



ABN 33 087 741 571

18 June 2021

The Manager
Market Announcements Office
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Sir / Madam

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

Po Valley Energy Limited (ACN 087 741 571) (**the Company** or **Po Valley Energy**; **ASX:PVE**) is pleased to announce that it is finalising an institutional placement (**Placement**) and is undertaking a fully underwritten accelerated non-renounceable pro rata entitlement offer (**Entitlement Offer**) to raise up to approximately A\$10.1 million (before costs) (together, the **Offer**).

Under the Placement, the Company has received commitments for approximately A\$1 million (before costs) by the proposed issue of 35,714,286 fully paid Po Valley Energy shares at a price of \$0.028. The Placement is scheduled to complete later today, 18 March 2021.

The Entitlement Offer will comprise an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer opened today, 18 June 2021 and will close at the cessation of trade today, 18 June 2021. During this time, Henslow Pty Limited (**Underwriter**) will seek investment from sophisticated and institutional investors.

Under the Retail Entitlement Offer, eligible shareholders with addresses in Australia, Canada, European Union, United States and United Kingdom (**Eligible Shareholders**) will be invited to subscribe for 1 new fully paid Po Valley Energy share (**New Share**) for every 2 Po Valley Energy share held as at the Record Date, being 5.00pm (AEST) on Monday, 21 June 2021 at an issue price of \$0.028 per New Share (**Offer Price**).

The Retail Entitlement Offer opens on Thursday, 24 June 2021 and closes on Friday, 9 July 2021.

Investors who apply for New Shares under the Institutional Entitlement Offer are also Eligible Shareholders.



Further details regarding the Placement and Entitlement Offer are set out in the ASX announcement and Investor Presentation released today (18 June 2021). Capitalised terms in this notice have the same meaning as set out in that announcement, unless the context requires otherwise.

The Company hereby notifies ASX under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the **Act**) as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Po Valley Energy confirms that:

- (a) the New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) as at the date of this notice, Po Valley Energy has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to Po Valley Energy; and
 - (ii) section 674 of the Act;
- (c) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act which is required to be set out in this notice under section 708AA(7)(d) of the Corporations Act; and
- (d) the potential effect the Entitlement Offer will have on the control of Po Valley Energy, and the consequences of that effect, is set out below.

Potential Control Effect

The potential effect the Placement and Entitlement Offer will have on the control of Po Valley, and the consequences of that effect will depend on a number of factors including the number of New Shares taken up by Eligible Shareholders (including Top-up Shares under the uncapped top up facility available under the Retail Entitlement Offer) and the number of Entitlements placed to institutional and/or sophisticated investors under the Institutional Bookbuild.

The Entitlement Offer is fully underwritten by the Underwriter. The Underwriter has entered into a sub-underwriting agreement with various Sub-underwriters in respect of the Entitlement Offer (the Sub-underwriters). The arrangement between the Underwriter and the Sub-underwriters is that the Sub-underwriters have agreed to sub-underwrite up to a maximum of AUD\$6.67 million.

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.

The potential control effect of the sub-underwriting of the Entitlement Offer by parties associated with Directors Michael Masterman and Kevin Bailey is set out in the table below. Also set out below are the various strategies that the Company has implemented to reduce the potential control effect.



<i>Related Party Sub-underwriter</i>	<i>Current Voting power</i>	<i>Entitlement</i>	<i>Sub- Underwriting</i>	<i>Maximum Voting power</i>
Michael Masterman¹	167,971,782 25.95%	83,985,891	26,114,162	218,014,515 21.66%
Kevin Bailey²	150,635,225 23.27%	75,317,613	78,455,385	250,952,838 24.9%

Notes:

1. Michael Masterman interests are currently held as follows:

- a) Direct interest: 89,525,732 Shares
- b) Indirect interest 78,446,050 Shares held by Symmall Pty Ltd <Masterman Superfund>

Symmall Pty Ltd has agreed to subscribe for up to 39,223,025 New Shares (\$1,098,245). This commitment is to be satisfied via loan and interest conversion of \$731,196 and \$367,048 in cash.

2. Kevin Bailey interests are currently held as follows:

- a) Direct Interest:
 - 8,000,000 Shares held by Kevin Bailey
 - 79,002,181 Shares held by Kevin Bailey & Grace Bailey atf The Baily Family Trust <The Bailey Family ac>
 - 4,200,000 Shares held by Kevin Bailey & Wayne Dodd <Kevin Bailey Charity ac>
- b) Indirect Interest:
 - 30,799,806 Shares held by Quo Vadis Pty Ltd <Veritas Superfund>
 - 28,633,238 Shares held by Fuiloro Pty Ltd <Bailey Superfund ac>

Kevin Bailey & Grace Bailey ATF the Bailey Family trust have agreed to subscribe for up to 100,317,613 New Shares (\$2,808,893). This commitment is to be satisfied via loan and interest conversion \$1,496,751 and \$1,312,142 in cash.

Other than as disclosed, 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 New Shares will be issued via the Institutional Bookbuild or via the top-up facility to any related parties of the Company.



Any Entitlement not taken up pursuant to the Institutional Entitlement Offer, along with all Entitlements of Ineligible Shareholders will form the Institutional Bookbuild. To the extent that these Entitlements are not then placed via the Institutional Bookbuild, they will be allocated to the Underwriter as underwriter and to the Sub-underwriters as sub-underwriters.

Any Entitlement not taken up pursuant to the Retail Entitlement Offer and the Top-up Facility will be allocated to the Underwriter as underwriter and to the Sub-underwriters as sub-underwriters.

Some further commentary about the effect of the Offer on control of the Company is as follows:

- (a) if all Eligible Shareholders take up their full Entitlement under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company;
- (b) the proportional interests of shareholders who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer;
- (c) Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 33%;
- (d) The Board has actively taken steps to minimise the control effect of the Entitlement Offer by encouraging institutional and sophisticated investors to take further shares in the Institutional Bookbuild and has encouraged Eligible Shareholders to take up Top-up Shares

Yours sincerely,

A handwritten signature in black ink, appearing to read "Kevin Hart", with a long horizontal stroke extending to the right.

Kevin Hart
Company Secretary
Po Valley Energy Limited

This announcement has been authorised for release by the Board of Po Valley Energy Limited