

COVE TO ACQUIRE BIDENERGY

ASX RELEASE

25 November 2015

Cove Resources Limited (“Cove” or the “Company”) is pleased to announce that it has executed a term sheet to acquire 100% of cloud-based energy spend management platform provider, BidEnergy Pty Ltd (“BidEnergy”).

Acquisition Highlights

- Disruptive, SaaS energy spend management platform – single solution to manage a customer’s entire energy spend life cycle - from strategic sourcing, category management through to finance and accounts payable
- Innovative ‘combinatorial auctions’ offer a revolutionary energy sourcing solution for multi-site energy customers i.e. retail chains, banks, real estate, utilities and government – savings of up to 15% compared to a traditional tender or standard reverse auction processes
- Fully integrated ‘big data’ platform that manages all supplier bills, rapid interval data (smart meters), tariffs, and contracts
- Bills automatically receipted and validated with full payment integration to all Enterprise Resource Planning platforms including SAP, Oracle and Microsoft
- End-to-end automation from advanced energy sourcing through to payment processing reduces internal management costs by up to 90%
- Proven technology and business model – over \$200M of energy contracts transacted
- Global reach with offices and customers in Australia, New Zealand and the UK – initial focus on energy with growth to other deregulated utility markets including gas and water
- Over 4,500 sites under management from industries including banking, retail, government, health care, and leisure services – total addressable market in Australia, New Zealand, UK, Europe and US est. >15,000,000 sites
- Incoming executive team and board of directors with significant experience in managing private and listed energy and software companies
- Cygnet Capital Pty Limited and Canaccord Genuity (Australia) Limited to joint lead manage an institutional re-compliance capital raising to raise \$7M to fund business development and expansion to the USA

BidEnergy Overview

BidEnergy is an established Australian technology company, which has developed an innovative cloud-based energy spend management platform that reduces energy spend by up to 15% compared to a traditional tender or standard reverse auction process. The platform is applicable to any deregulated utility market globally and is currently accessed by over 20 multi-site customers and more than 30 energy suppliers in Australia, New Zealand and the UK.

Source-to-Pay Platform

There are many inherent difficulties for multi-site organisations trying to manage their energy spend. For a start, the bills are complex, making them difficult to validate. Fearing a data deluge, many organisations stick with one supplier and outsource the management function to an external consultant where they lose visibility and control. Whether managed in-house or externally, the processes for receipting, validating and paying bills are manually intensive, leading to delays, inaccuracies and for many organisations, unexpected back-bill problems that can be undermine financial reporting.

With a vision to solving these global problems and returning control to customers, BidEnergy has developed a disruptive, cloud-based, source-to-pay energy spend management platform that enables users to manage their energy spend life cycle - from sourcing, category management through to finance and accounts payable.

Starting with energy sourcing, BidEnergy's platform incorporates a 'combinatorial' or flexible-packaging auction that provides an advanced energy sourcing solution for multi-site energy customers. The combinatorial auction enables customers to examine all options from every retailer for all or part of their portfolio. This is a revolutionary sourcing solution for multi-site consumers and has the capability to deliver additional savings of up to 15% compared to traditional tender and standard auction processes.

From sourcing through to payment, the platform aims to deliver full automation of the energy spend lifecycle. At the time of invoicing, the platform captures the original tax invoice and analyses the data using a proprietary methodology and conducting algorithmic validation on each line item. The algorithms then analyse existing energy usage profiles, network charges, demand charges and environmental charges to identify additional savings opportunities. Bills are 'straight-through-processed' with a simple integration to the buyer's accounts payable system.

Data is always available and accurate, allowing buyers to respond to market opportunities in a matter of hours not weeks. Suppliers are notified and a new combinatorial bidding process is initiated to identify the lowest cost supply configuration available in the market.

BidEnergy delivers a very compelling proposition with significant savings and productivity gains throughout the procurement and contract management process.

Mr. Winton Willesee, Executive Chairman of Cove commented “The board is delighted to have executed a term sheet for the acquisition of BidEnergy. Completion of the acquisition will provide shareholders with early exposure to a disruptive and rapidly expanding global technology company. With established revenue and over 4,500 sites under management, BidEnergy has proven that its proprietary platform can solve inherent process issues and deliver significant savings throughout the energy procurement lifecycle. We are particularly excited to be joining BidEnergy as the company enters an expansionary phase of development and we look forward to updating shareholders as the business and the acquisition progress.”

Transaction Terms and Conditions

- As consideration for the acquisition of 100% of the issued capital in BidEnergy, Cove will issue 201,396,700 Cove shares and 38,648,750 Cove options (on a post consolidation basis) to the shareholders of BidEnergy.
- In addition, Cove will also issue up to 70,000,000 performance shares which will vest in two even tranches upon achievement of revenue milestones.

Completion of the transaction will be subject to various conditions precedent, including:

- Cove being satisfied upon completion of commercial, financial, technical, and legal due diligence within 30 days of executing the term sheet;
- The parties obtaining all necessary regulatory approvals and Cove obtaining all necessary shareholder approvals under the ASX Listing Rules, Corporations Act 2001 (Cth) (Corporations Act) and any other law to allow lawful completion of the acquisition of BidEnergy. This will include a re-compliance with Chapters 1 & 2 of the ASX Listing Rules;
- Cove completing a consolidation of its securities on a basis of 20:1;
- Completion of a post consolidation capital raising, pursuant to a prospectus, to raise a minimum of \$7,000,000. Cygnet Capital Pty Ltd and Canaccord Genuity (Australia) Limited to joint lead manage the capital raising;
- Key executives of BidEnergy entering into twenty four (24) month executive services agreements with Cove;
- Payment by Cove to BidEnergy, of a non refundable Option Fee of \$100,000; and
- Execution of binding share sale agreements between Cove and the shareholders of BidEnergy.

Board of Directors

In conjunction with completing the transaction, Cove will seek a change of Board with the existing Chairman, Mr. Winton Willesee and existing Directors, Mr. Marcus Gracey and Ms. Erlyn Dale to step down from their respective positions. The outgoing Directors will be replaced by Directors, to be nominated by BidEnergy, including Mr. Stuart Allinson, Mr. Anthony Du Preez, Mr. Zac Rosenberg and Mr. Bob Browning who is proposed to assume the position of Non-Executive Chairman.

Key Personnel

Mr. Stuart Allinson (proposed Managing Director and Chief Executive Officer)

Stuart Allinson has a broad energy & utilities background, having held various positions in production, wholesale, distribution, retail and regulatory affairs. He has consulted to governments, market participants and large business users in the areas of strategy, policy, process, controls, regulation, compliance, process improvement and business transformation.

Mr. Anthony Du Preez (proposed Executive Director and Chief Technical Officer)

Anthony Du Preez is an auction technology specialist who has founded a number of successful technology companies, including Adslot and Tradeslot. Anthony designed one of the first electricity auctions in 2002 and has developed auction algorithms incorporated in the BidEnergy platform that are considered to be amongst the most sophisticated anywhere in the world. Anthony's previous public company experience includes a directorship with ASX listed Adslot Ltd (ASX.ADJ).

Mr. Zac Rosenberg (proposed Non-Executive Director)

Zac Rosenberg acts as a Non-Executive Director for Bid Energy. Mr. Rosenberg spent 20 years as an investment banker across the UK, Hong Kong and Singapore, assisting companies to raise over \$50 billion of equity across almost every major global stock exchange. Prior to leaving Australia, he held positions at Melbourne at Ernst & Young and AGL. He returned to Australia in 2013, and recently set up Capital Zed, a venture capital firm that invests in high-growth, technology-enabled disruptive companies. Mr Rosenberg sits on a number of boards in Australia, the UK and the USA.

Mr. Bob Browning (proposed Non-Executive Chairman)

Mr Browning has over 30 years' experience in executive management roles. As Managing Director of Alinta Limited for over six years and Austal Limited for three years, he oversaw the successful development of corporate strategy and operations business plans leading to positive shareholder returns. Over the past 4 years, Mr Browning has held the roles of CEO, Chairman and non-executive Director of Emerchants Limited.

Indicative Capital Structure

Following completion of the acquisition of BidEnergy and re-instatement to trading on ASX, the indicative capital structure of the Company is set out below.

	Shares	Options ⁴	Performance Shares
Current Shareholders	994,791,861	569,000,000	
Post Share Consolidation¹	49,739,593	28,450,000	
Consideration to acquire BidEnergy ²	201,396,700	38,648,750	70,000,000
Capital Raising ³	70,000,000	25,000,000	
Post Acquisition Capital Structure	321,136,293	92,098,750	70,000,000

Notes:

1. Proposed consolidation of securities to be completed on the basis of 20 to 1.
2. Performance shares to convert in two even tranches upon achievement of revenue milestones.
3. Assumes a re-compliance capital raising to raise a minimum of \$7,000,000 at \$0.10.
4. Post consolidated options include: 28,450,000 ASX:CVEO, 10,798,670 (ex. \$0.10, Sep 17), 9,243,759 (ex. \$0.125, Dec 18), 18,606,321 (ex. \$0.15, 3 years) and 25,000,000 (ex. \$0.15, Jun 19)

Indicative Timetable

An indicative timetable for the transaction is set out below. The Company notes that the timetable may be subject to change.

Event	Date
Execution of a term sheet for the acquisition of BidEnergy	24 November 2015
Completion of due diligence and execution of formal share sale agreements	24 December 2015
Despatch Notice of Meeting seeking approval for the acquisition of BidEnergy	Within 60 days of date of Term Sheet
Lodgement of prospectus with ASIC	Within 75 days of date of Term Sheet
General Meeting to approve the acquisition of BidEnergy	Within 90 days of date of Term Sheet
Complete acquisition of BidEnergy and re-quotation of shares on ASX	Within 110 days of date of Term Sheet



COVE RESOURCES LIMITED

Unaudited Pro Forma Balance Sheet as at 25th November 2015

COVE RESOURCES LIMITED 30 September 2015 Pro-Forma Balance Sheet (Unaudited)	Consolidated Management Accounts (unaudited)	Pro-forma Management Accounts (unaudited)
	\$	\$
Current Assets		
Cash and cash equivalents	1,100,484	7,360,484
Trade and other receivables	23,093	23,093
Exploration & Evaluation (available for sale)		11,388
Other assets	23,405	23,405
Total current assets	1,146,981	7,418,370
Non current assets		
Exploration & Evaluation	11,388	
Investment in BidEnergy		20,139,670
Total non current assets	11,388	20,139,670
Total assets	1,158,369	27,558,040
Current liabilities		
Trade and other payables	20,500	20,500
Total current liabilities	20,500	20,500
Total liabilities	20,500	20,500
Net assets	1,137,869	27,537,540
Equity		
Issued capital	11,085,555	37,485,226
Reserves	1,409,460	1,409,460
Accumulated losses	(11,357,146)	(11,357,146)
Total equity	1,137,870	27,537,540

The pro-forma balance sheet includes the following pro-forma adjustments;

1. The inclusion of a capital raising of \$7,000,000 less costs of 6%;
2. The inclusion of transaction costs of \$320,000;
3. The reclassification of the Cove Exploration and Evaluation assets to readily for sale assets; and
4. The inclusion of the acquisition consideration pursuant to the transaction being the issue of equity with a deemed value of \$20,139,670.

Notes:

The information is unaudited and preliminary. It contains estimates of various items as at 30 September 2015 based on the Company's internal management accounts. Cove's full audited financial statements for the period ended 30 December 2015 are to be released to ASX by 31 March 2016. The information is presented in an abbreviated form in that it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

If completed, the acquisition of BidEnergy will constitute a change in the nature of Cove's activities pursuant to Chapter 11 of the ASX Listing Rules. The Company is accordingly required to obtain shareholder approval for the change and also to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

-ENDS-

Further Information:

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About Cove Resources Limited

The Company is a gold and copper focused exploration company. The Company holds the prospective Goongarrie Project located approximately 90kms north of Kalgoorlie in the Western Australian goldfields along with the Quartz Circle Project located approximately 200kms south east of Port Hedland in the Pilbara region of Western Australia.

Forward Looking Statements

This announcement contains certain statements which may constitute "forward-looking statements". Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements".

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