OILEX LTD

ABN 50 078 652 632

Summary of takeover provisions in Australia

Oilex Ltd (the Company) is not resident in the United Kingdom, Channel Islands or the Isle of Man and is therefore not subject to The City Code on Takeovers and Mergers.

As an Australian publicly listed company, a takeover of the Company is governed by the chapter 6 of the Australian *Corporations Act 2001* (Cth). The purposes of Chapter 6 are set out in section 602 and include that:

- the acquisition of control over voting shares or voting interests takes place in an efficient, competitive and informed market
- the holders of shares or interests, and the directors of the company or body or the responsible entity for the scheme, know the identity of the acquirer, have a reasonable time to consider the proposal and have sufficient information to enable them to assess the merits of the proposal
- as far as practicable, the holders of the relevant class of voting shares or interests all have a reasonable and equal opportunity to participate in any benefits arising from the proposal and
- an appropriate procedure is followed as a preliminary compulsory acquisition of voting shares or interests or any other kind of securities under Part 6A.1.

Section 606 of the *Corporations Act 2001* prohibits the acquisition of a relevant interest in the issued voting shares of a company, if as a result of the transaction, a person's voting power in the company:

- increases from under 20% to more than 20%; or
- increases from a starting point which is above 20%, but less than 90%.

Under the *Corporations Act 2001*, a person's "voting power" is defined in broad terms and includes any relevant interest in shares held by a person and their Associates, as defined in sections 10 to 17 of the *Corporations Act 2001*.

Certain acquisitions of relevant interests are exempt from this rule including, among others, acquisitions under takeover bids, acquisitions approved by Shareholders, acquisitions that do not result in the person having voting power more than 3%, higher than that person had 6 months before the acquisition (so long as the person maintained voting power of at least 19 per cent during that 6 month period), and acquisitions that result from rights issues, dividend reinvestment schemes and underwritings. A person's voting power is deemed to be that of that person and their Associates.

If a person wishes to acquire more than 20%, of a company, or increase a holding which is already beyond 20%, the person must do so under one of the exemptions, as noted previously, which includes undertaking a takeover bid in accordance with the *Corporations Act 2001*.

Under the *Corporations Act 2001*, a person who holds more than 90% of the shares in a company may conduct a compulsory acquisition of all remaining shares. There is no provision under the *Corporations Act 2001* for minority shareholders to require a person who holds more than 90% of the shares in a company to buy them out.

The above is a summary of the main takeover provisions in Australia. It is not intended to be used as legal advice and is general information only.

8 August 2014