

PO VALLEY ENERGY LIMITED

ACN 087 741 571

OFFER DOCUMENT

For a pro rata renounceable rights issue to Eligible Shareholders on the basis of 2.5 New Shares for every 1 existing Share held by Eligible Shareholders on the Record Date at an issue price of \$0.005 per New Share to raise approximately \$1.75 million (**Offer or Rights Issue**).

The Offer is partially underwritten by Symmall, Fuiloro, Beronia Investments and Supervised Investments. Symmall and Beronia Investments are entities associated with Michael Masterman and Byron Pirola respectively, both of whom are Directors. Fuiloro is an entity controlled by Kevin Bailey, a substantial Shareholder and Supervised Investments is a Shareholder. Please refer to Section 4.8 for the details of the underwriting and relationships of the Underwriters.

The Offer opens on 30 March 2016 and closes at 5:00pm (WST) 13 April 2016 (unless it is lawfully extended). Valid acceptances must be received before that time.

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Rights to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document.

The New Shares offered by this Offer Document should be considered as speculative.

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1. IMPORTANT INFORMATION

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

1.1 This document is not a prospectus

This Offer Document is dated 18 March 2016, has been prepared by Po Valley Energy Limited and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in Section 6 of this document. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

1.2 Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Class Order 08/35. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

1.3 Eligibility

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Rights to participate in the Offer.

1.4 Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders

would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

United States Shareholders

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

Further detail in relation to foreign jurisdictions is set out in this Offer Document.

New Zealand Shareholders

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Rights under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.5 Appointment of foreign holder nominee

Pursuant to section 615 of the Corporations Act and for the purposes of ASX Listing Rule 7.7, the Company has appointed Euroz Securities Ltd as the Company's foreign holder nominee (**Nominee**). The Nominee will arrange for the sale of the Rights on ASX which would have been offered to the Ineligible Shareholders had they been entitled to participate in the Offer and to account to the Ineligible Shareholders (on a pro-rata basis) for the net proceeds.

The Nominee will have absolute and sole discretion to determine the timing and price at which the Rights are sold and the manner of any such sale. Any interest earned on the proceeds of the sale of the Rights will firstly be applied against expenses of the sale, including brokerage, and any balance will form part of the proceeds payable to the Ineligible Shareholders (if any).

The Company will forward the proceeds of sale of the Rights (if any) as soon as reasonably practicable to the Ineligible Shareholders in proportion to their respective shareholdings, after deducting the brokerage commission and other expenses. If the net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, the proceeds may be retained by the Company.

Despite the Nominee being required to sell the Rights, Ineligible Shareholder may nevertheless receive no proceeds if costs of the sale are greater than the sale proceeds.

The Company has applied to ASIC to approve the appointment of the Nominee. However, as at the date of this Offer Document, ASIC has not approved the appointment of the Nominee.

The Company will pay the Nominee a fee equal to 1% of the value of the Ineligible Rights sold with a minimum fee payable of \$5,000 (plus GST).

Both the Company and the Nominee take no responsibility for the outcome of the sale of the Ineligible Shareholders' Rights.

1.6 Nominees, trustees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Rights under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Shareholders resident in Australia or New Zealand holding shares on behalf of persons who are resident overseas should seek independent advice as to how they should proceed.

1.7 Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Offer Document.

1.8 **Privacy Act**

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

2. CHAIRMAN'S LETTER

Dear Shareholders,

PRO RATA RENOUNCEABLE RIGHTS ISSUE

On behalf of the Company I invite you to take part in a pro-rata renounceable rights issue to raise approximately \$1.75 million (**Rights Issue**). The Rights Issue is partially underwritten by entities controlled by two of our Directors and two Shareholders including one substantial shareholder.

In a market update released to ASX earlier today, the Company outlined its strategy for recapitalizing and restructuring the Company to preserve maximum value for shareholders. As outlined, the first step in that plan is to raise approximately \$1.75million through this Rights Issue.

These funds will be used to progress the work needed to increase production and revenue from the Company's Sillaro gas field, bring the Selva gas field to drilling approval phase, reduce the Company's debt and for general working capital.

The Board is keenly aware that this has been a very difficult time for the Company and its Shareholders and has worked diligently to find the best possible way through its current challenges. Directors believe that a capital raising through this Rights Issue, as part of the broader restructuring plan outlined in the ASX Announcement on 18 March 2016 is in the best interests of all Shareholders, despite the difficult market environment for oil and gas companies and our resulting current low share price. The Rights Issue will provide a part of the necessary working capital to continue to progress the development of our most valuable assets. We have chosen to undertake this capital raising by way of a pro-rata rights issue to ensure that all Shareholders have the opportunity to participate in this capital raising should they so wish.

Eligible Shareholders will have the opportunity under the Offer to subscribe for 2.5 New Shares for every 1 existing Share held on the Record Date at an issue price of \$0.005 per New Share. The issue price represents a discount of approximately 72% to the volume weighted average price of \$.018 over the 3 months from 16 December 2015 to 16 March 2016, and an 80% discount to the last share trade on 16 March 2016.


The Company also invites eligible Shareholders to apply for New Shares in addition to their Rights under the Top-Up Offer (see the Entitlement and Acceptance Form with the Offer Document for more details) to increase their shareholding in the Company.

Further details of the Rights Issue are contained in this Offer Document which I encourage you to read carefully before deciding whether to invest.

For further information on the Company, you can visit the Company's website at: www.povalley.com. If you are in any doubt as to how to respond to this Rights Issue, you should consult your stockbroker, accountant or other independent professional adviser.

Thank you in anticipation of your continued support.

Yours faithfully



Graham Bradley
Chairman

3. CORPORATE DIRECTORY

Directors

Graham Bradley
Non-Executive Chairman

Michael Masterman
Deputy Chairman

Kevin Eley
Non-Executive Director

Byron Pirola
Non-Executive Director

Company Secretary

Lisa Jones

ASX Code

PVE

Underwriters

Symmall Pty Ltd as trustee for Masterman
Superannuation Fund

Fuiloro Pty Ltd as trustee for the Bailey Super
Trust

Beronia Investments Pty. Limited as trustee for
the Duke Trust

Supervised Investments Australia Limited as
trustee for The Supervised Fund

Registered Office

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153

Telephone: + 61 8 9316 9100
Facsimile: +61 8 9315 5475

Email: info@povalley.com
Website: www.povalley.com

Share Registry*

Link Market Services Limited
Level 4, 152 St Georges Terrace
Perth WA 6000

Legal Advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditor*

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a renounceable pro rata offer of 2.5 New Shares for every 1 existing Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.005 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

Eligible Shareholders will also be entitled to apply for Additional Shares in excess of their Rights, at the same price as New Shares under the Offer as detailed in Section 4.5.

Based on the capital structure of the Company as set out in Section 4.7 of this Offer Document, a maximum of approximately 350,392,300 Shares (subject to rounding) will be issued pursuant to this Offer to raise up to \$1,751,962 (before costs).

As at the date of this Offer Document, the Company has no options on issue.

All of the New Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

4.2 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to \$1,751,962 (before the payment of costs associated with the Offer).

The Company intends to apply the funds raised under the Offer as follows:

Items of Expenditure	\$	%
Sillaro rigless work ¹	550,000	32%
Progressing Selva gas field to drilling approval	300,000	17%
Repayment of loans	600,000	34%
General working capital	301,962	17%
Total²	1,751,962	100.00%

Notes:

1. As the rigless rework is currently ongoing, this estimate includes some costs already incurred amounting to approximately \$385,000 as at the date of this Offer Document
2. The Company incurs the majority of its expenses in Euro. For the purposes of converting euro amounts into Australian dollars in this Offer Document an exchange rate of approximately 1AUD/Euro0.67 has been used.

The above table is a statement of the Board's current intentions as at the date of this Offer Document. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be

applied. The Board reserves the right to alter the way funds are applied on this basis.

4.3 Indicative Timetable

Event	Date**
Announcement of Offer (before market opens)	18 March 2016
Release of Offer Document and Cleansing Notice to ASX (before market opens)	18 March 2016
Appendix 3B lodged with ASX (before market opens)	18 March 2016
Notice sent to Shareholders	21 March 2016
Ex date (date from which securities commence trading without the Entitlement to participate in the Offer) and Rights trading expected to commence	22 March 2016
Record Date (date for determining Entitlements of Eligible Shareholder to participate in the Offer)	23 March 2016
Offer Opening Date Offer Document and personalised Entitlement and Acceptance Forms sent to Shareholders	30 March 2016
Rights trading ends	6 April 2016
Last day to extend the Offer Closing Date*	8 April 2016
Closing Date (Offer closes)	13 April 2016 5.00pm (Perth time)
Notification to ASX of Shortfall	18 April 2016
Issue date/New Shares entered into Shareholders' holdings	20 April 2016

* Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** These dates are indicative only and are subject to change.

4.4 Your Rights under the Offer and how to deal with them

Your Rights under the Offer

The Rights of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your entitlement to participate in the Offer is shown by the number of Rights on the Entitlement and Acceptance form accompanying this Offer Document.

Details of how to apply under the Offer are set out in Section 5 of this Offer Document.

You can also apply for Additional Shares under the Top-Up Offer in addition to your Rights by following the instructions set out in Section 5. The Top-Up Offer is described in Section 4.5 below.

Renounceable Offer – how to deal with your Rights

The Offer is renounceable. This means that Eligible Shareholders may sell their Rights under this Offer. You may offer to sell your Rights on ASX or transfer them to another person.

Rights trading commences on 22 March 2016 and is expected to end on 6 April 2016. There is no guarantee that you will be able to sell all or part of your Rights on ASX or that any particular price will be available at which Rights can be sold.

Your options are:

- (a) **Sell all of your Rights on ASX;** in this case contact your stockbroker. You do not need to return your Entitlement and Acceptance Form to the Share Registry if you sell all of your Rights on ASX.
- (b) **Sell some of your Rights on ASX and take up the balance of your Rights;** if you wish to sell some of your Rights on ASX and take up the balance of your Rights, please contact your stockbroker in relation to the sale and follow the instructions in Section 5 of this Offer Document and on the Entitlement and Acceptance Form to accept the balance of your Rights.
- (c) **Transfer all or part of your Rights to another person;** You may elect to transfer all or part of your Rights to another person other than on ASX provided that the purchaser is not an Ineligible Shareholder or would not be an Ineligible Shareholder if the purchaser was the registered holder of the Shares. If you wish to transfer all or part of your Rights to another person other than on ASX then forward a completed standard renunciation form (available from your stockbroker or the Share Registry) together with your Entitlement and Acceptance Form completed by the transferor and transferee to the Share Registry so that it is received no later than 5.00pm (WST) on 6 April 2016 and arrange for payment of the amount of the application monies in accordance with Section 5 of the Offer Document.

4.5 Application under Top-Up Offer

Under the Top-Up Offer, Eligible Shareholders will be entitled to apply for Additional Shares in excess of their Rights, at the same price as New Shares under the Offer.

Shareholders wishing to subscribe for Additional Shares under the Top-Up Offer must apply for the Additional Shares at the same time as they apply for New Shares under their Rights by completing the appropriate section of their Entitlement and Acceptance Form. There is no limit on the number of Additional Shares that Eligible Shareholders may apply for under the Top-Up Offer, however, applications under the Top-Up Offer will only be satisfied to the extent that not all Eligible Shareholders take up their Rights.

In addition, no Additional Shares will be issued to any Eligible Shareholders if, in the view of the Directors, to do so would increase that Eligible Shareholders voting power above 19.90% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

The issue of Additional Shares under the Top-Up Offer is at the discretion of the Directors. Should applications under the Top-Up Offer exceed the Shares available, a scale-back will be applied in a manner determined by the Directors.

4.6 **Shortfall**

If you do not wish to take up or sell any part of your Rights you are not required to take any action. That part of your Rights not taken up or sold, and which is not subscribed for under the Top-Up Offer will form part of the Shortfall.

The Shortfall will be subscribed for by the Underwriters (or the Underwriters will procure subscriptions) in satisfaction of their commitment under the Underwriting Agreement.

4.7 **Capital structure**

The effect of the Offer on the capital structure of the Company, assuming all Rights are accepted, is set out below.

Shares	Number
Shares currently on issue	140,156,920
New Shares offered pursuant to the Offer ¹	350,392,300
Total Shares on issue after completion of the Offer¹	490,549,220

Notes:

1. This number may vary due to rounding of Rights and may increase as a result of the rounding up of New Shares offered under the Offer.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

4.8 **Underwriting**

The Offer is partially underwritten by:

- (a) Symmall, an entity controlled by director Michael Masterman;
- (b) Fuloro, an entity controlled by a substantial Shareholder, Kevin Bailey;
- (c) Beronia Investments, an entity controlled by director Byron Pirola; and
- (d) Supervised Investments, a Shareholder of the Company,

(together the **Underwriters**).

The Underwriters have agreed to underwrite the Offer for up to 163,405,263 Shares, being the number of New Shares offered by this Offer Document less the Rights of each Director (and the entities associated with him), Mr Bailey and Supervised Investments (and the entities associated with them). The Underwriters and other Directors have committed to participate in the Offer to the full extent of their Rights.

The Company has entered into the Underwriting Agreement with the Underwriters, the material terms of which are summarised in Section 7.1. This means that New Shares under the Offer will be issued to the Underwriters out of the Shortfall. There will be a Shortfall if Eligible Shareholders do not take up their

Rights and any Additional Shares are not subscribed for under the Top-Up Facility set out in Sections 4.5 and 4.6 above.

4.9 Effect on control of the Company

Each Underwriter is presently a Shareholder of the Company and the extent to which Shares are issued pursuant to the underwriting will increase the voting power in the Company of the Underwriters (or the people that control them, as applicable). The Underwriting Agreement has the potential to affect the control of the Company as the Underwriters will subscribe for any New Shares that are not taken up by Eligible Shareholders pursuant to their Rights or the Top-Up Offer. The actual effect on control will depend on the level of subscription by Eligible Shareholders pursuant to the Offer and Top-Up Offer.

The Underwriters' (or the persons that control them, as applicable) present relevant interest in Shares and voting power in the Company and the changes to those under several scenarios are set out in the table below and are based on the assumption that the Underwriters (and their associates) take up their full Rights under each scenario. Therefore, the references to the Rights Issue being 75% or 50% subscribed refers to 75% or 50% of the Rights being subscribed after the Underwriters and Directors (and their associates) take up their full Rights.

Event	Shares controlled by Michael Masterman	Voting power of Michael Masterman	Shares controlled by Kevin Bailey	Voting power of Kevin Bailey	Shares controlled by Byron Pirola	Voting power of Byron Pirola	Shares controlled by Supervised Investments	Voting power of Supervised Investments
Date of Offer Document	33,656,222	24.01%	26,296,077	18.76%	7,112,782	5.07%	5,450,854	3.89%
Rights Issue is fully subscribed	117,796,777	24.01%	92,036,270	18.76%	24,894,737	5.07%	19,077,989	3.89%
Rights Issue is 75% subscribed	120,656,369	24.60%	108,715,163	22.16%	41,573,631	8.47%	23,711,926	4.83%
Rights Issue is 50% subscribed	123,515,961	25.18%	125,394,057	25.56%	58,252,524	11.87%	28,345,862	5.78%
Only Directors and Underwriters subscribed	129,235,145	26.34%	158,751,844	32.36%	91,610,311	18.68%	37,613,735	7.67%

It is unlikely that no Shareholders, other than the Directors and the Underwriters (or their related entities or people that control them), will take up Rights under the Offer. The underwriting obligation and therefore voting power of the Underwriters (or the people that control them as applicable) will reduce by a corresponding amount for the amount of Rights under the Offer taken up by the other Shareholders and Additional Shares subscribed for under the Top-Up Offer.

Following completion of the Offer, full details regarding the changes to the voting power and Directors' interests will be announced to ASX.

4.10 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted significantly (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date ¹	Rights under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	50,000,000	35.67%	125,000,000	50,000,000	10.19%
Shareholder 2	25,000,000	17.84%	62,500,000	25,000,000	5.10%
Shareholder 3	10,000,000	7.13%	25,000,000	10,000,000	2.04%
Shareholder 4	1,000,000	0.71%	2,500,000	1,000,000	0.20%
Shareholder 5	100,000	0.07%	250,000	100,000	0.02%

Notes:

1. This is based on a share capital of 140,156,920 Shares at the date of this Offer Document and assumes that all Directors, Underwriters and the entities associated with them take up their full Rights.

4.11 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Rights are set out in the table below.

Director	Shares	Voting Power (%)	Rights	\$
Graham Bradley	1,478,880	1.06%	3,697,200	18,486.00
Michael Masterman	33,656,222	24.01%	84,140,555	420,702.78
Kevin Eley	800,000	0.57%	2,000,000	10,000.00
Byron Pirola	7,112,782	5.07%	17,781,955	88,909.78

Notes:

1. As detailed in Section 4.8, Symmall, an entity controlled by Michael Masterman, has agreed to underwrite the Offer up to \$57,192 (11,438,368 New Shares). The terms of the Underwriting Agreement are summarised in Section 7.
2. As described in Section 4.8, Beronia Investments, an entity controlled by Dr Byron Pirola, has agreed to underwrite the Offer up to \$333,578 (66,715,574 New Shares). The terms of the Underwriting Agreement are summarised in Section 7.

All Directors have indicated that they intend to participate in the Offer to the full extent of their Rights.

4.12 Details of substantial holders

As at the date of this Offer Document, the Company believes that those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Holder	Shares	Voting Power (%) ⁴	Rights	\$
Michael Masterman ¹	33,656,222	24.01%	84,140,555	420,703
Kevin Christopher Bailey ²	26,296,077	18.76%	65,740,193	328,701
Hunter Hall Investment Management Ltd and its associates	15,603,136	11.13%	39,007,840	195,039
Byron Pirola ³	7,112,782	5.07%	17,781,955	88,910

Notes:

1. Mr Masterman has indicated that he will take up his full Rights and those of Symmall. In addition, Symmall, an entity controlled by Mr Masterman, has agreed to underwrite the Rights Issue up to 11,438,368 Shares as outlined in Sections 4.8 and 7.
2. Mr Bailey has indicated that he will take up his full Rights. In addition, Fuiloro, an entity controlled by Mr Bailey has agreed to underwrite the Rights Issue up to 66,715,574 Shares as outlined in Sections 4.8 and 7.
3. Dr Pirola has indicated that he will take up his full Rights. In addition, Beronia Investments, an entity controlled by Dr Pirola, has agreed to underwrite the Rights Issue up to 66,715,574 Shares as outlined in Sections 4.8 and 7.
4. The voting power in the table is prior to settlement of the Offer.

The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Rights under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all Eligible Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Ineligible Shareholders being unable to participate in the Offer;
- (b) in the more likely event that there is a shortfall, Eligible Shareholders who do not subscribe for their full Rights under the Offer and Ineligible Shareholders unable to participate in the Offer will be diluted relative to those Eligible Shareholders who subscribe for some or all of their Rights as shown by the table in Section 4.10; and
- (c) in respect of any Shortfall, Eligible Shareholders will be entitled to top-up their shareholding, by subscribing for Additional Shares to be issued from the shortfall pool (**Top-Up Offer**). However, the Company will only issue such Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the applicant's voting power above 19.90%; and
- (d) if there is a Shortfall, the Underwriters and the parties associated with them will have a higher voting power in the Company as shown in the table in Section 4.9. None of the Underwriters is an associate of another Underwriter.

4.13 **Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	0.026	16 December 2015
Lowest	0.011	24 February 2016
Last	0.025	16 March 2016

4.14 **Opening and Closing Dates**

The Offer opens on the Opening Date, being 30 March 2016, and closes on the Closing Date, being 5:00pm (WST) on 13 April 2016 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

4.15 **Issue and dispatch**

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 4.3 of this Offer Document.

Pending the issue of the New Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Company's share registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form.

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 4.3 of this Offer Document.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

4.16 **ASX listing**

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

4.17 **CHESS**

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.18 **Risk Factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 6 of this Offer Document for further details.

4.19 **Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

4.20 **Continuous disclosure obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to

the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from the ASX www.asx.com.au (ASX:PVE).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

4.21 Enquiries concerning Offer Document

Enquiries relating to this Offer Document should be directed to the Company's Share Registry on +61 1300 910 051.

5. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

5.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. Eligible Shareholders may participate in the Offer as follows:

(a) **if you wish to take up all of your Rights:**

- (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
- (ii) attach your cheque to the Entitlement and Acceptance Form or arrange payment by BPAY® for the amount indicated on the Entitlement and Acceptance Form.

(b) **if you only wish to accept part of your Rights:**

- (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (ii) attach your cheque to the Entitlement and Acceptance Form or arrange payment by BPAY® for the appropriate Application monies (at \$0.005 per New Share).

If you only take up part of your Rights, you can deal with the balance of your Rights in accordance with Section 4.4 or allow them to lapse.

(c) **if you wish to accept all of your Rights and apply for Additional Shares under the Top-Up Offer:**

- (i) complete the Entitlement and Acceptance Form including filling in the number of Additional Shares under the Top-Up Offer you wish to apply for in the Top-Up Offer section on the Entitlement and Acceptance Form; and
- (ii) attach your cheque to the Entitlement and Acceptance Form or arrange payment by BPAY® for the appropriate application monies (at \$0.005 per New Share) for your Rights plus the Additional Shares you wish to apply for under the Top-Up Offer. Further information about the Top-Up Offer and the allocation policy for the issue of Additional Shares under the Top-Up Offer is set out in Section 4.5.

(d) **if you do not wish to accept any of your Rights**, you are not obliged to do anything. If you do nothing, your Rights will lapse and you will receive no benefit under the Offer.

Your completed Entitlement and Acceptance Form accompanied by the Application monies for the relevant amount and payment must reach the Registry no later than 5:00pm (WST) on the Closing Date.

5.2 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned along with a cheque for the Application monies, or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

5.3 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to **"Po Valley Energy Limited"** and crossed **"Not Negotiable"**.

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm WST on the Closing Date.

If the amount of your cheque is insufficient to pay for the full number of New Shares you applied for, you will be taken to have applied for a lower number of New Shares as your cleared Application monies will pay for.

5.4 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 2:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

6. RISK FACTORS

6.1 Introduction

The New Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

6.2 Key investment risks

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Offer Document in its entirety before deciding whether to apply for Shares under this Offer Document.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

(a) Control risk

As set out in Section 4.8, the underwriting arrangements in respect of the Offer have the ability to have a significant effect on the voting power of Michael Masterman and Byron Pirola, Directors of the Company, Kevin Bailey, a major Shareholder of the Company and Supervised Investments, a Shareholder of the Company.

Assuming each of Michael Masterman, Kevin Bailey and Byron Pirola take up their respective Rights, and other than the Underwriters and the Directors who are not underwriting the Offer, no Shareholders take up their the voting power in the Company of the parties below could be as follows:

- (i) Michael Masterman (and his associates) – from 24.01% to 26.34%;
- (ii) Kevin Bailey (and his associates) – from 18.76% to 32.36%;
- (iii) Byron Pirola (and his associates) – from 5.07% to 18.68%; and
- (iv) Supervised Investments (and its associates) from 3.89% to 7.67%

Notwithstanding the possible changes to voting power, none of the above parties presently intend to make any major changes to the business or financial and operating policies of the Company that have

not already been disclosed in this document. There is also no present intention to redeploy assets or make any changes to management or the Board that is not already disclosed in this document.

It should be noted that Michael Masterman, Kevin Bailey, Byron Pirola, Supervised Investments and their respective related entities are not associates of each other.

(b) **Dilution Risk**

On completion of the Offer, there will be 490,549,220 Shares on issue. If Shareholders do not take up all or any of the Rights, their shareholdings in the Company will be diluted. Section 4.10 sets out examples of the dilution effect of the Offer if Shareholders do not take up any of their Rights.

(c) **Termination of Underwriting Agreement**

In the event that an Underwriter terminates the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, the Company would likely raise substantially less than the maximum amount of the Offer and the Company would need to consider alternatives for future funding.

(d) **Liquidity risk**

The market for the company's shares has been illiquid for several years. There is no guarantee that there will be an ongoing liquid market for the Company's securities. There is no reason to believe that this situation will change following the rights issue and therefore Shareholders may be unable to easily realise their investment in the Company. Shareholders should take careful note that the directors are considering various options for streamlining the Company's structure and reducing costs. One such option may be the potential delisting of the Company from the ASX (subject to shareholder approval) to allow the Company to continue as an unlisted public company. If this occurs, then there will be no publicly traded market for the Company's shares.

(e) **Going Concern and additional requirements for capital**

The funds raised under the Offer are considered sufficient to meet the immediate needs of the Company, but will be insufficient to complete development of all the projects in the Company's portfolio. The Company has a number of highly attractive developments and exploration projects in its portfolio and additional funding will be needed to advance these projects. Whether this is financed by additional Shareholder equity, farm-ins or other means will be determined as appropriate on a case-by-case basis when those funds are needed. Additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may in the future choose to convert debt or payables to equity as it has disclosed it intends to with past Director fees (see the Chairman's Letter).

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its exploration and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders. If the Company is not successful in securing sufficient funding for the Company as and when needed this may mean it is uncertain whether the Company can continue as a going concern.

(f) Uncertainty of timing of regulatory approvals

Delays in the regulatory process could hinder the Company's ability to pursue operational activities in a timely manner including drilling exploration and development wells, to install infrastructure, and to produce oil or gas. In particular, oil and gas operations in Italy are subject to both regional and federal approvals.

(g) Estimation of reserves

The estimation of oil and natural gas reserves involves subjective judgments and determinations based on geological, technical, contractual and economic information. It is not an exact calculation. The estimate may change because of new information from production or drilling activities.

(h) Tenure security

Exploration licences held by the Company are subject to the granting and approval by relevant government bodies. Government regulatory authorities generally require the holder of the licences to undertake certain proposed exploration commitments and failure to meet these obligations could result in forfeiture. Exploration licences are also subject to partial or full relinquishments after the stipulated period of tenure if no alternative licence application (e.g. production concession application) is made, resulting in a potential reduction in the Company's overall tenure position. In order for production to commence in relation to any successful oil or gas well, it is necessary for a production concession to be granted. In addition, the granting of exploration licences can be legally challenged by external parties which could result in delays or, in extreme cases, the revoking of awarded licences.

(i) Health, safety and environmental matters

Exploration, development and production of oil and gas involves risks which may impact the health and safety of personnel, the community and the environment. Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. Failure to manage these risks could result in injury or loss of life, damage or

destruction of property and damage to the environment. Losses or liabilities arising from such incidents could significantly impact the Company's financial results.

(j) **Exploration and Development Risks**

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- a. the discovery and/or acquisition of economically recoverable reserves;
- b. access to adequate capital for project development;
- c. design and construction of efficient development and production infrastructure within capital expenditure budgets;
- d. securing and maintaining title to interests;
- e. obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production;
- f. access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

These factors apply, to varying extents, to all of the Company's current portfolio of development and exploration projects including but not restricted to Sillaro, Bezzacca, Santa Alberta, Selva and Teodorico.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment. In addition, drilling and operations include reservoir risk such as the presence of shale laminations in the otherwise homogeneous sandstone porosity.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of

toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(k) **Oil and gas price fluctuations**

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

(l) **Sovereign Risk**

The Company's key projects are located in Italy. Possible sovereign risks associated with operating in Italy include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its shares.

No assurance can be given regarding future stability in Italy or any other country in which the Company may, in the future, have an interest.

(m) **Reliance on key personnel**

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including sub-contractors.

The loss of the services of any such personnel could have an adverse effect on the Company at this stage of its development.

6.3 **General Risks**

(a) **Exchange rate risks**

The Company's revenue derived through the sale of gas will be in Euros while some of its expenses will be incurred in Australian dollars, which

exposes the Company to the fluctuations and volatility of the rate of exchange between the Euro and the Australian dollar as determined in international markets. Because the Company's financial statements are in Euros, appreciation of the Australian dollar against the Euro, without offsetting improvement in Euro denominated gas prices, could adversely affect the Company's reported profitability and financial position.

(b) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(c) **Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

6.4 **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

7. ADDITIONAL INFORMATION

7.1 Underwriting Agreement

The Company has entered into an underwriting agreement with the Underwriters (**Underwriting Agreement**) dated on or about the date of this Offer Document. Under the Underwriting Agreement, the Underwriters have agreed to underwrite the Offer for 163,405,263 Shares (**Underwritten Securities**), being the number of New Shares offered by this Prospectus less the Rights of each Director and Mr Bailey, in the following proportions:

Symmall	11,438,368	New Shares	\$57,192
Fuilorio	66,715,574	New Shares	\$333,578
Beronia Investments	66,715,574	New Shares	\$333,578
Supervised Investments	18,535,746	New Shares	\$92,679
Total	163,405,263	New Shares	\$817,027

The obligation of the Underwriters to partially underwrite the Offer is subject to certain events of termination. The Underwriters may terminate their obligations under the Underwriting Agreement if:

- (a) (**Offer Document**): the Company does not dispatch the Offer Document to Shareholders on 30 March 2016 (or such other date as the Company and the Underwriters agree in writing) or the Offer Document or the Offer is withdrawn by the Company;
- (b) (**Offer Materials**): a statement contained in the Offer Materials is or becomes misleading or deceptive or likely to mislead or deceive, or the Offer materials omit any information they are required to contain (having regard to the provisions of section 708AA of the Corporations Act and any other applicable requirements);
- (c) (**Lodgement of Cleansing Notice**): the Company fails to lodge with the ASX the Cleansing Notice on the 18 March 2016 (or such other date as the Company and the Underwriters agree in writing) in compliance with Section 708AA(7) of the Corporations Act and ASIC Class Order 08/35.
- (d) (**Restriction on issues**): the Company is prevented from issuing the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (e) (**No Quotation Approval**): the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX by the time required by the Corporations Act, the ASX Listing Rules or any other regulation;
- (f) (**ASIC application**): an order is made under section 1324B or any other provision of the Corporations Act in relation to the Offer Document;

- (g) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriters' reasonable opinion has a Material Adverse Effect (as defined in the Underwriting Agreement);
- (h) **(Authorisation)**: any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriters acting reasonably;
- (i) **(Termination Events)**: subject always to the Material Adverse Effect (as defined in the Underwriting Agreement) qualification described below, any of the following events occurs:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any material terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
 - (iii) **(Contravention of constitution or Act)**: a material contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material in respect of the Offer materials was, misleading or deceptive, materially false or that there was a material omission from them;
 - (v) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriters in respect of any aspect of the Offer or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
 - (vi) **(Official Quotation qualified)**: the approval granted by ASX for the Underwritten Securities to be listed for official quotation is qualified or conditional;
 - (vii) **(Prescribed Occurrence)**: a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;
 - (viii) **(Event of Insolvency)**: an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or any of its subsidiaries;
 - (ix) **(Timetable)**: there is a delay in any specified date in the timetable which is greater than 10 Business Days;

- (x) **(Force Majeure)**: a force majeure event affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xi) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriters; or
- (xii) **(Capital Structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Offer Document.

The Underwriters are not entitled to exercise their rights under termination event (i) above unless, in the reasonable opinion of the Underwriters reached in good faith, the occurrence of the termination event has or is likely to have, or two or more termination events together have or are could reasonably be expected to:

- (a) have a Material Adverse Effect (as defined in the Underwriting Agreement); or
- (b) give rise to a liability of the Underwriters under the Corporations Act.

No fees are payable by the Company to the Underwriters under the Underwriting Agreement. The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriters that are considered standard for an agreement of this type.

8. DEFINED TERMS

\$ or A\$ means an Australian dollar.

Additional Shares means those New Shares not applied for by Shareholders under the Offer by the Closing Date.

Applicant refers to a person who submits an Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Offer.

Application refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Beronia Investments means Beronia Investments Pty. Limited (ACN 062 611 232), as trustee for the Duke Trust an entity controlled by a director of the Company, Dr Byron Pirola.

Closing Date means the closing date set out in Section 4.3 or such other date as may be determined by the Directors.

Company means Po Valley Energy Limited (ACN 087 741 571).

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

Directors mean the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Fuilorio means Fuilorio Pty Ltd (ACN 009 228 835) as trustee for the Bailey Super Trust an entity controlled by Kevin Bailey, a substantial Shareholder.

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

New Share means a new Share proposed to be issued pursuant to this Offer.

Offer or Rights Issue means the pro rata renounceable offer of New Shares at an issue price of \$0.005 each on the basis of 2.5 New Shares for every 1 Share held by an Eligible Shareholder on the Record Date.

Offer Document means this Offer Document.

Opening Date means the opening date set out in Section 4.3.

Record Date means the record date set out in Section 4.3.

Right means the right of an Eligible Shareholder to subscribe for 2.5 New Shares for every 1 Share held on the Record Date under the Offer.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Rights or the Top-Up Offer.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.6.

Shortfall Shares means those Shares issued pursuant to the Shortfall.

Supervised Investments means Supervised Investments Australia Limited (ACN 125 580 305) as trustee for the Supervised Fund, a shareholder of the Company.

Symmall means Symmall Pty Ltd as trustee for Masterman Superannuation Fund, an entity controlled by a director of the Company, Michael Masterman.

Top-Up Offer means as defined in Section 4.12(c).

Underwriters means Symmall, Fuloro, Beronia Investments and Supervised Investments.

Underwriting Agreement has the meaning given in Section 7.1

US Person means a person who receives the Offer when they are located in either the United States of America.

WST means Western Standard Time as observed in Perth, Western Australia.