schemes will be paid to each Securityholder on the implementation date as follows:

- \$2.00 cash per share/performance right will be paid to each Securityholder; and
- litigation claim units and litigation claim rights<sup>6</sup> (which entitles each Securityholder to receive distributions under the GST claim, if successful, in respect of which see Schedule 2 of this announcement) will be issued and allotted to Securityholders.

### Scheme Conditions

The Schemes can only be implemented if certain conditions are satisfied or waived. These include:

- Sportingbet shareholders approve its Capital Raising and the acquisition of Centrebet pursuant to the Schemes;
- new Sportingbet shares issued under its Capital Raising have been approved for admission to the LSE;
- Sportingbet has raised enough funds to pay the cash component of the scheme consideration<sup>7</sup>;
- an Independent Expert opines that the Schemes are in the best interest of Securityholders;
- all regulatory approvals necessary gambling licence consents and other necessary contract consents are obtained;
- the Court approves the Schemes;
- Centrebet shareholders approve the share scheme;
- Centrebet performance rightholders approve the performance rights scheme;
- no material adverse change or prescribed occurrence occurs with respect to Centrebet;
- no government body prohibits or restrains the completion of the Schemes;
- all holders of options have agreed with Centrebet and Bidder for their options to be cancelled or transferred if the Schemes become effective<sup>8</sup>;
- all counterparties to specified contracts have consented to the Schemes;
- all documents set out in the Litigation Claim Term Sheet have been entered into; and
- the Sportingbet Capital Raising condition is satisfied by 21 June 2011.

### Implementation

Each party is obliged to take all necessary steps to propose and implement the Schemes as soon as reasonably practicable. Further, Centrebet is obliged to carry out its business in the ordinary and proper course that is substantially the same manner as previously conducted.

<sup>6</sup> For each share, performance right or option on a one for one basis.

<sup>7</sup> Sportingbet is raising funds through an underwritten issue of ordinary shares (as to £65 million) and an issue of convertible bonds, for which firm binding orders have been received by Sportingbet. Within the SIA, Sportingbet is under a best endeavours obligation to satisfy the relevant conditions. In the event that sufficient funds are not raised by 21 June 2011, Centrebet will be entitled to a break fee from Sportingbet.

<sup>8</sup> It is contemplated that holders of options will receive A\$2.00 cash in respect of each option they hold, less the applicable exercise price of such option.

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CENTREBET International  
Limited  
ABN 55 066 441 067



# CENTREBET

## Exclusivity provisions

Centrebet has agreed to certain exclusivity restrictions that restrict it from encouraging, or engaging with the proponent of a competing proposal up until 31 October 2011.

- **(No shop)** Centrebet (and its officers, employees, advisors) must not solicit, encourage or initiate any competing proposals.
- **(No talk and no due diligence)** Except where such restrictions would likely constitute a breach of its fiduciary duties by Centrebet's board, Centrebet (and its officers, employees, advisors) must not participate in any negotiations or provide any due diligence in relation to a competing proposal.
- **(Matching rights)** Except where such restrictions would likely constitute a breach of its fiduciary duties by Centrebet's board, Centrebet must notify Sportingbet when it receives a superior competing proposal and give Sportingbet three business days to match that competing proposal.

## Payment of costs (break fees)

A break fee of 1% of the cash consideration will be payable by Centrebet to Sportingbet if the Schemes do not proceed and any of the following occur:

- any member of the Centrebet board changes its recommendation to support the Schemes (except where the Independent Expert concludes that either or both of the Schemes are not in the best interests of Securityholders);
- Centrebet materially breaches the Scheme Implementation Agreement and that breach is not remedied;
- the Court fails to approve either or both of the Schemes solely due to a material non-compliance by Centrebet of its obligations under the Scheme Implementation Agreement;
- either or both of the Schemes do not become effective before 31 October 2011 as a consequence of Centrebet's non-compliance with its obligations under the Scheme Implementation Agreement or Centrebet delaying the Scheme Meetings beyond that date as a result of a competing proposal; or
- a Centrebet prescribed occurrence occurs.

A break fee of 1% of the cash consideration will be payable by Bidder to Centrebet if the Schemes do not proceed and any of the following occur:

- any member of the Sportingbet board does not recommend (or changes their recommendation) to support the approval of the Sportingbet Capital Raising and the Schemes (except where the Independent Expert concludes that either or both of the Schemes are not in the best interests of Securityholders);
- Bidder materially breaches the Scheme Implementation Agreement and that breach is not remedied;
- either or both of the Schemes do not become effective before 31 October 2011 as a consequence of non-compliance by Sportingbet with its obligations under the underwriting agreement or the convertible bonds subscription agreement entered into in connection with the Capital Raising or the Scheme Implementation Agreement;
- specific gambling licence consents to the Schemes not being obtained;
- Sportingbet shareholders do not approve the Capital Raising and the acquisition of Centrebet by way of the Schemes on or before the day 21 calendar days from the date of this announcement;
- Sportingbet has not successfully completed the Sportingbet Capital Raising and/or obtained admission for the new shares on the LSE on or before 21 June 2011; and
- the underwriting agreement or the convertible bonds subscription agreement is terminated or materially amended in a manner that Centrebet considers adverse to the Sportingbet Capital Raising on or before 21 June 2011 unless Sportingbet has first successfully completed the Sportingbet Capital Raising and obtained admission for the new shares on the LSE.

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## Termination

Either party may terminate the Scheme Implementation Agreement by written notice to the other if:

- either or both Schemes are not effective by 31 October 2011 other than as a result of the terminating party's breach of the Scheme Implementation Agreement;
- the other party is in material breach of a material obligation under the Scheme Implementation Agreement and that breach is not remedied within a specified period; or
- one of the conditions for that party's benefit is not satisfied or waived.

Bidder may terminate the Scheme Implementation Agreement if Centrebet breaches a warranty and that breach cannot be remedied or is not remedied and results in a material adverse change.

Centrebet may terminate the Scheme Implementation Agreement if:

- Bidder breaches a warranty that is not remedied;
- Bidder does not have sufficient funds to pay the cash consideration; or
- the Centrebet board changes its recommendation of the Sportingbet proposal in favour of a superior proposal.

## Representations and warranties

Each party has given representations and warranties to the other which are considered to be normal for an agreement of this kind.

## Guarantee

Sportingbet has guaranteed Bidder's obligations under the Scheme Implementation Agreement.

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# CENTREBET

## SCHEDULE 2: SUMMARY OF THE LITIGATION CLAIM MANAGEMENT DEED

*This summary is not exhaustive. See Annexure E of the Scheme Implementation Agreement for the complete Term Sheet.*

This summary sets out the material terms of the proposed Litigation Claim Management Deed which will govern the management of the Litigation Claim and distribution of the value from any cash refund and/or realisation of carry forward tax losses that may result as a consequence of a successful claim, to Centrebet Securityholders ("Litigation Claim Participants") after the Implementation of the Schemes.

### Structure

- Each Litigation Claim Participant will receive from Sportingbet, as part of the Scheme Consideration, one Litigation Claim Right and one Litigation Claim Unit for each share, performance right or option (on a one for one fully diluted basis) they hold as at the Schemes record date.
- The Litigation Claim Right is a contractual right to receive the value of any amount which a collection agent is entitled to receive (net of its costs) under the Litigation Claim Management Deed on a pro-rata basis.
- From years 0 to 5 of the Scheme implementation date, it is contemplated that payments made for the benefit of Litigation Claim Participants will be (subject to a payment waterfall referred to below) paid to a collection agent who will hold those payments as bare trustee for Litigation Claim Participants, pursuant to the Litigation Claim Right. The collection agent will then distribute those funds (net of costs) to Litigation Claim Participants on a pro-rata basis.
- It is contemplated that all payments made for the benefit of Litigation Claim Participants after the 5th year will be (subject to a payment waterfall) paid to the unit trustee of the Litigation Claim Unit Trust, who will then distribute those funds to Litigation Claim Participants (as holders of Litigation Claim Units) on a pro-rata basis.

### Claim Committee

- A claim committee consisting of two members nominated by Sportingbet and two members nominated by Centrebet ("Target Claim Committee Members") will manage the conduct of the Litigation Claim.

### Costs of the Litigation Claim

- To fund the costs of Litigation Claim, Centrebet will deposit A\$924,000.00 (approximately 1 cent per share on a fully diluted basis, adjusting for performance rights and options) ("Initial Claim Funded Amount") into an account ("Costs Account").
- If, and to the extent that, the A\$924,000 amount deposited into the Costs Account is not sufficient to cover the costs of the litigation, Con Kafataris will indemnify Centrebet for such excess costs.

### Proceeds of the Litigation Claim

- If the Litigation Claim is successful, all payments are to come from Sportingbet.
- The value of any cash refund is to be paid by Sportingbet, within 28 days of receipt pursuant to the payment waterfall.
- The value of any carry forward loss will be paid by Sportingbet pursuant to the payment waterfall when it, Centrebet Pty Limited, or a member of Sportingbet Group is able to use any of the carry forward loss to reduce the amount of GST that would otherwise be payable.
- The payment waterfall governs that the value of the cash refund amount, carry forward loss, interest on those amounts, unused balance of the Initial Claim Funded Amount and any award of costs received in connection with the Litigation Claim are to be paid by Sportingbet in the following order:
  - To pay any tax liability of Sportingbet Group, Centrebet, Centrebet Pty Limited or related body corporate incurred as a result of their receipt of any cash refund amount and any carry forward loss (and any interest), less any related tax benefit allowable to Sportingbet Group, Centrebet, Centrebet Pty Limited or related body corporate;

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- To pay the costs required in respect of the prosecution of the Litigation Claim, operation of the Costs Account, the collection agent and unit trustee's fees, less any related tax benefit allowable to Sportingbet Group, Centrebet, Centrebet Pty Limited or related body corporate;
- To pay into the Costs Account any monies the Claim Committee considers is required to cover future costs and expenses relating to the Litigation Claim;
- To reimburse Con Kafataris for all amounts he has paid into the Costs Account pursuant to the Con Kafataris indemnity, together with interest;
- To pay 10% of the remaining amount to Centrebet;
- To pay the balance of the remaining amount to the collection agent or the unit trustee (as the case may be) for the benefit of Litigation Claim Participants on a pro-rata basis.

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**THIS ANNOUNCEMENT, WHICH DOES NOT CONSTITUTE A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT, IS NOT AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES AND NEITHER THIS ANNOUNCEMENT NOR ANYTHING HEREIN FORMS THE BASIS FOR ANY CONTRACT OR COMMITMENT WHATSOEVER. THERE WILL BE NO PUBLIC OFFER OF NEW SHARES OR CONVERTIBLE BONDS IN THE UNITED STATES OR ANY OTHER EXCLUDED JURISDICTION. OUTSIDE THE UNITED STATES THE NEW SHARES AND CONVERTIBLE BONDS ARE BEING OFFERED IN RELIANCE ON REGULATIONS UNDER THE US SECURITIES ACT.**

**THE DEFINED TERMS SET OUT IN APPENDIX I APPLY IN THIS ANNOUNCEMENT.**

**26 May 2011**

**Sportingbet Plc  
("Sportingbet" or the "Company")**

**Proposed Firm Placing and Placing and Open Offer, Proposed Acquisition of Centrebet International Limited ("Centrebet"), Proposed Convertible Bond Issue and Notice of General Meeting**

The Board of Sportingbet announces that it has agreed with the board of Centrebet the terms of a recommended proposal by the Sportingbet Group to acquire the entire issued and to be issued share capital of Centrebet. The Acquisition will be effected by way of two schemes of arrangement under Australian law and will be made by Sportingbet Australia, a wholly-owned subsidiary of Sportingbet.

The Consideration payable under the Acquisition will be funded by the proceeds of the Firm Placing and Placing and Open Offer and the Convertible Bond Issue. The Board of Sportingbet therefore announces a fully underwritten share issue to raise gross proceeds of £65 million through the issue of 154,761,904 new Ordinary Shares by way of a Firm Placing and Placing and Open Offer at a price of 42 pence per New Share and the issue of £65 million in nominal value of Convertible Bonds to raise £65 million. Sportingbet intends to raise, through the New Issue and the Convertible Bond Issue, gross proceeds of £130 million (approximately £118.5 million net of expenses). The Convertible Bond Issue is not underwritten. The Open Offer will allow the Company's existing Shareholders who qualify the opportunity to participate in the fundraising on a basis of 0.15 Open Offer Shares for every 1 Existing Ordinary Share. Qualifying Shareholders are also being offered the opportunity to subscribe for New Shares in addition to their Basic Entitlements under the Excess Application Facility.

The Issue Price represents a discount of approximately 6.1 per cent. to the Closing Price of 44.75 pence per Ordinary Share on 25 May 2011 (being the last Business Day prior to this announcement). The New Shares to be issued will represent approximately 23.43 per cent. of the Enlarged Ordinary Share Capital of the Company following the Firm Placing and Placing and Open Offer. Neither the New Issue nor the Convertible Bond Issue is conditional on completion of the Acquisition. The New Issue is conditional, inter alia, on the completion of the Convertible Bond Issue.

Sportingbet expects to publish a Prospectus in connection with the Acquisition and the Firm Placing and Placing and Open Offer tomorrow and will convene a General Meeting to approve the Acquisition and certain matters necessary to implement the proposed fundraising.

**Highlights**

- Recommended acquisition by the Sportingbet Group of the entire issued and to be issued share capital of Centrebet.

- Acquisition to be funded by the proceeds of a fully underwritten Firm Placing and Placing and Open Offer to raise gross proceeds of approximately £65 million and a Convertible Bond Issue, which is not underwritten, to raise gross proceeds of approximately £65 million.
- Opportunity to improve Sportingbet's business mix between regulated and non-regulated income, increasing the Enlarged Group's proportion of net gaming revenue received from regulated markets from approximately 22 per cent. to over 30 per cent.
- Establishes Sportingbet as the leading corporate betting provider (by Amounts Wagered) in Australia.
- Expected to yield synergies of £11.2 million per annum.
- Aggregated revenues for the Enlarged Group for FY2010 of £246.6 million on a pro forma basis and expected to be earnings enhancing (excluding amortisation of intangible assets) in the first full financial year post integration (being FY2013).
- Centrebet's product offering enhances Sportingbet's, since Sportingbet's Australian business is focused on horse-racing whilst Centrebet has a stronger focus on other sports with a strong risk management function.
- As Australia is in a different economic cycle to Europe, an increase in Australian net gaming revenue will diversify Sportingbet's exposure to the European cycle.
- The Australian market is fast growing as the relaxation of prohibitions on advertising allows the attraction of new customers. Centrebet has experienced high online revenue growth in Australia of 23 per cent. in H1 2011. Centrebet's Australian new depositing clients are up 92 per cent. and active clients are up 46 per cent. in H1 2011.

Andrew McIver, Chief Executive Officer of Sportingbet said:

"This acquisition is a major step forward for Sportingbet as it accelerates the Group's strategy of increasing its exposure to regulated markets and of geographic diversification. We will become the leading corporate bookmaker in the fast growing Australian market and look forward to other key markets regulating in the near future."

#### **Details of the Firm Placing and Placing and Open Offer**

Under the Firm Placing and Placing and Open Offer, Sportingbet intends to issue 154,761,904 new Ordinary Shares comprising:

- 78,894,721 Firm Placing Shares (representing gross proceeds of approximately £33.1 million), pursuant to the Firm Placing; and
- 75,867,183 Open Offer Shares (representing gross proceeds of approximately £31.9 million) to be made available to Qualifying Shareholders pursuant to the Open Offer.

The Issue Price is 42 pence per New Share.

Under the Open Offer, Qualifying Shareholders have Basic Entitlements of 0.15 Open Offer Shares for every 1 Existing Ordinary Share registered in their name on the Record Date. In addition, Qualifying Shareholders may also apply, under the Excess Application Facility, for any whole number of Excess Shares in excess of their Basic Entitlements up to a maximum number of Excess Shares equal to approximately 10 times the number of Existing Ordinary Shares registered in their name on the Record Date.

The Firm Placing and Placing and Open Offer are being fully underwritten by Oriel Securities subject to, and in accordance with, the terms of the Placing Agreement.

The Firm Placing and Placing and Open Offer are conditional on (among other things) the passing of the Resolutions at the General Meeting and the completion of the Convertible Bond Issue. The New Issue is not conditional on completion of the Acquisition. If the Resolutions are passed and the other conditions to the Firm Placing and Placing and Open Offer are satisfied, it is expected that dealings in the New Shares will commence at 8.00 a.m. on 16 June 2011.

If completion of the Acquisition does not occur, which Sportingbet believes is unlikely, Sportingbet's current intention is that the net proceeds of the New Issue will be invested on a short-term basis while Sportingbet considers how the net proceeds of the New Issue (after deduction of the expenses and

costs incurred by the Company in connection with the Proposals) will be returned to Shareholders (taking into account, amongst others, the tax implications for Shareholders). Any such return is likely to be made on a pro-rata basis to all Shareholders.

### **Details of the Convertible Bond Issue**

Sportingbet intends to issue the Convertible Bonds at an issue price of 100 per cent. of nominal value to raise gross proceeds of £65 million.

The Convertible Bonds have been placed with institutional investors by ISM Capital and will not be offered to Shareholders. The Convertible Bond Issue is not underwritten. Application will be made for the Convertible Bonds to be admitted to the Official List of the UK Listing Authority and to trading on the Professional Securities Market of the London Stock Exchange. The issue of the Convertible Bonds is not conditional on such admission being obtained.

The Convertible Bonds will be convertible into Ordinary Shares conditional on (among other things) the passing of the Resolutions and completion of the Acquisition by 30 November 2011 (or such later date as may be approved by an extraordinary resolution of the bondholders) at a conversion price of £0.5040 (subject to adjustment in certain circumstances). Subject to customary event of default provisions, the Convertible Bonds are not redeemable prior to completion of the Acquisition, provided that if the Resolutions are not passed or the Acquisition does not complete by 30 November 2011 (or such later date as may be approved by an extraordinary resolution of the bondholders), Sportingbet will redeem the Convertible Bonds at their nominal value.

The Convertible Bonds will bear interest on their nominal amount for the time being outstanding from their date of issue at the rate of 7 per cent. per annum payable semi-annually in arrears. The Convertible Bonds may be purchased by the Company or redeemed in advance of their maturity at the option of the Company, the bondholders or the bond trustee in certain circumstances. If, at any time after 8 June 2014, the middle market price of the Ordinary Shares is 30 per cent. or more above the prevailing conversion price for at least 20 consecutive dealing days, the Company will be entitled to redeem the Convertible Bonds at nominal value.

All Convertible Bonds not previously redeemed, purchased or converted will be redeemed by the Company on 8 June 2016 at their nominal value.

### **Details of the Acquisition**

The Acquisition will be implemented by way of two Schemes under Australian law and will be made by Sportingbet Australia, a wholly-owned subsidiary of Sportingbet. Under the terms of the Schemes:

- Centrebet Shareholders will receive AUD\$2 for every one Centrebet Ordinary Share held as at the Share Scheme Record Date; and
- Performance Rightholders will receive AUD\$2 for every one Performance Right held as at the Performance Right Scheme Record Date.

On this basis, Centrebet is valued at approximately AUD\$183 million. This represents a premium per Centrebet Ordinary Share of approximately 11 per cent. calculated by comparing the implied price per Centrebet Ordinary Share as stated above with the Centrebet Ordinary Share price of 180 cents on the ASX at market close on 25 May 2011, being the last trading day prior to this announcement.

In addition to the above, Centrebet Shareholders and Performance Rightholders will receive as additional consideration for the Centrebet Ordinary Shares and Performance Rights held by them respectively as at the Share Scheme Record Date and Performance Right Scheme Record Date, an entitlement to be distributed any proceeds recovered from a successful prosecution or settlement of the Centrebet GST Claim. The maximum additional consideration receivable by the Centrebet Shareholders and Performance Rightholders if the Centrebet GST Claim is fully successful and the full AUD\$90.7 million claimed by Centrebet Pty Limited is recovered is AUD\$81.6 million (less certain agreed costs, liabilities and expenses). Further details of this entitlement are set out below in this announcement.

The Acquisition is subject to the Acquisition Conditions being satisfied, which, in accordance with the Scheme Implementation Agreement, will include:

- the Acquisition and the Firm Placing and Placing and Open Offer being approved by ordinary resolution of the Shareholders;
- Sportingbet having raised enough funds to pay the cash component of the Consideration;
- the Scheme being approved by a majority in number of the Scheme Shareholders present and voting, either in person or in proxy, at the Scheme Court Meeting (or any adjournment thereof) representing not less than 75 per cent. of the votes cast on the resolution;
- the Performance Right Scheme being approved by a majority in number of the Performance Right Rightholders present and voting, either in person or in proxy, at the Performance Right Scheme Meeting (or any adjournment thereof) representing not less than 75 per cent. of the votes cast on the resolution;
- no "Target Material Adverse Change" or "Target Prescribed Occurrence" occurring (unless it is capable of being remedied, and is so remedied within a specified period) before 8.00 a.m. on date of the Second Court Hearing;
- the Share Scheme and the Performance Right Scheme both being approved by the Court in accordance with the Corporations Act; and
- Admission becoming effective by no later than 16 June 2011 (or such later date as Sportingbet and Centrebet may agree).

Each of the Directors is supportive of the Proposals and the Directors have irrevocably undertaken to vote in favour of all of the Resolutions in respect of his own beneficial Shareholding to the extent that he has any such holding, which in aggregate amount to 5,066,332 Ordinary Shares representing approximately 1 per cent. of the Ordinary Shares in issue as at 25 May 2011.

The Prospectus concerning the Acquisition and the Firm Placing and the Placing and Open Offer is expected to be sent to Shareholders tomorrow. Further details of the Proposals are set out in this announcement and in the Prospectus.

Readers are referred to the important notice below that applies to this announcement. Unless otherwise stated, references to time contained in this announcement are to UK time. This announcement has been issued by and is the sole responsibility of Sportingbet Plc.

**For further information contact:**

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**ISM Capital LLP**

Edward Males  
Michael Coakley

Tel: 020 7938 8980

There is a presentation for analysts and investors today at 12.00 p.m. (midday) at the offices of Sportingbet: 45 Moorfields, London EC2Y 9AE. In addition, there will be a live audio webcast available at [www.sportingbetplc.com](http://www.sportingbetplc.com). Registration will be made available 20 minutes prior to the presentation start time.

## IMPORTANT NOTICE

**This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document. Nothing in this announcement should be interpreted as a term or condition of the Proposals. Investors should not subscribe for or purchase any New Shares except on the basis of the information contained in the Prospectus expected to be published tomorrow and incorporated by reference into the Prospectus. The Prospectus, when published, will be made available on Sportingbet's website and will be submitted to the National Storage Mechanism and be available for inspection at <http://www.hemscott.com/nsm.do>.**

**This announcement does not constitute or form part of any offer or invitation to purchase, or otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security in the capital of the Company in any jurisdiction.**

The information contained in this announcement is not for release, publication or distribution, directly or indirectly, in whole or in part, to persons in the United States, Canada, Australia, Japan, New Zealand or The Republic of South Africa or in any jurisdiction where to do so would breach any applicable law. The New Shares and Convertible Bonds have not been and will not be registered under the securities laws of such jurisdictions and may not be offered, sold, taken up, exercised, resold, renounced, transferred, distributed or delivered, directly or indirectly, within such jurisdictions except pursuant to an exemption from and in compliance with any applicable securities laws.

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The New Shares and Convertible Bonds have not been and will not be registered under the US Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States or under any securities laws of any other Excluded Jurisdiction. The New Shares and Convertible Bonds have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Firm Placing and Placing and Open Offer or the Convertible Bond Issue or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence. The Basic Entitlements, the Excess CREST Open Offer Entitlements and Applications Forms may not be sold, resold, taken up, transferred, delivered or distributed directly or indirectly, within the United States or any of the other Excluded Jurisdictions. Accordingly the Firm Placing and Placing and Open Offer and the Convertible Bond Issue is not being extended into the United States or any of the other Excluded Jurisdictions and Application Forms will not be sent to Excluded Non-CREST Shareholders, nor will any Basic Entitlements or Excess CREST Open Offer Entitlements be credited to a stock account in CREST of Excluded CREST Shareholders.

The availability of the Firm Placing and Placing and Open Offer and the Convertible Bond Issue to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

Oriel Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority is acting as sponsor, financial adviser and broker exclusively for the Company and no-one else in relation to the Firm Placing and Placing and Open Offer and is not, and will not be, responsible to anyone other than for the Company for providing the protections afforded to its clients or for providing advice in relation to the Firm Placing and Placing and Open Offer or any other matters referred to in this announcement.

ISM Capital is acting for the Company and no one else in connection with the Convertible Bond Issue and will not regard any other person as its client in relation to the Convertible Bond Issue and will not be responsible to anyone other than the Company for providing advice in relation to the Convertible

Bond Issue, the contents of the listing particulars relating to the Convertible Bonds or any transaction or arrangement or other matter referred to in those listing particulars.

This announcement has been issued by, and is the sole responsibility of, Sportingbet Plc. Apart from the responsibilities and liabilities, if any, which may be imposed by the FSMA, neither Oriel Securities, ISM Capital nor any of their affiliates, parent undertakings, subsidiary undertakings or subsidiaries of their parent undertakings or any of their respective directors, officers, employees or advisers or any other person accepts any responsibility whatsoever and makes no representation or warranty, express or implied, for or in respect of the contents of this announcement or as to the accuracy or completeness or fairness of the information or opinions contained in this announcement and, without prejudice to the generality of the foregoing, no responsibility or liability is accepted by any of them for any such information or opinions or for any errors or omissions.

This announcement has been prepared for the purposes of complying with the applicable law and regulation of the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

### **FORWARD LOOKING STATEMENTS**

This announcement and some of the materials distributed in connection with this announcement may include statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms such as anticipates, believes, estimates, expects, intends, may, plans, projects, should or will, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They may appear in a number of places and include, but are not limited to, statements regarding the intentions, beliefs or current expectations of Sportingbet or any of its directors, concerning, amongst other things, the Sportingbet Group's or Centrebet Group's results of operations, financial position, prospects, growth, strategies and expectations for the markets within which the Sportingbet Group and the Centrebet Group operate.

Forward-looking statements are not guarantees of future performance. Any forward-looking statements reflect Sportingbet's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Sportingbet Group's and the Centrebet Group's operations, results of operations and growth strategy.

No statement in this announcement is intended to be a profit forecast or to imply that earnings of the Company or Centrebet for the current year or future years will necessarily match or exceed the historical or published earnings of the Company or Centrebet.

You are advised to read this announcement and, once available, the Prospectus and the information incorporated by reference therein in their entirety for a further discussion of the factors that could affect the Sportingbet Group's and the Centrebet Group's future performance and the industries in which they operate. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

Subject to the requirements of the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules, none of Sportingbet, the Directors, Oriel Securities or ISM Capital undertake any obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in Sportingbet's or Centrebet's expectations or to reflect events or circumstances after the date of this document. A number of factors could cause results and developments of the Sportingbet Group and/or the Centrebet Group to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors to be set forth in the Prospectus.



Neither the content of Sportingbet or Centrebet's websites (or any other website) nor any website accessible by hyperlinks on Sportingbet or Centrebet's websites (or any other website) is incorporated in, or forms part of, this announcement.

Any person receiving this announcement is advised to exercise caution in relation to the Proposals. If in any doubt about any of the contents of this announcement, independent professional advice should be obtained.

This summary should be read in conjunction with the full text of the announcement which follows.

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**THIS ANNOUNCEMENT, WHICH DOES NOT CONSTITUTE A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT, IS NOT AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES AND NEITHER THIS ANNOUNCEMENT NOR ANYTHING HEREIN FORMS THE BASIS FOR ANY CONTRACT OR COMMITMENT WHATSOEVER. THERE WILL BE NO PUBLIC OFFER OF NEW SHARES OR CONVERTIBLE BONDS IN THE UNITED STATES OR ANY OTHER EXCLUDED JURISDICTION. OUTSIDE THE UNITED STATES THE NEW SHARES AND CONVERTIBLE BONDS ARE BEING OFFERED IN RELIANCE ON REGULATIONS UNDER THE US SECURITIES ACT.**

**THE DEFINED TERMS SET OUT IN APPENDIX I APPLY IN THIS ANNOUNCEMENT.**

**26 May 2011**

**Sportingbet Plc  
("Sportingbet" or the "Company")**

**Proposed Firm Placing and Placing and Open Offer, Proposed Acquisition of Centrebet International Limited ("Centrebet"), Proposed Convertible Bond Issue and Notice of General Meeting**

**Introduction**

The Board of Sportingbet announces that they have agreed with the board of Centrebet the terms of a recommended proposal by the Sportingbet Group to acquire the entire issued and to be issued share capital of Centrebet. The Acquisition will be effected by way of two schemes of arrangement under Australian law and will be made by Sportingbet Australia, a wholly-owned subsidiary of Sportingbet.

The Consideration payable under the Acquisition will be funded by the proceeds of the Firm Placing and Placing and Open Offer and the Convertible Bond Issue. The Board announces that Sportingbet intends to raise gross proceeds of £65 million by the issue of 154,761,904 New Shares through the Firm Placing and the Placing and Open Offer at 42 pence per New Share. The Firm Placing and Placing and Open Offer is being fully underwritten by Oriel Securities subject to, and in accordance with, the terms and conditions of the Placing Agreement. The Issue Price represents a discount of approximately 6.1 per cent. to the Closing Price of 44.75 pence per Ordinary Share on 25 May 2011 (being the last business day before this announcement). The Board also announces that Sportingbet intends to raise gross proceeds of £65 million by the issue of £65 million nominal value of Convertible Bonds. Sportingbet intends to raise, through the New Issue and the Convertible Bond Issue, gross proceeds of £130 million (approximately £118.5 million net of expenses). The Convertible Bond Issue is not underwritten. Neither the New Issue nor the Convertible Bond Issue is conditional on completion of the Acquisition.

The Acquisition constitutes a Class 1 transaction (as defined in Chapter 10 of the Listing Rules) for Sportingbet and requires the approval of Shareholders pursuant to the Listing Rules. The Firm Placing and the Placing and Open Offer and the Convertible Bond Issue also require the approval of Shareholders as the current authorities conferred on the Directors under the 2006 Act to issue Ordinary Shares are insufficient to implement the New Issue and the Convertible Bond Issue. Accordingly, the General Meeting has been convened for 11.00 a.m. on 13 June 2011 at the offices of Sportingbet at 4th Floor, 45 Moorfields, London EC2Y 9AE at which the Resolutions will be proposed. An explanation of the Resolutions to be proposed at the meeting is set out later in this announcement.

The Board unanimously considers that the Proposals are in the best interests of Sportingbet and recommends that Shareholders vote in favour of all the Resolutions.

The Acquisition is also conditional on the approval of Centrebet Shareholders and Performance Rightholders and the sanction of the Schemes by the Court. The Schemes are expected to become effective on 23 August 2011, and the Acquisition to complete, on 31 August 2011.

### **Background to and reasons for the Acquisition**

Sportingbet's strategy is to provide a first-class online sports betting product to a geographically-diverse customer base. Sportingbet supplements its principal activity in sports betting with secondary revenue streams from its casino and games and poker products.

Sportingbet's growth strategy is to continue to take advantage of both increasing broadband penetration and of the general growth in the global sports betting market. Sportingbet is focused on providing coverage of new leagues, games and betting markets for all major sports covering all global time zones.

The Directors believe that the Acquisition is in line with this strategy and believe that Centrebet has a number of important attractions for Sportingbet, including those set out in the next paragraph.

The Acquisition will create a more balanced, resilient, global business with aggregated revenues for the Enlarged Group for FY2010 of £246.6 million on a pro forma basis (unaudited pro forma financial information for the Enlarged Group is set out in the Prospectus). The Directors believe that the Acquisition will enhance earnings on Ordinary Shares in the first full financial year post integration (being the financial year ending 31 July 2013).

On the basis of the consideration payable by Sportingbet to Centrebet Shareholders and Performance Rightholders on completion of the Acquisition, Centrebet is valued at approximately AUD\$183 million. This represents an attractive multiple of 8 times historic EBITDA for FY2010 (excluding share based payment charges).

### ***Regulated markets***

Since Sportingbet's move to the Official List in May 2010, the Directors have been examining ways of participating in industry consolidation with a view to deriving an increased proportion of the Sportingbet Group's gaming revenue from regulated markets.

Centrebet operates principally in Australia which is a regulated market and has one of the highest proportions of regulated revenues in the online gaming sector. The Acquisition will improve Sportingbet's business mix between regulated and non-regulated income. Specifically, the Acquisition is expected to increase the Enlarged Group's proportion of net gaming revenue received from regulated markets (principally the UK and Australia) from approximately 22 per cent. to over 30 per cent. (with a further potential increase to over 50 per cent. following expected Greece and Spain regulation).

Sportingbet has achieved online revenue growth in Australia of 136 per cent. since FY2008. The Directors believe that there are long term benefits associated with doing business in regulated markets such as Australia.

### ***Australian business***

Centrebet is a strong and recognisable brand in Australia that would complement Sportingbet's existing Australian brand. Centrebet's product offering enhances Sportingbet's, since Sportingbet's Australian business is focused on horse-racing whilst Centrebet has a stronger focus on other sports with a strong risk management function.

The Acquisition will establish Sportingbet as the leading corporate betting provider (by Amounts Wagered) in Australia. On a pro forma basis, Australia will contribute 27 per cent. of the Enlarged Group's net gaming revenue, compared to 18 per cent. pre-Acquisition. As Australia is in a different economic cycle to Europe, an increase in Australian net gaming revenue will diversify Sportingbet's exposure to the European cycle.

The Australian market is fast growing as the relaxation of prohibitions on advertising allow the attraction of new customers. Centrebet has experienced high online revenue growth in Australia of 23 per cent. in H1 2011. Centrebet's Australian new depositing clients are up 92 per cent. and active clients are up 46 per cent. in H1 2011.

Over time, growth may be even stronger if the Australian government were to allow poker, casino and in:running products to be offered online.

### **Synergies**

If the Schemes are implemented, Sportingbet intends to merge the Australian operations of Centrebet and Sportingbet into a single unified business structure (consolidating back office infrastructure and support functions), under a unified board structure and senior management team. Sportingbet's intention is that the Centrebet brand will be maintained and will continue to be operated for the foreseeable future, together with the Sportingbet brand, under a dual brand strategy.

Sportingbet has conducted a high level general review of the operations, assets and employees of Centrebet. This has led to the identification of significant potential synergies in merging its Australian business with that of Centrebet, based on the centralisation of operating functions and infrastructure and reduced IT development projects as the Enlarged Group moves to operate from a single IT platform.

The proposed Acquisition is expected to yield synergies of £11.2 million per annum (which the Directors intend to implement in FY 2011/2012 and the full impact of which the Directors believe will be achieved in FY 2012/2013).

The tax effect on these synergies is expected to be neutral, and £1.8 million of these synergies will be offset by the cost of closing Centrebet's Norwegian business as referred to below. The cost of obtaining these synergies is expected to be £5 million.

After implementation of the Schemes, Sportingbet will conduct a more detailed review of the operations, assets and employees of the Enlarged Group's Australian operations. Final decisions on operations, assets and employment will only be reached after that review has been conducted and in light of all material facts, information and circumstances available at that time.

Upon implementation of the Schemes, it is the intention of Sportingbet that Centrebet's head office will remain in Sydney, Australia, and will be merged with Sportingbet's Sydney office, at a premises considered to be most beneficial to the business, the location of which is yet to be determined.

It is intended that the Board will remain unchanged following completion of the Acquisition. The composition of the Enlarged Group's Australian management team will be reviewed over a period of time following completion of the Acquisition. Sportingbet recognises that Centrebet has a significant pool of talent in Australia and that combining this with Sportingbet's own Australian business is an attractive prospect. However, given Sportingbet also operates a significant business in Australia, there is likely to be some attrition of employees from the Enlarged Group after completion of the Acquisition.

In line with Sportingbet's current stance in relation to the Norwegian market, and based on the current regulatory regime in that country, Sportingbet intends to cease taking bets from the Norwegian market

within six weeks of completion of the Acquisition and to effect a withdrawal of Centrebet from the Norwegian market as soon as reasonably practicable thereafter. As noted above, £1.8 million of the synergies will be offset by the cost of closing Centrebet's Norwegian business.

### Information on Centrebet

The principal activity of Centrebet is the provision of online wagering products to the domestic and international sports and race betting market, as well as online poker and casino products to Centrebet's overseas customers and the provision of fixed odds management services to third parties.

Centrebet's largest market is the domestic Australian market, with Australian revenue as a proportion of total revenue having grown from 53 per cent. in the financial year ended 30 June 2009 to 68 per cent. in the financial year ended 30 June 2010.

The table below summarises the historical results of Centrebet for the three years to 30 June 2010. This information is intended as a summary only. Investors should read the whole of the Prospectus and not rely solely on the key or summarised information.

	<i>Year ended 30 June</i>		
	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>AUD\$m</i>	<i>AUD\$m</i>	<i>AUD\$m</i>
Revenue			
Online	57.9	62.7	67.7
Fixed odds management services	–	0.2	2.2
On-course	4.8	3.3	0.7
Total Revenue	<u>62.7</u>	<u>66.2</u>	<u>70.6</u>
Other Income	2.3	2.0	1.7
Expenses			
Marketing costs	8.9	13.4	11.9
Betting costs	9.0	10.4	10.8
Other costs	29.4	32.6	28.2
Total expenses	<u>47.3</u>	<u>56.4</u>	<u>50.9</u>
EBITDA (as published)	<u>17.7</u>	<u>11.8</u>	<u>21.5</u>
EBITDA (excluding interest receivable)	16.1	10.7	20.6
Depreciation & Amortisation	2.2	2.0	3.1
EBIT (as published)	<u>15.5</u>	<u>9.8</u>	<u>18.4</u>
EBIT (excluding interest receivable)	13.9	8.7	17.5
Financing expenses	0.6	1.2	(0.2)
Operating Profit Before Tax	<u>14.9</u>	<u>8.6</u>	<u>18.6</u>
Income tax expense	1.9	0.3	4.0
Net Profit After Tax	<u>13.0</u>	<u>8.3</u>	<u>14.6</u>

The value of the Centrebet Group's gross assets as at 30 June 2010 was approximately AUD\$106.1 million. Profit of the Centrebet Group before income tax for the financial year ended 30 June 2010 was approximately AUD\$18.6 million.

### Current Trading and Prospects

#### **Sportingbet**

As announced today, the Sportingbet Group's results for the three months ended 30 April 2011 were in line with the Sportingbet Group's plan for the financial year. EBITDA in the quarter increased from £14.9 million to £16.1 million, despite European sports margin being below its long term average. For both the quarter and the six months ended 31 January 2011, operating profit was ahead of last year and in line with management expectations. Based on the Sportingbet Group's robust performance for

the three months to 30 April 2011 and trading since that date, the Board continues to remain confident of the full financial year outcome.

### **Centrebet**

The Centrebet Group achieved net profit after tax of AUD\$1.8 million for the six months ended 31 December 2010 compared to AUD\$6.3 million in the first half of the 2010 financial year.

Total revenues for the six months to 31 December 2010 were up by AUD\$1.4 million to AUD\$33.3 million compared to AUD\$31.9 million for the same period last year. Total expenses for the six months to 31 December 2010 were up AUD\$5.1 million to AUD\$29.6 million due mainly to:

- AUD\$1.9 million increase in advertising and promotion costs as part of Centrebet's strategic plan announced in November 2010;
- AUD\$1.2 million increase in betting costs due mainly to an increase in product fees accrued following the Full Federal Court's unfavourable Sportsbet decision which endorsed the imposition by New South Wales racing authorities on wagering operators, as a condition of the grant of approvals to use "race field information", of a fee based on a percentage of the total bets placed with any wagering operator on certain New South Wales races;
- AUD\$2.1 million increase in other costs made up of:
  - AUD\$0.8 million increase in employee benefits expense;
  - AUD\$0.6 million increase in bank and merchant facility fees; and
  - AUD\$0.7 million increase in all other expenses.

Finance expenses also increased by AUD\$0.5 million due to increased foreign exchange costs associated with processing Norwegian client transactions.

### **Centrebet profit estimate**

On 9 November 2010, Centrebet announced a five-year strategic plan. Centrebet's 9 November 2010 announcement and the five-year strategic plan presentation dated 9 November 2010 published by Centrebet on its website contained certain profit estimates in relation to Centrebet. Such profit estimates were also repeated in Centrebet's 23 February 2011 results announcement for the six months ended 31 December 2010. These profit estimates will not be valid following completion of the Acquisition, as Sportingbet does not intend to implement the five-year strategic plan set out in the announcement and presentation referred to above and to which the profit estimates relate, nor does Sportingbet intend to operate the Centrebet business in the manner in which it is currently operated.

### **Principal Terms of the Firm Placing and Open Offer**

Sportingbet intends to issue 78,894,721 of the New Shares through the Firm Placing and 75,867,183 of the New Shares through the Placing and Open Offer at 42 pence per New Share to raise gross proceeds of approximately £65 million. In each case, the New Shares have been conditionally placed with institutional and other investors by Oriel Securities (subject, in the case of the Conditional Placing Shares, to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer). The New Issue is being fully underwritten by Oriel Securities, subject to, and in accordance with, the terms and conditions of the Placing Agreement. The New Issue is not conditional on completion of the Acquisition.

The Issue Price was set having regard to prevailing market conditions and the size of the Firm Placing and Placing and Open Offer. The Issue Price of 42 pence per New Share represents a discount of approximately 6.1 per cent. to the Closing Price of 44.75 pence per Ordinary Share on 25 May 2011 (being the last trading day prior to the date of this announcement).

The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Ordinary Shares in issue at the time the New Shares are issued pursuant to the Firm Placing and the Placing and Open Offer, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after Admission.

The New Issue will result in the issue of 154,761,904 New Shares (representing approximately 31 per cent. of the ordinary share capital of the Company prior to Admission, and approximately 23 per cent. of the Enlarged Ordinary Share Capital after Admission).

### ***Firm Placing***

The Firm Placees required the Firm Placing in order to give them certainty as to the size of their shareholding in Sportingbet following the New Issue. The Firm Placees have conditionally agreed to subscribe for 78,894,721 of the New Shares at the Issue Price (representing gross proceeds of approximately £33.1 million and approximately 11.9 per cent. of the Enlarged Ordinary Share Capital). The Firm Placing Shares are not subject to clawback to satisfy the valid applications by Qualifying Shareholders under the Open Offer and are not part of the Placing and Open Offer.

### ***Placing and Open Offer***

49.0 per cent. of the New Shares are being offered to existing Qualifying Shareholders by way of the Open Offer. The Open Offer provides an opportunity for Qualifying Shareholders to participate in the New Issue by subscribing for their respective Basic Entitlements and also by subscribing for Excess Shares under the Excess Application Facility, subject to availability. Under the Placing and Open Offer, Sportingbet intends to issue 75,867,183 New Shares at the Issue Price (representing gross proceeds of approximately £31.9 million and approximately 11.5 per cent. of the Enlarged Ordinary Share Capital).

As part of the Placing and Open Offer, 75,867,183 of the New Shares are being allocated to Conditional Placees who have agreed to subscribe for the Conditional Placing Shares pursuant to the Placing. However, the Conditional Placing Shares are subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer.

In the event that valid applications are not received in respect of any of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares will first be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and, to the extent that there remain any unallocated Open Offer Shares, they will be treated as Conditional Placing Shares and issued to Conditional Placees.

### ***Basic Entitlements***

Qualifying Shareholders are being offered the opportunity to subscribe at the Issue Price for Open Offer Shares on the following basis:

#### **0.15 Open Offer Shares for every 1 Existing Ordinary Share**

registered in their name at the close of business on the Record Date.

Basic Entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares and any fractional entitlements to an Open Offer Share will not be allocated but will be aggregated and sold for the benefit of Sportingbet under the Excess Application Facility and/or the Placing.

If you have sold or otherwise transferred all of your Existing Ordinary Shares before the Ex-Entitlement Date, you are not entitled to participate in the Open Offer.

Qualifying Shareholders are also being offered the opportunity to subscribe for Excess Shares in excess of their Basic Entitlements under the Excess Application Facility as described below.

### ***Excess Application Facility***

Subject to availability, the Excess Application Facility is intended to enable Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Basic Entitlements up to a maximum number of Excess Shares equal to approximately 10 times the number of Existing Ordinary Shares registered in their name at the Record Date. Qualifying Non-CREST Shareholders who wish to apply

to subscribe for more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlements will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to the Prospectus for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Applications under the Excess Application Facility may be allocated in such manner as the Directors determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part, or at all.

### ***Dilution***

If a Qualifying Shareholder does not take up any of his Basic Entitlements, such Qualifying Shareholder's holding will be diluted by approximately 23.4 per cent. as a result of the Firm Placing and the Placing and Open Offer.

Qualifying Shareholders who take up their Basic Entitlements in full in respect of the Open Offer will suffer dilution of approximately 11.9 per cent. to their shareholdings in Sportingbet as a result of the Firm Placing, assuming that they do not participate at all in either the Firm Placing and do not apply for Excess Shares under the Excess Application Facility.

### ***Conditionality***

The New Issue is subject to New Issue Conditions being satisfied, which include:

- the passing of the Resolutions without amendment;
- the Placing Agreement having become unconditional in all respects save for the condition relating to Admission;
- completion of the Convertible Bond Issue; and
- Admission becoming effective by not later than 8.00 a.m. on 16 June 2011 (or such later time and date as Sportingbet and Oriel Securities may agree, not being later than 8.00 a.m. on 23 June 2011).

Admission will not occur if the New Issue Conditions, including completion of the Convertible Bond Issue, are not satisfied or waived. The New Issue Condition relating to completion of the Convertible Bond Issue will not be waived without publication of a supplementary prospectus by the Company pursuant to section 87G of FSMA.

The New Issue is not conditional upon completion of the Acquisition. If completion of the Acquisition does not occur, which Sportingbet believes is unlikely, Sportingbet's current intention is that the net proceeds of the New Issue will be invested on a short-term basis while Sportingbet considers how the net proceeds of the New Issue (after deduction of the expenses and costs incurred by the Company in connection with the Proposals) will be returned to Shareholders (taking into account, amongst others, the tax implications for Shareholders). Any such return is likely to be made on a pro-rata basis to all Shareholders.

Prior to Admission, Oriel Securities may terminate the Placing Agreement in certain defined circumstances. A description of the material terms of the Placing Agreement is set out in the Prospectus. Following Admission, the Placing Agreement cannot be terminated.

If the conditions of the Placing Agreement are not fulfilled on or before 8.00 a.m. on 16 June 2011 (or such later date as Oriel Securities and the Company may agree, not being later than 8.00 a.m. on 23 June 2011), application monies will be returned to Applicants (at the Applicant's risk) without interest as soon as possible thereafter.

### ***Structure of the Firm Placing and Placing and Open Offer***

The structure of the Firm Placing and Placing and Open Offer is expected to have the effect, if completion of the Acquisition does not occur, of creating distributable reserves equal to the net proceeds of the Firm Placing and Placing and Open Offer less the par value of the New Shares. For

technical reasons, at the conclusion of the Firm Placing and Placing and Open Offer, instead of issuing New Shares to Applicants and placees in return for cash subscriptions, Sportingbet will issue the New Shares to Applicants and placees in consideration for the transfer to it by Oriel Securities (the "Newco Subscriber") of the issued ordinary shares of Newco held by the Newco Subscriber and the entire issued redeemable preference share capital of Newco, which will result in Sportingbet owning the entire issued share capital of Newco the only assets of which will be its cash resources. These resources will represent the net proceeds of the Firm Placing and Placing and Open Offer. Sportingbet will be able to utilise this amount by redeeming the redeemable preference shares it will then hold in Newco and, during any interim period prior to redemption, by procuring that Newco lends the amount to Sportingbet or another member of the Sportingbet Group. Further details of this procedure are set out in the Prospectus, which describes the agreements governing the procedure.

Accordingly, by applying for New Shares in the Open Offer and submitting a valid payment in respect thereof, a Qualifying Shareholder instructs the Receiving Agent to (i) hold such payments on the Applicant's behalf until Admission and, if Admission does not take place, to return such payment, without interest, to the Applicant, (ii) following Admission and to the extent of a successful application under the Open Offer, to apply such payment (after deduction of certain agreed fees, costs and expenses) on behalf of the Newco Subscriber solely for the purposes of acquiring preference shares in Newco and (iii) to the extent of an unsuccessful application under the Open Offer, to return the relevant payment without interest to the Applicant.

### **Important notice**

The New Shares are not being made available in whole or in part to the public except under the terms of the Open Offer and the Excess Application Facility. Neither the Open Offer nor the Excess Application Facility is being made to Shareholders who are citizens of or resident or located in the United States, any other Excluded Jurisdiction or in any other jurisdiction in which such an offer or solicitation would be unlawful. Accordingly, Application Forms are being sent to Qualifying Non-CREST Shareholders and Basic Entitlements and Excess CREST Open Offer Entitlements are being credited to Qualifying CREST Shareholders.

Neither the Open Offer nor the Excess Application Facility is a rights issue. Invitations to apply under the Open Offer and the Excess Application Facility are not transferable unless to satisfy *bona fide* market claims and the Application Form is not a document of title and cannot be traded. Qualifying Shareholders should be aware that, in the Open Offer and the Excess Application Facility, unlike in the case of a rights issue, any Open Offer Shares that are not applied for under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders, but will be taken up under the Excess Application Facility and/or issued to Conditional Placees, with the proceeds retained for the benefit of Sportingbet.

To be valid, completed Application Forms and payment in full must be received by Capita Registrars no later than 11.00 a.m. on 13 June 2011. Further information on the Open Offer, including the procedure for application and payment, is set out in the Prospectus and, where applicable, the Application Form.

### **Convertible Bond Issue**

Sportingbet intends to issue the Convertible Bonds at an issue price of 100 per cent. of nominal value to raise gross proceeds of £65 million.

The Convertible Bonds have been placed with institutional investors by ISM Capital and will not be offered to Shareholders. The Convertible Bond Issue is not underwritten. Application will be made for the Convertible Bonds to be admitted to the Official List of the UK Listing Authority and to trading on the Professional Securities Market of the London Stock Exchange. The issue of the Convertible Bonds is not conditional on such admission being obtained.

The Convertible Bonds will be convertible into Ordinary Shares conditional on (among other things) the passing of the Resolutions and completion of the Acquisition by 30 November 2011 (or such later date as may be approved by an extraordinary resolution of bondholders) at a conversion price of £0.5040 (subject to adjustment in certain circumstances). Subject to customary event of default



provisions, the Convertible Bonds are not redeemable prior to completion of the Acquisition, provided that if the Resolutions are not passed or the Acquisition does not complete by 30 November 2011 (or such later date as may be approved by an extraordinary resolution of bondholders), Sportingbet will redeem the Convertible Bonds at their nominal value.

The Convertible Bonds will bear interest on their nominal amount for the time being outstanding from their date of issue at the rate of 7 per cent. per annum payable semi-annually in arrears. The Convertible Bonds may be purchased by the Company or redeemed in advance of their maturity at the option of the Company, the bondholders or the bond trustee in certain circumstances. If, at any time after 8 June 2014, the middle market price of the Ordinary Shares is 30 per cent. or more above the prevailing conversion price for at least 20 consecutive dealing days, the Company will be entitled to redeem their Convertible Bonds at nominal value.

All Convertible Bonds not previously redeemed, purchased or converted will be redeemed by the Company on 8 June 2016 at their nominal value.

The Subscription Agreement may be terminated by ISM Capital upon the occurrence of certain specified events, including but not limited to material adverse change and force majeure, but only prior to the issue of the Convertible Bonds.

Further details of the Subscription Agreement and the trust deed that will constitute the Convertible Bonds are set out in the Prospectus.

### **Principal Terms of the Acquisition**

The Acquisition will be implemented by way of two Schemes under Australian law and will be made by Sportingbet Australia, a wholly-owned subsidiary of Sportingbet. Under the terms of the Schemes:

- Centrebet Shareholders will receive AUD\$2 for every one Centrebet Ordinary Share held as at the Share Scheme Record Date; and
- Performance Rightholders will receive AUD\$2 for every one Performance Right held as at the Performance Right Scheme Record Date.

On this basis, Centrebet is valued at approximately AUD\$183 million. This represents a premium per Centrebet Ordinary Share of approximately 11 per cent. calculated by comparing the implied price per Centrebet Ordinary Share as stated above with the Centrebet Ordinary Share price of 180 cents on the ASX at market close on 25 May 2011, being the last trading day prior to announcement of the Schemes and the Acquisition.

In addition to the above, Centrebet Shareholders and Performance Rightholders will receive as additional consideration for the Centrebet Ordinary Shares and Performance Rights held by them respectively as at the Share Scheme Record Date and Performance Right Scheme Record Date, an entitlement to be distributed any proceeds recovered from a successful prosecution or settlement of the Centrebet GST Claim. The maximum additional consideration receivable by the Centrebet Shareholders and Performance Rightholders if the Centrebet GST Claim is fully successful and the full AUD\$90.7 million claimed by Centrebet Pty Limited is recovered is AUD\$81.6 million (less certain agreed costs, liabilities and expenses). Further details of this entitlement are set out below in this announcement. Further details of the Centrebet GST Claims are set out in the Prospectus.

The Acquisition is subject to the Acquisition Conditions being satisfied, which, in accordance with the Scheme Implementation Agreement, will include:

- an independent expert's report commissioned by Centrebet's board of directors for inclusion in Scheme Document concluding that the Share Scheme is in the best interests of Centrebet Shareholders and the Performance Right Scheme is in the best interests of Performance Rightholders;
- approval of the Acquisition by certain regulatory bodies including the ACCC and the Northern Territory Racing Commission;
- the counterparties to certain Centrebet Group contracts consenting to the Acquisition;

- the Acquisition and the Firm Placing and Placing and Open Offer being approved by ordinary resolution of the Shareholders;
- Sportingbet having raised enough funds to pay the cash component of the Consideration;
- the Share Scheme being approved by a majority in number of the Scheme Shareholders present and voting, either in person or in proxy, at the Share Scheme Meeting (or any adjournment thereof) representing not less than 75 per cent. of the votes cast on the resolution;
- the Performance Right Scheme being approved by a majority in number of the Performance Rightholders present and voting, either in person or in proxy, at the Performance Rights Scheme Meeting (or any adjournment thereof) representing not less than 75 per cent. of the votes cast on the resolution;
- no "Target Material Adverse Change" or "Target Prescribed Occurrence" occurring (unless it is capable of being remedied, and is so remedied within a specified period) before 8.00 a.m. on date of the Second Court Hearing;
- the Share Scheme and the Performance Right Scheme both being approved by the Court in accordance with the Corporations Act; and
- Admission becoming effective by no later than 16 June 2011 (or such later date as Sportingbet and Centrebet may agree).

"Target Material Adverse Change" is any event, occurrence or matter which, either individually or when aggregated with other like events, occurrences or matters, has had, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Centrebet Group, or to the status or terms of any material contract entered into by any member of the Centrebet Group or to the status or terms of any consent or authorisation that is applicable to the Centrebet Group or its business, in each case where that change has either reduced or is reasonably likely to reduce by at least AUD\$2.3 million the recurring earnings before interest, tax, depreciation and amortisation (EBITDA) of the Centrebet Group for any twelve consecutive months or the net assets of the Centrebet Group by at least AUD\$12 million (subject to certain exceptions).

"Target Prescribed Occurrence" includes the occurrence of certain events in relation to any member of the Centrebet Group including, among others, certain changes to its business and/or share capital; insolvency; the threat of new litigation; certain contracts or gambling licences ceasing to be in full force and effect (other than as a result of an act or omission of Sportingbet); or a person acquiring an interest in 20 per cent. or more of the Centrebet Ordinary Shares.

Under Centrebet's employee incentive plan, certain Centrebet directors and employees have been issued Performance Rights. Subject to the satisfaction of certain performance hurdles, the Performance Rights vest three years after their date of issue.

On exercise of a vested Performance Right:

(a) in respect of Centrebet directors and employees employed in a Centrebet office within Australia, an ordinary share in the capital of Centrebet is issued to that Performance Rightholder; and

(b) in respect of Centrebet directors and employees employed in a Centrebet office outside Australia, a cash payment of an amount equal to the value of a Centrebet Ordinary Share is paid to that Performance Rightholder.

In each case, the Performance Rights have no exercise price that is payable on issue of the Centrebet Ordinary Shares.

As part of the proposed Performance Right Scheme, all Performance Rights will be cancelled or transferred to Sportingbet (as the case may be). Holders of Performance Rights will be paid AUD\$2.00 and will be entitled to participate in the proceeds (if any) from the Centrebet GST Claim referred to earlier in this announcement in respect of each such Performance Right cancelled or transferred.

Centrebet has indicated that its indirectly wholly owned subsidiary ("**Centrebet SubCo**") has made, or will shortly make, a claim against the Australian Commissioner of Taxation for a GST refund and the benefit of carry forward losses. The claim has been made on the basis that the amount of GST

accounted for by Centrebet SubCo in the period up to and including March 2010 was in excess of that which Centrebet SubCo was legally required to account for having regard to the relevant law applying in that period (the "**Centrebet GST Claim**"). The Centrebet GST Claim has not been paid by the Australian Commissioner of Taxation and Centrebet has indicated that Centrebet SubCo has filed, or proposes to file, a claim in the Federal Court of Australia against the Australian Commissioner of Taxation for the purposes of pursuing that claim.

In determining the consideration payable in respect of the Acquisition, Sportingbet has not ascribed any value to the contingent asset represented by the Centrebet GST Claim. It is proposed that, in the event that the Centrebet GST Claim is successful, an amount equal to 90 per cent. (less agreed costs, liabilities and expenses), of any monies received in respect of such claim as well as the value of any carry forward losses utilised shall be paid to the Scheme Shareholders and Performance Rightholders as additional consideration for the Acquisition, in accordance with the terms of a litigation management deed proposed to be entered into by Sportingbet Australia, Sportingbet, Centrebet, Centrebet SubCo and certain other parties in connection with the Centrebet GST Claim, the terms of which are contemplated under the litigation claim term sheet attached to the Scheme Implementation Agreement.

### **Implementation of the Schemes**

It is intended that the Acquisition will be effected by means of two separate but inter-dependent schemes of arrangement between:

- Centrebet and the Scheme Shareholders; and
- Centrebet and the Performance Rightholders,

both under Australian law. The Schemes involve applications by Centrebet to the Court to sanction the Schemes, as well as obtaining approval of the requisite majority of Centrebet Shareholders (in the case of the Share Scheme) and Performance Rightholders (in the case of the Performance Right Scheme) who are eligible to vote.

Centrebet has agreed to propose the Schemes to Centrebet Shareholders and Performance Rightholders and, subject to the requisite approvals being obtained, implement the Schemes, subject to the terms of the Scheme Implementation Agreement which is summarised in the Prospectus.

In accordance with the requirements of the Scheme Implementation Agreement, the Schemes will be subject to the Acquisition Conditions referred to above and the material terms and conditions of which are summarised in the Prospectus.

Following the Schemes becoming effective, Centrebet will become a wholly-owned subsidiary of Sportingbet Australia.

Each Scheme will only become effective following the filing with ASIC of the applicable Court order, when and if given. Upon the Schemes becoming effective, they will be binding on all Centrebet Shareholders and all Performance Rightholders, irrespective of whether or not they attended or voted at the Share Scheme Meeting or the Performance Rights Scheme Meeting.

The formal documentation setting out details of the Schemes, including the Scheme Document setting out the procedures to be followed to approve the Schemes, will be posted by Centrebet to all Centrebet Shareholders and all Performance Rightholders.

### **Admission to Trading of New Shares**

An application will be made to the UKLA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange's market for listed securities for such shares to be admitted to trading.

It is expected that Admission will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 16 June 2011.

No application is currently intended to be made for the Existing Ordinary Shares or the New Shares to be admitted to listing or dealt with on any other exchange.

Subject to the satisfaction of the New Issue Conditions, the New Shares to be issued under the Firm Placing and the Placing and Open Offer will be registered in the names of the persons to whom they are issued, either:

- in certificated form, with the relevant share certificate expected to be despatched by post, at the Applicant's risk, within 7 days of Admission; or
- in CREST, with delivery (to the designated CREST account) of the New Shares applied for expected to take place on 16 June 2011 unless Sportingbet exercises its right to issue New Shares in certificated form.

The results of the Open Offer will be announced on a Regulatory Information Service.

### **Cancellation of Trading of Centrebet Shares**

Immediately following the Schemes becoming effective, an application will be made for Centrebet's listing on the ASX to be cancelled and for trading in Centrebet Ordinary Shares on the ASX to cease. Cancellation is expected to become effective on 1 September 2011.

### **General Meeting**

At the General Meeting, the Resolutions will be proposed to:

- approve the Acquisition;
- grant the Directors authority pursuant to section 551 of the 2006 Act to allot Ordinary Shares and to grant rights to convert securities into Ordinary Shares in connection with the Proposals;
- disapply section 561 of the 2006 Act to grant the Directors authority to grant rights to convert securities into Ordinary Shares in connection with the Convertible Bond Issue free from statutory pre-emption rights; and
- approve the terms and conditions and the implementation of the Firm Placing and Placing and Open Offer.

The Resolutions are required in order to effect the Proposals.

The Company is calling the General Meeting on less than 21 days' notice as permitted by the enabling resolution passed at the Company's annual general meeting held on 17 December 2010. The Company considers doing so to be merited by the business of the meeting and considers proceedings to Admission and completion of the Acquisition as soon as possible, minimising the underwriting costs associated with the New Issue and minimising the risk of events arising which may result in the Acquisition not proceeding, to be to the advantage of Shareholders as a whole.

### **Voting Arrangements**

#### ***Sportingbet***

Each of the Directors has irrevocably undertaken to vote in favour of all of the Resolutions in respect of his own beneficial Shareholding to the extent that he has any such holding, which in aggregate amount to 5,066,332 Ordinary Shares representing approximately 1 per cent. of the Ordinary Shares in issue as at 25 May 2011 (being the last practicable date prior to this announcement).

#### ***Centrebet***

Subject to Sportingbet satisfying its own Shareholder approval and capital raising conditions precedent under the Scheme Implementation Agreement (as described earlier in this announcement), the directors of Centrebet will unanimously recommend to Scheme Shareholders and Performance Rightholders that they vote in favour of the Schemes at the Share Scheme Meeting or Performance Right Scheme Meeting (as applicable), in the absence of a superior proposal and subject to an

independent expert concluding that the Schemes are in the best interests of Scheme Shareholders and Performance Rightholders.

Sportingbet has received an indication that the Kafataris family (together holding 59.66 per cent. of all the ordinary shares in Centrebet) along with each of the directors of Centrebet intend to vote all the Scheme Shares and Performance Rights held or controlled by them in favour of the applicable Scheme at the Share Scheme Meeting or Performance Right Scheme Meeting (as applicable), subject to the qualifications set out in the paragraph above in relation to the recommendation of the directors of Centrebet.

### **Financial Advice**

The Board has received financial advice from Oriel Securities with respect to the Acquisition. In providing advice Oriel Securities have relied upon the commercial assessment of the Board.

### **Recommendation**

The Board considers that the Proposals and the Resolutions are in the best interests of the Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of all the Resolutions to be put to the General Meeting, as all Directors intend to do in relation to their own individual Shareholdings which amount in total to 5,066,332 Shares, representing approximately 1 per cent. of the existing issued share capital of Sportingbet as at 25 May 2011, the latest practicable date prior to this announcement.

### **Expected timetable of principal events**

The times set out in the expected timetable of principal events below and mentioned throughout this announcement are times in London unless otherwise stated, and may be adjusted by Sportingbet in consultation with or, if required, with the agreement of Oriel Securities, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Shareholders and holders of Convertible Bonds.

2011	
Record Date for Basic Entitlements	close of business on 25 May
Publication and posting of the Prospectus and Form of Proxy to Qualifying Shareholders and the Application Form to Qualifying Non-CREST Shareholders	27 May
Ex-Entitlement Date for the Open Offer	27 May
Basic Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	as soon as possible after 8.00 a.m. on 31 May
Recommended latest time for requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	4.30 p.m. on 7 June
Issue date for Convertible Bond Issue	9.00 a.m. on 8 June
Latest time for depositing Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 8 June
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 8 June

<b>Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments by registered Shareholders for the General Meeting</b>	11.00 a.m. on 10 June
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST Instruction (as applicable)</b>	11.00 a.m. on 13 June
<b>General Meeting</b>	11.00 a.m. on 13 June
Announcement of results of the General Meeting	13 June
Announcement of results of the Firm Placing and Placing and Open Offer	14 June
Admission of New Shares to the Official List and commencement of dealings in New Shares on the London Stock Exchange	by 8.00 a.m. on 16 June
CREST Members' accounts credited in respect of New Shares in uncertificated form	as soon as possible after 8.00 a.m. on 16 June
Despatch of definitive share certificates for New Shares in certificated form	within 7 days of Admission
First Court Hearing	12 July
Publication and posting of the Scheme Document to Centrebet Shareholders and Performance Rightholders	18 July
Share Scheme Meeting and Performance Rightholder Scheme Meeting	17 August
Second Court Hearing	22 August
Court Orders in respect of the Schemes lodged with ASIC/Effective Date of the Schemes	23 August
Scheme Record Dates for Centrebet Shareholders and Performance Rightholders	30 August
Cancellation of Centrebet's admission to trading on the ASX and cessation of dealings in Centrebet Ordinary Shares	31 August
Despatch of cheques in respect of the Share Scheme Consideration and Performance Right Scheme Consideration	1 September

#### **Other**

It is anticipated that a Prospectus providing further details of the Proposals and convening the General Meeting will be published tomorrow and posted to Shareholders. Copies of the Prospectus will be available from the registered office of Sportingbet at 4th Floor, 45 Moorfields, London, EC2Y 9AE. The Prospectus will also be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from the date of its publication until Admission at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW.

## APPENDIX 1

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

<b>"2006 Act"</b>	the Companies Act 2006, as amended
<b>"ACCC"</b>	the Australian Competition and Consumer Commission
<b>"Acquisition"</b>	the proposed acquisition by Sportingbet Australia, a wholly owned subsidiary of Sportingbet, of all the Centrebet Ordinary Shares and the Performance Rights by way of the Schemes
<b>"Acquisition Conditions"</b>	the conditions relating to the Acquisition which will be set out in the Prospectus
<b>"Admission"</b>	the admission of the New Shares to the premium listing segment of the Official List becoming effective in accordance with the Listing Rules and the admission of the New Shares to trading on the London Stock Exchange's market for listed securities becoming effective in accordance with the Admission and Disclosure Standards
<b>"Admission and Disclosure Standards"</b>	the "Admission and Disclosure Standards" of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission for their listed securities to trading on the London Stock Exchange's main market
<b>"Amount Wagered"</b>	the gross takings receivable from customers in respect of individual bets
<b>"Applicant"</b>	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form or a relevant CREST instruction under the Open Offer or Excess Application Facility
<b>"Application Form"</b>	the application form accompanying this document on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer (including under the Excess Application Facility)
<b>"ASIC"</b>	Australian Securities & Investments Commission
<b>"ASX"</b>	ASX Limited ACN 008 624 691 and also referred to as the Australian Securities Exchange
<b>"Australia"</b>	the Commonwealth of Australia
<b>"Basic Entitlements"</b>	the <i>pro rata</i> entitlement of Qualifying Shareholders to subscribe for 0.15 Open Offer Shares for every 1 Existing Ordinary Share registered in their name as at the Record Date

<b>"Board"</b>	the Directors of Sportingbet
<b>"Business Day"</b>	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the City of London for the transaction of normal banking business
<b>"Capita Registrars"</b>	a trading name of Capita Registrars Limited
<b>"Centrebet"</b>	Centrebet International Limited ABN 55 066 441 067
<b>"Centrebet Group"</b>	Centrebet and its subsidiaries at the date of this announcement
<b>"Centrebet Ordinary Share"</b>	a fully paid ordinary share in the capital of Centrebet
<b>"Centrebet Shareholder"</b>	a holder of Centrebet Ordinary Shares
<b>"Closing Price"</b>	the closing middle market quotation as derived from the Daily Official List of the London Stock Exchange on a particular day
<b>"Conditional Placee"</b>	any person who has agreed to subscribe for Conditional Placing Shares
<b>"Conditional Placing Shares"</b>	the 75,867,183 New Shares to be allotted and issued by Sportingbet under the Placing subject to clawback, to satisfy valid applications by Qualifying Shareholders under the Open Offer, pursuant to the Placing Agreement
<b>"Consideration"</b>	means the aggregate of the Share Scheme Consideration and the Performance Rights Scheme Consideration
<b>"Convertible Bonds"</b>	the £65 million nominal value 7 per cent. convertible bonds due 2016 of the Company which will be convertible into Ordinary Shares conditional on the passing of the Resolutions and completion of the Acquisition, the terms and conditions of which are further described in the Prospectus and in listing particulars relating to the Convertible Bonds to be published on or as soon as practicable after 8 June 2011
<b>"Convertible Bond Issue"</b>	the issue of Convertible Bonds on the terms and conditions contained in the listing particulars to be published on or as soon as practicable after 8 June 2011
<b>"Corporations Act"</b>	Corporations Act, 2001 of the Commonwealth of Australia
<b>"Court"</b>	the Australian Court that will review and, if it so decides, approve of, the Schemes
<b>"CREST"</b>	the relevant system, as defined in the CREST



	Regulations (in respect of which Euroclear is the operator as defined in the CREST Regulations)
<b>"CREST Regulations" or "Regulations"</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended
<b>"Daily Official List"</b>	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange
<b>"Directors"</b>	the executive director and non-executive directors of Sportingbet, whose names will be set out in the Prospectus
<b>"Disclosure and Transparency Rules"</b>	the rules relating to the disclosure of information made in accordance with Section 73A(3) of the FSMA
<b>"Enlarged Group"</b>	the Sportingbet Group and the Centrebet Group following completion of the Proposals
<b>"Enlarged Ordinary Share Capital"</b>	the issued share capital of Sportingbet immediately following completion of the Firm Placing and Placing and Open Offer and the Acquisition
<b>"Euroclear"</b>	Euroclear & Ireland Limited, the operator of CREST
<b>"Excess Application Facility"</b>	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Basic Entitlements in accordance with the terms and conditions of the Open Offer
<b>"Excess CREST Open Offer Entitlements"</b>	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to their basic entitlement) to apply for Existing Ordinary Shares up to 10 times the number of Existing Ordinary Shares registered in their names as at the Record Date, credited to their stock account in CREST, pursuant to the Excess Application Facility
<b>"Excess Shares"</b>	Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility
<b>"Excluded CREST Shareholders"</b>	Shareholders holding Ordinary Shares in uncertificated form with registered addresses in or who are citizens or residents of or located in an Excluded Jurisdiction
<b>"Excluded Jurisdictions"</b>	Australia, Canada, Japan, New Zealand, the Republic of South Africa and the United States
<b>"Excluded Non-CREST Shareholders"</b>	Shareholders holding Ordinary Shares in certificated form with registered addresses in or who are citizens or residents of or located in the

	United States or any other Excluded Jurisdiction
<b>"Ex-Entitlement Date"</b>	the date on which the Ordinary Shares trade ex-entitlement to participate in the Open Offer, expected to be 27 May 2011
<b>"Existing Ordinary Shares"</b>	the 505,781,224 Ordinary Shares in issue as at the date of this announcement
<b>"Financial Services Authority" or "FSA"</b>	the Financial Services Authority of the United Kingdom
<b>"Firm Placee"</b>	any person that has agreed to subscribe for Firm Placing Shares
<b>"Firm Placing"</b>	the conditional placing by Oriel Securities on behalf of Sportingbet of the Firm Placing Shares pursuant to the Placing Agreement
<b>"Firm Placing Shares"</b>	the 78,894,721 new Ordinary Shares which are to be allocated pursuant to the Firm Placing
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended
<b>"FY 2010"</b>	financial year ended 31 July 2010
<b>"General Meeting"</b>	the general meeting of Sportingbet to be held at 11.00 a.m. on 13 June 2011, notice of which will be set out at the end of the Prospectus
<b>"GST"</b>	Goods and Services Tax
<b>"ISM Capital"</b>	ISM Capital LLP, acting in its capacity as lead manager of the Convertible Bond Issue
<b>"Issue Price"</b>	42 pence per New Share
<b>"Listing Rules"</b>	the Listing Rules made by the FSA under Part VI of FSMA
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"NewCo"</b>	Sportingbet Finance Guernsey Limited, a subsidiary of Sportingbet
<b>"NewCo Subscriber"</b>	Oriel Securities Limited
<b>"New Issue"</b>	the issue of 154,761,904 New Shares pursuant to Firm Placing and Placing and Open Offer
<b>"New Issue Conditions"</b>	the conditions relating to the New Issue which will be set out in the Prospectus
<b>"New Shares"</b>	the Firm Placing Shares and the Open Offer Shares
<b>"Notice of General Meeting"</b>	the notice of the General Meeting, a copy of which will be set out at the end of the Prospectus

<b>"Official List"</b>	the Official List of the FSA pursuant to Part VI of FSMA
<b>"Open Offer"</b>	the conditional invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and in the case of Qualifying Non-CREST Shareholders only, the Application Form
<b>"Open Offer Shares"</b>	the 75,867,183 new Ordinary Shares to be allotted and issued pursuant to the Open Offer
<b>"Ordinary Shares" or "Shares"</b>	ordinary shares of 0.1 pence each in the share capital of Sportingbet
<b>"Oriel Securities"</b>	Oriel Securities Limited in its capacity as sponsor, financial adviser and broker
<b>"Overseas Shareholders"</b>	Shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
<b>"Performance Right"</b>	<p>(a) in respect of Centrebet officers and employees employed in a Centrebet office within Australia, a right to be issued a Centrebet Share; and</p> <p>(b) in respect of Centrebet officers and employees employed in a Centrebet office outside of Australia, the right to a cash payment equal to the value of a Centrebet Share,</p> <p>in each case on terms and conditions set out in the Centrebet Long Term Incentive Plan (as amended from time to time).</p>
<b>"Performance Rightholder"</b>	a holder of Performance Rights as at the Performance Right Scheme Record Date
<b>"Performance Right Scheme"</b>	the proposed acquisition of all the Performance Rights by way of scheme of arrangement under section 411 of the Corporations Act 2001 between Centrebet and the Performance Rightholders, as set out in the Scheme Document
<b>"Performance Right Scheme Consideration"</b>	the consideration to be paid in respect of a Performance Right in the course of the Performance Right Scheme
<b>"Performance Right Scheme Meeting"</b>	the meeting of Performance Rightholders to be convened by order of the Court
<b>"Performance Right Scheme Record Date"</b>	the record date for determining the entitlement (if any) of a Performance Rightholder to any Performance Right Scheme Consideration

<b>"Placing"</b>	the invitation to Conditional Placees to subscribe for the Conditional Placing Shares at the Issue Price on the terms and subject to the conditions set out in the Prospectus
<b>"Placing Agreement"</b>	the placing agreement dated 26 May 2011 between Sportingbet and Oriel Securities relating to the Firm Placing and Placing and Open Offer and further described in the Prospectus
<b>"Proposals"</b>	the Firm Placing and the Placing and Open Offer, the Convertible Bond Issue and the Acquisition
<b>"Prospectus"</b>	the prospectus to be published by the Company comprising a prospectus under the Prospectus Rules relating to the Company for the purposes of the Acquisition, New Issue and Admission
<b>"Prospectus Rules"</b>	the Prospectus Rules published by the FSA under Section 73A of FSMA
<b>"Qualifying CREST Shareholders"</b>	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST at close of business on the Record Date
<b>"Qualifying Non-CREST Shareholders"</b>	Qualifying Shareholders holding Ordinary Shares in certificated form at close of business on the Record Date
<b>"Qualifying Shareholders"</b>	holders of Ordinary Shares on the register of members of Sportingbet at the Record Date with the exclusion of Overseas Shareholders with a registered address or resident in any Excluded Jurisdiction
<b>"Receiving Agent"</b>	Capita Registrars
<b>"Record Date"</b>	5.00 p.m. on 25 May 2011
<b>"Regulatory Information Service"</b>	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies
<b>"Resolutions"</b>	the resolutions to be proposed at the General Meeting set out in the Notice of General Meeting (each a "Resolution")
<b>"Scheme Document"</b>	the explanatory statement, howsoever described, that Centrebet will be required to send to all Scheme Shareholders and Performance Rightholders in the course of giving effect to the Schemes
<b>"Scheme Implementation Agreement"</b>	means an agreement dated on 26 May 2011 between Centrebet, Sportingbet and Sportingbet Australia setting out the material terms and conditions upon which those parties propose to conduct and effect the Schemes

<b>"Scheme Record Date"</b>	in respect of either and both Schemes, the date specified in the Scheme Implementation Agreement as the date selected for determining the entitlement of Centrebet Shareholders and Performance Rightholders to participate in the applicable Scheme
<b>"Schemes"</b>	the Share Scheme and the Performance Rights Scheme
<b>"Scheme Shareholder"</b>	a holder of Scheme Shares as at the Share Scheme Record Date
<b>"Second Court Hearing"</b>	the hearings by the Court of the applications to consider whether or not to approve both or either of the Schemes and grant the appropriate orders
<b>"Shareholder"</b>	a holder of Ordinary Shares from time to time
<b>"Share Scheme"</b>	the proposed acquisition of all the Centrebet Ordinary Shares by way of scheme of arrangement under section 411 of the Corporations Act 2001 between Centrebet and the Scheme Shareholders, as set out in the Scheme Document
<b>"Share Scheme Consideration"</b>	the consideration to be paid in respect of a Centrebet Ordinary Share in the course of the Share Scheme
<b>"Share Scheme Document"</b>	the document to be sent to Centrebet Shareholders in respect of the Share Scheme
<b>"Share Scheme Meeting"</b>	the meeting of Centrebet Shareholders to be convened by order of the Court
<b>"Share Scheme Record Date"</b>	the record date for determining the entitlement (if any) of a Centrebet Shareholder to any Share Scheme Consideration
<b>"Sportingbet" or the "Company"</b>	Sportingbet Plc, a public limited company incorporated in England and Wales with registered number 3534726
<b>"Sportingbet Australia"</b>	Sportingbet Australia Pty Limited, a subsidiary of the Company
<b>"Sportingbet Group" or the "Group"</b>	Sportingbet and its subsidiaries at the date of this announcement
<b>"Subscription Agreement"</b>	the subscription agreement dated 26 May 2011 between Sportingbet and ISM Capital LLP relating to the issue of the Convertible Bonds and further described in the Prospectus
<b>"UK Listing Authority" or "UKLA"</b>	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of FSMA

**"United Kingdom" or "UK"**

the United Kingdom of Great Britain and Northern Ireland

**"United States"**

the United States of America

**"US Securities Act"**

the United States Securities Act 1933, as amended

## **IMPORTANT NOTICE**

**This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document. Nothing in this announcement should be interpreted as a term or condition of the Proposals. Investors should not subscribe for or purchase any New Shares except on the basis of the information contained in the Prospectus expected to be published tomorrow and incorporated by reference into the Prospectus. The Prospectus, when published, will be made available on Sportingbet's website and will be submitted to the National Storage Mechanism and be available for inspection at <http://www.hemscott.com/nsm.do>.**

**This announcement does not constitute or form part of any offer or invitation to purchase, or otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security in the capital of the Company in any jurisdiction.**

The information contained in this announcement is not for release, publication or distribution, directly or indirectly, in whole or in part, to persons in the United States, Canada, Australia, Japan, New Zealand or The Republic of South Africa or in any jurisdiction where to do so would breach any applicable law. The New Shares and Convertible Bonds have not been and will not be registered under the securities laws of such jurisdictions and may not be offered, sold, taken up, exercised, resold, renounced, transferred, distributed or delivered, directly or indirectly, within such jurisdictions except pursuant to an exemption from and in compliance with any applicable securities laws.

The information in this announcement may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. Any forwarding, distribution, reproduction or disclosure of this information in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the US Securities Act or the applicable laws of other jurisdictions.

The New Shares and Convertible Bonds have not been and will not be registered under the US Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States or under any securities laws of any other Excluded Jurisdiction. The New Shares and Convertible Bonds have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Firm Placing and Placing and Open Offer or the Convertible Bond Issue or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence. The Basic Entitlements, the Excess CREST Open Offer Entitlements and Applications Forms may not be sold, resold, taken up, transferred, delivered or distributed directly or indirectly, within the United States or any of the other Excluded Jurisdictions. Accordingly the Firm Placing and Placing and Open Offer and the Convertible Bond Issue is not being extended into the United States or any of the other Excluded Jurisdictions and Application Forms will not be sent to Excluded Non-CREST Shareholders, nor will any Basic Entitlements or Excess CREST Open Offer Entitlements be credited to a stock account in CREST of Excluded CREST Shareholders.

The availability of the Firm Placing and Placing and Open Offer and the Convertible Bond Issue to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

Oriel Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority is acting as sponsor, financial adviser and broker exclusively for the Company and no-one else in relation to the Firm Placing and Placing and Open Offer and is not, and will not be, responsible to anyone other than for the Company for providing the protections afforded to its clients or for providing advice in relation to the Firm Placing and Placing and Open Offer or any other matters referred to in this announcement.

ISM Capital is acting for the Company and no one else in connection with the Convertible Bond Issue and will not regard any other person as its client in relation to the Convertible Bond Issue and will not be responsible to anyone other than the Company for providing advice in relation to the Convertible Bond Issue, the contents of the listing particulars relating to the Convertible Bonds or any transaction or arrangement or other matter referred to in those listing particulars.

This announcement has been issued by, and is the sole responsibility of, Sportingbet Plc. Apart from the responsibilities and liabilities, if any, which may be imposed by the FSMA, neither Oriel Securities, ISM Capital nor any of their affiliates, parent undertakings, subsidiary undertakings or subsidiaries of their parent undertakings or any of their respective directors, officers, employees or advisers or any other person accepts any responsibility whatsoever and makes no representation or warranty, express or implied, for or in respect of the contents of this announcement or as to the accuracy or completeness or fairness of the information or opinions contained in this announcement and, without prejudice to the generality of the foregoing, no responsibility or liability is accepted by any of them for any such information or opinions or for any errors or omissions.

This announcement has been prepared for the purposes of complying with the applicable law and regulation of the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

## **FORWARD LOOKING STATEMENTS**

This announcement and some of the materials distributed in connection with this announcement may include statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms such as anticipates, believes, estimates, expects, intends, may, plans, projects, should or will, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They may appear in a number of places and include, but are not limited to, statements regarding the intentions, beliefs or current expectations of Sportingbet or any of its directors, concerning, amongst other things, the Sportingbet Group's or Centrebet Group's results of operations, financial position, prospects, growth, strategies and expectations for the markets within which the Sportingbet Group and the Centrebet Group operate.

Forward-looking statements are not guarantees of future performance. Any forward-looking statements reflect Sportingbet's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Sportingbet Group's and the Centrebet Group's operations, results of operations and growth strategy.

No statement in this announcement is intended to be a profit forecast or to imply that earnings of the Company or Centrebet for the current year or future years will necessarily match or exceed the historical or published earnings of the Company or Centrebet.

You are advised to read this announcement and, once available, the Prospectus and the information incorporated by reference therein in their entirety for a further discussion of the factors that could affect the Sportingbet Group's and the Centrebet Group's future performance and the industries in which they operate. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

Subject to the requirements of the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules, none of Sportingbet, the Directors, Oriel Securities or ISM Capital undertake any obligation publicly to release the result of any revisions to any forward-looking statements in this

document that may occur due to any change in Sportingbet's or Centrebet's expectations or to reflect events or circumstances after the date of this document. A number of factors could cause results and developments of the Sportingbet Group and/or the Centrebet Group to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors to be set forth in the Prospectus.

Neither the content of Sportingbet or Centrebet's websites (or any other website) nor any website accessible by hyperlinks on Sportingbet or Centrebet's websites (or any other website) is incorporated in, or forms part of, this announcement.

Any person receiving this announcement is advised to exercise caution in relation to the Proposals. If in any doubt about any of the contents of this announcement, independent professional advice should be obtained.



**Annexure E - Litigation Claim Term Sheet**

## Annexure E

### Material Terms of the Litigation Management Deed

#### Recitals

SubCo, has or will shortly institute legal proceedings which, if successful, may give rise to certain entitlements, now and in the future.

Bidder has indicated that it does not ascribe value to the contingent asset represented by the Litigation Claim (as defined below) and therefore will not agree to increase the Cash Component accordingly.

Target, SubCo (as defined below) and Bidder have agreed that any value arising from the Litigation Claim will therefore flow through to the Litigation Claim Participants, subject to and in accordance with the provisions of the Litigation Management Deed (the material terms of which are set out below in this Annexure E).

The Litigation Management Deed is intended to set out the way in which the Litigation Claim will be managed for the benefit of the Litigation Claim Participants and SubCo.

For the purposes of this Annexure E and where the context requires, a reference to Target taking any action in connection with the Litigation Claim can be read as including any action to be taken by SubCo in connection with the Litigation Claim.

#### 1. Defined Terms and Interpretation

##### 1.1. Defined Terms

Terms defined in clause 1.1 of the Scheme Implementation Agreement have the same meaning where used in this Annexure E unless expressly specified otherwise.

In addition, for the purposes of this Annexure E:

**Accrued Liability** means the dollar value of any payment or payments that is or are, or will be, required to be paid by any Tax Group Member, the Collection Agent or the Unit Trustee in respect of:

- (a) the prosecution of the Litigation Claim;
- (b) the operation of the Costs Account;
- (c) any and all other costs, fees, charges or expenses, to be paid under the terms of the Litigation Management Deed;
- (d) any right of indemnification in favour of the Collection Agent or the Unit Trustee in respect of which the Collection Agent or the Unit Trustee is entitled to be indemnified;
- (e) obtaining of any Court order in relation to the settlement of the Litigation Claim or any aspect thereof;
- (f) any Court order or any term agreed to in the course of a settlement of the Litigation Claim, including any costs, fees and/or disbursements of the ATO or any other party joined to the Litigation Claim that any Tax Group Member is or will be obliged to pay; and

(g) any other matter, action or thing that is required to be carried out,

in each case, in accordance with the provisions of the Litigation Management Deed or the Collection Agent Deed Poll. For the sake of clarity, an Accrued Liability can not also be an Actual Tax Liability.

**Actual Tax Liability** means:

- (a) any actual liability to pay Tax; or
- (b) any contingent liability to pay Tax that is capable of certain or reasonably certain quantification,

of any Tax Group Member, that has been or will be incurred, or is reasonably likely to be incurred, as a result of the receipt of any proceeds, credit, rebate or other benefit arising in connection with the Litigation Claim.

For the sake of clarity, any Tax:

- (c) not in force at the Effective Date which is incurred, or is reasonably likely to be incurred, by persons in addition to the Tax Group (for example, other participants in the gaming and wagering industry); and
- (d) that is levied on any proceeds, credit, rebate or other benefit not arising in connection with the Litigation Claim,

will not be a Tax arising in connection with the Litigation Claim.

**Carry Forward Loss** means the amount of any excess that pursuant to section 126-15 of *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (as amended) is carried forward and added to the total monetary prizes for the purposes of section 126-10 in the next tax period.

**Costs Account** means the bank account referred to in paragraph 7.2(c) below.

**Court** means the Federal Court of Australia or any other court or other forum in which the Litigation Claim is prosecuted or submitted for the purpose of being prosecuted or resolved.

**Franking Credit Benefit** means any withholding tax saving obtained by a shareholder of Bidder from a credit to the franking account of SubCo or Target arising because of any payment of Tax liability that SubCo or Target has incurred or will incur as a result of its receipt of any Cash Refund and/or Carry Forward Loss.

**GST** has the meaning given to that term in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (as amended).

**Indemnity Liability** means the dollar value of any payment or payments that is or are, or will be, required to be paid by any Tax Group Member in respect of:

- (a) any Accrued Liability; or
- (b) any Actual Tax Liability,

where any such Accrued Liability or Actual Tax Liability cannot be satisfied out of the Costs Account.

**Initial Claim Funded Amount** means A\$924,000.00.

**Interest Rate** means the sum of 2% and the cash rate as published by the Reserve Bank of Australia from time to time, on the website <http://www.rba.gov.au/> or other applicable Reserve Bank of Australia publication.

**Litigation Claim** means the claim by SubCo against the Commissioner of Taxation for a GST refund and carry forward loss on the basis that the amount of GST accounted for by SubCo in the period ended March 2010 was in excess of what SubCo was legally required to account for having regard to the relevant law applying in that period (including any objections or appeals therefrom).

**Litigation Claim Participant** means each person who is either a Scheme Participant or who is a registered holder of an Option, as at the Record Date, or any person who is subsequently the holder of a Litigation Claim Right or Litigation Claim Unit (as the case may be).

**Litigation Claim Unit Trust Deed** means the unit trust deed of the Litigation Claim Unit Trust referred to in paragraph 5.1.

**Pro Rata Basis** will be determined having regard to the number of Litigation Claim Rights or Litigation Claim Units (as the context requires) held by a Litigation Claim Participant as a proportion to the total number of Litigation Claim Rights or Litigation Claim Units (as the context requires) on issue.

**SubCo** means Centrebet Pty Limited (ACN 106 487 736), which is a wholly owned subsidiary of Target.

**Tax** includes any tax, levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed pursuant to any law, statute, regulation, convention or policy adopted or enforced by the Commonwealth of Australia and/or by any State or Territory within the Commonwealth of Australia, and any related interest, penalty, charge, fee or other amount.

**Tax Benefit** means any reduction or avoidance of Tax otherwise payable by any Tax Group Member or receipt of a refund or rebate of Tax by any Tax Group Member.

**Tax Group** means any one or more or all, as the context requires, of the Target, SubCo, Bidder Group and any Related Body Corporate of any of the foregoing.

**Tax Group Member** means any entity that is a member of the Tax Group.

## 1.2. Interpretation

Where the terms Accrued Liability, Actual Tax Liability and/or Indemnity Liability are used in the same paragraph with the purpose of quantifying an aggregate amount, if and to the extent any specific amount is an Accrued Liability, Actual Tax Liability, Indemnity Liability, Cash Refund (as defined in paragraph 8.1 below) or Carry Forward Loss, then that specific amount is only counted once for the purpose of the relevant paragraph.

## **2. Condition Precedent**

2.1. The rights and obligations of each of the parties will be set out in the Litigation Management Deed. The Litigation Management Deed will be conditional in all respects on both of the Schemes becoming Effective, except that the following obligations will not be subject to the occurrence of that condition and will need to be satisfied in accordance with the provisions of the Litigation Management Deed:

- (a) the provision by Target of the Initial Claim Funded Amount prior to the First Court Date of the Schemes, pursuant to paragraph 7.2 below;
- (b) the execution by Con Kafataris (**CK**) prior to the First Court Date, of a deed of indemnity under which CK agrees to personally indemnify each Tax Group Member and each of the Collection Agent and the Unit Trustee in accordance with the provisions set out in paragraph 7.2(d) below, provided that this indemnity need not have effect and may be made conditional upon, the occurrence of Implementation;
- (c) the appointment by Target of a Collection Agent prior to the EM Lodgement Date and otherwise pursuant to paragraph 4.1 below provided that that appointment need not have effect until, and may be made conditional upon, the occurrence of Implementation;
- (d) Bidder establishing and registering the Litigation Claim Unit Trust with ASIC as a registered managed investment scheme prior to the EM Lodgement Date, pursuant to paragraph 5.1 below; and
- (e) the release of the Initial Claim Funded Amount to Target pursuant to paragraph 7.3 below if the Schemes do not become Effective before the End Date or the Scheme Implementation Agreement is terminated, whichever is the earlier to occur.

## **3. Litigation Claim Participant Entitlements**

3.1. Litigation Claim Participants' entitlements will consist of:

- (a) Litigation Claim Rights, issued and allotted to Litigation Claim Participants in accordance with paragraph 4.2 below; and
- (b) Litigation Claim Units, transferred, or issued and allotted, to Litigation Claim Participants in accordance with paragraph 5.2 below.

## **4. Appointment of a Collection Agent**

4.1. Prior to the EM Lodgement Date, Target will (with the prior written consent of Bidder, such consent not to be unreasonably withheld or delayed), appoint an entity (**Collection Agent**) in accordance with the provisions of the Collection Agent Deed Poll, to:

- (a) manage the Initial Claim Funded Amount in an account owned by Target but operated and managed by the Collection Agent in accordance with the direction of the Claim Committee, pursuant to paragraph 7.2(c) below;

- (b) receive, hold and pay as agent and bare trustee for Litigation Claim Participants on a Pro Rata Basis, all monies paid by Bidder pursuant to paragraph 9.1 below; and
- (c) distribute those monies to Litigation Claim Participants pursuant to paragraph 4.5 below.

4.2. On the Implementation Date, Bidder will:

- (a) issue and allot to each Litigation Claim Participant that number of rights as is equal to the total number of Shares, Performance Rights and Options (on a one for one basis) held by that Litigation Claim Participant as at the Record Date, and which will entitle each Litigation Claim Participant to receive any and all proceeds which have been paid to the Collection Agent or which the Collection Agent is entitled to be paid pursuant to paragraph 9.1 below, on a Pro Rata Basis (each a **Litigation Claim Right**); and
- (b) despatch to each Litigation Claim Participant, a Litigation Claim Right certificate in respect of the Litigation Claim Rights issued and allotted to that Litigation Claim Participant.

4.3. On and from the Implementation Date, there will be no other Litigation Claim Rights other than those issued and allotted to Litigation Claim Participants pursuant to paragraph 4.2(a) above.

4.4. Each Litigation Claim Participant's right to receive payments from the Collection Agent pursuant to the terms of the Collection Agent Deed Poll will be evidenced by way of a Litigation Claim Right certificate despatched to each Litigation Claim Participant in accordance with paragraph 4.2(b) above.

4.5. Promptly following the Collection Agent having received any amounts referred to in paragraph 9.1 below, the Collection Agent will hold such amounts as agent and bare trustee on behalf of each Litigation Claim Participant on a Pro Rata Basis and must promptly distribute such amounts to Litigation Claim Participants on a Pro Rata Basis.

**5. Establishment of Litigation Claim Unit Trust**

5.1. Prior to the EM Lodgement Date, Bidder will:

- (a) establish a unit trust in a form approved by Target (such approval not to be unreasonably withheld or delayed) (**Litigation Claim Unit Trust**) which has a trustee approved by Target (such approval not to be unreasonably withheld or delayed) (**Unit Trustee**). The Unit Trustee may be the same entity as the Collection Agent; and
- (b) have the Litigation Claim Unit Trust registered with ASIC as a registered managed investment scheme for the purposes of Chapter 5C of the Corporations Act.

5.2. On the Implementation Date, Bidder will transfer, or procure the issue and allotment, to each Litigation Claim Participant, of that number of units in the Litigation Claim Unit Trust as is equal to the total number of Shares, Performance Rights and Options (on a one for one basis) held by that Litigation Claim Participant as at the Record Date (each a **Litigation Claim Unit**).

- 5.3. Each Litigation Claim Participant's holding of Litigation Claim Units will be evidenced by way of a certificate (**Litigation Claim Unit Certificate**). On the Implementation Date, the Unit Trustee, as procured by Bidder pursuant to the provisions of the Litigation Claim Unit Trust, will despatch to each Litigation Claim Participant a Litigation Claim Unit Certificate in respect of the Litigation Claim Units transferred, or issued and allotted, to that Litigation Claim Participant pursuant to paragraph 5.2 above.
- 5.4. On and from the Implementation Date, there will be no other Litigation Claim Units other than those transferred, or issued and allotted to Litigation Claim Participants pursuant to paragraph 5.2 above.
- 5.5. Promptly following the Unit Trustee having received any amounts paid to it pursuant to paragraph 9.2 below, the Unit Trustee must distribute such amounts to Litigation Claim Participants on a Pro Rata Basis.

## **6. Litigation Management Deed**

### **6.1. Formation of a Claim Committee**

- (a) Target and SubCo will delegate to a committee (**Claim Committee**) consisting of four members (two members of which will be nominated by Target (**Target Claim Committee Members**) and two members of which will be nominated by Bidder) (each a **Claim Committee Member**) with sufficient authority to conduct the Litigation Claim on behalf of Target and SubCo.
- (b) The initial Target Claim Committee Members will comprise two current directors of Target. Thereafter, any Target Claim Committee Member must have been a member of the board of directors of Target as at the date of this agreement or such other persons approved by holders of Litigation Claim Units by way of an ordinary resolution.
- (c) The office of a Claim Committee Member will become vacant if the Claim Committee Member:
  - (i) dies;
  - (ii) becomes of unsound mind or a person who is, or whose estate is, liable to be dealt with in any way by the law relating to mental health;
  - (iii) becomes bankrupt or insolvent or makes any arrangement or composition with his or her creditors generally;
  - (iv) materially breaches any of his duties and obligations as set out in paragraph 6.2(e) below; or
  - (v) resigns by providing at least 14 days written notice to the Claim Committee or such lesser period as the other Claim Committee Members are willing to accept.

**6.2. Powers and Responsibilities of the Claim Committee and Claim Committee Members**

- (a) Unless otherwise specified in this Annexure E and at all times subject to paragraph 6.5(a) and paragraph 6.6 below, any decisions of the Claim Committee must be made by simple majority.
- (b) Any deadlock in respect of a matter to be decided by the Claim Committee will be referred to and determined by a unanimous decision of the following persons:
  - (i) a director of Target nominated by Bidder or Guarantor, from time to time; and
  - (ii) CK, any other Target Claim Committee Member or any nominee of any of the foregoing, as advised to the Bidder in writing.
- (c) If the persons referred to in paragraph 6.2(b) above are not able to agree upon a deadlocked matter referred to them by the Claim Committee in a timely manner, the matter in dispute will be promptly referred to and determined by a Senior Counsel practising in Sydney or Melbourne who is a recognised expert in matters relevant to the Litigation Claim (**Senior Counsel**), whose determination will be binding upon all Claim Committee Members. If the persons referred to in paragraph 6.2(b) cannot agree on the identity of the Senior Counsel, then the President of the Institute of Arbitrators & Mediators of Australia shall be requested by the Claim Committee Members to appoint the Senior Counsel.
- (d) The Claim Committee's powers and responsibilities will include, but not be limited to, the following:
  - (i) settling any documents, including any pleadings or submissions, to be filed or submitted to the Australian Taxation Office or the Commissioner of Taxation (collectively **ATO**) or any Court in relation to the Litigation Claim;
  - (ii) determining whether any undertakings need to be provided and seeking those undertakings from Bidder, Target and/or SubCo in relation to the Litigation Claim; and
  - (iii) subject to the provisions of paragraphs 6.5 and 6.6 below, making any other decisions in relation to the Litigation Claim.
- (e) Claim Committee Members' duties and obligations to each other, the Claim Committee, Target, SubCo, Guarantor, Bidder and each Litigation Claim Participant will be to:
  - (i) ensure that the Claim Committee as a whole is adequately advised of the progress of the Litigation Claim;
  - (ii) ensure that if a Claim Committee Member receives any correspondence or notices in relation to the Litigation Claim, copies of such correspondence or notices are promptly (and in any event no later than 2 Business Days after receipt) provided to each other Claim Committee Member;



- (iii) act in good faith and use all reasonable efforts to pursue the Litigation Claim, including any decision made by Target Claim Committee Members to appeal or settle pursuant to paragraph 6.5 or paragraph 6.6 below;
  - (iv) conduct themselves in a professional manner; and
  - (v) without limitation to the provisions of paragraph 6.7 below, in the event that the Litigation Claim is appealed beyond the Full Federal Court of Australia, from that time not do anything that may detrimentally affect the reputation of each other Claim Committee Member or of Target, SubCo, Guarantor or Bidder.
- (f) Each Claim Committee Member must do all such things to preserve any confidentiality or privilege attaching to all documents and information provided to that Claim Committee Member in connection with the Litigation Claim.
  - (g) Target and Bidder will indemnify each Claim Committee Member for any loss or costs incurred by that person in their role as a member of the Claim Committee, except to the extent that such loss or costs arise from that Claim Committee Member's material breach of any of their above stated duties and/or obligations or any wilful misconduct or fraud on the part of that Claim Committee Member. For the avoidance of doubt, the provisions of this paragraph 6.2(g) do not limit or otherwise affect the CK Indemnity.
  - (h) Target, SubCo, Guarantor and Bidder must respectively take such action or provide such information, assistance and co-operation to the Claim Committee as the Claim Committee may require in relation to the Litigation Claim provided that no Tax Group Member is obliged to make any payments to fund the costs of administering and/or prosecuting the Litigation Claim other than as provided in paragraph 7.2(c) below.
  - (i) Subject to the provisions of paragraph 6.6 below, the Claim Committee must notify Bidder of the outcome of the Litigation Claim or settlement of the Litigation Claim and the amount (if any) that Target and/or SubCo will receive or be entitled to receive in relation to the Litigation Claim as soon as practicable thereafter but in any event, within 3 Business Days after receiving notification of that outcome, or settlement thereof.

### 6.3. Commencement of the Litigation Claim

Bidder acknowledges and agrees that:

- (a) in furtherance of the Litigation Claim, SubCo will be instituting proceedings seeking declaratory orders for relief from the Federal Court of Australia, and that it will be doing so by reference to a limited number of sample transactions only, each claiming amounts less than A\$5,000 (**Limited Approach**). If the Federal Court of Australia or any subsequent Court on appeal makes orders in favour of SubCo, it is proposed that SubCo or the representative member of any GST group of which SubCo is a member of will then seek to apply those orders and any reasons for the decision given in respect of those orders to the Litigation Claim;

- (b) SubCo may commence the Litigation Claim prior to, or post, the Effective Date by filing an originating process and/or any other necessary documents with the Federal Court of Australia (**Litigation Claim Court Documents**);
- (c) Target and SubCo will have sole discretion in relation to the content of the Litigation Claim Court Documents subject to the representation by Target and SubCo that the Litigation Claim Court Documents will be based on the Limited Approach; and
- (d) it is proposed that the Litigation Claim Court Documents have either been filed with the Federal Court of Australia or are to be filed with the Federal Court of Australia shortly after the date of the execution of the Scheme Implementation Agreement but before the Effective Date.

#### 6.4. **Variation to conduct of Litigation Claim**

- (a) Target and SubCo acknowledge and agree that SubCo will not conduct the Litigation Claim other than pursuant to the Limited Approach, unless and until any of Target, SubCo or one of the Target Claim Committee Members provides to all Claim Committee Members, a written advice from Senior Counsel:
  - (i) to the effect that a departure from the conduct of the Litigation Claim other than in accordance with the Limited Approach (**Varied Approach**) should advance the prospects of SubCo succeeding in its prosecution of the Litigation Claim; and
  - (ii) that sets out a description of the material steps and strategy of the Varied Approach.
- (b) Upon satisfaction of the terms of paragraph 6.4(a) above, SubCo will be permitted to conduct the Litigation Claim in accordance with the Varied Approach.

#### 6.5. **Appeal of the Litigation Claim**

- (a) Subject to the provisions of paragraph 6.4(b), decisions as to whether to lodge or file any appeal in relation to the Litigation Claim will be solely determined by the Target Claim Committee Members.
- (b) Subject to the provisions of paragraph 6.7, prior to lodging or filing any appeals in relation to the Litigation Claim, the Target Claim Committee Members must provide all other Claim Committee Members with:
  - (i) a written notice of their intention to appeal, setting out all material details of the proposed appeal and all other documents referred to in paragraph 6.7(a);
  - (ii) a written opinion from Senior Counsel to the effect that there are at least reasonable prospects of success for the relevant appeal; and
  - (iii) if requested by any Claim Committee Member, a complete copy of the Brief to Counsel pursuant to which the written opinion referred to in paragraph 6.5(b)(ii) was provided.

#### 6.6. **Settlement of the Litigation Claim**

Subject to the provisions of paragraph 6.7, any decision as to whether the Litigation Claim should be settled or withdrawn, and the terms and conditions of such settlement or withdrawal, will be determined solely by the Target Claim Committee Members.

#### 6.7. **Role of other Claim Committee Members in making a Decision**

Target agrees and acknowledges that the Target Claim Committee Members will, in the course of and prior to making a decision as referred to in either paragraph 6.5(a) or paragraph 6.6 above, or both, (each a **Decision**):

- (a) provide to all other Claim Committee Members in a timely and complete manner, copies of all advices, analyses, documents and other materials, including all documents provided to any Target Claim Committee Member by or from the ATO (each a **Claim Document**), that are or are likely to become material or relevant in the making of a Decision;
- (b) allow all other Claim Committee Members a period of at least 7 days to consider and comment upon the Claim Documents that is at least 12 days before a Decision is made, unless through no fault or delay of SubCo or any Target Claim Committee Member, a Decision is required to be made within a lesser period of time, in which case:
  - (i) a Target Claim Committee Member must immediately thereupon notify in writing all other Claim Committee Members of the occurrence and duration of that lesser period of time; and
  - (ii) the other Claim Committee Members will only have that lesser period of time in which to consider and comment upon the Claim Documents; and
- (c) consider in good faith and acting reasonably and in a timely manner, any comments, suggestions or advice given by or on behalf of any Claim Committee Member to any Target Claim Committee Member, in relation to:
  - (i) the content or consequences of any Claim Document;
  - (ii) the substantive terms and conditions of a Decision; or
  - (iii) what the outcome of a Decision should be.

#### 7. **Costs of conducting the Litigation Claim**

- 7.1. Any Claim Committee Member may be entitled to reasonable compensation in respect of his or her personal time spent in connection with fulfilling his or her duties and obligations as a Claim Committee Member (that is, time spent outside his or her ordinary hours of employment with Bidder or Target, as the case may be), at reasonable hourly and market comparable rates for analogous roles, as agreed with the Claim Committee and Target. For the sake of clarity, any such reasonable compensation is to be paid from the Costs Account.

- 7.2. To ensure that the Litigation Claim is adequately funded and to cover any of the costs, fees and/or disbursements:
- (a) referred to in paragraph 7.2(d) below that are incurred after the Schemes have become Effective; and
  - (b) of the Collection Agent and Unit Trustee, including the funding of the costs of either or both the Collection Agent and Unit Trustee in enforcing the rights of Litigation Claim Participants in the event of any breach or default under the Litigation Management Deed, the CK Indemnity (as defined in paragraph 7.2(d) below), the Collection Agent Deed Poll and/or Deed Poll,

Target must prior to the First Court Date:

- (c) deposit the Initial Claim Funded Amount into a special purpose and properly identified bank account which will continue to be owned by Target, but operated in the name of, and managed by, the Collection Agent (**Costs Account**), in accordance with the direction of the Claim Committee; and
  - (d) procure that CK personally indemnifies each Tax Group Member, and each of the Collection Agent and Unit Trustee for the aggregate amount of any Indemnity Liability that is or are in excess of the aggregate of:
    - (i) the Initial Claim Funded Amount; and
    - (ii) any interest accrued on the Initial Claim Funded Amount,but less any bank charges or Taxes payable, on or in connection with the Initial Claim Funded Amount or any interest referred to in paragraph 7.2(d)(i) above, on terms and conditions acceptable to Bidder and CK, acting reasonably (**CK Indemnity**).
- 7.3. If the Schemes do not become Effective before the End Date or the Scheme Implementation Agreement is terminated, whichever is the earlier to occur, the Claim Committee must do all that is required by them to ensure that the Initial Claim Funded Amount and any accrued interest, but less:

- (a) any bank charges or Taxes payable on or in connection with either:
  - (i) the Initial Claim Funded Amount;
  - (ii) any interest accrued on the Initial Claim Funded Amount; or
  - (iii) the Costs Account; and
- (b) the aggregate amount of any Accrued Liability and Actual Tax Liability,

is released to Target within 2 Business Days after the relevant date.

For the purposes of paragraphs (a) and (b) above, any bank charge, Tax, Accrued Liability and/or Actual Tax Liability is only counted once.

- 7.4. In the event that the Claim Committee is of the opinion that there are insufficient funds in the Costs Account, inclusive of any interest accrued on the funds in the Costs Account, but less:
- (a) any bank charges or Taxes payable on or in connection with either:
    - (i) the Initial Claim Funded Amount;
    - (ii) any interest accrued on the funds in the Costs Account; or
    - (iii) the Costs Account; and
  - (b) the aggregate amount of any Accrued Liability and Actual Tax Liability,
- to pursue the Litigation Claim and that additional monies are required to fund any Accrued Liability and Actual Tax Liability, the Claim Committee will provide CK with:
- (c) a written notice specifying the amount of such additional monies required (**Funding Notice**); and
  - (d) together with the Funding Notice, evidence or a reasonable basis upon which the amount of such additional monies are required, including but not limited to fees estimates and engagement letters.

If CK is a Claim Committee Member he must abstain from any discussion about and the making of any decision of the Claim Committee for this purpose or for the purpose of selecting an Independent Expert pursuant to paragraph 7.6 below. However the remaining Target Claim Committee Member will have two (2) votes for these purposes.

For the purposes of paragraphs (a) and (b) above, any bank charge, Tax, Accrued Liability and/or Actual Tax Liability is only counted once.

- 7.5. Subject to the provisions of paragraph 7.6 below, CK will pay into the Costs Account, within seven (7) days after receiving the information set out in paragraph 7.4 above, an amount equivalent to that amount as set out in the Funding Notice.
- 7.6. In the event that CK disputes the amount set out in the Funding Notice, he must provide a written notice of the disputed amount to the Claim Committee within seven (7) days after receipt of the information set out in paragraph 7.4 above, and the dispute will be resolved by referral to an independent expert, selected by the Claim Committee, whose decision will be binding and final upon all parties (**Independent Expert**).
- 7.7. The Independent Expert will be engaged by the Claim Committee, acting on behalf of Target and SubCo, to provide a determination on whether the amount set out in the Funding Notice, or any other amount, is required by the Claim Committee to fund any Accrued Liability and Actual Tax Liability (**Determination**).
- 7.8. CK will, within seven (7) days after receipt of the Determination, pay into the Costs Account the amount (if any) determined by the Independent Expert as set out in the Determination. In the event the Determination specifies a dollar range, CK will be required to pay into the Costs Account an amount equal to the mid-point of that dollar range.

- 7.9. Subject to the provisions of paragraph 7.11 below, the cash equivalent value of any portion of the Initial Claim Funded Amount (together with any unused accrued interest) which has not been fully exhausted as at the date of termination of the Litigation Management Deed in accordance with the provisions of paragraph 10 below (**Unused Amount**), will be paid in accordance with paragraph 8.7 below.
- 7.10. Subject to the provisions of paragraph 7.11 below, any amounts paid by or on behalf of CK into the Costs Account which have not been used in accordance with the provisions of the Litigation Management Deed or the Collection Agent Deed Poll, as at the termination of the Litigation Management Deed in accordance with the provisions of paragraph 10 below, will be paid in accordance with the provisions of paragraph 8.7 below.
- 7.11. In the event that SubCo is not entitled to receive any Cash Refund (as defined in paragraph 8.1 below) or any Carry Forward Loss as a result of the Litigation Claim being finally determined, settled or withdrawn, the provisions of paragraph 8.7(e) below will not apply and, instead, the following provision will apply in its place:
- "(f) fifth, to pay the entire remaining amount (if any) to the Collection Agent or the Unit Trustee (as the case may be) for the benefit of Litigation Claim Participants, on a Pro Rata Basis."*
- 7.12. Without limitation to the other provisions of this paragraph 7, the parties acknowledge that:
- (a) all of Target's costs, fees and expenses incurred in connection with the Litigation Claim prior to the Effective Date will be paid for by the Target. In this regard, Target undertakes not to pre-pay or otherwise make any payments in advance which is not a cost, fee and/or expense that has been incurred and is required to be paid on or before the Effective Date;
  - (b) all costs, fees and expense incurred in connection with the Litigation Claim incurred after the Effective Date will be paid out of funds held or deposited in the Costs Account; and
  - (c) neither Bidder nor any shareholder of the Bidder will be liable to pay any and all other costs, fees, charges or expenses in connection with the Litigation Claim (other than Bidder's or any shareholder of Bidder's costs, fees, charges and expenses), to be paid under the terms of the Litigation Management Deed, Collection Agent Deed Poll and Litigation Claim Unit Trust Deed and any document incidental to those documents.

## **8. Payment of the value of Litigation Claim proceeds**

- 8.1. The parties acknowledge that if the Litigation Claim is successfully resolved or otherwise determined in favour of SubCo or any other Tax Group Member either in whole or in part, one or more Tax Group Members could be entitled to:
- (a) a cash refund (**Cash Refund**); and/or
  - (b) a Carry Forward Loss.

- 8.2. Neither Bidder, Guarantor, the Collection Agent nor the Unit Trustee will be required to make any payments in accordance with paragraph 8.7 below unless and until either of the following events have occurred:
- (a) the Litigation Claim has been wholly and finally determined so that there is no possibility of any further appeal by any party to the Litigation Claim, evidenced by written advice to that effect from Senior Counsel addressed to all Claim Committee Members; or
  - (b) the Litigation Claim is wholly and finally settled or withdrawn, as determined by the Claim Committee, or failing such determination, as advised in writing by Senior Counsel.
- 8.3. Subject to the provisions of paragraph 8.2 above, the cash equivalent value of any interest accrued on any Cash Refund amount received by any Tax Group Member at any time will be paid by Bidder pursuant to the order of priority set out in paragraph 8.7 below.
- 8.4. Subject to the provisions of paragraph 8.2 above, following the receipt by any Tax Group Member of any Cash Refund, an amount equal to the value of the Cash Refund must be promptly paid by Bidder in accordance with paragraph 8.7 below within 3 Business Days of Bidder determining the amounts payable or applicable under each of paragraphs 8.7(a) to 8.7(e) (inclusive), but in any case within 28 days of receipt by the relevant Tax Group Member of the Cash Refund.
- 8.5. Subject to the provisions of paragraph 8.2 above, the cash equivalent value of any Carry Forward Loss will only be paid by Bidder in accordance with paragraph 8.7 below if and when a Tax Group Member is able to offset any Carry Forward Loss to reduce an amount of GST that it would otherwise then be liable to pay to the ATO. In the event that Bidder is required to make a payment pursuant to this paragraph 8.5, Bidder will make such payment in accordance with paragraph 8.7 within 3 Business Days of Bidder determining the amounts payable or applicable under each of paragraphs 8.7(a) to 8.7(e) (inclusive), but in any case within 7 days of the date on which the relevant Tax Group Member would otherwise have been liable to pay to the ATO an amount of GST but for any Carry Forward Loss. To this end, Bidder and Target acknowledge and agree that:
- (a) the Claim Committee may direct any Tax Group Member to form a "GST group", and that Tax Group Member must comply with such direction; and
  - (b) no Tax Group Member is required to offset any Carry Forward Loss to reduce any amount of GST that it would otherwise be liable to pay to the ATO unless and until either the event in paragraph 8.2(a) or the event in paragraph 8.2(b) has occurred.
- 8.6. If Bidder does not pay the amount pursuant to paragraph 8.4 and/or paragraph 8.5 above within the time specified, Bidder will be liable for interest accrued daily at the Interest Rate on that amount from the time at which such payment was required to be paid, and such interest must be paid by Bidder in accordance with paragraph 8.7 below.

- 8.7. Bidder will pay an amount equal to the value of all Cash Refund amounts (together with any interest accrued on all Cash Refund amounts, as referred to in paragraph 8.3 above), the cash equivalent value of any Carry Forward Loss (together with any interest for which Bidder is liable pursuant to paragraph 8.6 above), any award to SubCo for legal costs in connection with the Litigation Claim and any Unused Amount (collectively **Unused Benefits**) in the following order of priority:
- (a) first, to each Tax Group Member in the amount of any Actual Tax Liability of that Tax Group Member incurred as a result of its receipt or utilisation (in each case, as and when the case may be) of any Unused Benefit, as certified by an independent accountant (as appointed by the Claim Committee), but where such amount is reduced by the dollar amount of any related Tax Benefit;
  - (b) second, to each Tax Group Member in the amount of any Accrued Liability (net of any Tax benefit obtained relating to any Accrued Liability) of that Tax Group Member, but where such amount is reduced by the dollar amount of any related Tax Benefit;
  - (c) third, to pay into, and retain in, the Costs Account any monies that the Claim Committee reasonably considers is required to cover future costs and expenses as more particularly referred to in paragraph 7.2(d);
  - (d) fourth, to reimburse CK for any amounts paid by or on behalf of CK into the Costs Account in accordance with the provisions of the Litigation Management Deed or the CK Indemnity, together with interest accrued on the daily balance of that amount at the Interest Rate per annum (less any bank charges or Taxes payable, on or in connection with that amount);
  - (e) fifth, and at all times subject to the provisions of paragraph 7.11, to pay the remaining amount (if any) as follows:
    - (i) ten per cent (10%) of the remaining amount to Target in consideration for its time and resources expended in relation to the enforcement and administration of the Litigation Claim less any Franking Credit Benefit; and
    - (ii) the balance of the remaining amount to the Collection Agent or the Unit Trustee (as the case may be) for the benefit of Litigation Claim Participants, on a Pro Rata Basis.
- 8.8. Guarantor will guarantee to each of the parties referred to in paragraph 8.7 above the payment of an amount equal to the value of any Unused Benefits pursuant to the provisions of paragraph 8.7 above.
- 9. Payments to Collection Agent or Unit Trustee (as the case may be) for the benefit of Litigation Claim Participants**
- 9.1. Subject to the provisions of paragraph 9.3 below, payments of an amount equal to the value of Unused Benefits to be made for the benefit of Litigation Claim Participants pursuant to the provisions of paragraph 8.7(e)(ii) above on or before the fifth anniversary of the Implementation Date or such other date as may be agreed by the Claim Committee (**Earnout Payment Period**), will be paid by Bidder to the Collection Agent, who will receive, hold and pay those funds as agent and bare trustee for Litigation Claim Participants on a Pro Rata Basis.



- 9.2. Following the expiry of the Earnout Payment Period, payments of an amount equal to the value of any Unused Benefits to be made for the benefit of Litigation Claim Participants pursuant to paragraph 8.7(e)(ii) above, will be paid to the Unit Trustee, who will receive hold and pay those funds on trust for Litigation Claim Participants on a Pro Rata Basis.
- 9.3. In determining the duration of the Earnout Payment Period, the Claim Committee will rely upon advice from a reputable national accounting firm to the effect that it would be in the best interests of Litigation Claim Participants to alter the duration of the Earnout Payment Period in which an amount equal to the value of any Unused Benefits are to be paid to Collection Agent as agent and bare trustee for Litigation Claim Participants.

**10. Termination**

- 10.1. The Litigation Management Deed may only be terminated upon the later to occur of:
- (a) the Target Claim Committee Members determining not to pursue the Litigation Claim; and
  - (b) the Claim Committee, or if required, the persons referred to in paragraph 6.2(b) or paragraph 6.2(c) above, determining that there is no reasonable basis to expect that the Tax Group Members, or anyone acting on their behalf, are or is likely to receive value or benefit as a result of the continued pursuit and/or settlement of the Litigation Claim which will be in addition to the total value of all Unused Benefits that have already been received by or on behalf of the Tax Group Members.
- 10.2. On termination of the Litigation Management Deed in accordance with the provisions of paragraph 10.1, all Unused Benefits will be paid (subject to the provisions of paragraph 8.2) in accordance with the provisions of paragraph 8.7 (but subject to the provisions of paragraph 7.11).