



## ORMIL ENERGY LIMITED

ACN: 107 708 305

Suite 8, 7 The Esplanade, Mt Pleasant WA 6153 Australia

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

### DISPATCH OF OFFER DOCUMENT

10 October 2012

Ormil Energy Limited (ASX: OMX) is pleased to advise that in accordance with the indicative timetable for the recently announced non renounceable entitlement issue, the Company has today dispatched an Offer Document together with an Entitlement and Application Form to Eligible Shareholders.

As a reminder the timetable for the offer is set out below. The dates are indicative only and the Company reserves the right to vary the dates subject to the Corporations Act 2001, the ASX Listing Rules and other applicable law.

Offer Document lodged with ASX	28 September 2012
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Offer)	9 October 2012
Offer Document Despatched to Eligible Shareholders (expected date of despatch of Offer Document) Entitlement and Acceptance Forms)	10 October 2012
Opening Date	10 October 2012
Closing Date *	31 October 2012
Allotment date **	5 November 2012
Company to notify ASX of undersubscriptions (if any) **	5 November 2012
Dispatch date	7 November 2012
Trading commences for New Shares on ASX **	8 November 2012

- Subject to the Listing Rules and the Underwriters, 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.

Yours sincerely,

Mark Pitts  
Company Secretary

**ORMIL ENERGY LIMITED**

**ABN 96 107 708 305**

**Non-Renounceable Entitlement Issue  
Offer Document**

For

A non- renounceable pro rata offer of New Shares at an issue price of 2.2 cents each on the basis of one New Share for every three Shares held on the Record Date to raise up to \$4,362,388 before costs.

**This document is important and requires your immediate attention.** It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

This Offer opens on 10 October 2012  
and

**closes at 5.00 pm Perth time on 31 October 2012**

Valid acceptances must be received before that time.

**Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement.**

# Important information

## Offer Document

This Offer Document is issued pursuant to section 708AA of the Corporations Act for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act.

This Offer Document was lodged with ASX on 28 September 2012. ASX takes no responsibility for the content of this Offer Document.

The distribution of this Offer Document and the placement of the New Shares in certain jurisdictions may be prohibited or restricted by law. Persons who come into possession of this Offer Document and/or its accompanying documents are required by the Company to inform themselves of, and observe, any such prohibitions and restrictions.

This Offer Document may not be sent to any person or in any jurisdiction in which it would not be permissible to deliver or make an offer of the New Shares under the Offer and the New Shares may not be sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction.

## Investment decisions

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the Entitlement attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

## Overseas Shareholders

No offer is being made to Shareholders with a registered address outside Australia, New Zealand, Botswana or Mauritius. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia, New Zealand, Botswana or Mauritius may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to the Company to have been submitted in violation of any applicable securities laws. Please refer to Section 6. Eligible Shareholders holding Shares on behalf of persons resident outside Australia, New Zealand, Botswana or Mauritius are responsible for ensuring that any dealing with New Shares issued does not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form. The making of an Application will constitute a representation that there has been no breach of such laws and regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed. The New Shares being offered pursuant to this Offer Document may only be offered outside the United States. In the case of persons whose address is in Botswana, unless their Entitlement under the Offer has a value as at the date of the Offer of not less than 100,000 BWP.

## New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

## United States

The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (**Securities Act**) or under any securities laws of any state or other jurisdiction of the United States of America (**U.S.**) and may not be sold, resold, transferred or delivered, directly or indirectly, within the U.S. except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act

and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S. The New Shares may only be sold, resold, transferred or delivered, directly or indirectly, in transactions exempt from or not subject to the registration requirements of the Securities Act. The New Shares are being offered and sold within the U.S. to beneficial holders of Shares that are qualified institutional buyers (as defined in Rule 144A under the Securities Act) (**QIBs**) or accredited investors (as defined in Regulation D under the Securities Act) (**Accredited Investor**) that the Company believes are QIBs or Accredited Investors and who provide to the Company a signed investor representation letter in the form set out in Appendix A of this Offer Document (**Entitled U.S. Holders**). The New Shares are being offered and sold in offshore transactions (as defined under Regulation S) in reliance on Regulation S and within the U.S. to a limited number of Entitled U.S. Holders in reliance on the exemption from the registration requirements of the Securities Act under Section 4(2) thereof.

## Other jurisdictions

Shareholders resident in other jurisdictions should refer to Section 6 to determine whether they are eligible to accept their entitlement under the Offer.

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website [www.asx.com.au](http://www.asx.com.au)). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Offer Document and do not constitute part of the Offer. 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. 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 in New Shares or the Company.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Document. Any such extraneous information or representation may not be relied upon.

## Forward-looking statements

This Offer Document includes forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions, many of which are outside the control of the Company, that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements. Such forward-looking statements are not guarantees of future performance.

## Accepting the Offer

Applications for New Shares by Eligible Shareholders may only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement. By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

## No Entitlement trading

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

## Defined terms

Capitalised terms and certain other terms used in this Offer Document are defined in the Glossary of Defined Terms in Section 8.

## Currency

All references in this Offer Document to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

## Reference to time

All references in this Offer Document to time relate to the time in Perth, Western Australia.

## Date of this Offer Document

This Offer Document is dated 28 September 2012.

# Contents

Important information .....	i
Contents .....	ii
Letter from the Chairman.....	1
1. Details of the Offer .....	2
2. Effect of the Offer on your shareholding .....	8
3. Effects of the Offer on control of the Company .....	9
4. Your alternatives in respect of the Offer .....	10
5. Risk factors .....	13
6. Important information for overseas Shareholders.....	18
7. Additional information .....	24
8. Glossary of Defined Terms.....	26

# Letter from the Chairman

28 September 2012

Dear Shareholder

On 29 August 2012 the Company announced that it will raise up to approximately \$4.3 million (before costs) to support the advancement of its coal bed methane assets in Botswana and Australia.

The equity raising comprises an Offer which is the subject of this Offer Document. The Offer is to be undertaken at 2.2 cents a share.

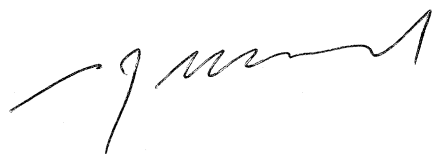
After payment of the costs and expenses of the Offer, the proceeds of the Offer will be applied, over the next 12 months, to:

- (a) fund the Company's minimum expenditure commitments for its exploration licences and permits;
- (b) fund further exploration activities and drilling on the Company's coal bed methane projects in Botswana acquired through the recent successful takeover of Energy Botswana Limited;
- (c) fund further exploration activities on the Company's Australian coal bed methane projects; and
- (d) meet the Company's general working capital requirements.

Notwithstanding the current challenging environment in capital markets, the Company has chosen to undertake this fundraising to pursue its objective of rapidly and significantly progressing its projects, particularly the exciting projects in Botswana. The Offer is aimed to provide an opportunity to the existing shareholders to invest on attractive terms.

I urge all Eligible Shareholders to consider taking up their full Entitlement at this attractive price, so as to avoid dilution of their interest in the Company and to benefit as the Company's projects are further advanced.

Yours sincerely



**Ted Ellyard**  
**Chairman**

# 1. DETAILS OF THE OFFER

## 1.1 The Offer

The Company is making a non-renounceable pro rata offer of New Shares to Eligible Shareholders at an issue price of 2.2 cents each on the basis of one New Share for every three Shares held on the Record Date (**the Offer**). The issue price is payable in full on application.

As at the date of this Offer Document, the Company has on issue 594,871,111 Shares and 58,733,405 unlisted Options. The Company expects that up to 198,290,370 New Shares will be issued under the Offer, raising up to \$4,362,388, before costs. The net proceeds of the Offer will be used to enable the Company to advance its coal bed methane projects in Botswana and Australia and for additional working capital.

The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form which accompanies this Offer Document. Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

Company optionholders also have an opportunity to participate in the Offer, provided that they exercise their Options and become the registered holders of Shares in respect of the exercised Options by the Record Date. However, as the exercise prices of the Options on issue are above the current market price of Shares, the Company does not expect to issue further Shares pursuant to exercise of Options before the Record Date.

The Offer is non-renounceable. Shareholders who do not exercise their Entitlement will be diluted with respect to their interest in the Company.

In addition to applying for their Entitlement, Eligible Shareholders may apply for further New Shares out of any Shortfall. As permitted by the Listing Rules, the Directors reserve the right to issue the Shortfall to Eligible Shareholders as determined by the Directors at their discretion. Accordingly, the Company cannot guarantee that Eligible Shareholders will receive the additional New Shares in excess of their Entitlement.

The New Shares will be fully paid and will rank equally in all respects with the Company's existing Shares, including as to dividends and voting rights.

## 1.2 Underwriting

The Company has received commitments to partially underwrite the Offer as follows:

- Avatar Energy Pty Limited (**Avatar**) (a company controlled by a Director of the Company, Mr Thomas Fontaine) has agreed to underwrite 40,000,000 Shares to a value of \$880,000;
- Jerele Mining Pty Limited (**Jerele**) (a company controlled by the Chairman of the Company, Mr Edward Ellyard) has agreed to underwrite 10,000,000 Shares to a value of \$220,000;
- Sebastien Holdings Pty Ltd (**Sebastien**), an unrelated party, has agreed to underwrite 25,000,000 Shares to a value of \$550,000;

- Gold Elegant (HK) Investment Limited (Gold Elegant), an unrelated party, has agreed to underwrite 15,000,000 Shares to a value of \$330,000.

The obligation of Avatar, Jerele Sebastien and Gold Elegant to acquire New Shares under the Underwriting Agreements arises after New Shares have been allocated to Eligible Shareholders who exercise their Entitlement.

The Directors of the Company consider that the terms and conditions of the Underwriting Agreements with Avatar and Jerele are consistent with the arm's length underwriting agreements concluded with Sebastien and Gold Elegant. In any event, the Company received shareholder approval in general meeting on 27 September 2012 to enter into the underwriting agreements with Avatar and Jerele.

Avatar, Jerele, Sebastien and Gold Elegant will each be paid an underwriting commission of 4% of the amount underwritten by that Underwriter.

Each of Avatar, Jerele, Sebastien and Gold Elegant may terminate its underwriting liability in certain circumstances including but not limited to the following:

- Any of the following occurs which does or is likely to prohibit or restrict the Issue:
  - the introduction of legislation into Parliament of the Commonwealth of Australia or any State or Territory of Australia;
  - the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
  - the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy.
- If the Company is in default of any of the terms and conditions of the Underwriting Agreement.

### 1.3 Timetable

<b>Offer Document lodged with ASX</b>	28 September 2012
<b>Record Date</b> (date for determining entitlements of Eligible Shareholders to participate in the Offer)	9 October 2012
<b>Offer Document Despatched to Eligible Shareholders</b> (expected date of despatch of Offer Document) Entitlement and Acceptance Forms)	10 October 2012
<b>Opening Date</b>	10 October 2012
<b>Closing Date *</b>	31 October 2012
<b>Allotment date **</b>	5 November 2012
<b>Company to notify ASX of undersubscriptions (if any) **</b>	5 November 2012

---

**Dispatch date**

7 November 2012

**Trading commences for New Shares on  
ASX \*\***

8 November 2012

\* Subject to the Listing Rules and the Underwriters, 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.

## **1.4 Continuous disclosure**

The Company is listed on ASX and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise as well as the lodgement of yearly and half-yearly financial statements, audit or review reports and quarterly reports.

The Company has lodged a number of announcements with ASX, including its Quarterly Cash Flow and Activities Reports for the period ending 30 June 2012. The Company lodged its Half Yearly Accounts to 31 December 2011 on 14 March 2012, and will be lodging its Full Year Statutory Accounts on 28 September 2012.

These announcements are available for inspection at ASX and may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au) or on the Company's website at [www.ormilenergy.com.au](http://www.ormilenergy.com.au). From time to time, the Company makes announcements in respect of various matters. The Directors encourage Shareholders to refer to the Company's website and the ASX website to ensure they are kept fully informed.

## **1.5 Entitlements and eligibility**

Each Eligible Shareholder who is registered as the holder of Shares at 5:00pm (Perth time) on the Record Date is entitled to participate in the Offer. The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Document.

If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your rights to participate in the Offer will lapse and the New Shares not taken up by you will form part of the Shortfall. As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding interest in the Company diluted.

The Company reserves the right (in its sole discretion) to:

- reject any Application that it believes comes from a person who is not an Eligible Shareholder or valid transferee of New Shares; and
- reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Offer proves to be false, exaggerated or unsubstantiated.

The Directors reserve the right not to proceed with the whole or any part of the Offer at any time prior to the allotment of New Shares. In that event, relevant Application Monies will be refunded without interest.



## **1.6 Entitlement and Acceptance Form**

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Company's decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form, is final.

## **1.7 Ability for Shareholders to Participate in any Shortfall**

Eligible Shareholders in addition to applying for their Entitlement may, by completing the relevant box in the Entitlement and Acceptance Form and including the appropriate Application Monies, apply for such further number of New Shares out of any Shortfall which the Eligible Shareholder may specify in the Entitlement and Acceptance Form.

The Directors reserve the right to issue the Shortfall to Eligible Shareholders as determined by the Directors at their discretion. Accordingly, the Company cannot guarantee that Eligible Shareholders will receive the additional New Shares in excess of their Entitlement.

In the event that applications from Eligible Shareholders to participate in the Shortfall are not accepted, Application Monies relating to Shares applied for but not issued will be returned to Shareholders as soon as practicable following the Closing Date without interest.

## **1.8 Opening and Closing Dates**

The Offer opens on the Opening Date, namely 10 October 2012. The Company will accept Entitlement and Acceptance Forms until 5.00pm Perth time on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

## **1.9 Issue and despatch**

The expected dates for issue of New Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the timetable set out in Section 1.3 of this Offer Document.

It is the responsibility of Applicants to determine their 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.

## **1.10 ASX quotation**

Application will be made to the ASX for the official quotation of the New Shares. If the ASX does not grant quotation to the New Shares, the Company will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer. Subject to ASX approval, it is expected that normal trading of New Shares issued under the Offer will commence on 8 November 2012.

### 1.11 **Brokerage**

No investor will pay brokerage as a subscriber for New Shares under the Offer.

### 1.12 **Application Monies**

Application Monies will be held in a trust account until the New Shares are allotted to Eligible Shareholders.

The trust account established by the Company for this purpose will be solely used for handling Application Monies.

Any interest earned on Application Monies will be for the benefit of, and remains the sole property of, the Company and will be retained by the Company whether or not the allotment and issue of New Shares takes place.

Applications and payments made under the Offer may not be withdrawn once they have been received by the Company.

### 1.13 **Excluded Shareholders**

The Company will not make an Offer to retail Shareholders as at the Record Date with a registered address outside Australia or New Zealand (**Excluded Shareholders**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of retail Shareholders outside Australia and New Zealand;
- (b) the number and value of New Shares that would be offered to retail Shareholders outside Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in overseas jurisdictions.

The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside Australia and New Zealand (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia and New Zealand are responsible for ensuring that any dealing with New Shares issued under the Offer do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form.

The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### 1.14 **Overseas Shareholders**

Shareholders resident overseas should review the information in Section 6 of this Offer Document to determine whether they are eligible to accept their Entitlement.

The New Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any State or other jurisdiction of the U.S.

#### **1.15      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.

## 2. Effect of the Offer on your shareholding

Based on the Company's capital structure as at the date of this Offer Document, the capital structure of the Company following completion of the Offer will be as follows:

Shares	Number
Shares on issue at the Record Date	594,871,111
Maximum New Shares offered under the Offer *	198,290,370
<b>Total Shares on issue at completion of Offer *</b>	<b>793,161,481</b>

\* Assuming no Options (listed below) are exercised before the Record Date.

No new Options will be issued under the Offer.

The Company currently has the following 58,733,405 unlisted Options on issue:

Number	Exercise Price (\$)	Expiry
15,500,000	0.06	30/06/2013
2,000,000	0.06	30/06/2013
27,233,405	0.06	30/06/2013
4,000,000	0.06	30/06/2015
10,000,000	0.06	30/06/2015

If you do not take up your Entitlement under the Offer, your percentage shareholding in the Company will be diluted.

### 3. Effects of the Offer on control of the Company

If all Eligible Shareholders take up their Entitlements in full, then the Offer will have no effect on the control of the Company.

If some Eligible Shareholders do not take up all of their Entitlement under the Offer, then the shareholding interests of those Eligible Shareholders in the Company will be diluted.

The proportional interests of Excluded Shareholders will be diluted because such Shareholders are not entitled to participate in the Offer.

Although the issue of New Shares to substantial Shareholders under the Offer may increase the shareholding interests of those persons in the Company, these arrangements are not expected to have any material effect on the control of the Company.

The current relevant interests of the substantial Shareholders of the Company (persons who have relevant interests in 5% or more of total Shares on issue), are as follows:

<b>Substantial Shareholder (includes associated entities)</b>	<b>Number of shares held</b>	<b>% relevant interest</b>
Trent Wheeler	69,051,842	11.61
Raalin Wheeler	69,051,842	11.61
Thomas Fontaine	51,277,889	8.62
David John Newman	36,612,000	6.16
Benny Ben Otim	34,812,000	5.85
<b>Total</b>	<b>260,805,573</b>	<b>43.85</b>

An analysis of the potential changes in control of the Company has been undertaken to indicate the effect on the total relevant interests of the substantial Shareholders (including their associated entities), assuming they take up their Entitlements under the Offer, in the Company upon completion of the Offer.

The analysis detailed below shows the effect on the Company and on the interest of the substantial Shareholders in the event of 100% acceptances and also shows the effect in the unlikely event no other Shareholder other than those substantial Shareholders identified in the table above take up their Entitlements and each of the partial underwriters subscribes for their proportionate share of the shortfall and the loans described in section 7 are satisfied in accordance with their terms.

<b>Shareholder</b>	<b>% of total Shares after Offer</b>	
	<b>Take up of Entitlements by Eligible Shareholders</b>	
	<b>100%</b>	<b>0%</b>
Trent Wheeler	11.61	11.61
Raalin Wheeler	11.61	13.60
Thomas Fontaine	8.62	14.30
David John Newman	6.16	6.20
Benny Ben Otim	5.85	5.90
<b>Total</b>	<b>43.85</b>	<b>48.50</b>

## **4. YOUR ALTERNATIVES IN RESPECT OF THE OFFER**

### **4.1 Your Entitlement**

If you are an Eligible Shareholder, your Entitlement is shown on the Entitlement and Acceptance Form that accompanies this Offer Document and has been calculated on the basis of 1 New Share for every 3 Shares you held as at 5:00pm AEST on the Record Date, rounded up to the nearest whole New Share.

### **4.2 Your alternatives**

If you are an Eligible Shareholder you may:

- take up some or all of your Entitlement;
- take up all of your Entitlement and, if you wish, apply for Additional New Shares; or
- do nothing and allow all of your Entitlement to lapse.

#### **(a) Taking up your Entitlement**

If you wish to take up all or part of your Entitlement, you must complete and return the Entitlement and Acceptance Form with Application Monies pursuant to the instructions that are set out on the Entitlement and Acceptance Form accompanying this Offer Document or, if you have an Australian financial institution account that supports BPay® (Registered to BPay Pty Ltd ABN 69 079 137 518) by paying by BPay before 5.00pm AEST on the Closing Date (see below for further details).

The Company will treat you as applying for as many New Shares as your payment will pay for in full.

#### **(b) Taking up your Entitlement and applying for Additional New Shares**

If you wish to apply for Additional New Shares, you must complete and return the Entitlement and Acceptance Form with Application Monies pursuant to the instructions that are set out on the Entitlement and Acceptance Form accompanying this Offer Document or, if you have an Australian financial institution account that supports BPay® (registered to Bpay Pty Ltd ABN 69 079 137 518) by paying by BPay before 5:00pm AEST on the Closing Date (see below for further details).

The Company will treat you as applying for as many New Shares and Additional New Shares as your payment will pay for in full.

The Company has reserved the right to issue the Shortfall to any Eligible Shareholders as determined by the Directors in their absolute discretion.

#### **(c) Doing nothing in respect of the Offer**

If you do nothing, your Entitlement will lapse. Although you will continue to own the same number of Shares in the Company, your percentage shareholding in the Company will be diluted.

### **4.3 Method of payment**

The method of taking up the Offer will depend on your method of payment, being:

**(a) Payment by cheque, bank draft or money order**

Should you wish to pay by cheque, money order or bank draft, you should complete your Entitlement and Acceptance Form in accordance with the instructions set out on that form and return the form accompanied by a cheque, bank draft or money order:

- in Australian currency, drawn on an Australian branch of a financial institution;
- for an amount equal to \$0.022 multiplied by the number of New Shares that you are applying for; and
- made payable to Ormil Energy Limited and crossed "Not Negotiable".

Cash payments will not be accepted. Receipts for payment will not be issued. If your cheque is dishonoured, your Application will be rejected.

Your completed Entitlement and Acceptance Form, together with your Application Monies, should be mailed using the reply paid self addressed envelope provided with this Offer Document, to:

Mailing  
Address

Ormil Energy Limited – Entitlement Offer  
c/- Computershare Investor Services Pty Limited  
GPO Box 505  
MELBOURNE, Victoria, 3001

**(b) Payment by BPay**

If you wish to pay by BPay (only available to Eligible Shareholders who hold an account with an Australian financial institution that supports BPay):

- please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). Your BPay payment must be received by no later than 5:00pm (EST) on the Closing Date. Applicants should be aware that their own financial institution may impose earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPay are received by this time; and
- for payment by BPay, you do not need to submit your Entitlement and Acceptance Form but, by making a payment through BPay, you will be taken to have made the declarations set out in the Entitlement and Acceptance Form.

Any Application Monies received for more than your final allocation of New Shares will be refunded. No interest will be paid on any Application Monies received or refunded.

#### **4.4 Enquiries concerning your Entitlement**

If you have any queries concerning your Entitlement, please contact Ormil Energy Limited on +61 3 9415 4000(from outside Australia) or 1300 850 505(within Australia). The Company Secretary is also available during business hours (Perth time) on +61 8 9316 9100.

Alternatively, consult your stockbroker, accountant or other professional adviser.



## **5. Risk factors**

### **5.1 Introduction**

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance.

Before deciding whether to take up their Entitlement, Eligible Shareholders should read the entire Offer Document and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au) under the code OMX) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

Shareholders should also consider the risk factors set out below which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

### **5.2 Specific risks**

The following risks have been identified as being key risks specific to an investment in the Company.

#### ***Future capital requirements***

The Company's ongoing activities may require substantial further financing in the future for its business activities, in addition to amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse affect on the Company's activities and could affect the Company's ability to continue as a going concern.

#### ***Country risk***

The Company has a project located in Botswana. There can be no assurance that the system of government and the political system in Botswana will remain stable. There can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the coal bed methane industry will not be amended or replaced in the future to the detriment of the Company's business and/or projects.

The Company also has projects located in Australia which has a recent history of adverse changes to the taxation regime in respect of the resources sector, as well as increasingly complex environmental and heritage regulation. There can be no assurance that government regulations relating to taxation, environment,

heritage matters and regulation of the coal bed methane industry in Australia will not be amended or replaced in the future to the detriment of the Company's business and/or projects.

### ***Renewal of licences in New South Wales***

Pursuant to a Farmin and Purchase Agreement dated 20 August 2010 the Company acquired from Apex Energy NL (**Apex**) all of the shares in Sydney Basin CBM Pty Ltd (**SCBM**) which holds a 20% interest in PELs 454, 442 and 444 and a 20% interest in agreements with a number of the owners of Coal Mining Leases CCL 703, 379, 700 and 740 located within the boundaries of PELs 454, 442 and 444.

The Company is required to pay for exploration activity within the areas of the above PELs in 2 phases, up to an aggregate \$3.2million, to maintain the 20% interest held by SCBM and is entitled to earn from Apex an additional 30% interest by spending \$7.0 million by 30 June 2014 (**Third Completion Date**). The obligations of the Company during these first 2 phases are conditional on all government approvals and land access arrangements being granted.

During phase 2 an additional \$1.6million was required to be incurred by the Company by 31 December 2011 but this date was subsequently extended to 31 December 2012 (**Second Completion Date**) by agreement between Apex and the Company. If the Company fails to incur such expenditure by the Second Completion Date then Apex is entitled to require the Company to re-transfer a 7.5% participating interest to Apex.

The Company is currently seeking from Apex an extension of the Second Completion Date and the Third Completion Date. There is a risk that such extensions may not be granted by Apex.

Apex has recently been in the process of renewing PEL 442, but because of problems with the renewal, Apex has also lodged new applications over the same area, referred to as applications PELA 136 and PELA 138. On 7 June 2012 OMX announced that the PEL 442 joint venture had been advised by the Coal & Petroleum Titles division of the NSW Trade and Investment Department that:

"The following are the main points to be aware of re the PEL 442 / PELA 136 / PELA 138 and PSPAPP 58 situation:

- the application for renewal for PEL 442 lodged on 29 February 2012 has not been accepted
- the application lodged electronically (PELA 136) cannot be accepted as it does not comply with the section 11 of the Petroleum (Onshore) Act 1991
- the application lodged by mail, received 12 March 2012 has been accepted (PELA 138)
- the application by the NSW Aboriginal Land Council (lodged 1 March 2012) has to be dealt with before PELA 138 can be considered."

OMX and its co-venturers are in further discussions with the Department concerning the renewal application. The outcome is presently uncertain so there is a risk that tenure over the area within PEL 442 will be lost.

### 5.3 Industry risks

Coal bed methane exploration and development may be hampered by circumstances beyond the control of the Company and are speculative operations which by their nature subject to a number of inherent risks, including the following.

#### ***Exploration risks***

The success of the Company depends on the delineation of economically producible reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and production tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.

#### ***Resource estimates***

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

#### ***Ability to exploit successful discoveries***

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as the Company's.

#### ***Development risks***

Future profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

#### ***Native title and title risks***

The effect of the present laws in respect of native title that apply in Australia is that tenement application and project development may be affected by native title claims or procedures. This may preclude or delay granting of permits to explore or mine on some tenements. The presence of Aboriginal sacred sites on tenements held by the Company may limit or preclude exploration or

production activity within the sphere of influence of those sites and delays and expenses may be incurred in obtaining clearances.

Interests in tenements in Australia and Botswana are governed by legislation in their respective jurisdictions and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it reporting and/or expenditure commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

### ***Environmental risks***

The operations and activities of the Company in Australia and Botswana are subject to laws and regulation concerning the environment. As with most exploration operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

### ***Joint venture parties, agents and contractors***

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

### ***Commodity prices***

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for particular commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity.

### ***Competition***

The Company competes with other companies, including major mining companies in Australia, Botswana and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

### ***Key personnel***

Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of projects is limited and competition for such persons is strong.

## ***Other***

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

## **5.4 General investment risks**

### ***Stock market conditions***

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares.

As an ASX-listed company, general factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity process, 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.

### ***Liquidity risk***

There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

### ***Securities investment risk***

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

### ***Restrictions on sales of the New Shares in the U.S.***

The offering and delivery of the New Shares in the U.S. to certain Entitled U.S. Holders is being made in reliance on the exemption from the registration requirements of the Securities Act in Section 4(2) thereof. The New Shares will not be registered under the Securities Act, or under the securities laws of any state of the U.S. and, accordingly, they may not be sold, resold, transferred or delivered, directly or indirectly, to the public in the U.S. Accordingly, investors acquiring the New Shares in the Offer should note that the New Shares may only be resold or transferred in the U.S. pursuant to an exemption from the registration requirements of the Securities Act.

## 6. Important information for overseas Shareholders

The Company is concerned to ensure that its Shareholders resident overseas have the opportunity to accept their entitlements under the Offer. Whilst the securities laws of most foreign jurisdictions impose restrictions on foreign entities making offers in their jurisdiction, those securities laws often provide exceptions which enable wholesale-type investors to participate in foreign issues.

Overseas Shareholders should review the country-specific exceptions described below to determine whether they can accept their entitlements. If you are in any doubt as to whether you are permitted to accept your Entitlement, you should consult your professional adviser as soon as possible.

### Hong Kong

This Offer Document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (**Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this Offer Document or to permit the distribution of this Offer Document or any documents issued in connection with it.

Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or to professional investors (as defined in the SFO and any rules made under that ordinance).

No person allotted New Shares may sell, or offer to sell, New Shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such New Shares.

The contents of this Offer Document have not been reviewed by any Hong Kong regulatory authority. Hong Kong residents are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Offer Document, you should obtain independent professional advice.

### France

This Offer Document is not being distributed in the context of a public offering of financial securities in France within the meaning of Article L.411-1 of the French Monetary and Financial Code and Articles 211-1 et seq of the General Regulation of the French Autorité des Marchés Financiers (**AMF**). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Offer Document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Offers of New Shares will only be made in France to qualified investors acting for their own account, as defined in and in accordance with Articles L.411-2-II-2 and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

### **Mauritius**

The New Shares being offered under this Offer Document are being offered to Eligible Shareholders with registered addresses in Mauritius.

### **Botswana**

The New Shares being offered under this Offer Document are being offered to Eligible Shareholders with registered addresses in Botswana, on the basis that the Offer is a non renounceable entitlement issue and the respective Entitlement under the Offer has a value as at the date of the Offer of not less than 100,000 BWP

### **New Zealand**

The New Shares being offered under this Offer Document are being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### **Singapore**

This Offer Document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in the Republic of Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

If you are a person in Singapore, this Offer Document has been given to you on the basis that you are:

- (b) an existing holder of the Company's shares; and
- (b) an "institutional investor" (as defined in the section 274 of the SFA); or
- (c) a "relevant person" (as defined under section 275(2) of the SFA).

In the event that you are not an investor falling within any of the categories set out above, please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

No offer is made to any person with a view to the New Shares being subsequently offered for sale to any other party in Singapore. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **United Kingdom**

Neither the information in this Offer Document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

This Offer Document is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Offer Document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of FSMA. This Offer Document may not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this Offer Document is being distributed only to, and is directed at, persons:

- (a) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**);
  - (b) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
  - (c) to whom it may otherwise be lawfully communicated,
- (together “relevant persons”).

The investments to which this Offer Document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offer Document or any of its contents.

### **United States**

For this Offer the Company is relying upon exemptions from registration with the U.S. Securities and Exchange Commission for an offer and sale that does not involve a public offering in the U.S. The New Shares have not been recommended by any U.S. federal or state authorities or by any foreign



authorities and they have not determined that this Offer Document is accurate or complete. Any representation to the contrary is a criminal offence.

The New Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the U.S. and may not be sold, resold, transferred or delivered, directly or indirectly, within the U.S. except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S. The New Shares may only be sold, resold, transferred or delivered, directly or indirectly outside the U.S. in transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act, or in the U.S. to Entitled U.S. Holders. Any person in the United States who obtains a copy of this Offer Document and who is not a QIB or Accredited Investor is requested to disregard the contents of this Offer Document.

In addition, an offer or sale of the New Shares within the U.S. by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act. Each Entitled U.S. Holder by accepting the delivery of this Offer Document or the New Shares will be deemed to have represented, warranted and agreed as follows:

- (a) It is the beneficial holder of Shares (or acting on account of Shareholders) as at the date of the investor representation letter provided to the Company.
- (b) It is a QIB or an Accredited Investor.
- (c) It is either
  - (i) acquiring the New Shares for its own account, or
  - (ii) if it is acquiring the New Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB or an Accredited Investor, it has investment discretion with respect to each such account, and it has the full power and authority to make the acknowledgements, representations and agreements contained herein on behalf of each owner of such account, in each case for investment purposes, and not with a view to any distribution (within the meaning of the U.S. securities laws) of the New Shares.
- (d) It understands, and each beneficial owner has been advised, that the New Shares have not been and will not be registered under the Securities Act, and are being offered and sold to it (or such beneficial owner) in a transaction not involving a public offering, or in reliance on an exemption from the registration requirements of the Securities Act.
- (e) It understands that the New Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and may not be deposited into any unrestricted depositary receipt facility, unless at the time of deposit such New Shares are no longer “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act.
- (f) It acknowledges that the Shares are listed on ASX and that the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of ASX (**Exchange Information**) and that it is able to obtain or access such information without undue difficulty. It understands that the Exchange Information has been prepared in accordance with ASX format, style and content, which differs from US format, style and content. It understands that any

financial statements included in the Offer Document (as defined below) were not prepared in connection with an offering registered with the U.S. Securities and Exchange Commission (**SEC**) under the Securities Act. Furthermore, it understands that the work has not been carried out in accordance with auditing standards generally accepted in the United States and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

- (g) It is not acquiring or subscribing for the New Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
- (h) Provided that it has returned and duly signed the investor representation letter in a timely manner, it understands that it will receive a copy of the Offer Document which the Company is issuing in connection with the Entitlement Offer, and its receipt of the New Shares and any subscription it makes for the New Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgments, agreements and undertakings and other information contained in the Offer Document, its accompanying documents and the investor representation letter. It agrees that it will hold the Offer Document in confidence, it being understood that the Offer Document will be received by it solely for its use and that it will not duplicate, distribute, forward, transfer or otherwise transmit the Offer Document or any other materials concerning the Offer (including electronic copies thereof) to any persons within the United States.
- (i) Prior to deciding to subscribe for the New Shares, it:
  - (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary;
  - (ii) will have possessed all financial and other information relating to the Company and the New Shares which it believes is necessary for the purpose of making its investment decision and had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company concerning the respective financial condition and results of operations of the Company and the purchase of the New Shares, and any such questions have been answered to its satisfaction;
  - (iii) will have reviewed all information that it believes is necessary or appropriate in connection with a purchase of the New Shares;
  - (iv) will have not relied on financial or other information supplied to it by any person other than information contained in the Offer Document or information provided by the Company;
  - (v) will have conducted its own due diligence on the Company and the Offer, and will have made its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary; and
  - (vi) will have made its own assessment concerning the relevant tax, legal and other economic considerations relevant to its investment in the New Shares including whether the Company and

any of its direct or indirect subsidiaries is a “passive foreign investment company” (**PFIC**) within the meaning of section 1297 of the U.S. Internal Revenue Code of 1986, as amended, and the consequences of the acquisition, ownership and disposition of a direct or indirect interest in a PFIC. It understands that if the Company were determined to be a PFIC, there would be adverse tax consequences for a U.S. holder of the New Shares.

- (j) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the New Shares, and it has the financial ability to bear the economic risk of investment in the New Shares and to sustain a complete loss in connection therewith.
- (k) It agrees that in the event that at some future time it wishes to reoffer, resell, pledge or otherwise transfer any of the New Shares, it will not do so except in accordance with any applicable U.S. federal law or securities laws of any state of the United States and it certifies that either:
  - (i) it will transfer the New Shares in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, which includes for the avoidance of doubt a bona fide sale on ASX that has not been prearranged with any counterparty thereto;
  - (ii) it will transfer the New Shares to a person who it reasonably believes is a QIB such transaction meeting the requirements of Rule 144A under the Securities Act; or
  - (iii) it will transfer the New Shares pursuant to an effective registration statement under the Securities Act.
- (l) It acknowledges that the Company, its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if at any time before the closing of the Offer, any of the acknowledgements, representations, warranties and agreements made in connection with the purchase of New Shares is no longer accurate, it will promptly notify the Company in writing.
- (m) It has full power and authority to execute and deliver the investor representation letter in the required form, which constitutes a valid and legally binding obligation and is enforceable against it in accordance with its terms.

### **Other Jurisdictions**

The New Shares may not be offered or sold in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable law.

## 7. Additional information

### 7.1 Energy Botswana Limited (EBL) Loans

EBL is a wholly-owned subsidiary of the Company following the successful off-market takeover bid launched by the Company in July 2012 and completed in August 2012.

EBL currently has the following outstanding loans:

- \$350,000 owed to Aero Classic Pty Ltd as trustee for the Aero Classic Superannuation Fund (**Aero**), a company controlled by Raalin Wheeler, a director of the Company; and
- \$100,000 owed to Sobu Energy Pty Ltd (**SOBU**), a company controlled by Thomas Fontaine, a director of the Company.

Under the loan agreements, Aero and SOBU (the **Lenders**) have the option to convert part or all of the debt into equity in EBL.

By way of legally binding commitments entered into on 18 June 2012, each of the Lenders entered into an agreement with EBL and the Company relating to the treatment of their respective loans. These commitments contemplated the following material matters:

The Lenders agreed not to demand repayment of their respective loans before 31 October 2012 (**Repayment Date**).

If the Company makes a pro rata entitlement offer of Shares to Eligible Shareholders (**Entitlement Offer**) prior to the Repayment Date, each of the Lenders (and their controlled entities that are entitled to participate in the Entitlement Offer) will subscribe for at least that number of Shares in the Company which, at the Entitlement Offer subscription price, is equal to the value of the loans outstanding (**Subscription**). Any amount due from the Lenders (and their controlled entities) in respect of the subscription price under the Entitlement Offer will be set off against the principal amounts of the loans outstanding, and the parties will do all things necessary to ensure such set off may occur.

Upon completion of the Subscription, the Lenders agree to forgive any entitlement to interest on their respective loans.

To the extent the Lenders participation in the Entitlement Offer is not sufficient to settle the outstanding loans, the balance of the loans will remain an outstanding obligation of EBL and the parties will negotiate in good faith with a view to agreeing a conversion of the balance into Shares at a price not more than the subscription price under the Entitlement Offer.

This Offer constitutes an Entitlement Offer for the purposes of the arrangements between EBL, Aero, Sobu and the Company. As a result, the EBL Loans will be converted into new Shares at 2.2 cents per Share.

### 7.2 Privacy

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (C'th). The Company (and the Share Registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, and provide facilities and services and to administer the Company.

Access to information may also be provided to the Company's Related Bodies Corporate (as that term is defined in the Corporations Act), agents and service providers, regulatory bodies, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Share Registry will not be able to process your Application or administer your holding of Shares appropriately.

### **7.3 Governing law**

The Offer Document, the Offer and the contracts formed on return of the Entitlement and Acceptance Form are governed by the laws applicable in Western Australia. Each Shareholder who applies for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

## 8. Glossary of Defined Terms

**Additional New Share** means a New Share issued under the Shortfall facility referred to in Section 1.7.

**Applicant** refers to a person who submits an Entitlement and Acceptance Form.

**Application** refers to the submission of an Entitlement and Acceptance Form.

**Application Monies** means the monies received from persons applying for New Shares.

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

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

**Closing Date** means 5.00pm (Perth time) on 31 October 2010.

**Company** and **Ormil Energy** means Ormil Energy Limited ABN 96 107 708 305.

**Directors** means the directors of the Company.

**Eligible Shareholder** means a Shareholder who is:

- a registered holder of Shares on the Record Date;
- has a registered address in Australia or New Zealand;
- subject to certain limited exceptions, not in the United States; and
- is eligible under all applicable securities laws to receive an offer in the form of the Offer,
- or is an Entitled U.S. Holder, or in the Company's absolute discretion, is a person resident in any other country who is reasonably able to demonstrate to the Company's satisfaction that he or she is otherwise eligible to participate in the Offer in reliance on a relevant exemption, or is not otherwise
- subject to the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which the person is resident or has a registered address

**Entitlement** means the number of Shares that an Eligible Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Shareholder at the Record Date.

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

**Excluded Shareholders** has the meaning given in Section 1.13.

**Listing Rules** means the Listing Rules of the ASX.

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

**Offer** means the non-renounceable pro rata offer of New Shares at an issue price of 2.2 cents each on the basis of one New Share for every three Shares held on the Record Date pursuant to this Offer Document.

**Offer Document** means this Offer Document dated 28 September 2012.

**Opening Date** means 10 October 2012.

**Record Date** means 9 October 2012.

**Section** means a section of this Offer Document.

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

**Shareholder** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date.

**Share Registry** means Computershare Investor Services Pty Limited, ABN 48 078 279 277.

**Shortfall** means those New Shares not validly applied for by Eligible Shareholders pursuant to their Entitlement.

**Underwriters** means severally Avatar Energy Pty Limited, Jerele Mining Pty Limited, Sebastien Holdings Pty Ltd and Gold Elegant (HK) Investment Limited.

**Underwriting Agreements** means the separate Underwriting Agreements entered into between the Company and the Underwriters.

**U.S. or United States** means the United States of America.

## 9. CORPORATE DIRECTORY

### Directors

Edward (Ted) Ellyard	Non-Exec Chairman
Trent Wheeler	Managing Director
Tom Fontaine	Director
Raalin Wheeler	Director
Brett Montgomery	Director
Mark Pitts	Company Secretary

### Registered Office

Suite 8, 7 The Esplanade  
Mount Pleasant  
Western Australia 6153

### Share Registry

Computershare Investor Services (Pty) Ltd  
GPO Box D182  
Perth, Western Australia 6842

### Company Lawyers

Richard O'Shannassy & Co (Pty) Ltd  
Level 3, 46 Ord Street  
West Perth, Western Australia 6005



# Ormil Energy Limited

ABN 96 107 708 305

## For all enquiries:

### Phone:



(within Australia) 1300 850 505  
(outside Australia) 61 3 9415 4000

000001 000 OMX  
MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

## Make your payment:



See over for details of the Offer and how to make your payment

## Non-Renounceable Entitlement Issue — Entitlement and Acceptance Form (including Shortfall)

**Your payment must be received by 5.00pm (AEDT) on Wednesday 31 October 2012**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

### Step 1: Registration Name

Please check the details provided and update your address via [www.investorcentre.com](http://www.investorcentre.com) if any of the details are incorrect. If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

### Step 2: New Shares Accepted

You can apply to accept either all or part of your Entitlement. Enter overleaf, the number of New Shares you wish to accept from your Entitlement.

### Step 3: Additional Shares Applied for

Enter overleaf, the number of Additional Shares you wish to apply for (if any) under the Shortfall Offer. No Eligible Shareholder is assured of receiving any Additional Shares applied for in excess of their Entitlement and any amount by which applications from Eligible Shareholders exceed their Entitlements may be scaled back at the Company's discretion.

### Step 4: Make Your Payment

By making your payment you confirm that you agree to all the terms and conditions as detailed in the Offer Document dated 28 September 2012.

Choose one of the payment methods shown below.

**BPAY®:** See overleaf. Do not return the payment slip below with your BPAY payment.

**By mail:** Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque, money order or bank draft payable in Australian dollars to "Ormil Energy Limited" and crossed "Not Negotiable". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt. Receipts will not be provided. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

**Turn over for details of the Offer →**

## PAYMENT SLIP - See Overleaf

Ormil Energy Limited Non-Renounceable Entitlement Issue  
Payment must be received by 5.00pm (AEDT) on Wednesday 31 October 2012

© Registered to BPAY Pty Ltd ABN 69 079 137 518

## Entitlement and Acceptance Form (including Shortfall)

X 9999999991

I ND

### STEP 1

#### Registration Name & Offer Details

Registration Name: MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

For your security keep your SRN/  
HIN confidential.

Entitlement No: 00005856

Offer Details: Existing shares entitled to participate as at  
7.00pm (AEST) on 9 October 2012:

4,000

Entitlement to New Shares on a 1 for 3 basis:

1

Amount payable on acceptance of full Entitlement at A\$0.022 per  
share:

\$0.01

### STEP 4

#### Make Your Payment



Billers Code: 99999  
Ref No: 1234 5678 9123 4567 89

Contact your financial institution to make your  
payment from your cheque or savings  
account.

#### Pay by mail:



Make your cheque, money order or bank draft payable to "Ormil Energy  
Limited".

Return your cheque with the payment slip below to:

**Computershare Investor Services Pty Limited**  
GPO BOX 505 Melbourne Victoria 3001 Australia

#### Lodgement of Application

If you are applying for shares and your payment is being made by **BPAY**, you do not need to return the payment slip below. Your payment must be received by no later than 5.00pm (AEDT) on 31 October 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through **BPAY** are received by this time.

If you are paying by cheque, bank draft or money order, the payment slip below must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (AEDT) on 31 October 2012. You should allow sufficient time for this to occur.

**Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.**

#### Privacy Statement

Personal information is collected on this form by CIS as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS using the details provided above or email [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

## Ormil Energy Limited - Acceptance Payment Details

### STEP 2

Entitlement taken up:

--	--	--	--	--	--	--	--

### STEP 3

Number of Additional  
Shares applied for:

--	--	--	--	--	--	--	--

Amount enclosed at A\$0.022  
per New Share:

A\$

--	--	--	--	--	--	--	--	--	--

**Payment must be received by 5.00pm (AEDT) on Wednesday 31 October 2012**



Entitlement No: 00005856

MR SAM SAMPLE  
123 SAMPLE STREET  
SAMPLETOWN VIC 3000

#### Contact Details

Contact  
Name

Daytime

Telephone

#### Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-3051+14



## ORMIL ENERGY LIMITED

ACN: 107 708 305

Suite 8, 7 The Esplanade, Mt Pleasant WA 6153 Australia

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

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

10 October 2012

Company Announcements Office  
ASX Limited

This notice is given by Ormil Energy Limited (**Company**) under section 708AA(2)(f) of the Corporations Act 2001 (C'th) (**Corporations Act**), as modified by ASIC Class Order [CO08/35].

On 28 September 2012 the Company announced a non-renounceable pro-rata entitlement offer (**Rights Issue**) of 1 fully paid ordinary share (**New Share**) for every 3 fully paid ordinary shares held as at 9 October 2012 by the Company's eligible shareholders, with each New Share to be issued at a price of \$0.022 to raise up to \$4,362,388.

The Company hereby gives notice that:

1. the New Shares will be offered for issue by the Company without disclosure to investors under Part 2D.2 of the Corporations Act;
2. this notice is being given under section 708AA(2)(f) of the Corporations Act, as modified by ASIC Class Order [CO08/35];
3. as at the date of this notice, the Company has complied with :
  - (a) the provisions of Chapter 2M of the Corporations Act (relating to financial reporting and audit) as they apply to the Company; and
  - (b) section 674 of the Corporations Act (relating to continuous disclosure) ;
4. as at the date of this notice, there is no information that:
  - (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
  - (b) investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
    - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
    - (ii) the rights and liabilities attaching to the New Shares; and
5. the issue of the New Shares pursuant to the Rights Issue is not expected to have any material effect or consequence on the on the control of the Company, but it is dependent on a number of factors including investor demand.



However:

- (a) if all eligible shareholders take up their rights for New Shares, the Rights Issue will have no effect on the control of the Company; and
- (b) to the extent that any eligible shareholder fails to take up their entitlement for New Shares under the Rights Issue, that shareholder's percentage interest in the Company will be diluted by those shareholders who take up some, all or more than their entitlement to New Shares.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Pitts'.

Mark Pitts  
Company Secretary