

ASX ANNOUNCEMENT
26 March 2020

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OTTO ANNOUNCES EQUITY RAISE

- **A\$1.4 million Placement to sophisticated and institutional investors and a partially underwritten 1 for 1 accelerated Entitlement Offer of ~A\$16.15 million to raise a total of ~A\$17.5 million**
- **Balance sheet being shored up for current market conditions and emerging in a strong position once markets recover**
- **Finalize current development program at SM 71 and contingent expenditure on current developments to enhance cashflows**
- **Otto's focus on maintaining a strong balance sheet with sufficient liquidity for all existing development activities during 2020 and beyond with the majority of the Company's PDP production through 2022 hedged at an average of \$56 USD per barrel**

Otto Energy Limited (ACN 107 555 046) (**the Company, Otto; ASX:OEL**) has today announced that it is currently finalizing an institutional placement (**Placement**) and will undertake a partially underwritten, accelerated non-renounceable pro rata entitlement offer (**Entitlement Offer**) which together intend to raise up to a total of approximately A\$17.5 million (before associated costs).

The funds raised from the Placement and the Entitlement Offer will be used by the Company for:

- Reimbursement of funding of the Company's 50% share of the South Marsh Island 71 F5 development well in the Gulf of Mexico;
- Contingent expenditure on current developments and future development wells; and
- for working capital including contingent development wells.

Further information about the Entitlement Offer, including its strategic and financial benefits, is in Otto's Investor Presentation, lodged with the ASX today.

Otto's Managing Director, Matthew Allen, commented: *"The Board of Otto have taken a rapid initiative, with the support of our long-term shareholder in Molton Holdings Ltd, to shore up the company's balance sheet in these rapidly deteriorating market conditions. This will ensure that the business is well positioned for the eventual recovery phase, however we do expect that business conditions will continue to worsen in the short term."*

All shareholders will have the opportunity to participate in this process and we encourage shareholders to take up their entitlements and support the company."

Impact on Strategy

Otto has a disciplined approach to investing in oil and gas projects and successfully growing shareholder value. The focus of the business is to achieve the following:

- Current portfolio of production assets to achieve strategic goal of 5,000 boepd by end 2020;

- Delivery of 8.9 Mmboe in 2P1 reserves net to Otto with NPV 10 of ~US\$210m as at 29 October 2019 since embarking on its Gulf of Mexico program (before US corporate tax);
- Sustained cashflow from current projects to be reinvested into;
 - Future buy-back or dividends to equity holders; and/or
 - Reinvestment into value accretive production and exploration assets.

This capital raising will ensure that Otto's balance sheet remains robust and can accommodate the Company's currently envisaged operational scenarios and objectives in this very uncertain business environment. The Company expects that with a strong balance sheet it will be able to emerge during the oil and gas sector recovery phase and be able to avail potentially value accretive opportunities not available to other companies with distressed balance sheets.

Funding of the Company's development and drilling program

The Proposed capital raising of ~A\$17.5 million will complement cash on hand and future cash flows from Otto's 50% owned SM 71 oil field and 37.5% owned Lightning gas/condensate discovery to fund Otto's development program over the next year.

Placement

Under the Placement, the Company has received a commitment from Molton Holdings Limited (a shareholder currently holding 12.43% of the Company's shares on issue) (**Molton**) for approximately A\$1.4 million (before associated costs).

Under the Placement, the Company proposes to issue Molton 231,109,326 fully paid Otto shares (**Shares**) at a price of \$0.006 per New Share (**Offer Price**). The Placement will complete later today, 26 March 2020.

The Offer Price of A\$0.006 represents a 25% discount to the last close of A\$0.008 on Tuesday 24 March 2020.

No Shares may be issued under the Placement that may result in any shareholder having a relevant interest in more than 19.99% of the Company's Shares.

Entitlement Offer

The Company is also pleased to announce that it will be offering existing shareholders the opportunity to subscribe for additional shares at the Offer Price of A\$0.006 per share pursuant to a pro-rata accelerated non-renounceable Entitlement Offer to raise a further approximately A\$16.1 million.

The Entitlement Offer will comprise an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Institutional Entitlement Offer will open tomorrow, 27 March 2020 and close at 12:00pm (AEDT) on 30 March 2020. During this time, Euroz Securities Limited (**Underwriter**) will seek investment from sophisticated and institutional investors.

Under the Retail Entitlement Offer, eligible shareholders with addresses in Australia, New Zealand, Singapore, Hong Kong, British Virgin Islands, United Kingdom and Cambodia (**Eligible Shareholders**) will be invited to subscribe for 1 new fully paid Otto share (**New Share**) for every 1 Otto share held as at the Record Date, being 5.00pm (AEDT) on Tuesday, 31 March 2020 at the Offer Price. The Retail Entitlement Offer opens on Friday, 3 April 2020 and closes on Thursday, 16 April 2020.

Approximately 2,691,574,051 New Shares will be issued pursuant to the Entitlement Offer.

An indicative timetable for the Entitlement Offer is included at the conclusion of this announcement.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable. If an Eligible Shareholder takes no action, they will not be issued New Shares, their entitlements will lapse, they will not receive or be entitled to any payment or value for their lapsed entitlements, and their shareholding in Otto will be diluted by approximately 54%.

Otto shareholders with registered addresses outside of Australia, New Zealand, Singapore, Hong Kong, British Virgin Islands, United Kingdom and Cambodia will not be eligible to participate in the Entitlement Offer (**Ineligible Shareholders**). The Company has appointed the Underwriter as its nominee to arrange for the sale of the entitlements that would have been offered to Ineligible Shareholders, with the net proceeds, if any, distributed to the Ineligible Shareholders proportionately.

Top-up Shares

- Eligible Shareholders may apply for Shares under a top-up facility (**Top-up Shares**) being offered in addition to the Retail Entitlement Offer. Under the top-up facility, Eligible Retail Shareholders may apply for, in addition to their Entitlements, additional New Shares. The issue price for each Top-Up Share shall be the Offer Price. Any New Shares not taken up as part of the Retail Entitlement Offer or in the top-up facility will form the Retail Shortfall and will fall to the Underwriter and to the Sub-underwriters.
- The Company notes that no New Shares will be issued under the Entitlement Offer (including via the Institutional Bookbuild or via the top-up facility) if the issue of New Shares would contravene the Corporations Act. Similarly, no Shares will be issued via the Institutional Bookbuild or via the top-up facility to any related parties of the Company.
- The allocation of any Top-up Shares will be limited to the number of New Shares for which valid applications are not received before the Entitlement Offer closes (**Shortfall Shares**). Top-up Shares will, however, only be allocated to Eligible Shareholders who apply for them (up to the number applied for) to the extent there are Shortfall Shares and, in the event of competition for the Shortfall Shares, applications will be scaled back on a pro rata basis.

Underwriting

The Entitlement Offer is partially underwritten by the Underwriter up to a maximum of \$10,613,344 (**Underwritten Amount**). The Underwriter has entered into a sub-underwriting agreement in respect of the Entitlement Offer with Molton (the **Sub-underwriter**).

The arrangement between the Underwriter and the Sub-underwriter is that Molton have made a firm commitment for a total of \$10,613,344 including a commitment to take up their entitlements for \$3,221,814 and to sub-underwrite up to a maximum of \$7,391,530.

As at the date of this notice, the Sub-underwriter holds an interest in 12.43% of the voting shares in the Company, and following completion of the Placement will hold an interest in 19.95% of the voting shares in the Company.

Additionally, to the extent that the Sub-Underwriter (and their relevant associates) will hold Shares at the Record Date, the Sub-Underwriter and their associates have agreed to take up their full Entitlements.

Subject to demand, any Entitlements not taken up pursuant to the Institutional Entitlement Offer, together with the Entitlements of Ineligible Shareholders will form the Institutional Bookbuild.

During the Institutional Bookbuild, the Underwriter will invite applications from institutional and/or sophisticated investors for these remaining Shortfall Shares, at an issue price that is not less than the Offer Price. The Company's Board reserves the right to issue Shortfall Shares at its discretion (in conjunction with the Underwriter).

To the extent that any Entitlements are not placed, they will be allocated to the Underwriter as underwriter and to the Sub-underwriters. The Underwriter shall not be allocated any New Shares that may result in the Underwriter and the Sub-underwriters, collectively, being allocated New Shares in excess of the Underwritten Amount.

The Underwriter is not presently a shareholder of the Company and is not a related party of the Company for the purpose of the Corporations Act.

Key terms of the Underwriting Agreement

The Entitlement Offer is partially underwritten by the Underwriter up to the Underwritten Amount pursuant to the terms of an Underwriting Agreement. The Sub-Underwriter (through the Underwriter) is choosing to sub-underwrite the Entitlement Offer to the Underwritten Amount with the objective of ensuring that Otto is able to meet its operating expenditure requirements and obligations for the next 12 months.

The terms of the Underwriting Agreement have been negotiated by Otto at arm's length acting on independent professional advice. The Otto Board believes the agreed terms are reasonable in the circumstances.

The fees payable to the Underwriter are as follows. Each of the following are payable by the Company to the Underwriter in cash:

- an underwriting fee of 2% of the funds raised under the Placement;
- a management fee of 1% of the funds raised under the Placement;
- an underwriting fee of 3% of the funds raised under the Institutional Entitlement Offer;
- a management fee of 1% of the funds raised under the Institutional Entitlement Offer;
- an underwriting fee of 3% of the funds raised under the Retail Entitlement Offer; and

- a management fee of 1% of the funds raised under the Retail Entitlement Offer.

The Underwriting Agreement is subject to conditions precedent that Otto regards as customary and reasonable, including all necessary ASIC and ASX approvals for the Entitlement Offer being obtained and all due diligence sign-offs being delivered to the Underwriter. The Underwriting Agreement includes certain warranties and indemnities from Otto to the Underwriter, including in relation to the compliance of all offer documentation to be released by the Company with all applicable laws and the accuracy of all information disclosed to the Underwriter in connection with the Entitlement Offer.

The Underwriter has the right to terminate the Underwriting Agreement in certain events. These events are set out in the Schedule to this announcement. If the Entitlement Offer were to be extended by the Company, the Underwriting Agreement has an end date of 30 June 2020, and the Underwriter's obligations in relation to the Entitlement Offer will end on that date.

Further information

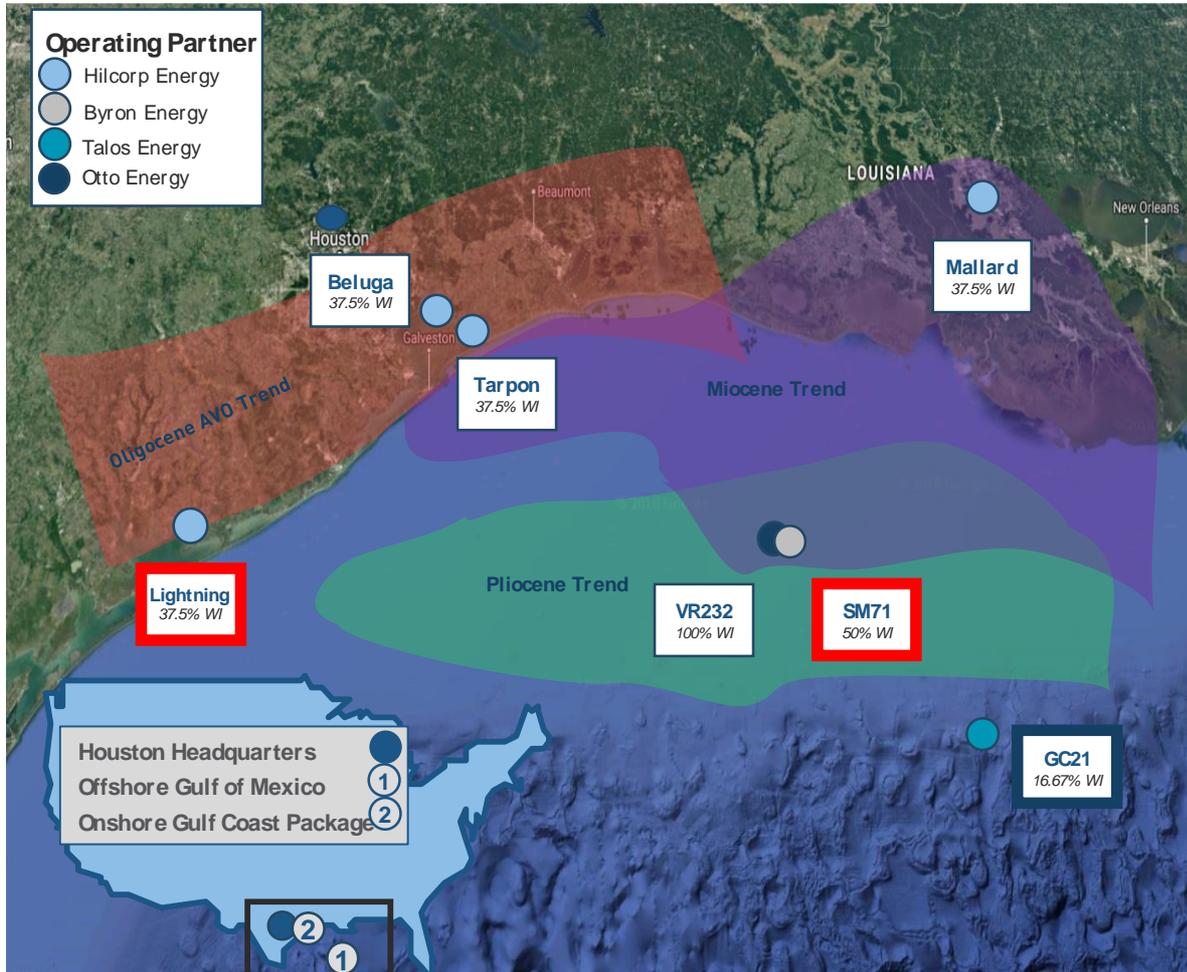
Euroz Securities Limited is acting as lead manager and underwriter to the entitlement offer with Steinepreis Paganin acting as legal advisor and Adelaide Equity as Corporate Advisor.

Offer Timetable

An indicative Entitlement Offer timetable is set out below.

Timetable for Non-Renounceable Entitlement Offer	
Announcement of the Equity Raising	26 March 2020
Completion of Placement	26 March 2020
Institutional Entitlement Offer and Bookbuild opens	27 March 2020
Institutional Entitlement Offer and Bookbuild closes	30 March 2020
Results of Institutional offer announced and trading halt lifted	31 March 2020
Shares trade ex-entitlement	31 March 2020
Record date for determining Eligible Shareholders	5:00pm (AEDT), 31 March 2020
Retail Entitlement Offer opens and Booklets despatched	3 April 2020
Settlement of New Shares issued under the Institutional Offer	7 April 2020
Allotment and normal trading of New Shares issued under Institutional Entitlement Offer	8 April 2020
Retail Entitlement Offer closes	16 April 2020
Allotment of New Shares issued under the Retail Entitlement Offer	23 April 2020
Despatch of holding statements and normal trading of New Shares	24 April 2020

Dates and times in this release are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX.



www.ottoenergy.com

Otto Energy Location and Formation – Gulf of Mexico

1. The promote only applies to the initial test well, land (if applicable) and associated costs. All subsequent other costs after discovery are at the working interest share.
2. Alaska is not included here as little activity and expenditure is expected over the coming period.

This release is authorized by the Board of Directors.

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This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities

described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

Competent Persons Statement

The information in this report that relates to oil and gas reserves and resources at SM 71 was compiled by technical employees of independent consultants Collarini and Associates, under the supervision of Mr Mitch Reece BSc PE. Mr Reece is the President of Collarini and Associates and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Evaluation Engineers (SPEE), Society of Petroleum Engineers (SPE), and American Petroleum Institute (API). The reserves and resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves and resources information reported in this Statement are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Reece. Mr Reece is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to oil and gas reserves and resources at the Lightning Field was compiled by technical employees of independent consultants Ryder Scott Company, under the supervision of Mr. Ali Porbandarwala PE. Mr. Porbandarwala is a Senior Vice President at Ryder Scott Company and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Engineers (SPE). He has a B.S. Chemical Engineering from the University of Kansas and an MBA from the University of Texas. The reserves included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves information reported in this Statement are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of Mr. Porbandarwala. Mr. Porbandarwala is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to oil and gas prospective resources in relation to the Gulf Coast Package (Mustang, Beluga, Oil Lake, Tarpon and Mallard) in the Gulf of Mexico was compiled by technical employees of Hilcorp Energy Company, the Operator of the Gulf Coast Package, and subsequently reviewed by Mr Ed Buckle B.S. Chemical Engineering (Magna Cum Laude) who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Buckle is a full-time contractor of the Company, with more than 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/ American Association of Petroleum Geologists (AAPG)/ Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Buckle. Mr Buckle is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to oil and gas reserves and resources at the Green Canyon 21 Field was compiled by technical employees of independent consultants Ryder Scott Company, under the supervision of Mr. Ali Porbandarwala PE. Mr. Porbandarwala is a Senior Vice President at Ryder Scott Company and is a registered professional engineer in the State of Texas and a member of the Society of Petroleum Engineers (SPE). He has a B.S. Chemical Engineering from the University of Kansas and an MBA from the University of Texas. The reserves included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The reserves information reported in this Statement are based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of Mr. Porbandarwala. Mr. Porbandarwala is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Reserves cautionary statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which

may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking estimates.

Prospective Resources Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Reserves and Resources Governance

Otto's reserves estimates are compiled annually. The operator of SM 71, Byron Energy, engages Collarini and Associates, a qualified external petroleum engineering consultant, to conduct an independent assessment of the SM 71 reserves on behalf of the joint venture. Collarini and Associates is an independent petroleum engineering consulting firm that has been providing petroleum consulting services in the USA for more than fifteen years. Collarini and Associates does not have any financial interest or own any shares in the Company. The fees paid to Collarini and Associates are not contingent on the reserves outcome of the reserves report.

Otto engages Ryder Scott Company, a qualified external petroleum engineering consultant, to conduct an independent assessment of the Lightning Field reserves on behalf of Otto. Ryder Scott Company is an independent petroleum engineering consulting firm that has been providing petroleum consulting services in the USA for more than fifty years. Ryder Scott Company does not have any financial interest or own any shares in the Company. The fees paid to Ryder Scott Company are not contingent on the reserves outcome of the reserves report.

Pricing Assumptions

Oil price assumptions used in the independent report represent forward prices (CME Nymex) as at 28 June 2019.

ASX Reserves and Resources Reporting Notes

- The reserves and prospective resources information in this document is effective as at 30 June, 2019 (SM 71 and Lightning) and 29 October 2019 (GC 21) (Listing Rule (LR) 5.25.1)
- The reserves and prospective resources information in this document has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
- The reserves and prospective resources information in this document is reported according to the Company's economic interest in each of the reserves and prospective resource net of royalties (LR 5.25.5)
- The reserves and prospective resources information in this document has been estimated and prepared using the probabilistic method (LR 5.25.6)
- The reserves and prospective resources information in this document has been estimated using a ratio of 6,000 cubic feet of natural gas to one barrel of oil. This conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7)
- The reserves and prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5)
- The method of aggregation used in calculating estimated reserves was the arithmetic summation by category of reserves. As a result of the arithmetic aggregation of the field totals, the aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation (LR 5.26.7 & 5.26.8)
- Prospective resources are reported on a best estimate basis (LR 5.28.1)
- For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons (LR 5.28.2)
- The reserve numbers assume some investment over the life of the field outlined above.

Definitions

- "A\$" means Australian Dollars
- "US\$" means United States dollars
- "bbl" means barrel
- "bbls" means barrels
- "BOE" or boe means barrel of oil equivalent determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency
- "boepd" means barrels of oil equivalent per day
- "bopd" means barrels of oil per day
- "Mdbl" means thousand barrels
- "Mcf" means 1000 cubic feet
- "Mboe" or "MBoe" means thousand BOE
- "MMdbl" means million barrels
- "MMcf" means million cubic feet
- "MMboe" means million BOE
- "Peak Production Rate" means the maximum steady state rate at which a well is expected to produce.
- "VWAP" is the volume weighted average price.
- "TERP" the theoretical ex - rights prices at which Otto Energy shares should trade immediately after the ex - date of the Entitlement Offer.

Schedule – termination events in Underwriting Agreement

The following are the termination events set out in the Underwriting Agreement.

The Underwriter may by notice to Otto, at any time and without cost, terminate the Underwriting Agreement and relieve itself of all obligations under the Underwriting Agreement if any of the following events occurs prior to 4.00pm on the on the Entitlement Offer settlement date (**Settlement Date**):

- (a) (**delisting**) ASX announces that the Company will be removed from the official list or that its Shares will be delisted or suspended from quotation by ASX for any reason (excluding any suspensions in place in connection with the Offer or, for the avoidance of doubt the Trading Halt);
- (b) (**market fall**) at any time prior to 4.00pm on the Third Settlement Date, the S&P/ASX 200 Index as published by ASX & IRESS or the WTI Crude Oil Price is at any time after the date of this agreement at a level that is 10% or more below its respective level as at the close of business on the Trading Day prior to the date of this agreement;
- (c) (**quotation**) ASX does not, or states that it will not, agree to grant official quotation of all the Offer Shares on an unconditional basis (or on a conditional basis provided such condition would not, in the opinion of the Underwriter (acting reasonably), have a material adverse effect on the Offer) by the Third Settlement Date or if permission for the official quotation of the Offer Shares, is granted before the date of allotment and issue of those Offer Shares, the approval is subsequently withdrawn, qualified (other than by way of customary conditions) or withheld;
- (d) (**delay**)
 - (i) any event specified in the Timetable which occurs on or prior to a Settlement Date is delayed for more than one Business Day, without the prior written consent of the Underwriter (whose consent may be withheld or delayed in its absolute and unfettered discretion); or
 - (ii) the Third Issue Date does not occur on or before 22 June 2020;
- (e) (**capital structure**) the Company alters its capital structure or amends its Constitution in any material respect without the consent of the Underwriter;
- (f) (**forecasts**) the Offer Documents include any forecast, expression of opinion, belief, intention or expectation which is not based on reasonable grounds (including having regard to ASIC Regulatory Guide 170);
- (g) (**withdrawal**) the Company withdraws the Offer or indicates that it does not intend to or is unable to proceed with the Offer or any part of it;
- (h) (**Certificate**) any Certificate which is required to be furnished by the Company under this agreement is not furnished when required or a statement in that Certificate is false, misleading, untrue or incorrect in a material respect (including by omission);
- (i) (**insolvency**) any one of the following occurs:
 - (i) the Company (or any of its material Subsidiaries):

- (A) being or stating that it is unable to pay its debts as and when they fall due or becomes insolvent including within the meaning of section 95A of the Corporations Act or it is insolvent under administration within the meaning of section 9 of the Corporations Act;
- (B) failing to comply with a statutory demand;
- (ii) circumstances existing which would permit a presumption of insolvency in relation to the Company (or any of its material Subsidiaries) under subsection 459C of the Corporations Act (regardless of whether or not an application has been made as referred to in that section)
- (iii) any step being taken which will or is likely to result in any of the following (except, in the case of matters affecting Related Bodies Corporate of the Company, as part of restructuring in the ordinary course of the Group's business):
 - (A) an application being made to a court for an order to appoint, or a step is taken to appoint, a controller, administrator, receiver, liquidator, provisional liquidator, trustee for creditors in bankruptcy or analogous person to the Company (or any of its material Subsidiaries) or any property of the Company (or any of its material Subsidiaries); or such an appointment being made; or
 - (B) the Company (or any of its material Subsidiaries) being wound up or dissolved or entering into a scheme, moratorium, composition or other arrangement with, or to obtain protection from, its creditors or any class of them or an assignment for the benefit of its creditors or any class of them;
- (iv) the holder of a Security Interest or any agent on its behalf exercising any rights under the Security Interest or chapter 4 of the PPSA; or
- (v) the Company (or any of its material Subsidiaries) suspends payment of its debts or enters, or takes any step towards entering, a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors; or
- (vi) anything analogous or having a substantially similar effect occurring in relation to the Company (or any of its material Subsidiaries), including under the laws of any other jurisdiction;
- (j) **(material adverse change)** there is a material adverse change, or an event occurs which is likely to give rise to a material adverse change, in the financial position, results, condition, operations or prospects of the Company (or any of its material Subsidiaries) from the position fairly disclosed by the Company to the Underwriter before the date of this agreement;
- (k) **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any Government Agency which makes it illegal for the Underwriter to satisfy an obligation under this agreement, or to market, promote, underwrite or settle the Offer;
- (l) **(Offer Materials)** a statement contained in, or the issue of, the Offer Materials is or becomes misleading or deceptive in a material respect (including by omission) or likely to mislead or deceive in a material respect, or the Offer Materials omit any material information they are required to contain (having regard to sections 708 and 708AA of the Corporations Act and any other applicable requirements), or any expression of opinion or intention in the Offer Materials is

not fairly and properly supportable in a material respect or there are no reasonable grounds for the making of any material statement in the Offer Materials relating to future matters;

- (m) **(non-compliance with disclosure requirements)** it transpires that the Offer Materials or the issue of the Offer Materials or Offer Shares do not comply with the Corporations Act, the Listing Rules, Constitution, ASX Waivers, ASIC Modifications and all applicable laws and related policy including the Takeovers Panel guidance;
- (n) **(corrective statement)** the Company gives ASX a notice in accordance with sections 708A(10) or 708AA(11) of the Corporations Act (as included in the Corporations Act by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84) or lodges with ASX any other form of supplementary Offer Material that has not been approved by the Underwriters in accordance with this agreement;
- (o) **(Listing Rule 10)** the Company is required, or ASX indicates the Company may be or may have been required, to seek shareholder approval pursuant to Listing Rule 10 in relation to any aspect of the Offer;
- (p) **(restriction on allotment)** the Company is prevented from allotting the Shares within the time required by this agreement, the Corporations Act, the Listing Rules, Constitution, ASX Waivers, ASIC Modifications and all applicable laws and related policy including the Takeovers Panel guidance or any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority including the Takeovers Panel;
- (q) **(waivers / modifications)** ASX or ASIC withdraws or revokes the ASX Waivers or the ASIC Modifications or ASX or ASIC amends in a materially adverse respect the ASX Waivers or the ASIC Modifications, including the withdrawal of ASIC's approval of a nominee for foreign shareholders in accordance with section 615 of the Corporations Act;
- (r) **(fraud)** the Company or any of its directors, Managing Director & Chief Executive Officer, Chief Financial Officer or Vice President Exploration and New Business are found to have engaged in any fraudulent conduct or activity whether or not in connection with the Offer;
- (s) **(indictable offence)** a director or member of senior management of the Company is:
 - (i) charged with an indictable offence relating to financial or corporate matters relating to the Company or any regulatory body commences any public action against a director or a member of senior management in his or her capacity as a director or senior management of the Company (as applicable) or announces that it intends to take any such action; or
 - (ii) is disqualified from managing a corporation under section 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;
- (t) **(change in management)** a change in the board of directors or senior management of the Company occurs;
- (u) **(investigation)** any of the following:
 - (i) any person brings, or threatens to bring, an application to the Takeovers Panel, in relation to any aspect of the Offer or the Company (including Board composition

including but not limited to the notice issued to the Company on 3 March 2020 pursuant to section 249D of the Corporations Act);

- (ii) a Government Agency makes a decision, ruling or judgment (other than an interim order of the Takeovers Panel) which may have a negative impact on any aspect of the Offer, including but not limited to the Takeovers Panel making a declaration of "unacceptable circumstances" in relation to any aspect of the Offer;
- (iii) ASIC or any person, issues or threatens to issue proceedings in relation to the Offer or commences any formal inquiry or investigation into the Offer;
- (iv) * ASIC or any other Government Agency commences or gives notice of an intention to commence a prosecution of the Company or any director or employee of the Company; or
- (v) * ASIC or any other Government Agency commences or gives notice of an intention to commence a hearing or investigation into the Company;
- (v) * **(breach)** the Company is in breach of any terms and conditions of this agreement;
- (w) * **(representations)** any representation or warranty is or becomes incorrect, untrue or misleading;
- (x) * **(information)** the Due Diligence Report or any information supplied by or on behalf of the Company to the Underwriter for the purposes of the Due Diligence Investigations, the Offer Materials or the Offer, is false, misleading or deceptive (including by omission), in each case when considered in its final form and in the light of all other information so supplied in writing to the Underwriter before the date of this agreement;
- (y) * **(change in law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced prior to the date of this agreement) any of which does or is likely to prohibit or regulate the Offer, capital markets or stock markets;
- (z) * **(change of control)** a scheme of arrangement or reconstruction is announced by the Company, or another offer to Shareholders is announced by another person, which, is bona fide and is reasonably capable of being completed and which, if implemented, may result in a person and their associates acquiring a beneficial interest in, or voting power of, 50% of more of the interests in the Company;
- (aa) * **(charges)** the Company (or any of its material Subsidiaries) charges, or agrees to charge, the whole or a material part of the Company's (or any of its material Subsidiaries') respective businesses or property other than:
 - (i) a charge over any fees or commissions to which the Company (or any of its material Subsidiaries) or the Sellers (as applicable) are or will be entitled;
 - (ii) as disclosed in the Offer Materials; or
 - (iii) as agreed with the Underwriter (acting reasonably), or as disclosed to the Underwriter prior to the date of this agreement;

(bb) **(contravention of law)** either:

- (i) a contravention by the Company of the Corporations Act, its Constitution, the Listing Rules, ASX Waivers, ASIC Modifications and all applicable laws and related policy including the Takeovers Panel guidance, any other applicable law or regulation (as amended or varied) or order or request made by or on behalf of ASIC, ASX or any Government Agency;
- (ii) any aspect of the Offer does not comply with the Corporations Act, its Constitution, the Listing Rules, ASX Waivers, ASIC Modifications and all applicable laws and related policy including the Takeovers Panel guidance;
- (iii) the Company is prevented from allotting and issuing the Offer Shares under the Listing Rules, Constitution, the Corporations Act, ASX Waivers, ASIC Modifications, any applicable laws or related policy including the Takeovers Panel guidance, applicable laws or an order of a court of competent jurisdiction or a Government Agency;

(cc) **(market disruption):**

- (i) * trading of all securities quoted on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect;
- (ii) * a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries or there is a material disruption in commercial banking or securities settlement or clearance services in any of those countries;
- (iii) * any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Hong Kong, the European Union, the United States of America, the United Kingdom or the international financial markets or any change in national or international political, financial or economic conditions; or
- (iv) * hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the People's Republic of China, Russia, Japan, North Korea, the United Kingdom or any member state of the European Union or an outbreak or escalation of a pandemic or an epidemic (such as novel coronavirus, a recurrence of Severe Acute Respiratory Syndrome or an outbreak of swine or avian influenza) in these markets.

(dd) **(debt facilities):**

- (i) any debt facility of the Company or Group Member is terminated by the lender or amended in a material respect without the Underwriter's prior written consent (such consent not to be unreasonably withheld or delayed);
- (ii) a Group Member breaches, or defaults under, any provision, undertaking, covenant or ratio of a debt or financing arrangement or any related documentation to which that entity is a party; or
- (iii) an event of default or review event has resulted in a lender or financier exercising its rights to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation.