

**Form 603: Notice of initial substantial holder
In Pilot Energy Limited (ACN 115 229 984)**

From Natalie Lonergan 27 April 2016
Phone +61 2 9225 5938
Fax +61 2 9322 4000

Pages 95 including cover sheet

To ASX Market Announcements Office
Phone 1800 021 965
Fax 1300 135 638

Copy Iain Smith, Managing Director
Pilot Energy Limited

Email ismith@pilotenergy.com.au
Phone +61 412 638019
Fax +61 8 9389 8327

Please see attached.

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Pilot Energy Limited (PEY)

ACN/ARSN 116 229 984

1. Details of substantial holder (1)

Name Billion Power Capital Investment Limited (BPCI), Sunpax International Limited (Sunpax), GS Energy Pty Ltd (GSE), Auster Nominees Pty Ltd (Auster) in its capacity as trustee of The Wang Family Trust (together the "Subscribers" or individually a "Subscriber")

ACN/ARSN (if applicable) BPCI and Sunpax are incorporated in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
GSE: ACN 607 671 876
Auster: ACN 600 830 028

The holder became a substantial holder on 28/04/2016

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

| Class of securities (4) | Number of securities | Person's votes (5) | Voting power (6) |
|----------------------------|----------------------|--------------------|--|
| Fully paid ordinary shares | 400,000,000 | 400,000,000 | 19.95% (based on 2,005,476,834 ordinary shares on issue) |

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

| Holder of relevant interest | Nature of relevant interest (7) | Class and number of securities |
|-----------------------------|--|--------------------------------|
| The Subscribers | <p>Each of the Subscribers obtains a relevant interest in the ordinary shares by way of the following:</p> <ul style="list-style-type: none"> • each of the Subscribers obtains a relevant interest, under section 608(1)(e) of the Corporations Act 2001 (Corporations Act), as each Subscriber is the registered holder and controller of that number of ordinary shares which they subscribed for pursuant to a Subscription Agreement, dated 30/03/2016 (Subscription Agreement) between PEY and the Subscribers which is annexed and marked Annexure "A". • additionally, each Subscriber obtains a relevant interest in the shares held by each other Subscriber pursuant to a Co-operation Agreement, dated 27/04/2016 between the Subscribers (Co-operation Agreement) which is annexed and marked Annexure "B", on the basis that under the Co-operation Agreement each Subscriber obtains a relevant interest under: <ul style="list-style-type: none"> ◦ section 608(1)(b) of the Corporations Act, being a relevant interest through the right to control the exercise of votes attached to the shares which are collectively held by the Subscribers; and ◦ section 608(1)(c) of the Corporations Act, being a relevant interest through the right to control the exercise of a power to dispose of the shares which are collectively held by the Subscribers. | 400,000,000 ordinary shares |

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

| Holder of relevant interest | Registered holder of securities | Person entitled to be registered as holder (\$) | Class and number of securities |
|--|--|--|--------------------------------|
| BPCI | BPCI | BPCI | 111,120,000 ordinary shares |
| Sunpex | Sunpex | Sunpex | 55,560,000 ordinary shares |
| GSE | GSE | GSE | 222,240,000 ordinary shares |
| Austar in its capacity as trustee of The Wang Family Trust | Austar in its capacity as trustee of The Wang Family Trust | Austar in its capacity as trustee of The Wang Family Trust | 11,080,000 ordinary shares |

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

| Holder of relevant interest | Date of acquisition | Consideration (\$) | | Class and number of securities |
|--|---------------------|----------------------------------|----------|--------------------------------|
| | | Cash | Non-cash | |
| BPCI | 26/04/2016 | \$222,240 (at \$0.002 per share) | N/A | 111,120,000 ordinary shares |
| Sunpex | 26/04/2016 | \$111,120 (at \$0.002 per share) | N/A | 55,560,000 ordinary shares |
| GSE | 26/04/2016 | \$444,480 (at \$0.002 per share) | N/A | 222,240,000 ordinary shares |
| Austar in its capacity as trustee of The Wang Family Trust | 26/04/2016 | \$22,160 (at \$0.002 per share) | N/A | 11,080,000 ordinary shares |

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

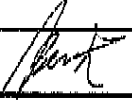
| Name and ACN/ARSN (if applicable) | Nature of association |
|-----------------------------------|---|
| The Subscribers | The Subscribers are associates of each other by operation of section 12(1)(a) and sections 12(2)(b) and (c) of the Corporations Act. The Subscribers are party to a relevant agreement for the purposes of section 12(2)(b), being the Co-operation Agreement (see Annexure B), and separately the Subscribers propose to act in concert in relation to the affairs of PGY. |

7. Addresses

The addresses of persons named in this form are as follows:

| Name | Address |
|--|--|
| BPCI | Unit A, 15/F., Sunshine Plaza, 353 Lockhart Road, Wanchai, Hong Kong |
| Sunpex | 18/F Ginza Square, 565-567 Nathan Road Mongkok Kowloon, Hong Kong |
| GSE | Suite 71, Level 4, 89-97 Jones Street, Ultimo NSW 2007 |
| Austar in its capacity as trustee of The Wang Family Trust | Level 14 275-281 George Street, Sydney NSW 2000 |

Signature

| | | | |
|------------|---|----------|---|
| print name | Tung Leung Wong | capacity | Signed with written authority of each Subscriber dated 28/04/2016 |
| sign here |  | date | 27 /04/2016 |

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 808 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

ANNEXURE A

THIS IS ANNEXURE A OF 56 PAGES REFERRED TO IN FORM 603 (NOTICE OF INITIAL SUBSTANTIAL HOLDER) IN RESPECT OF PILOT ENERGY LIMITED ACN 115 229 984 SIGNED BY ME AND DATED 27 APRIL 2016



TUNG LEUNG WONG
SIGNED WITH WRITTEN AUTHORITY OF EACH SUBSCRIBER DATED 26/04/2016



HERBERT
SMITH
FREEHILLS

Agreement

Execution Version

Subscription agreement

Pilot Energy Limited

The Subscribers named in this agreement



HERBERT
SMITH
FREEHILLS

Contents

Table of contents

| | | |
|----------|---|-----------|
| 1 | Definitions and interpretation | 2 |
| 1.1 | Definitions | 2 |
| 1.2 | Interpretation | 6 |
| 1.3 | Agreement components | 7 |
| 1.4 | Business Day | 8 |
| 1.5 | Inclusive expressions | 8 |
| 1.6 | Subscribers | 8 |
| 2 | Conditions Precedent | 8 |
| 2.1 | Conditions precedent (Tranche 1) | 8 |
| 2.2 | Conditions precedent (Tranche 2) | 9 |
| 2.3 | Reasonable endeavours to satisfy conditions precedent | 9 |
| 2.5 | Notice | 10 |
| 2.6 | Waiver | 10 |
| 2.7 | Cut Off Date | 10 |
| 2.8 | Termination by the Subscribers | 11 |
| 2.9 | Effect of termination prior to Tranche 1 Completion | 11 |
| 2.10 | Effect of termination prior to Tranche 2 Completion | 12 |
| 3 | Subscription and Issue | 12 |
| 3.1 | Subscription Shares | 12 |
| 3.2 | Constitution | 12 |
| 3.3 | Rights and ranking | 12 |
| 3.4 | Allocation of subscription | 13 |
| 4 | Company undertakings | 13 |
| 4.1 | Company undertakings prior to completion | 13 |
| 4.2 | Quotation on ASX | 14 |
| 4.3 | Employment Agreements | 14 |
| 5 | Tranche 1 Completion | 14 |
| 5.1 | Time and place for Tranche 1 Completion | 14 |
| 5.2 | Obligations of Company at Tranche 1 Completion | 15 |
| 5.3 | Subscription at Tranche 1 Completion | 15 |
| 5.4 | Issue at Tranche 1 Completion | 15 |
| 5.5 | Completion simultaneous | 15 |
| 6 | Tranche 2 Completion | 15 |
| 6.1 | Time and place for Tranche 2 Completion | 15 |
| 6.2 | Obligations of Company at Tranche 2 Completion | 16 |
| 6.3 | Subscription at Tranche 2 Completion | 16 |
| 6.4 | Issue at Tranche 2 Completion | 16 |
| 6.5 | Completion simultaneous | 16 |
| 7 | Warranties | 16 |
| 7.1 | Company Warranties | 16 |
| 7.2 | Subscribers Warranties | 16 |
| 7.3 | Repetition warranties | 17 |
| 7.4 | Survival | 17 |



HERBERT
SMITH
FREEHILLS

Contents

| | | | |
|-----------|-------|--|-----------|
| | 7.5 | Reliance | 17 |
| | 7.6 | Independent Warranties..... | 17 |
| | 7.7 | Qualifications..... | 17 |
| | 7.8 | Qualifications with respect to Disclosure Material | 17 |
| 8 | | Appointment of directors | 18 |
| | 8.1 | Composition of Board | 18 |
| | 8.2 | Subscribers' Nominated Director | 18 |
| 9 | | Corporate governance | 19 |
| | 9.1 | Use of proceeds | 19 |
| | 9.2 | Payment of Subscription Price..... | 19 |
| | 9.3 | Financial statements and records | 20 |
| 10 | | Exclusivity | 20 |
| | 10.1 | No talk | 20 |
| | 10.2 | No shop..... | 20 |
| | 10.3 | Notification | 21 |
| | 10.4 | Survival of exclusivity provisions | 21 |
| | 10.6 | Fiduciary exception | 21 |
| 11 | | Confidentiality and announcements | 21 |
| | 11.1 | Announcement..... | 21 |
| | 11.2 | Confidentiality..... | 22 |
| | 11.3 | Extent of obligation | 22 |
| 12 | | GST | 22 |
| | 12.1 | Definitions | 22 |
| | 12.2 | GST..... | 23 |
| | 12.3 | Tax Invoices | 23 |
| | 12.4 | Reimbursements | 23 |
| 13 | | Notices | 23 |
| | 13.1 | How and where Notices may be sent | 23 |
| | 13.2 | When Notices are taken to have been given and received | 23 |
| | 13.3 | Parties' details..... | 24 |
| 14 | | General | 25 |
| | 14.1 | Governing law and jurisdiction | 25 |
| | 14.2 | Invalidity and enforceability..... | 26 |
| | 14.3 | Waiver..... | 25 |
| | 14.4 | Variation..... | 26 |
| | 14.5 | Assignment of rights | 26 |
| | 14.6 | Further action to be taken at each party's own expense | 26 |
| | 14.7 | Entire agreement | 26 |
| | 14.8 | No merger | 26 |
| | 14.9 | No reliance | 26 |
| | 14.10 | Counterparts | 26 |
| | 14.11 | Relationship of the parties | 26 |
| | 14.12 | Exercise of discretions | 26 |
| | 14.13 | Duty, costs and expenses..... | 27 |



Contents

Schedules

Schedule 1

Application for Subscription Shares 29

Schedule 2

Company Warranties 30

Schedule 3

Subscriber Warranties 33

Schedule 4

Schedule of Capital 36

Schedule 5

Development Budget 36

Schedule 6

Operating Budget 37

Schedule 7

Disclosure Materials Index 39

Signing page 50

Herbert Smith Freehills owns the copyright in this document and using it without permission is strictly prohibited.



HERBERT
SMITH
FREEHILLS

Subscription agreement

Date 30th March 2016

Between the parties

| | |
|---------|--|
| Company | Pilot Energy Limited Level 2, 55 Carrington Street, Nedlands WA 6009 (the Company) |
|---------|--|

| | |
|-------------|--|
| Subscribers | <ol style="list-style-type: none"> 1. Billion Power Capital Investment Limited, a company incorporated in Hong Kong under the Companies Ordinance (BPCI); 2. Sunpex International Limited, a company incorporated in Hong Kong under the Companies Ordinance (Sunpex); 3. G\$ Energy Pty Ltd (ACN 607 871 878) (GSE); and 4. Auster Nominees Pty Ltd (ACN 600 830 028) as trustee for The Wang Family Trust (Auster), <p>(each a Subscriber, and together the Subscribers)</p> |
|-------------|--|

| | |
|----------|--|
| Recitals | The Company has agreed to issue Shares to the Subscribers on the terms and conditions of this agreement. |
|----------|--|

The parties agree as follows:



1 Definitions and Interpretation

1.1 Definitions

The meanings of the terms used in this document are set out below.

| Term | Meaning |
|-----------------------------|--|
| Affiliate of a party | <ol style="list-style-type: none"> 1 a shareholder of the party; 2 a Related Corporation of the party; 3 a director, secretary or officer of the party; 4 an entity the party controls; 5 an entity that controls the party; or 6 an entity that is controlled by an entity that controls the party, (where 'control' has the meaning given in section 50AA of the Corporations Act). |
| ASIC | Australian Securities & Investments Commission. |
| ASX | ASX Limited (ACN 008 624 691). |
| ASX Listing Rules | the official listing rules of the ASX as amended from time to time. |
| Authorisation | <p>Includes:</p> <ol style="list-style-type: none"> 1 any consent, registration, filing, agreement, notice of non-objection, notarisation, certificate, licence, approval, permit, authority or exemption from, by or with a Government Agency; and 2 in relation to anything that a Government Agency may prohibit or restrict within a specific period, the expiry of that period without intervention or action or notice of intended intervention or action. |
| Board | the board of directors of the Company. |
| Business Day | a day on which banks are open for business in Sydney and Perth excluding a Saturday, Sunday or public holiday in each of those cities. |
| Company Warranties | the representations and warranties set out in Schedule 2. |



| Term | Meaning |
|----------------------------------|--|
| Competing Proposal | <p>a bona fide proposal or offer that, if successfully completed, would result in a person other than the Subscriber, its Nominee or its Affiliates:</p> <ol style="list-style-type: none"> 1 directly or indirectly acquiring a relevant interest or an economic interest in 20% or more of the Shares or of the share capital of any of the Company's Related Corporations; 2 directly or indirectly acquiring or becoming the holder of any interest in all or a substantial part of the business or assets of the Company or any of its Related Corporations; or 3 otherwise acquiring or merging with the Company, <p>whether by way of shareholder approved acquisition, issue of shares, capital reduction, buy back, sale or purchase of shares or assets, joint venture, or other transaction or arrangement.</p> |
| Confidentiality Agreement | the confidentiality agreement between the Company and the Orient Energy Pty Limited (ACN 602 360 181) dated 5 February 2016. |
| Constitution | the constitution of the Company as amended or varied from time to time. |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth). |
| Disclosure Materials | <ol style="list-style-type: none"> 1 all information set out, or referred to, in any document provided by the Company or any of its advisers or representatives to the Subscriber or any of its advisers or representatives in connection with the negotiations for the Private Placement; 2 all written answers given to written questions submitted by the Subscriber, its representatives or advisers as part of the question and answer process; and 3 written minutes (or other agreed documentary evidence) of the interviews of the management of the Company and the management presentations to the Subscriber, its representatives or advisers, that were provided to the Subscriber, its representative or its advisers by the Company, its representatives or its advisers before execution of this agreement, <p>in each case as listed in Schedule 7.</p> |
| Duty | any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax. |
| Encumbrance | any interest or power; |



HERBERT
SMITH
FREEHILLS

| Term | Meaning |
|------------------------------------|--|
| | <p>1 reserved in or over any interest in any asset including any retention of title; or</p> <p>2 created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of, or having similar commercial effect to, security for payment of a debt, any other monetary obligation or the performance of any other obligation, or any trust or any retention of title and includes, but is not limited to, any agreement to grant or create any of the above.</p> |
| Exclusivity Period | the period from the date of this agreement until the earlier of Tranche 2 Completion and 14 days after termination of this agreement. |
| Government Agency | any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world. |
| GST | goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply. |
| GST Act | the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth). |
| GST Law | has the same meaning as in the GST Act. |
| Immediately Available Funds | payment by bank cheque or electronic funds transfer into an account nominated by the Company. |
| Legacy Board | the directors of the Company as at the date of this agreement. |
| Nominee | a Related Corporation of a Subscriber nominated by the Subscriber by written notice to the Company. |
| Official List | the official list of the ASX as defined in the ASX Listing Rules as amended from time to time. |
| Orient Nominated Director | any director appointed by the Subscribers pursuant to clause 8.1(a) or 8.1(b). |
| Permitted Farm In | a farm-in in respect of the WA 507/P Permit. |



HERBERT
SMITH
FREEHILLS

| Term | Meaning |
|--|---|
| Private Placement | the issue of the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares to the Subscribers or any of their Nominees on the terms and conditions set out in this agreement. |
| Related Corporation | each company; <ol style="list-style-type: none"> 1 that is a subsidiary of that entity; 2 of which the entity is a subsidiary; or 3 that is a subsidiary of a company of which the entity is also a subsidiary. |
| relevant interest | has the meaning given in sections 608 and 609 of the Corporations Act. |
| Share | a fully paid ordinary share of the Company. |
| Subscriber Warranties | the representations and warranties set out in Schedule 3. |
| subsidiary | has the meaning given in Division 6 of Part 1.2 of the Corporations Act. |
| Tax | any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above. |
| Trading Day | has the meaning given in the ASX Listing Rules. |
| Tranche 1 Completion | completion of the issue of the Tranche 1 Subscription Shares under this agreement. |
| Tranche 1 Completion Date | the date of Tranche 1 Completion specified in clause 3.1. |
| Tranche 1 Conditions Precedent | the conditions precedent set out in clause 2.1. |
| Tranche 1 Conditions Precedent Cut Off | 30 April 2016. |



HERBERT
SMITH
FREEHILLS

| Term | Meaning |
|--|--|
| Date | |
| Tranche 1 Subscription Shares | 400,000,000 Shares to be issued to the Subscribers pursuant to clause 5. |
| Tranche 2 Completion | completion of the issue of the Tranche 2 Subscription Shares under this agreement. |
| Tranche 2 Completion Date | the date of Tranche 2 Completion specified in clause 6.1. |
| Tranche 2 Conditions Precedent | the conditions precedent set out in clause 2.2. |
| Tranche 2 Conditions Precedent Cut Off Date | 30 June 2016. |
| Tranche 1 Subscription Price | the total number of Tranche 1 Subscription Shares multiplied by \$0.002. |
| Tranche 2 Subscription Price | the total number of Tranche 2 Subscription Shares multiplied by \$0.003. |
| Tranche 2 Subscription Shares | 833,340,000 Shares to be issued to the Subscribers pursuant to clause 6. |
| Warranties | the Company Warranties and the Subscribers Warranties (as applicable). |

1.2 Interpretation

In this agreement:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this agreement;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;



HERBERT
SMITH
FREEHILLS

- (d) other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning;
- (e) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this agreement and a reference to this agreement includes any schedule, attachment and exhibit;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assignees;
- (j) a promise on the part of 2 or more persons binds them severally, but not jointly;
- (k) a reference to an agreement other than this agreement includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;
- (l) a reference to liquidation or insolvency includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death;
- (m) no provision of this agreement will be construed adversely to a party because that party was responsible for the preparation of this agreement or that provision;
- (n) a reference to a body, other than a party to this agreement (including an Institute, association or authority), whether statutory or not:
 - (1) that ceases to exist; or
 - (2) whose powers or functions are transferred to another body,
 is a reference to the body that replaces it or that substantially succeeds to its powers or functions;
- (o) a reference to any thing (including any right) includes a part of that thing but nothing in this clause 1.2(o) implies that performance of part of an obligation constitutes performance of the obligation;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to '\$' or 'dollars' is to Australian currency unless denominated otherwise; and
- (r) a reference to time is a reference to Perth, Western Australia time.

1.3 Agreement components

This agreement includes any schedule.



HERBERT
SMITH
FREEHILLS

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the preceding Business Day.

1.5 Inclusive expressions

Specifying anything in this agreement after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included.

1.6 Subscribers

Each Subscriber irrevocably appoints Benson Wong as a representative of Sunpex as its attorney in connection with any rights to be exercised or decision to be made by the Subscribers under this agreement and the Company is entitled to rely on the representations and instructions of Benson Wong as a representative of Sunpex.

2 Conditions Precedent

2.1 Conditions precedent (Tranche 1)

The obligations of the parties under clause 5 are conditional on, and do not become binding unless and until:

- (a) **ASX quotation:** Immediately before Tranche 1 Completion, the ASX does not indicate to the Company that it will refuse to grant quotation of the Tranche 1 Subscription Shares or otherwise make quotation conditional;
- (b) **warranties:** each of the representations and warranties of the Company under clause 7.1 are true and correct in all material respects as at Tranche 1 Completion; and
- (c) **Foreign Investment Review Board approval:**
 - (1) the Subscribers have received a written notice under the Foreign Acquisitions and Takeovers Act 1975 (Cth), by or on behalf of the Treasurer of the Commonwealth of Australia stating that the Commonwealth Government does not object to the transactions contemplated by this agreement, either unconditionally or on terms that are acceptable to the Subscribers (acting reasonably);
 - (2) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the subject matter of this agreement and the transactions contemplated by it under the Foreign Acquisitions and Takeovers Act 1975 (Cth); or
 - (3) if an interim order is made under the Foreign Acquisitions and Takeovers Act 1975 (Cth) in respect of the transactions contemplated by this agreement, the subsequent period for making a final order prohibiting the transactions contemplated by this agreement elapses without a final order being made.



HERBERT
SMITH
FREEHILLS

2.2 Conditions precedent (Tranche 2)

The obligations of the parties under clause 6 are conditional on, and do not become binding unless and until:

- (a) **Tranche 1 Completion:** Tranche 1 Completion has occurred;
- (b) **Tranche 1 Conditions:** to the extent that the conditions in clause 2.1 were not satisfied prior to Tranche 1 Completion Date and waived in accordance with clause 2.6, those conditions are satisfied;
- (c) **regulatory consents:** any regulatory consents or approvals from any Government Agency that are necessary for the parties to perform their respective obligations under this agreement are obtained;
- (d) **ASX quotation:** immediately before Tranche 2 Completion, the ASX does not indicate to the Company that it will refuse to grant quotation of the Tranche 2 Subscription Shares or otherwise make quotation conditional;
- (e) **warranties:** each of the representations and warranties of the Company under clause 7.1 are true and correct in all material respects as at Tranche 2 Completion; and
- (f) **shareholder approval:** the members of the Company in general meeting have approved by the appropriate majority the issue of the Tranche 2 Subscription Shares to the Subscribers for all purposes, including for the purposes of Listing Rule 7.1 and Item 7 of section 811 of the Corporations Act.

2.3 Reasonable endeavours to satisfy conditions precedent

- (a) The parties must use reasonable endeavours and otherwise work together in good faith to ensure that the conditions precedent in clause 2.1 and clause 2.2 are satisfied as expeditiously as possible and in any event, with respect to the Tranche 1 Conditions Precedent, on or before the Tranche 1 Conditions Precedent Cut Off Date and with respect to the Tranche 2 Conditions Precedent on or before the Tranche 2 Conditions Precedent Cut Off Date.
- (b) Each party must provide reasonable assistance to the other as is necessary to satisfy the conditions.
- (c) Each party must provide all information as may be reasonably requested by the other party in connection with any notices or applications for approvals.
- (d) Each party must cooperate with each other party in approaching the relevant regulatory bodies for the purposes of satisfying the conditions in clause 2.2(c).

2.4 Shareholder approval

Without limiting clause 2.3, in connection with satisfying the condition in clause 2.2(f), the Company will:

- (a) prepare a notice of meeting to seek the approval of the members of the Company for the purposes of the condition in clause 2.2(f), and:
 - (1) the Company will consult in good faith with the Subscribers in relation to the form and content of the notice; and
 - (2) subject to clause 10.5, the notice will include a unanimous recommendation by the Board that members vote in favour of the required resolutions;



HERBERT
SMITH
FREEHILLS

- (b) promptly appoint an appropriately qualified independent expert to prepare an independent expert's report on the transaction as it will be put to members for approval for the purposes of the condition in clause 2.2(f) and provide all assistance and information reasonably requested by the expert in connection with the preparation of the report; and
- (c) as soon as reasonably practicable after the date of this agreement, convene a general meeting and dispatch the notice of meeting (together with the independent expert's report contemplated by clause 2.2(f)) to its members.

2.5 Notice

Each party must promptly notify the other in writing if it becomes aware that any condition in clause 2.1 or clause 2.2 has been satisfied or has become incapable of being satisfied.

2.6 Waiver

- (a) The condition in clauses 2.1(c), 2.2(c) and 2.2(f) are for the benefit of the Subscribers and the Company and may only be waived by the Subscribers and the Company.
- (b) The conditions in clauses 2.1(a), 2.1(b), 2.2(a), 2.2(b), 2.2(d) and 2.2(e) are for the benefit of the Subscribers only and may only be waived by the Subscribers.
- (c) A waiver of a condition:
 - (1) contained in clause 2.1 with respect to Tranche 1 Completion, does not operate as a waiver of the condition contained in clause 2.2(b) in relation to Tranche 2 Completion;
 - (2) will not be effective unless it is given in writing in relation to a particular condition;
 - (3) may be given unconditionally or on the conditions the Subscribers or the Company (as applicable) considers fit;
 - (4) will only apply to the obligations in relation to which it is expressed to be given unless the Subscribers or the Company (as applicable) states otherwise in writing; and
 - (5) will not preclude the Subscribers or the Company (as applicable) from refusing to waive a particular condition on another occasion or from requiring the Company to satisfy conditions that differ from the conditions applying on a prior occasion.

2.7 Cut Off Date

- (a) A party may, by not less than 2 Business Days' notice to the other parties, terminate this agreement at any time before Tranche 1 Completion if:
 - (1) the conditions in clause 2.1 are not satisfied, or waived in accordance with clause 2.6 by the Tranche 1 Conditions Precedent Cut Off Date; or
 - (2) the parties agree that any of the conditions in clause 2.1 cannot be satisfied.
- (b) This agreement will immediately terminate if:



HERBERT
SMITH
FREEHILLS

- (1) the conditions in clause 2.1 or clause 2.2 are not satisfied, or waived in accordance with clause 2.6 by the Tranche 2 Conditions Precedent Cut Off Date; or
- (2) the parties agree that any of the conditions in clause 2.1 cannot be satisfied.

2.8 Termination by the Subscribers

The Subscribers may terminate this agreement at any time before Tranche 1 Completion or Tranche 2 Completion (as applicable) by notice in writing to the Company if:

- (a) a controller (as defined in section 9 of the Corporations Act) is appointed, or any steps are taken to appoint a controller, to the Company or over property of the Company, or a resolution to appoint a controller is passed or any steps are taken to appoint a controller;
- (b) the Company suspends payment of its debts generally;
- (c) the Company is or becomes unable to pay its debts when they are due or is presumed to be insolvent under the Corporations Act;
- (d) the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, any of its creditors;
- (e) any of the following occur:
 - (1) an administrator is appointed, or any steps are taken to appoint an administrator; or
 - (2) a resolution to appoint an administrator is passed, or any steps are taken to pass a resolution to appoint an administrator,
 to the Company;
- (f) any of the following occur:
 - (1) an application is made;
 - (2) an order is made;
 - (3) a resolution is passed or taken to have been passed or any steps are taken to pass a resolution otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Subscribers; or
 - (4) a liquidator or provisional liquidator is appointed,
 for the winding up of the Company;
- (g) the Company implements a merger, demerger or scheme of arrangement with any person except to reconstruct or amalgamate while solvent on terms approved by the Subscribers;
- (h) the Company is deregistered or any steps are taken to deregister the Company under the Corporations Act; or
- (i) anything analogous to or having substantially similar effect to any of the events specified above happens in relation to the Company in any jurisdiction.

2.9 Effect of termination prior to Tranche 1 Completion

If this agreement is terminated by a party under this clause 2 prior to Tranche 1 Completion:



- (a) subject to clause 10.4, each party will be released from its obligations under this agreement, except its obligations under clauses:
- (1) clause 1 (Definitions and Interpretation);
 - (2) clause 2.9 (Effect of termination prior to Tranche 1 Completion);
 - (3) clause 11 (Confidentiality and announcements);
 - (4) clause 12 (GST); and
 - (5) clause 13 (Notices); and
 - (6) clause 14 (General);
- (b) each party will retain the rights it has or may have against another party in respect of any past breach of this agreement; and
- (c) In all other respects, all future obligations of the parties under this agreement will immediately terminate and be of no further force or effect, including any further obligations in respect of the Private Placement.

2.10 Effect of termination prior to Tranche 2 Completion

- (a) If this agreement is terminated by a party under this clause 2 after Tranche 1 Completion but prior to Tranche 2 Completion each party will be released from its obligations under clauses:
- (1) clause 3.1(b) (Subscription Shares); and
 - (2) clause 6 (Tranche 2 Completion); and
- (b) this agreement will otherwise remain in full force and effect in accordance with its terms.

3 Subscription and issue

3.1 Subscription Shares

The Company must issue, and the Subscribers must subscribe for:

- (a) the Tranche 1 Subscription Share on the Tranche 1 Completion Date for the Tranche 1 Subscription Price; and
- (b) the Tranche 2 Subscription Shares on the Tranche 2 Completion Date for the Tranche 2 Subscription Price,

In each case, subject to the terms and conditions of this agreement.

3.2 Constitution

On first issue of any Subscription Shares to the Subscriber, the Subscribers agree to be bound by the Constitution.

3.3 Rights and ranking

All Tranche 1 Subscription Shares and Tranche 2 Subscription Shares issued to the Subscribers will:

- (a) be issued as fully paid;



HERBERT
SMITH
FREEHILLS

- (b) be free of Encumbrances; and
- (c) rank equally in all respects with the other Shares on issue as at the date of Tranche 1 Completion or Tranche 2 Completion (as applicable).

3.4 Allocation of subscription

The number of Subscription Shares and the Subscription Price to be paid by each Subscriber is set out below.

| Subscriber | Subscription Shares – Tranche 1 | Subscription Price – Tranche 1 | Subscription Shares – Tranche 2 | Subscription Price – Tranche 2 |
|------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| BPCI | 111,120,000 | \$222,240 | 259,260,000 | \$777,780 |
| Sunpex | 55,560,000 | \$111,120 | 129,527,000 | \$388,881 |
| GSE | 222,240,000 | \$444,480 | 518,507,000 | \$1,555,521 |
| Austar | 11,080,000 | \$22,160 | 25,845,000 | 77,838 |
| Total | 400,000,000 | \$800,000 | 933,340,000 | \$2,800,020 |

4 Company undertakings

4.1 Company undertakings prior to completion

The Company will not, prior to Tranche 2 Completion, without the Subscriber's prior written consent:

- (a) dispose of, or agree to dispose of, any of its right, title or interest in and to any asset that it may own with an aggregate value in excess of \$500,000;
- (b) charge or agree to Encumber the whole or any part of its right, title and interest in and to any asset that it may own with an aggregate value in excess of \$500,000;
- (c) issue, or agree to issue, any marketable securities in its capital or grant any options or rights to take up by way of subscription, conversion or substitution further shares in its capital, whether the shares rank in preference to, equally with or after the Tranche 1 Subscription Shares or Tranche 2 Subscription Shares in respect of any right or interest;
- (d) grant any special voting or other rights that attach to the ordinary issued shares in its capital;



- (e) carry on any business except a business of a type that is currently being carried on or currently proposed to be carried on by the Company; or
- (f) enter into, or materially amend any service agreement, employment contract or consultancy agreement with any person; or
- (g) enter into any farm in agreement in respect of any of the assets of the Company other than a Permitted Farm in.

4.2 Quotation on ASX

- (a) The Company must apply to ASX for official quotation of the Tranche 1 Subscription Shares on or as soon as reasonably practicable (but in any event within 2 Business Days) after the day of Tranche 1 Completion.
- (b) The Company must apply to ASX for official quotation of the Tranche 2 Subscription Shares on or as soon as reasonably practicable (but in any event within 2 Business Days) after the day of Tranche 2 Completion.
- (c) The Company must give to the ASX a notice under section 708A(6) of the Corporations Act with respect to Tranche 1 Subscription Shares on the day of Tranche 1 Completion.
- (d) The Company will give to the ASX a notice under section 708A(6) of the Corporations Act with respect to Tranche 2 Subscription Shares on the day of the Tranche 2 Completion.

4.3 Employment Agreements

At Tranche 2 Completion, the Company must deliver to the Subscribers executed employment agreements between the Company and each of the following individuals on terms satisfactory to the Subscribers, acting reasonably:

- (a) Gavin Harper
- (b) Iain Smith
- (c) Wilson Xua
- (d) Benson Wong
- (e) Conrad Todd
- (f) Xinglin Wang
- (g) Rory McGoldrick.

5 Tranche 1 Completion

5.1 Time and place for Tranche 1 Completion

Assuming all conditions precedent in clause 2.1 have been either satisfied or waived in accordance with this agreement, completion of the issue of the Tranche 1 Subscription Shares under this agreement must take place:

- (a) within 2 Business Days of the satisfaction or waiver of the condition precedent in clause 2.1(c);
- (b) at Herbert Smith Freehills, Level 34, ANZ Tower, 161 Castlereagh St, Sydney or at any other place the parties agree; and



HERBERT
SMITH
FREEHILLS

(c) at the time (but during banking hours at that place) that the parties agree.

5.2 Obligations of Company at Tranche 1 Completion

On or before Tranche 1 Completion, the Company must procure that a meeting of directors of the Company is convened and approves, subject to Tranche 1 Completion, the issue of the Tranche 1 Subscription Shares to the Subscribers.

5.3 Subscription at Tranche 1 Completion

At Tranche 1 Completion, the Subscribers must:

- (a) (subscription): subscribe for and accept the issue of, or procure that its Nominee subscribers subscribes for and accepts the issue of, the Tranche 1 Subscription Shares in the proportions set out in clause 3.4 by means of an application substantially in the form of Schedule 1; and
- (b) (subscription price): pay to the Company the Tranche 1 Subscription Price in Immediately Available Funds.

5.4 Issue at Tranche 1 Completion

At Tranche 1 Completion, the Company must issue or procure the issue of the Tranche 1 Subscription Shares to the Subscribers free from any Encumbrance or other third party rights in the proportions set out in clause 3.4.

5.5 Completion simultaneous

The actions to take place as contemplated by this clause 5 are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:

- (a) there is no obligation on any party to undertake or perform any of the other actions;
- (b) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
- (c) the Company must repay to the Subscribers all payments received by it under clause 5.3(b), without prejudice to any other rights any party may have in respect of that failure.

6 Tranche 2 Completion

6.1 Time and place for Tranche 2 Completion

Assuming all conditions precedent in clause 2.2 have been either satisfied or waived in accordance with this agreement, completion of the issue of the Tranche 2 Subscription Shares under this agreement must take place:

- (a) within 2 Business Days of the satisfaction or waiver of the condition precedent in clause 2.2(f);
- (b) at Herbert Smith Freehills, Level 34, ANZ Tower, 161 Castlereagh St, Sydney or at any other place the parties agree; and



HERBERT
SMITH
FREEHILLS

(c) at the time (but during banking hours at that place) that the parties agree.

6.2 Obligations of Company at Tranche 2 Completion

On or before Tranche 2 Completion, the Company must procure that a meeting of directors of the Company is convened and approves, subject to Tranche 2 Completion, the issue of the Tranche 2 Subscription Shares to the Subscriber.

6.3 Subscription at Tranche 2 Completion

At Tranche 2 Completion, the Subscribers must:

- (a) **(subscription):** subscribe for and accept the issue of, or procure that its Nominee subscribers subscribes for and accepts the issue of, the Tranche 2 Subscription Shares in the proportions set out in clause 3.4 by means of an application substantially in the form of Schedule 1; and
- (b) **(subscription price):** pay to the Company the Tranche 2 Subscription Price in Immediately Available Funds.

6.4 Issue at Tranche 2 Completion

At Tranche 2 Completion, the Company must issue or procure the issue of the Tranche 2 Subscription Shares to the Subscribers free from any Encumbrance or other third party rights in the proportions set out in clause 3.4.

6.5 Completion simultaneous

The actions to take place as contemplated by this clause 6 are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:

- (a) there is no obligation on any party to undertake or perform any of the other actions;
- (b) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
- (c) the Company must repay to the Subscribers all payments received by it under clause 6.3(b), without prejudice to any other rights any party may have in respect of that failure.

7 Warranties

7.1 Company Warranties

The Company gives the Company Warranties to and for the benefit of the Subscribers.

7.2 Subscribers Warranties

Each Subscriber gives the Subscribers Warranties to and for the benefit of the Company.



HERBERT
SMITH
FREEHILLS

7.3 Repetition warranties

The Warranties given by the Company and the Subscribers are given:

- (a) In respect of each Warranty which is expressed to be given on a particular date, on that date; and
- (b) In respect of each other Warranty, on the date of this agreement and immediately before Tranche 1 Completion and Tranche 2 Completion.

7.4 Survival

The Warranties survive the execution and Completion of this agreement.

7.5 Reliance

- (a) The Company acknowledges that each Subscriber enters into this agreement in reliance on each Company Warranty.
- (b) Each Subscriber acknowledges that the Company enters into this agreement in reliance on each Subscriber Warranty.

7.6 Independent Warranties

Each Warranty is separate and independent and not limited by reference to any other Warranty or any notice or waiver given by any party in connection with anything in this agreement.

7.7 Qualifications

Each Company Warranty is to be read down and qualified by any information fairly, fully and accurately disclosed in writing by the Company in the Disclosure Materials prior to the execution of this agreement.

7.8 Qualifications with respect to Disclosure Material

The Subscribers each acknowledge and agree that:

- (a) except as may be agreed in writing between the Company and the Subscribers:
 - (1) the Disclosure Material provided to the Subscribers has been prepared to assist the Subscribers in its own independent review of the Company, and is provided solely for information purposes; and
 - (2) each Subscriber has relied on its own assessment and advice in relation to the businesses, assets, financial position and affairs of the Company; and
- (b) the Company has not made any recommendation that the Subscribers should participate in the Company and the activities of the Company.



HERBERT
SMITH
FREEHILLS

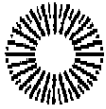
8 Appointment of directors

8.1 Composition of Board

- (a) Following Tranche 1 Completion, the Board will consist of [five] directors. Four directors will be members of the Legacy Board and one director will be nominated by the Subscribers; and
- (b) Following Tranche 2 Completion, and for so long as the Subscribers hold at least 25% of the Shares of the Company:
 - (1) the board will consist of four directors; and
 - (2) two directors will be members of the Legacy Board and two directors will be nominated by the Subscribers (including the director nominated to the board pursuant to clause 8.1(a)).

8.2 Subscribers' Nominated Director

- (a) The Subscribers may:
 - (1) appoint an Orient Nominated Director by written notice to the Company specifying the identity of the person to be appointed as a Nominated Director; or
 - (2) replace an Orient Nominated Director by written notice to the Company specifying the identity of the person to be replaced as an Orient Nominated Director and their replacement.
- (b) Where the Company receives a notice from the Subscribers pursuant to clause 8.2(a) of nomination of an Orient Nominated Director, subject to receipt by the Company of a proposed consent to act signed by the Orient Nominated Director, the directors shall appoint the Orient Nominated Director as a director pursuant to rule 36.1 of the Constitution.
- (c) The Subscribers acknowledges that an Orient Nominated Director appointed under clause 8.1 holds office until the next annual general meeting of the Company, and is then eligible for re-election at that meeting pursuant to the Constitution, the Corporations Act and the ASX Listing Rules.
- (d) The Company must ensure that any Orient Nominated Director is proposed for election at the next annual general meeting of the Company convened after their appointment and recommend the election of any Orient Nominated Director at that annual general meeting and do all things as may reasonably be necessary or expedient on its part to ensure that such resolution is passed by the requisite majority.
- (e) If an Orient Nominated Director is not re-elected at an annual general meeting of the Company:
 - (1) the Subscribers may nominate another Orient Nominated Director to replace that director (which, for the avoidance of doubt, cannot be the same person who was not re-elected by the shareholders of the Company at the previous annual general meeting); and
 - (2) subject to clause 8.2(f), the Board must not appoint a successor director who is not a Orient Nominated Director in respect of that vacancy.
- (f) Notwithstanding clause 8.2(d), the Board may nominate a director to the Company to comply with any requirements of the Constitution in relation to the



HERBERT
SMITH
FREEHILLS

minimum number of directors provided that the Company takes all necessary steps to ensure that such director retires and is replaced by an Orient Nominated Director as soon as reasonably practical.

- (g) Each Orient Nominated Director may provide the Subscribers with any information acquired by the Orient Nominated Director in his or her capacity as an officer of the Company provided that such information is provided to the Subscribers in accordance with the information protocols to be agreed between the Subscribers and the Company and such information is to be maintained by the Subscribers in accordance with the confidentiality obligations in clause 11.
- (h) In respect of any information provided to the Subscribers pursuant to clause 8.2(g), the Subscribers acknowledge that they are aware that the Company is a company the issued securities of which are listed on the Australian Securities Exchange and that some or all of the information to be provided to the Subscribers by an Orient Nominated Director may constitute inside information for the purposes of sections 1042A and 1043A of the Corporations Act. In respect of all such inside information, each Subscriber agrees to comply with:
 - (1) its obligations under this agreement (including without limitation its confidentiality obligations under clause 11); and
 - (2) the provisions of the Corporations Act (including without limitation Section 1043A of the Corporations Act).
- (i) The Company must take all necessary steps to ensure that the Subscribers is able to exercise its rights under this clause 8, including procuring any necessary director resignations.

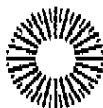
9 Corporate governance

9.1 Use of proceeds

The Company undertakes for the benefit of the Subscribers that, except as otherwise agreed in writing between the Company and the Subscriber it will only use the proceeds of the Private Placement as reflected in the Development Budget set out in Schedule 5 and the Operations Budget set out in Schedule 6.+

9.2 Payment of Subscription Price

- (a) In respect of each Completion under this agreement:
 - (1) the Subscribers will deposit 100% of their respective portion of the Tranche 1 Subscription Price into a new bank account named "Pilot Energy – Working Capital Account" to be established by the Company as soon as practicable, and in any event within 5 Business Days following the date of this agreement (New WC Account); and
 - (2) the Subscribers will deposit 50% of their respective portion of the Tranche 2 Subscription Price into the new bank account named "Pilot Energy – General Account" to be established by the Company as soon as practicable, and in any event within 5 Business Days following the date of this agreement (New General Account); and
 - (3) the Company undertakes that it will not transfer or co-mingle any portion of the Tranche 1 Subscription Price or Tranche 2 Subscription



HERBERT
SMITH
FREEHILLS

Price received in any manner inconsistent with clause 8.1 or clause 9.2(a)(1) and clause 9.2(a)(2).

- (b) The Company must notify the Subscribers as soon as practicable, and in any event within 2 Business Days, following the establishment of the New WC Account and the New General Account under clause 9.2(a), including providing sufficient details of each new bank account.

9.3 Financial statements and records

Following Tranche 1 Completion:

- (a) the Subscribers will be entitled to inspect and make copies of information from the Company in relation to the Company including all books, records, accounts, working papers, budgets and cash flows, financial information, technical studies and documents in the possession of the Company relating to the business, assets, affairs of the Company or its clients; and
- (b) the Company must ensure that the Subscribers has reasonable access to senior management of the Company for the purpose of regular consultation regarding the business affairs and activities of the Company.

10 Exclusivity

10.1 No talk

- (a) During the Exclusivity Period, the Company must ensure that neither it nor any of its Related Corporations:
 - (1) directly or indirectly participates in any negotiations or discussions or provide any information to any person with respect to any inquiry, expression of interest, offer or proposal by any person to make a Competing Proposal;
 - (2) accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal;
 - (3) discloses any non-public information about the business or affairs of the Company to a third party with a view to obtaining, or which may reasonably be expected to lead to receipt of, a Competing Proposal, other than as required by any applicable law or the requirement of a Government Agency; or
 - (4) communicates any intention to do any of the things listed in clauses 10.1(a)(1), 10.1(a)(2) and 10.1(a)(3) in respect of or in response to any expression of interest, offer or proposal by any person in relation to any Competing Proposal.
- (b) Nothing in this clause 10.1 prevents the Company from continuing to make normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Private Placement.

10.2 No shop

During the Exclusivity Period, the Company must ensure that neither it nor any of its Related Corporations:



- (a) directly or indirectly solicits, facilitates, encourages, invites or initiates steps with the objective of receiving an offer or proposal by any person (other than the Subscriber) in relation to any Competing Proposal; or
- (b) communicates any intention to do any of the things listed in clause 10.1 in respect of or in response to any expression of interest, offer or proposal by any person in relation to any Competing Proposal.

10.3 Notification

During the Exclusivity Period, the Company must immediately notify the Subscribers if:

- (a) any approach, enquiry or proposal is made, directly or indirectly, to the Company or any of its Related Corporations with respect to a Competing Proposal, whether solicited or otherwise; or
- (b) any request is made to the Company or any of its Related Corporations for any information relating to the Company or any of its Related Corporations or their businesses or operations in connection with a current or future Competing Proposal.

10.4 Survival of exclusivity provisions

- (a) If this agreement is terminated by the Company under clause 2, then the Company's obligations under this clause 10 will continue up until the date which is the later of:
 - (1) 15 April 2016; and
 - (2) the date the termination of this agreement by the Company becomes effective.
- (b) If this agreement is terminated by the Subscribers under clause 2 or otherwise, then each party will be released from its obligations under this clause 10 from the date the termination by the Subscribers becomes effective.

10.5 Fiduciary exception

The undertakings in clause 2.4(a)(2) or clause 10 will not prevent the Company or its Directors from considering a Competing Proposal which is superior to the Private Place where:

- (a) the Company is approached by a third party in relation to that Competing Proposal without inducement from the Company, its Directors or advisers; and
- (b) the Company or its Directors have received advice from a senior legal practitioner with relevant experience that the Company's or the Directors' fiduciary obligations require any of them to consider or participate in the Competing Proposal.

11 Confidentiality and announcements

11.1 Announcement

Immediately after execution of this agreement, the parties will issue public announcements regarding the execution of this agreement in a form previously agreed to in writing between them.



HERBERT
SMITH
FREEHILLS

11.2 Confidentiality

- (a) Subject to clause 11.1, and except as agreed between the parties, each party (recipient) must keep secret and confidential, and must not divulge or disclose any information relating to another party or its business (which is disclosed to the recipient by the other party, its representatives or advisers) or this agreement, other than to the extent that:
- (1) the information is in the public domain as at the date of this agreement (or subsequently becomes in the public domain other than by breach of any obligation of confidentiality binding on the recipient);
 - (2) the recipient is required to disclose the information by applicable law or the rules of any recognised stock exchange on which its shares or the shares of any of its Related Corporations are listed, provided that the recipient has given the provider of the information reasonable notice of the requirement to disclose the information and consulted with the provider of the information as to the form and content of the disclosure and that information disclosed does not exceed the minimum information required to comply with the applicable law or stock exchange rule;
 - (3) the disclosure is made by the recipient to its financiers or lawyers, accountants, investment bankers, consultants or other professional advisers to the extent necessary to enable the recipient to properly perform its obligations under this agreement or to conduct their business generally, in which case the recipient must ensure that such persons keep the information secret and confidential and do not divulge or disclose the information to any other person;
 - (4) the disclosure is required for use in legal proceedings regarding this agreement; or
 - (5) the party to whom the information relates has consented in writing before the disclosure.
- (b) Each party acknowledges and agrees that, except as provided for in clause 11.2(a), it continues to be bound by the Confidentiality Agreement in respect of all information received by it from the other party before or after the date of this agreement.

11.3 Extent of obligation

- (a) Each recipient must ensure that its directors, officers, employees, agents, representatives, financiers, advisers and Related Corporations comply in all respects with the recipient's obligations under clause 11.2.
- (b) The rights and obligations of the parties under the Confidentiality Agreement survive termination of this agreement.

12 GST

12.1 Definitions

Words used in this clause 12 that have a defined meaning in the GST Law, have the same meaning as in the GST Law unless the context indicates otherwise.



HERBERT
SMITH
FREEHILLS

12.2 GST

- (a) Unless expressly included, the consideration for any supply under, or in connection with, this agreement does not include GST.
- (b) To the extent that any supply made under, or in connection with, this agreement is a taxable supply (other than any supply made under another agreement that contains a specific provision dealing with GST), the recipient must pay, in addition to the consideration provided under this agreement for that supply (unless it expressly includes GST) an amount (additional amount) equal to the amount of that consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. The recipient must pay the additional amount at the same time as the consideration to which it is referable.
- (c) Whenever an adjustment event occurs in relation to any taxable supply to which clauses 12.2(a) and 12.2(b) applies:
 - (1) the supplier must determine the amount of the GST component of the consideration payable; and
 - (2) If the GST component of that consideration differs from the amount previously paid, the amount of the difference must be paid by, refunded to or credited to the recipient, as applicable.

12.3 Tax Invoices

The supplier must issue a Tax Invoice to the recipient of a supply to which clause 12.2 applies no later than 7 days following payment of the GST inclusive consideration for that supply under that clause.

12.4 Reimbursements

If either party is entitled under this agreement to be reimbursed or indemnified by the other party for a cost or expense incurred in connection with this agreement, the reimbursement or indemnity payment must not include any GST component of the cost or expense to the extent that the cost or expense is the consideration for a creditable acquisition made by the party being reimbursed or indemnified, or by its representative member.

13 Notices

13.1 How and where Notices may be sent

A notice or other communication under this agreement (Notice) must be in writing and delivered by hand or sent by registered post or email to a party at the address or the email for that party in clause 13.3 or as otherwise specified by a party by Notice.

13.2 When Notices are taken to have been given and received

- (a) A Notice sent by registered post is regarded as given and received on the second Business Day following the date of postage.



HERBERT
SMITH
FREEHILLS

- (b) A Notice given by email to the nominated email address is regarded as given and received when the email (including any attachment) comes to the attention of the recipient party or a person acting on its behalf.
- (c) A Notice delivered or received other than on a Business Day or after 4.00pm (recipient's time) is regarded as received at 9.00am on the following Business Day and a Notice delivered or received before 9.00am (recipient's time) is regarded as received at 9.00am.

13.3 Parties' details

| Party | Address | Attention | Email address |
|----------------------|---|-------------|---------------------------------|
| Pilot Energy Limited | Level 2, 55 Carrington Street, Nedlands WA 6009 | Iain Smith | ismith@pilotenergy.com.au |
| BCPI | c/- Orient Energy Pty Ltd Level 14, MLC Centre, 19 Martin Place, Sydney NSW 2000 | Benson Wong | benson.wong@orientenergy.com.au |
| Sunpex | c/- Orient Energy Pty Ltd Level 14, MLC Centre, 19 Martin Place, Sydney NSW 2000 | Benson Wong | benson.wong@orientenergy.com.au |
| GSE | c/- Orient Energy Pty Ltd Level 14, MLC Centre, 19 Martin Place, Sydney NSW 2000 | Benson Wong | benson.wong@orientenergy.com.au |
| Austar | c/- Orient Energy Pty Ltd Level 14, MLC Centre, 19 Martin Place, Sydney NSW | Benson Wong | benson.wong@orientenergy.com.au |



2000

14 General

14.1 Governing law and jurisdiction

- (a) This agreement is governed by the law in force in Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this agreement.
- (c) Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

14.2 Invalidity and enforceability

- (a) If any provision of this agreement is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 14.2(a) does not apply where enforcement of the provision of this agreement in accordance with clause 14.2(a) would materially affect the nature or effect of the parties' obligations under this agreement.

14.3 Waiver

No party to this agreement may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 14.3 are set out below.

| Term | Meaning |
|---------|--|
| conduct | includes delay in the exercise of a right. |
| right | any right arising under or in connection with this agreement and includes the right to rely on this clause. |
| waiver | includes an election between rights and remedies, and conduct that might otherwise give rise to an estoppel. |

14.4 Variation

A variation of any term of this agreement must be in writing and signed by the parties.



HERBERT
SMITH
FREEHILLS

14.5 Assignment of rights

- (a) Rights arising out of or under this agreement are not assignable by a party without the prior written consent of the other party.
- (b) A breach of clause 14.5(a) by a party entitles the other party to terminate this agreement.
- (c) Clause 14.5(b) does not affect the construction of any other part of this agreement.

14.6 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this agreement and the transactions contemplated by it.

14.7 Entire agreement

This agreement states all the express terms of the agreement between the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings, arrangements and agreements, express or implied in respect of its subject matter.

14.8 No merger

The Warranties, undertakings and indemnities in this agreement will not merge on Tranche 1 Completion or Tranche 2 Completion (as applicable).

14.9 No reliance

Neither party has relied on any statement by the other party not expressly included in this agreement.

14.10 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this agreement by signing any counterpart.

14.11 Relationship of the parties

- (a) Nothing in this agreement gives a party authority to bind any other party in any way.
- (b) Nothing in this agreement imposes any fiduciary duties on a party in relation to any other party.

14.12 Exercise of discretions

- (a) Unless expressly required by the terms of this agreement, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this agreement.



HERBERT
SMITH
FREEHILLS

- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this agreement. Any conditions must be complied with by the party relying on the consent, approval or waiver.

14.13 Duty, costs and expenses

The Company must pay all Duty in respect of the execution, delivery and performance of this agreement and any agreement, transaction or document entered into or signed under this agreement.



Schedules

Table of contents

| | |
|--|-----------|
| Application for Subscription Shares | 29 |
| Company Warranties | 30 |
| Subscriber Warranties | 33 |
| Schedule of Capital | 35 |
| Development Budget | 36 |
| Operating Budget | 37 |
| Disclosure Materials Index | 39 |



Schedule 1

Application for Subscription Shares

The Directors
Pilot Energy Pty Limited

Application for issue of shares

[Subscriber] applies for the issue to it of:
[insert number] ordinary fully paid shares in the capital of Pilot Energy Pty Limited to be issued at \$[x] each.
Payment of \$[x] accompanies this application, being the consideration for the shares.
[Subscriber] agrees to be bound by the constitution of Pilot Energy Pty Limited.

date _____ 2016 _____

Signed by
[Subscriber]
by

sign here v _____
Company Secretary/Director

print name _____

sign here v _____
Director

print name _____



Schedule 2

Company Warranties

1 General Warranties

1.1 Registration

The Company warrants that:

- (a) **(Registration)** It is a corporation registered (or taken to be registered) and validly existing under the Corporations Act.
- (b) **(Incorporation)** It is validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation.
- (c) **(Power and capacity)** It has full power and capacity to enter into and perform its obligations under this agreement.
- (d) **(Corporate authorisations)** all necessary authorisations for the execution, delivery and performance by the Company of this agreement in accordance with its terms have been obtained or will be obtained prior to Tranche 1 Completion and Tranche 2 Completion (as applicable).
- (e) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (1) complies with its Constitution or other constituent documents (as applicable); and
 - (2) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it is bound and that would prevent it from entering into and performing its obligations under this agreement.
- (f) **(Solvency):**
 - (1) It has not gone, or proposed to go, into liquidation;
 - (2) It has not passed a winding-up resolution or commenced steps for winding-up or dissolution;
 - (3) It has not received a deregistration notice under section 601AB of the Corporations Act or any communication from ASIC that might lead to such a notice or applied for deregistration under section 601AA of the Corporations Act;
 - (4) It has not been presented or threatened with a petition or other process for winding-up or dissolution and, so far as the Company is aware, there are no circumstances justifying a petition or other process;
 - (5) no receiver, receiver and manager, judicial manager, liquidator, administrator or official manager has been appointed, or is threatened or



- expected to be appointed, over the whole or a substantial part of the undertaking or property of the Company, and, so far as the Company is aware, there are no circumstances justifying such an appointment; and
- (f) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them.
- (g) **(Capital Structure)** the capital structure of the Company is as set out in Schedule 4.
- (h) **(Ownership)** the Subscribers will acquire at Tranche 1 Completion and Tranche 2 Completion respectively (in each case in the proportions set out in clause 3.4):
- (1) the full legal and beneficial ownership of the Tranche 1 Subscription Shares and Tranche 2 Subscription Shares free and clear of all Encumbrances, subject to registration of the Subscribers in the register of shareholders;
 - (2) the Tranche 1 Subscription Shares and Tranche 2 Subscription Shares free of competing rights, including pre-emptive rights or rights of first refusal; and
 - (3) the Tranche 1 Subscription Shares and Tranche 2 Subscription Shares that are fully paid and have no money owing in respect of them.

2 Business Warranties

2.1 Shareholder approval for Tranche 1

The Company warrants that:

- (a) no shareholder approval is required in connection with the issue of the Tranche 1 Subscription Shares; and
- (b) no brokerage or other fees are to be payable to any third party in connection with the issue of the Tranche 1 Subscription Shares or the Tranche 2 Subscription Shares other than as disclosed in Item [x] on Schedule 7.

2.2 Quotation

(Official list) The Company warrants that:

- (a) it has been admitted to and is listed on the Official List;
- (b) it has not been removed from the Official List and no removal from the Official List has been threatened by the ASX; and
- (c) the Shares are quoted on the ASX and have not been suspended from quotation and no suspension has been threatened by the ASX.

2.3 Disclosure

The Company warrants that:

- (a) **(Information)** the information concerning the business prepared by or on behalf of the Company and provided to the Subscribers in connection with the offer, subscription and issue of the Tranche 1 Subscription Shares, Tranche 2



HERBERT
SMITH
FREEHILLS

Schedule 2 Company Warranties

Field Code Changed

Subscription Shares or this agreement is accurate in all material respects. The Company has not provided any information to the Subscribers in the Disclosure Materials that it is aware is misleading in any material respect, and so far as the Company is aware, no information has been omitted that would render the Disclosure Materials misleading in any material respect.

- (b) (Disclosure obligations) It is in compliance with its periodic and continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and has disclosed to the ASX all material information concerning the assets and liabilities, financial position and performance and profits and losses of the Company and its business operations of which the Company is aware, or ought reasonably to be aware, and is not withholding any information from disclosure to the ASX under the exceptions in ASX Listing Rule 3.1A (except as fully and fairly disclosed to the Subscribers before the date of this agreement).



HERBERT
SMITH
FREEHILLS

Schedule 3 Subscriber Warranties

Field Code Changed

Schedule 3

Subscriber Warranties

1 General Warranties

Each Subscriber warrants on behalf of itself only that:

- (a) **(Registration)** it is a corporation registered (or taken to be registered) and validly existing under the Corporations Act or in its place of incorporation.
- (b) **(Incorporation)** it is validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation.
- (c) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement.
- (d) **(Corporate authorisations)** all necessary authorisations for the execution, delivery and performance by the Company of this agreement in accordance with its terms have been obtained or will be obtained prior to Tranche 1 Completion and Tranche 2 Completion.
- (e) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (1) complies with its Constitution or other constituent documents (as applicable); and
 - (2) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it is bound and that would prevent it from entering into and performing its obligations under this agreement.
- (f) **(No disclosure document)** it acknowledges that no prospectus, product disclosure statement, offering memorandum or other form of disclosure document has been prepared for lodgement or will be lodged with ASIC or under the securities law of any other jurisdiction in connection with the Private Placement.
- (g) **(Exempt investor)** it is a "sophisticated investor" or "professional investor" for the purposes of section 708 of the Corporations Act or otherwise a person to whom Shares may lawfully be offered and issued in compliance with applicable laws without lodgement, registration or other formality or filing with or by a Government Agency.
- (h) **(Solvency):**
 - (1) it has not gone, or proposed to go, into liquidation;
 - (2) it has not passed a winding-up resolution or commenced steps for winding-up or dissolution;
 - (3) it has not received a deregistration notice under section 601AB of the Corporations Act or any communication from ASIC that might lead to



Schedule 3 Subscriber Warranties

Field Code Changed

such a notice or applied for deregistration under section 601AA of the Corporations Act;

- (4) It has not been presented or threatened with a petition or other process for winding-up or dissolution and, so far as the Company is aware, there are no circumstances justifying a petition or other process;
- (5) no receiver, receiver and manager, judicial manager, liquidator, administrator or official manager has been appointed, or is threatened or expected to be appointed, over the whole or a substantial part of the undertaking or property of the Company, and, so far as the Company is aware, there are no circumstances justifying such an appointment; and
- (6) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them.



HERBERT
SMITH
FREEHILLS

Schedule 4

Schedule of Capital

| Class of security | Number | Exercise Price | Expiry Date |
|---------------------------------|---------------|-----------------------|--------------------|
| Ordinary shares (fully paid) | 1,605,476,834 | N/A | N/A |
| \$0.002 Options | 125,000,000 | \$0.002 | 30 June 2019 |
| \$0.03 Options | 10,000,000 | \$0.03 | 30 Sep 2017 |
| \$0.12 options | 50,083,403 | \$0.12 | Various in 2016 |
| Performance Rights | 45,000,000 | N/A | 30 June 2018 |



Schedule 5 Development Budget

Schedule 5

Development Budget



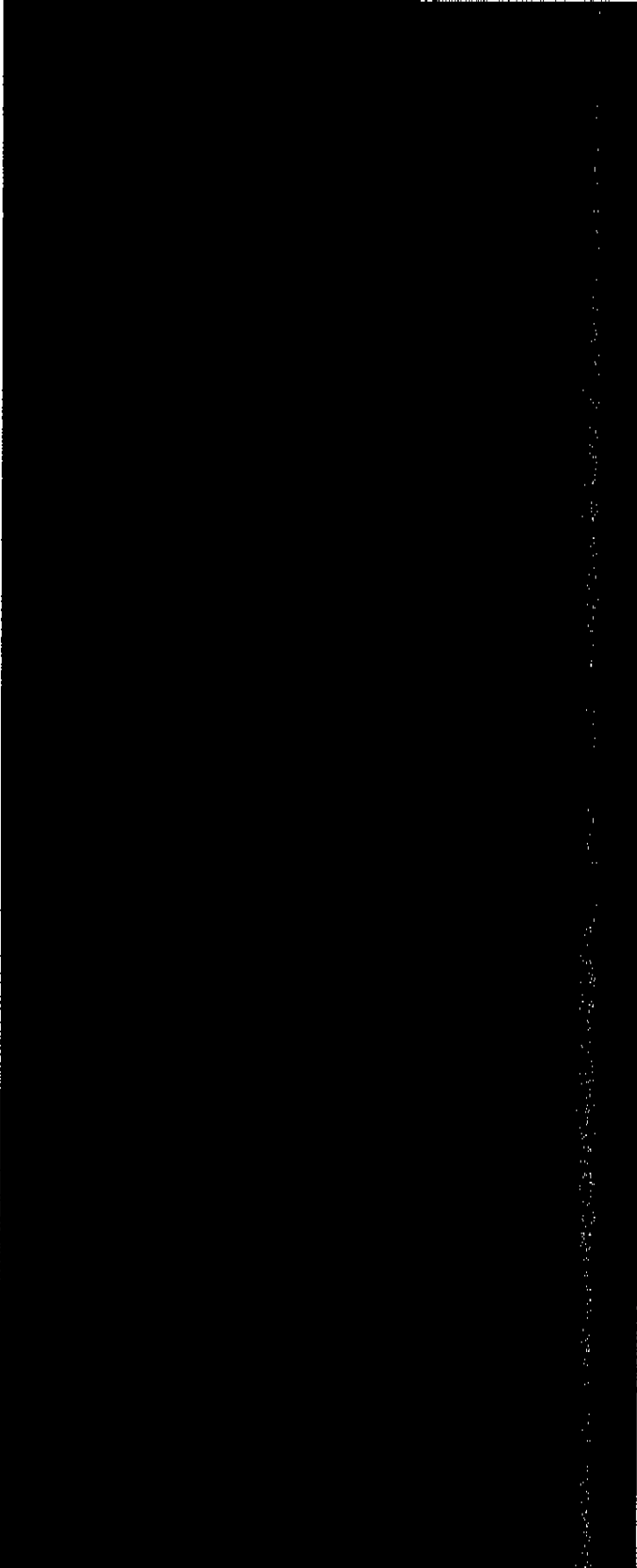


Schedule 6

Operating Budget

[Redacted content]

Schedule 6 Operating Budget



page 38

Subscription agreement

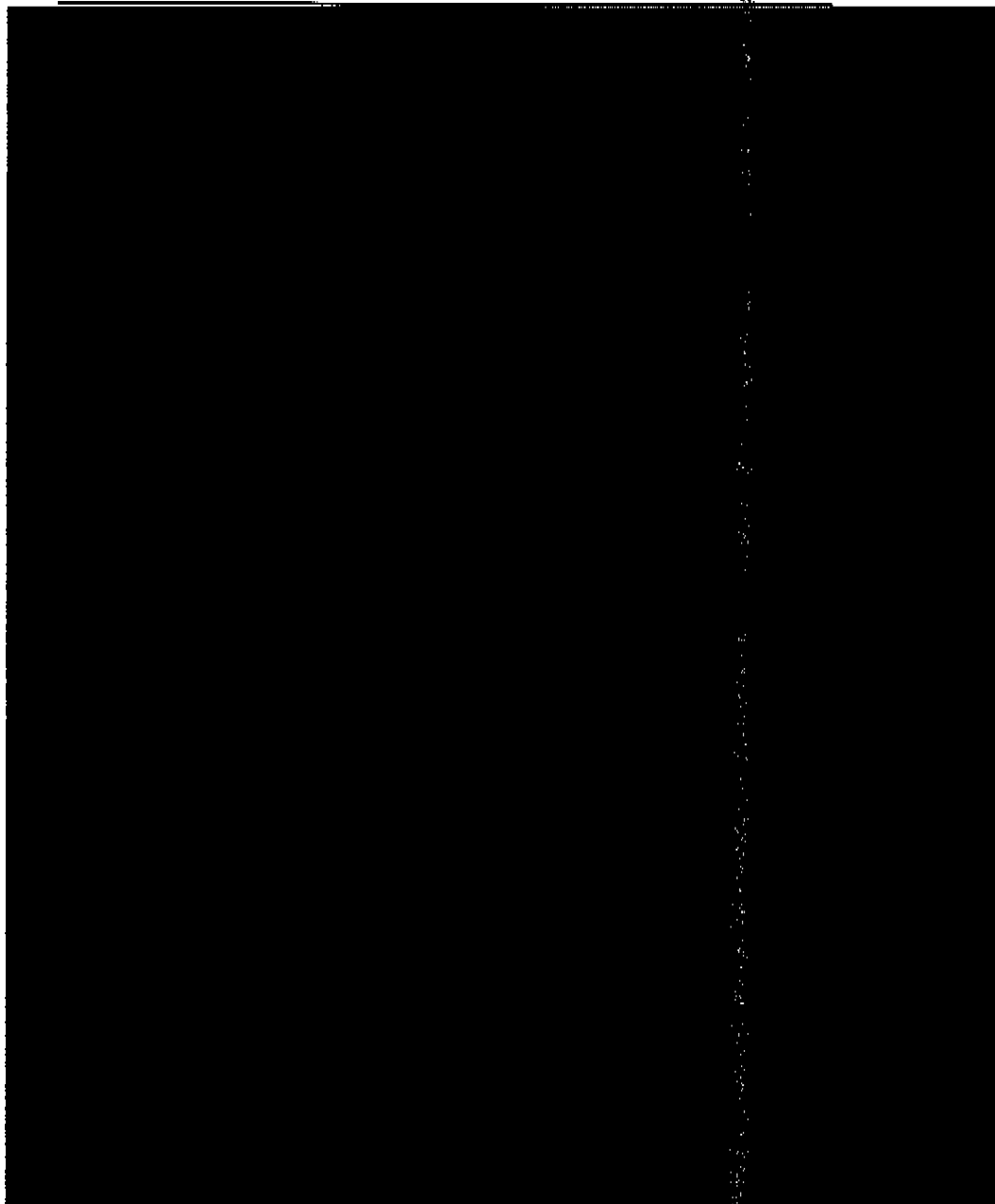
51294711



HERBERT
SMITH
FREEHILLS

Schedule 7

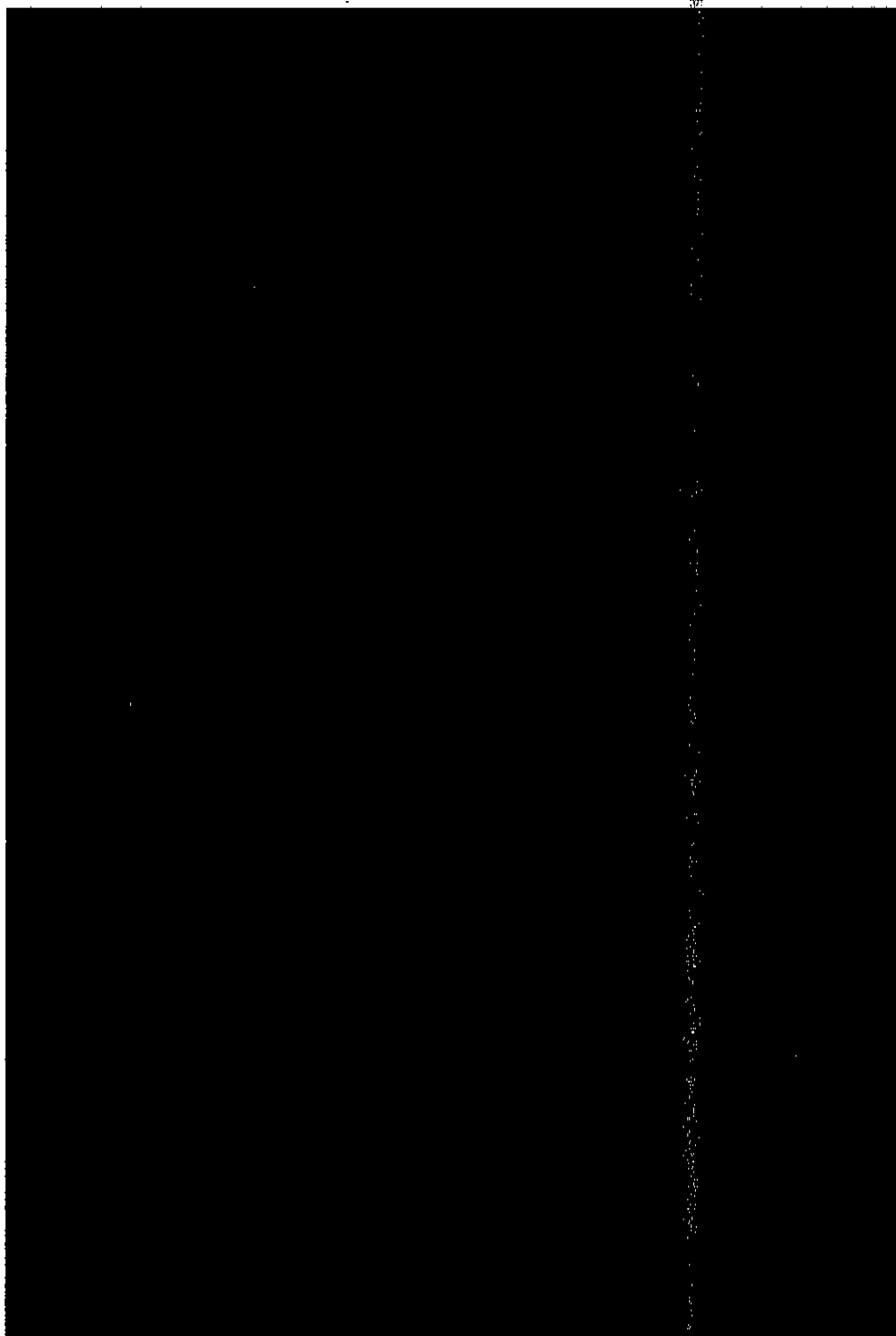
Disclosure Materials Index





HERBERT
SMITH
FREEHILLS

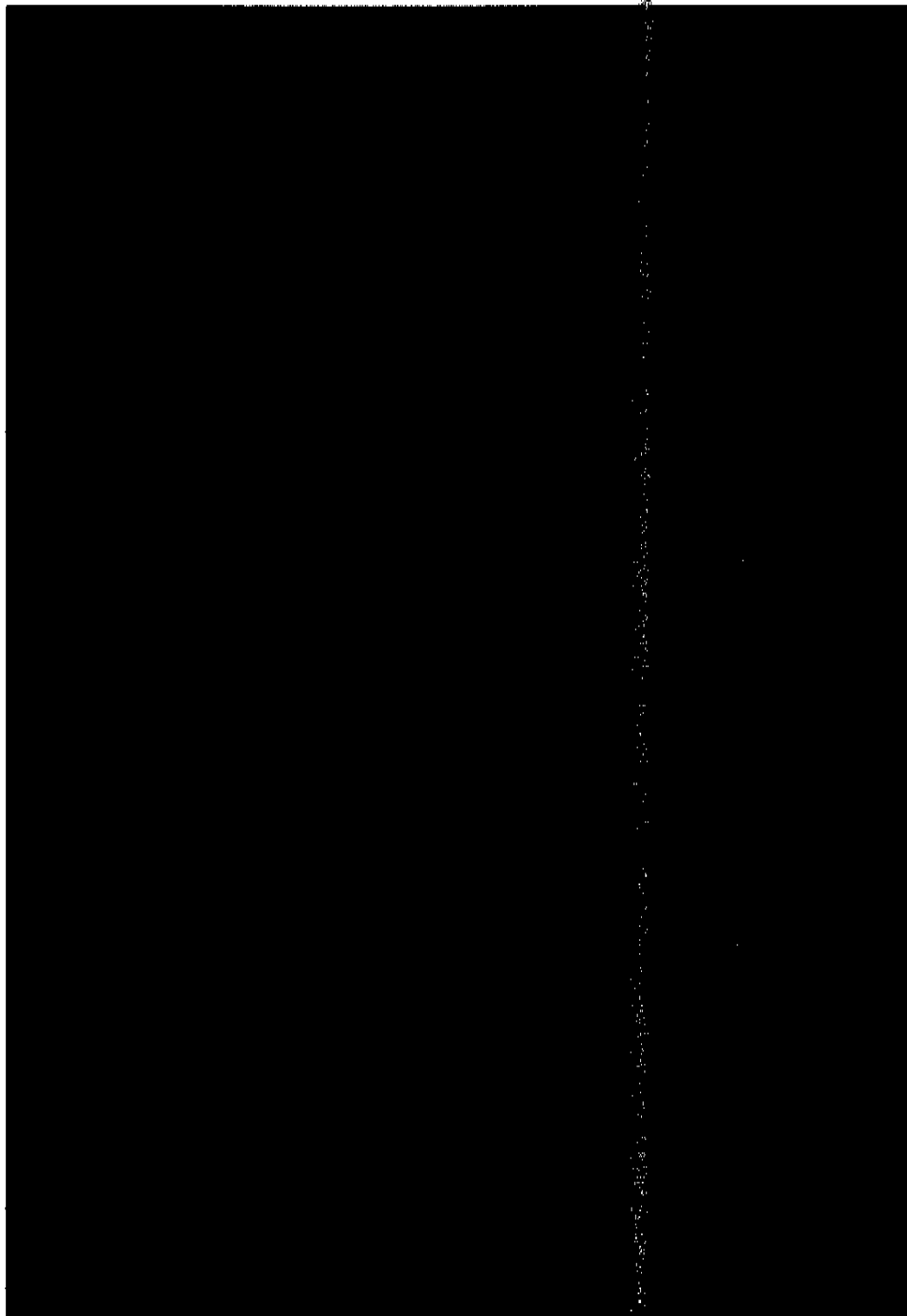
Schedule 7 2 August 2004





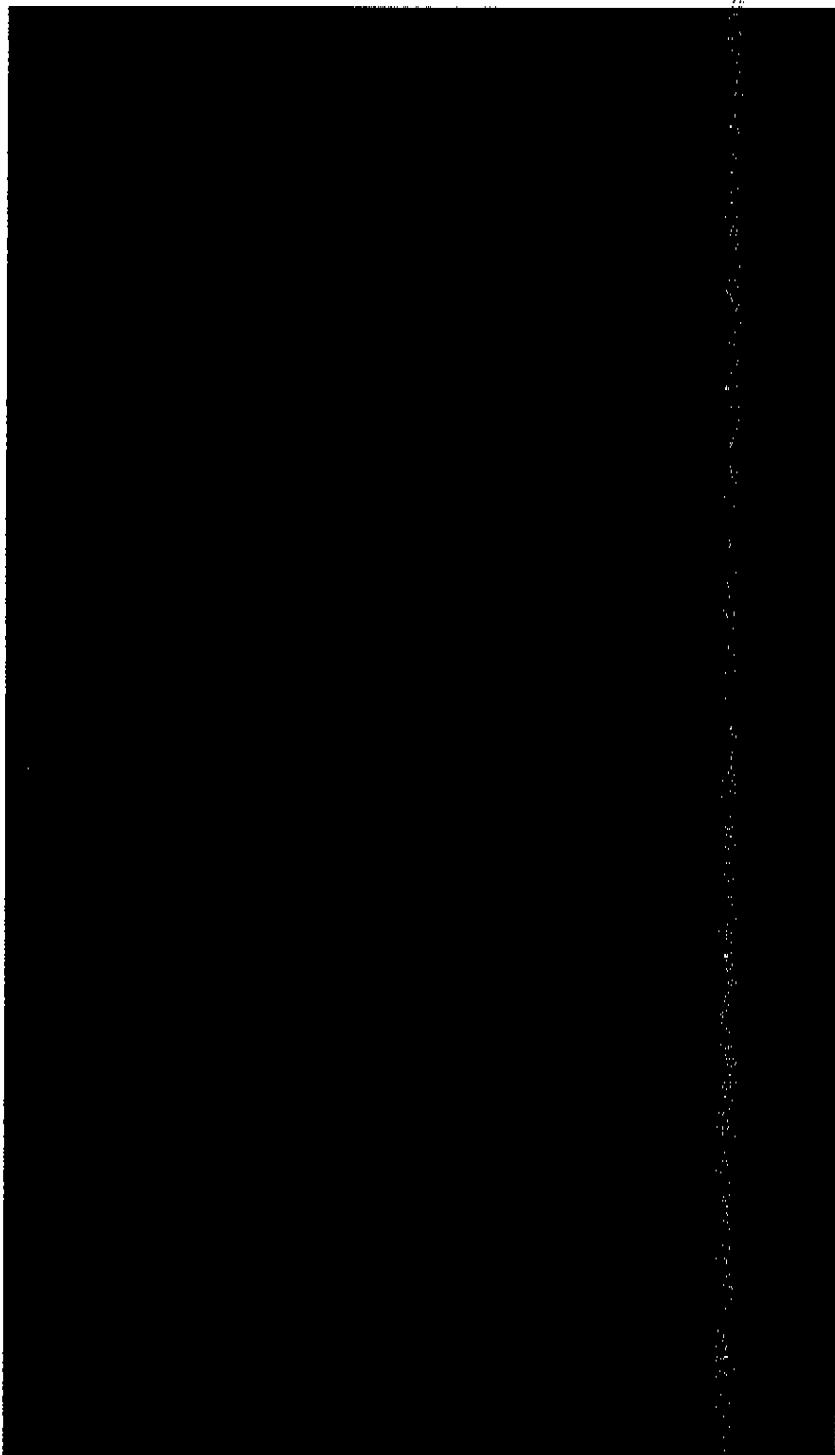
HERBERT
SMITH
FREEHILLS

Schedule 7 Commercial/Financial Materials:





Schedule 7 Commercial/Financial Materials:





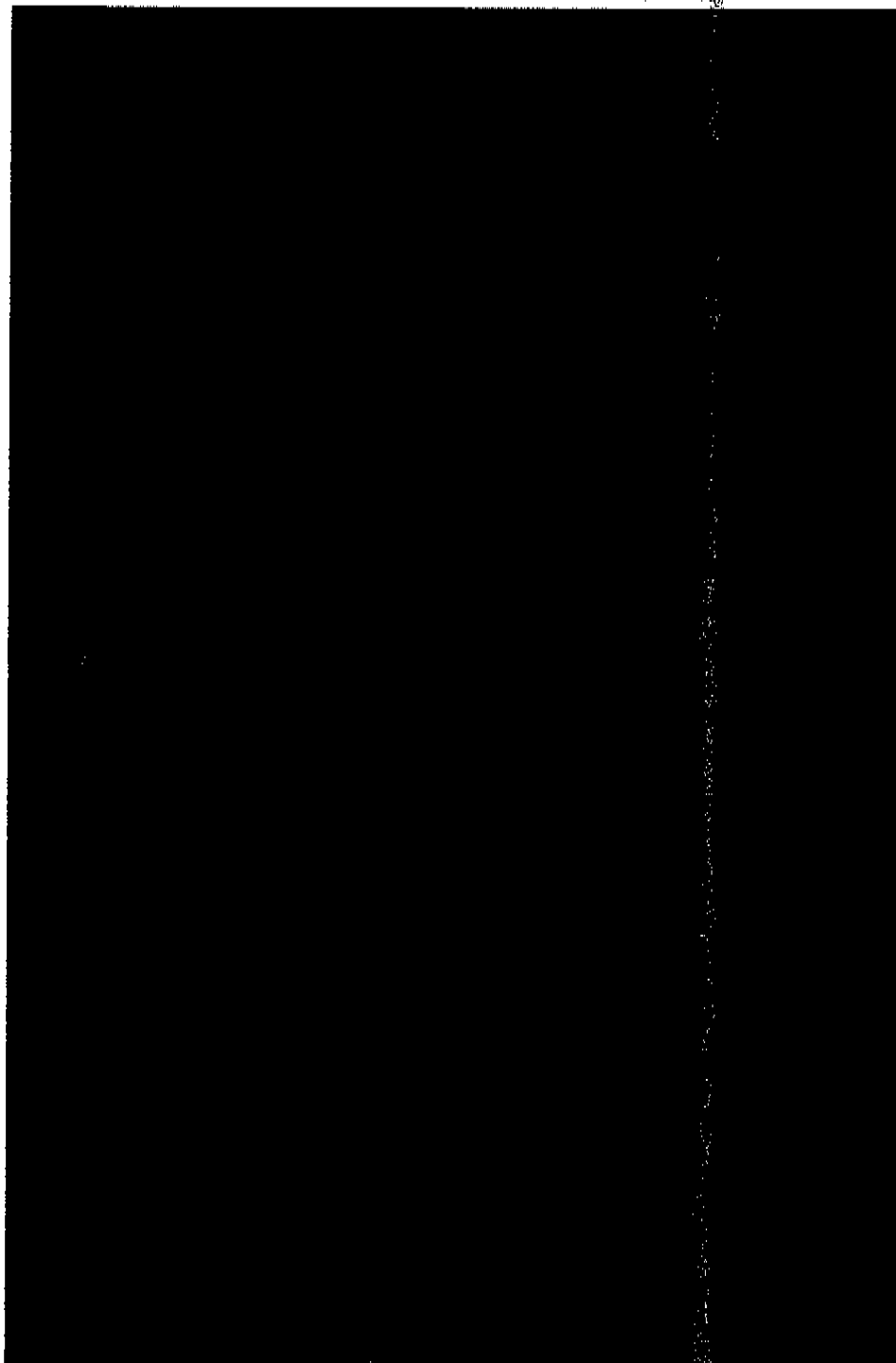
Schedule 7 Commercial/Financial Materials:





HERBERT
SMITH
FREEHILLS

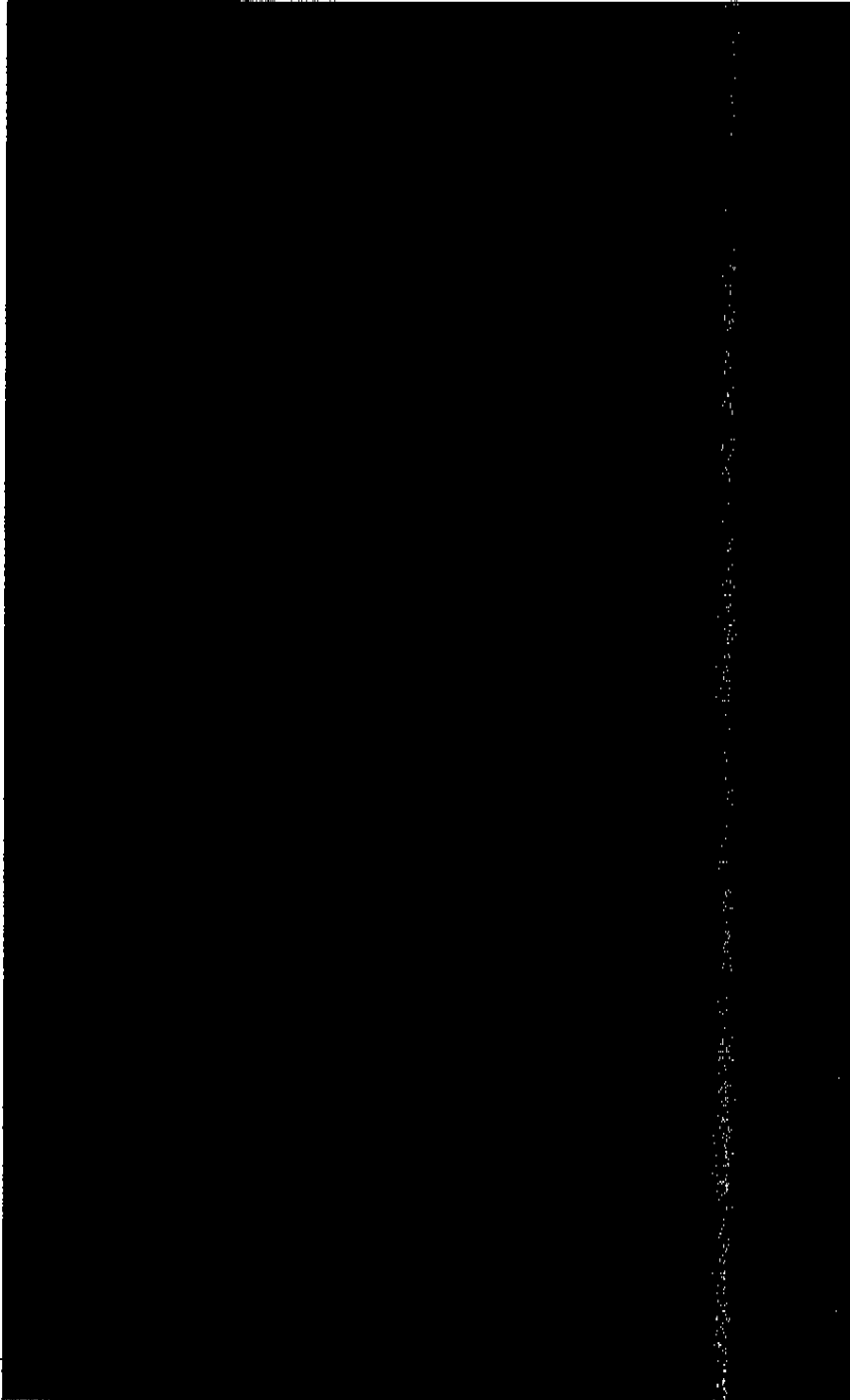
Schedule 7 Commercial/Financial Materials:





HERBERT
SMITH
FREEHILLS

Schedule 7 Commercial/Financial Materials:





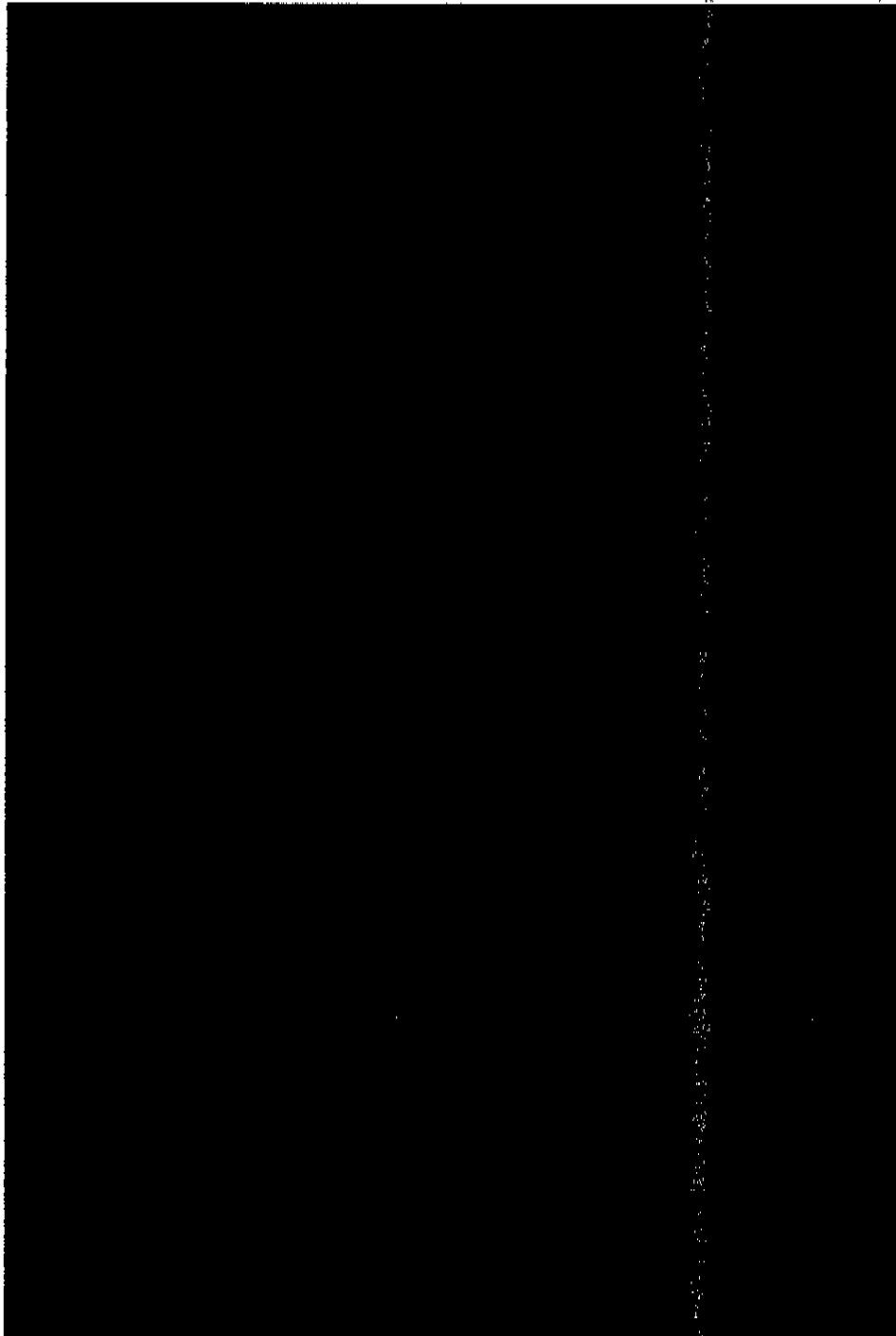
HERBERT
SMITH
FREEHILLS

Schedule 7 Commercial/Financial Materials;





Schedule 7 Commercial/Financial Materials:





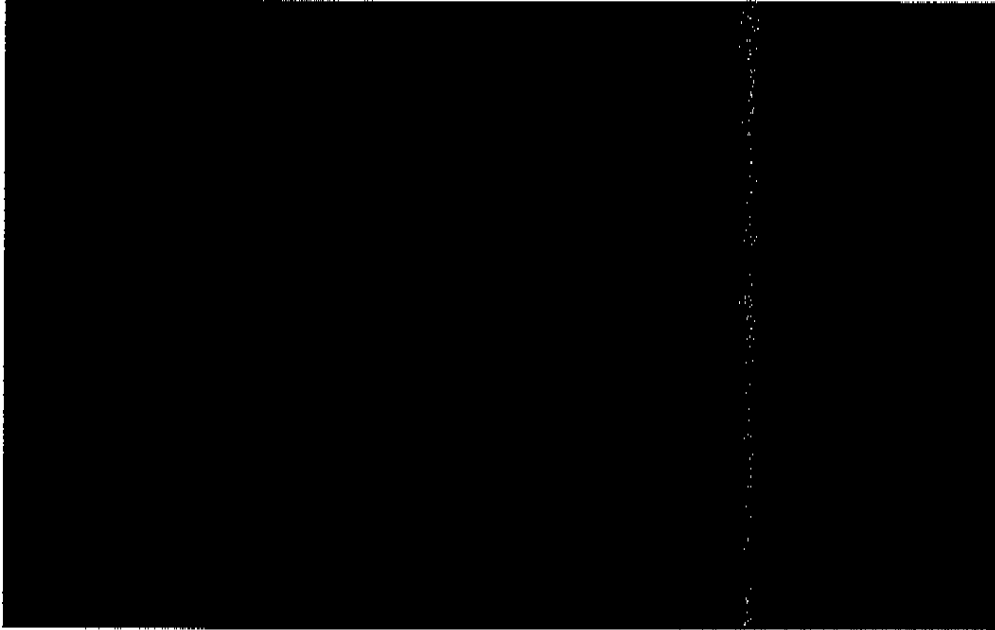
HERBERT
SMITH
FREEHILLS

Schedule 7 Commercial/Financial Materials:





Schedule 7 Commercial/Financial Materials:





HERBERT
SMITH
FREEHILLS

Signing page

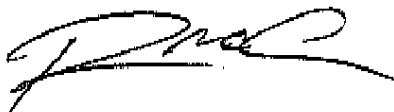
Executed as an agreement

Signed by
Pilot Energy Limited
by

sign here ▶ 

Company Secretary/Director

print name Iain Smith

sign here ▶ 

Director

print name Rory McGoldrick



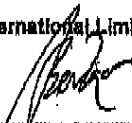
Signing page

Signed by
Billion Power Capital Investment Limited
by

sign here ▶ 
Company Secretary/Director
print name HUAN XIONG XUE.

Signed by

Signed by
Sunpex International Limited
by

sign here ▶ 
Company Secretary/Director
print name TUNG LEUNG WONG


Signed by

Signed by
GS Energy Pty Ltd
by

sign here ▶ 
Company Secretary/Director
print name LU CHEN

Signed by

Signed by
Austar Nominees Pty Ltd
by

sign here ▶ 
Company Secretary/Director
print name Xingjin Wang

ANNEXURE B

THIS IS ANNEXURE B OF 35 PAGES REFERRED TO IN FORM 603 (NOTICE OF INITIAL SUBSTANTIAL HOLDER)
IN RESPECT OF PILOT ENERGY LIMITED ACN 115 229 984 SIGNED BY ME AND DATED 27 APRIL 2016



TUNG LEUNG WONG
SIGNED WITH WRITTEN AUTHORITY OF EACH SUBSCRIBER DATED 28/04/2016

Agreement

Execution Version

Cooperation agreement

GS Energy Pty Ltd

Billion Power Capital Investment Limited

Sunpex International Limited

Austar Nominees Pty Ltd as trustee for The Wang
Family Trust

Contents

Table of contents

| | | |
|----------|---|-----------|
| 1 | Definitions and Interpretation | 2 |
| | 1.1 Agreement components..... | 2 |
| | 1.2 Definitions | 2 |
| | 1.3 Interpretation..... | 7 |
| | 1.4 Business Day..... | 8 |
| | 1.5 Inclusive expressions..... | 8 |
| 2 | Background and Intention of parties | 8 |
| | 2.1 Cooperation..... | 8 |
| | 2.2 Agreement..... | 8 |
| | 2.3 Term..... | 9 |
| 3 | Relationship of the Parties | 9 |
| | 3.1 No partnership | 9 |
| | 3.2 Status | 9 |
| | 3.3 Other activities | 9 |
| | 3.4 Entitlement to income | 9 |
| | 3.5 Liability for costs | 9 |
| | 3.6 Cooperation of Investors..... | 9 |
| | 3.7 Conflicts | 10 |
| | 3.8 Removal or retirement of trustee | 10 |
| 4 | Representations and warranties | 10 |
| | 4.1 Representations and warranties | 10 |
| | 4.2 Survival of representations and warranties..... | 10 |
| | 4.3 Reliance on representations..... | 11 |
| 5 | Committee | 11 |
| | 5.1 Establishment of Committee..... | 11 |
| | 5.2 Representatives and alternative Representatives | 11 |
| | 5.3 Authorised Convenor | 11 |
| | 5.4 Meetings..... | 12 |
| | 5.5 Notice of meetings | 12 |
| | 5.6 Investors may convene meetings | 13 |
| | 5.7 Attendance at meetings | 13 |
| | 5.8 Quorum | 13 |
| | 5.9 Chairperson..... | 13 |
| | 5.10 Agenda of meetings | 13 |
| | 5.11 Voting at meetings | 14 |
| | 5.12 Decisions made by the Committee..... | 14 |
| | 5.13 Minutes of meetings..... | 14 |
| | 5.14 Decisions in relation to the Company | 14 |
| 6 | Confidentiality | 14 |
| | 6.1 Confidentiality..... | 14 |
| 7 | Disposal of interests | 14 |
| | 7.1 Limitation on Disposals | 14 |
| | 7.2 Disposal to an Affiliate | 15 |

Contents

| | | |
|-----------|---|-----------|
| 7.3 | Right of first refusal..... | 15 |
| 7.4 | Offer by Vendor..... | 15 |
| 7.5 | Transfer Notice | 15 |
| 7.6 | Disposal of Interests to Investor..... | 15 |
| 7.7 | Vendor's obligations..... | 16 |
| 7.8 | Vendor's right to sell to non-Investors | 16 |
| 7.9 | Cost of Disposal..... | 17 |
| 7.10 | Indemnity..... | 17 |
| 7.11 | Vendor ceasing to be Investor..... | 17 |
| 8 | Default | 17 |
| 8.1 | Notice of default..... | 17 |
| 8.2 | Exercise of rights against a Defaulting Investor..... | 17 |
| 8.3 | Opportunity to remedy | 18 |
| 8.4 | Meeting of Non-defaulting Investors | 18 |
| 8.5 | Participation by a Defaulting Investor in decisions | 18 |
| 8.6 | Non-defaulting Investors' right to purchase | 19 |
| 8.7 | Compulsory sale | 19 |
| 8.8 | Powers and remedies | 19 |
| 8.9 | Events of Default..... | 19 |
| 8.10 | Power of attorney..... | 20 |
| 9 | Termination | 20 |
| 9.1 | Termination | 20 |
| 10 | Dispute resolution | 20 |
| 11 | General | 21 |
| 11.1 | Notices | 21 |
| 11.2 | Governing law and jurisdiction..... | 22 |
| 11.3 | Waivers | 22 |
| 11.4 | Authority to sign documents..... | 22 |
| 11.5 | Variation..... | 23 |
| 11.6 | Further assurances | 23 |
| 11.7 | Entire agreement | 23 |
| 11.8 | Counterparts | 23 |
| 11.9 | To the extent not excluded by law | 23 |

Schedules

Schedule 1

| | |
|-----------------------|-----------|
| Notice details | 25 |
| Signing page | 27 |

Herbert Smith Freehills owns the copyright in this document and using it without permission is strictly prohibited.

Contents

Cooperation agreement

Date ▶ 27 April 2016

Between the parties

GSE **GS Energy Pty Ltd**
ACN 607 871 876 of Suite 71, Level 4, 89-97 Jones Street, Ultimo,
NSW 2007
(GSE)

BPCIL **Billion Power Capital Investment Limited**
Company No. 2303141 of B & W Int'l Secretary Limited
Unit A, 15/F, Sunshine Plaza
353 Lockhart Road
Wanchai, Hong Kong
(BPCIL)

Sunpex **Sunpex International Limited**
Company No. 728974 of 18/F Ginza Square, 565-567 Nathan Road
Mongkok, Kowloon, Hong Kong
(Sunpex)

Austar **Austar Nominees Pty Ltd as trustee for The Wang Family Trust**
ACN 600 830 028 of Level 14, 275-281 George Street
Sydney NSW 2000
(Austar)

Recitals The parties have agreed to 1) purchase shares in the Company on
the terms of the Subscription Agreement and 2) cooperate in relation
to the Project on the terms and conditions of this agreement.

The parties agree as follows:

1 Definitions and interpretation

1.1 Agreement components

This agreement includes any schedule.

1.2 Definitions

The meanings of the terms used in this document are set out below.

| Term | Meaning |
|--------------------------------|---|
| Affiliate | <ol style="list-style-type: none"> 1 a shareholder of the party; 2 a Related Body Corporate or related entity of the party; 3 a director, secretary or officer of the party; 4 an entity the party Controls; 5 an entity that Controls the party; or 6 an entity that is controlled by an entity that Controls the party. |
| Amended Transfer Notice | a Transfer Notice prepared in accordance with clause 7.6(b). |
| Associate | has the same meaning as in section 9 of the Corporations Act. |
| ASX Listing Rules | the official listing rules of the ASX as amended from time to time. |
| Authorised Convenor | the person appointed as the Authorised Convenor under clause 5.3. |
| Business Day | <ol style="list-style-type: none"> 1 for the purposes of clause 11.1, a day on which banks are open for business in the city where the notice is received, excluding a Saturday, Sunday or public holiday; and |

| Term | Meaning |
|-------------------|---|
| | <p>2 for all other purposes, a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.</p> |
| Change In Control | <p>occurs:</p> <p>1 In respect of an Investor, if any person who has (or group of persons who are Related Parties or Associates who between them have), as at the date on which the Investor becomes a shareholder in the Company, Control (having regard to voting rights, rights to receive income or capital, rights to appoint directors and any other matter which relates to effective control) of the Investor, a direct or indirect legal or beneficial interest in more than 50% of the shares in the Investor or a direct or indirect legal or beneficial interest in more than 50% of the Shares held by the Investor, ceases or cease to:</p> <ul style="list-style-type: none"> • Control the Investor; • have a direct or indirect legal interest in more than 50% of the shares in the Investor; • have a direct or indirect beneficial interest in more than 50% of the shares in the Investor; • have a direct or indirect legal interest in more than 50% of the Shares held by the Investor; or • have a direct or indirect beneficial interest in more than 50% of the Shares held by the Investor, or <p>2 in respect of an Investor, if any transaction or arrangement is effected so that:</p> <ul style="list-style-type: none"> • any person (other than a person who holds 20% or more of the voting power in the Investor, on the date the Investor becomes a shareholder of the Company); or • any person (or group of persons who are Related Parties or Associates) who did not hold any voting power in the Investor, on the date the Investor becomes a shareholder of the Company, <p>becomes the holder of voting power within the meaning of section 610 of the Corporations Act of 20% or more in the Investor, (or, if the person or group of persons converted all rights to acquire voting shares, assuming they were convertible at any time, would become the holder of voting power within the meaning of section 610 of the Corporations Act of 20% or more in the Investor); or</p> <p>3 In respect of an Investor, if any transaction or arrangement is effected so that:</p> <ul style="list-style-type: none"> • any person (other than a person who has a direct or indirect beneficial interest in 20% or more of the Shares which are held by the Investor on the date the Investor becomes a shareholder of the Company); or |

| Term | Meaning |
|---------------------|--|
| | <ul style="list-style-type: none"> • any person (or group or persons who are Related Parties or Associates) who did not hold any direct or indirect beneficial interest in any of the Shares which are held by the Investor as at the date on which the Investor becomes a shareholder of the Company, acquires a direct or indirect beneficial interest in 20% or more of the Shares held from time to time by the Investor. |
| Committee | the committee established pursuant to clause 5.1. |
| Company | Pilot Energy Limited ACN 115 229 984. |
| Constitution | the constitution from time to time of the Company. |
| Contract | a contract, agreement, arrangement, undertaking, transaction, document, deed, covenant, understanding, obligation or commitment. |
| Control | has the same meaning as in section 50AA of the Corporations Act, or in respect of a corporation not incorporated in Australia, any corresponding definition in the applicable corresponding law (if any). |
| Controller | has the same meaning as in section 9 of the Corporations Act or, in respect of a person or any of its Parent Entities not incorporated in Australia, any corresponding definition in the applicable corresponding law (if any). |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth). |
| Defaulting Investor | an Investor: <ol style="list-style-type: none"> 1 in respect of which another Investor has given a Default Notice; and 2 which has not remedied or given adequate compensation for the default specified in the Default Notice in accordance with clause 8.3. |
| Disposal | <ol style="list-style-type: none"> 1 the grant or creation of any Encumbrance over any Share (or over any legal or beneficial interest in or over or any rights of |

| Term | Meaning |
|----------------------------|---|
| | <p>any Share);</p> <ol style="list-style-type: none"> <li data-bbox="615 485 1286 540">2 the sale, transfer or other disposal of any Share (or any legal or beneficial interest in or over or any rights of any Share); <li data-bbox="615 555 1286 768">3 the entry into an agreement (other than this agreement) in respect of the rights to vote which are conferred in respect of any Share (excluding the bona fide appointment of a proxy for individual meetings which is revocable at the will of the appointor and the grant of any power of attorney to vote at individual meetings which is revocable at the will of the appointor and the appointment of any corporate representatives on behalf of an Investor that is a body corporate); <li data-bbox="615 783 1286 868">4 the provision of any warrant, option or right of first refusal or offer in respect of any of the matters that are provided in items 1 to 3 of this definition; or <li data-bbox="615 883 1286 968">5 the entry into an agreement, whether or not subject to any condition precedent or subsequent, to do any of the matters that are provided in items 1 to 4 of this definition. |
| Encumbrance | <p>an interest or power:</p> <ol style="list-style-type: none"> <li data-bbox="615 1081 1286 1136">1 reserved in or over any interest in any asset including, any retention of title; or <li data-bbox="615 1151 1286 1229">2 created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, <p>by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, any agreement to grant or create any of the above.</p> |
| Event of Default | any event specified in clause 8.9. |
| Government Agency | any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, in any part of the world. |
| Individual Interest | the Shares held by each Investor from time to time. |
| Investor | a party to this agreement who holds Shares in the Company. |
| Joint Assets | the assets from time to time of the Company. |

| Term | Meaning |
|--------------------------------|--|
| Nominee Director | a director from time to time of the Company nominated by an Investor or Investors and appointed to the board of the Company. |
| Non-defaulting Investor | an Investor who is not a Defaulting Investor. |
| Notice of Allocation | a notice setting out the agreed allocations of the Vendor's Individual Interest to be transferred to the remaining Investors pursuant to clause 7.7 . |
| Parent Entity | In respect of an entity, each entity which Controls that entity. |
| Project | the management and administration of the Investors' investment in the Company. |
| Related Body Corporate | has the same meaning as in section 9 of the Corporations Act or, in respect of a corporation not incorporated in Australia, any corresponding definition in the applicable corresponding law (if any). |
| Replacement Director | a Nominee Director nominated to the board of the Company in accordance with clause 8.2 of the Subscription Agreement. |
| Representative | a representative of an Investor appointed under clause 5.2. |
| Shares | all shares acquired by the Investors in the Company . |
| Subscription Agreement | the agreement between the Company and the Investors dated 30 March 2016. |

| Term | Meaning |
|------------------------|---|
| Subsidiary | has the same meaning given to that term in the Corporations Act or, in respect of an entity not incorporated in Australia, any corresponding definition in the applicable corresponding law (if any). |
| Transfer Notice | a notice setting out the information detailed in clause 7.4. |
| Transfer | In the case of a transfer under clause 7, such of the Shares which are held by a Vendor which the Vendor desires to transfer. |
| Unpaid Amount | an amount of money that an Investor owes under this agreement and which remains unpaid by the due date. |
| Vendor | a person who proposes to Dispose of an Individual Interest and includes the Investor who holds the Individual Interest. |

1.3 Interpretation

In this agreement, headings and bold type are for convenience only and do not affect the interpretation of this agreement and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency;
- (e) a reference to any thing (including, any right) includes a part of that thing but nothing in this clause 1.3(e) implies that performance of part of an obligation constitutes performance of the obligation;
- (f) a reference to a clause, party, attachment, exhibit or schedule is a reference to a clause of, and a party, attachment, exhibit and schedule to, this agreement and a reference to this agreement includes any attachment, exhibit and schedule;
- (g) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to

a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) a reference to an agreement other than this agreement includes an undertaking, deed, agreement or legally enforceable arrangement or understanding whether or not in writing;
- (k) a reference to an asset includes all property of any nature, including, a business, and all rights, revenues and benefits;
- (l) a reference to a document includes any agreement in writing, or any certificate, notice, deed, instrument or other document of any kind;
- (m) a reference to a body, other than a party to this agreement (including, an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,
is a reference to the body which replaces it or which substantially succeeds to its powers or functions; and
- (n) no provision of this agreement will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this agreement or that provision.

1.4 Business Day

Where the day on or by which anything is to be done is not a Business Day, that thing must be done on or by the next succeeding Business Day.

1.5 Inclusive expressions

Specifying anything in this agreement after the words "including", "includes" or "for example" or similar expressions does not limit what else is included unless there is express wording to the contrary.

2 Background and intention of parties

2.1 Cooperation

The Investors wish to cooperate in the conduct of the Project.

2.2 Agreement

The purpose of this agreement is to provide a framework among the Investors within which the Project is conducted.

2.3 Term

This agreement commences on the date the Investors first acquire Shares in accordance with the terms of the Subscription Agreement and continues until it is terminated in accordance with this agreement.

3 Relationship of the Parties

3.1 No partnership

Except as expressly provided in this agreement, neither this agreement nor any activity of the Investors under this agreement constitutes a partnership or other relationship under which an Investor may be liable for any act or omission of another Investor.

3.2 Status

Except as expressly provided in this agreement, neither this agreement nor any activity of the Investors under this agreement:

- (a) impairs the individual status of an Investor; or
- (b) creates a trust.

3.3 Other activities

- (a) Each Investor may engage in other ventures and business transactions which are competitive with the Project.
- (b) The other Investors will have no right or interest in any venture or transaction of the type referred to in clause 3.3(a).

3.4 Entitlement to Income

Each Investor is separately entitled to its individual interest of the income from its investment in the Company.

3.5 Liability for costs

Each Investor is severally liable for its individual interest of all costs and expenses relating to or arising out of its investment in the Company.

3.6 Cooperation of Investors

- (a) Each Investor agrees with each other Investor:
 - (1) to use its best endeavours to carry out the Project in an efficient and effective manner;
 - (2) to be just and faithful in all its activities and dealings with each other Investor; and
 - (3) to perform its obligations as an Investor implied as well as expressed under the terms of this agreement.
- (b) Each of the Investors will:

- (1) be just and faithful to each other in all transactions relating to the Project and give to each other a true account of those transactions when reasonably required; and
- (2) inform each other of all matters of which it may become aware which materially affect the Project.

3.7 Conflicts

If any Investor or a Related Body Corporate of any Investor is in any way, whether directly or indirectly, interested in a contract or proposed contract or otherwise has a material personal interest in a matter relating to the affairs of the Company, the relevant Investor must declare the nature of the interest to the other Investors as soon as it becomes aware of the interest.

3.8 Removal or retirement of trustee

If any party has entered into this agreement as a trustee and retires or is removed from that position, it must ensure that the incoming trustee enters into an agreement under which it agrees to be bound by the terms of this agreement.

4 Representations and warranties

4.1 Representations and warranties

Each corporate investor represents and warrants that:

- (a) **registration:** it is a corporation having limited liability, registered (or taken to be registered) and validly existing under the corporations legislation relevant to its place of registration;
- (b) **corporate power:** it has the corporate power to own its assets and to carry on its business as it is now being conducted;
- (c) **authority:** it has full power and authority to enter into and perform its obligations under this agreement;
- (d) **authorisations:** it has taken all necessary action to authorise the execution, delivery and performance of this agreement in accordance with its terms; and
- (e) **binding obligations:** this agreement constitutes its legal, valid and binding obligations, and subject to any necessary stamping and registration, is enforceable in accordance with its terms, subject to laws generally affecting creditors' rights and to principles of equity.

4.2 Survival of representations and warranties

The representations and warranties given in clause 4.1 survive the execution of this agreement.

4.3 Reliance on representations

Except as expressly set out in this agreement each party acknowledges they have not entered into this agreement in reliance on any representation, warranty, promise or statement made by any other party.

5 Committee

5.1 Establishment of Committee

- (a) On execution of this agreement, the Investors must establish a committee comprised of the Representatives of the Investors.
- (b) The role of the Committee is to meet regularly during the term of this agreement to make decisions concerning how the Investors will cooperate in relation to the Project.
- (c) Duly passed resolutions of the Committee on matters within the scope of its authority will bind the Investors.

5.2 Representatives and alternative Representatives

- (a) Subject to clause 5.2(b), each Investor must appoint and at all times maintain one Representative on the Committee, and may replace its Representative at any time.
- (b) Where an Investor has nominated a person for appointment to the board of the Company, and that person is appointed to the board of the Company, the Investor must ensure that that person is its Representative for the purposes of this agreement.
- (c) An Investor may appoint an alternative Representative to act in the place of the Investor's Representative on the Committee.
- (d) An alternative Representative must comply with the terms applying to all Representatives and must discharge the duties of the Representative for whom it is an alternate.
- (e) An Investor may appoint or replace a Representative or alternative Representative by giving written notice of the appointment or replacement to every other investor.

5.3 Authorised Convenor

- (a) The Committee must appoint a Representative to be the Authorised Convenor under this clause 5.
- (b) Until the Committee appoints an Authorised Convenor under clause 5.3(a), the Authorised Convenor is Benson Wong.
- (c) At the first Committee meeting convened after the first anniversary of the appointment of an Authorised Convenor and each subsequent anniversary of such appointment, the Committee must appoint a new Authorised Convenor from the Representatives entitled to attend and vote at that meeting.

- (d) The duties of the Authorised Convenor include:
 - (1) convening Committee meetings;
 - (2) preparing and serving notices, agenda and any other information which the Authorised Convenor reasonably considers appropriate for proposed Committee meetings;
 - (3) recommending a person or persons to be a Nominated Director;
 - (4) preparing and distributing minutes of Committee meetings;
 - (5) ensuring payment of costs and expenses relating to the administration of the Committee;
 - (6) liaising with the Company; and
 - (7) such other matters as the Investors may agree..
- (e) Any Investor may convene a Committee meeting to terminate the appointment of an Authorised Convenor and appoint a new Authorised Convenor if:
 - (1) the Authorised Convenor does not carry out his or her duties as contemplated by this agreement; or
 - (2) the investor whose Representative is appointed the Authorised Convenor becomes a Vendor or a Defaulting Investor.
- (f) Any Investor may refer a dispute regarding the termination of the appointment of an Authorised Convenor and appointment of a new Authorised Convenor for determination in accordance with clause 10.
- (g) The Investors must pay the costs incurred by the Authorised Convenor in complying with its obligations under this agreement:
 - (1) in accordance with this clause 5.3; and
 - (2) in equal shares.

5.4 Meetings

- (a) The Authorised Convenor must convene a Committee meeting at least once every month.
- (b) The Authorised Convenor may convene additional Committee meetings as often as reasonably required.
- (c) Unless otherwise agreed by all Investors, Committee meetings will be held in Sydney.

5.5 Notice of meetings

- (a) At least 3 Business Days before a meeting of the Committee, the Authorised Convenor must give each Investor:
 - (1) written notice of the time, date and place of the meeting;
 - (2) the agenda of the meeting; and
 - (3) appropriate supplementary information.
- (b) Any Investor may by written notice to the other Investors not less than 1 Business Day before the meeting include additional items on the agenda for that meeting.

- (c) In the case of an emergency, the Authorised Convenor need only give 8 hours' written notice of the time, date and purpose of the meeting to each Investor.

5.6 Investors may convene meetings

Any Investor may convene a meeting of the Committee by giving not less than 3 Business Days written notice to each other Investor specifying the time, date, place and purpose of the meeting.

5.7 Attendance at meetings

- (a) Each Investor must use reasonable endeavours to ensure that its Representative or its alternative Representative attends or are deemed to attend every meeting of the Committee.
- (b) If the Representative of an Investor is unable to attend a Committee meeting, then subject to clause 8.5 that Representative may by written notice to the Authorised Convenor at least 24 hours before the due time for the Committee meeting, appoint a proxy to attend and vote instead of that Representative at the Committee meeting. A proxy appointed under this clause 5.7(b) may exercise the same powers as if he or she were that Representative.
- (c) The Committee may hold meetings by telephone conference or video conference in accordance with the procedures determined by the Committee.

5.8 Quorum

- (a) The Committee must not transact any business at a meeting unless there is a quorum.
- (b) A quorum is constituted by 3 Representatives (including proxies appointed under clause 5.7(b)) of Non-defaulting Investors.
- (c) If a quorum is not present within 30 minutes from the time appointed for a meeting, the meeting will be adjourned until the next Business Day, at the same time and place.
- (d) If a quorum is not present within 30 minutes from the time appointed for the adjourned meeting, the Representatives (including proxies appointed under clause 5.7(b)) then present will constitute a quorum.

5.9 Chairperson

- (a) The Committee may appoint a chairperson from among the Representatives present.
- (b) The chairperson of the Committee does not have a casting vote.

5.10 Agenda of meetings

At a meeting of the Committee, the Committee may only consider matters on the agenda for that meeting, but may amend the agenda to include additional matters if a Representative (or proxy appointed under clause 5.7(b)) of each Investor is actually present at the meeting.

5.11 Voting at meetings

A Representative may cast one vote.

5.12 Decisions made by the Committee

- (a) Any decision, direction, declaration, determination or appointment to be made or permission or approval to be granted by the Committee may be made by a majority of the total votes of the Representatives entitled to vote at a Committee meeting.
- (b) Should a vote on any resolution by the Committee result in a deadlock, the resolution will be set aside.

5.13 Minutes of meetings

The Authorised Convenor must:

- (a) prepare minutes of each Committee meeting; and
- (b) promptly give a copy of the minutes to each Investor.

5.14 Decisions in relation to the Company

To the extent permitted by applicable law, the parties acknowledge that a Nominee Director may consider, and act in, the interests of the Investors, collectively, in performing his or her duties or exercising any power, right or discretion as a director of the Company.

6 Confidentiality

6.1 Confidentiality

Except as required by law or unless disclosure is necessary to carry out this agreement, each Investor must, and must ensure that each of its officers, employees and advisers:

- (a) treat this agreement, any other document that relates to the Project and any non-public information disclosed by one party to the other in relation to the Project as confidential; and
- (b) take all reasonable steps to prevent disclosure of that document or its contents.

7 Disposal of interests

7.1 Limitation on Disposals

- (a) A Vendor must not Dispose of its Individual Interest except in accordance with this clause 7 or with the written consent of each other Investor.
- (b) Any purported Disposal of an Individual Interest except in accordance with this clause 7 is void.

- (c) The operation of the provisions of this clause 7 are subject to the Constitution, the Corporations Act, the ASX Listing Rules and any other applicable law in operation in Australia.

7.2 Disposal to an Affiliate

- (a) At any time a Vendor may Dispose of its Individual Interest to an Affiliate of the Vendor if prior to the Disposal the Vendor ensures that the Affiliate enters into a legally binding agreement with the other Investors agreeing to be bound by this agreement as if named as a party and an Investor.
- (b) A Vendor will be released and discharged from all future obligations or liabilities under this agreement in relation to the transferred Shares, from the date of completion of the Transfer to the extent that such obligations or liabilities are discharged by the Affiliate receiving the Shares.

7.3 Right of first refusal

Subject to clause 7.2, a Vendor must not Dispose of its Individual Interest without first offering it to the other Investors strictly in accordance with clauses 7.4 to 7.11 inclusive.

7.4 Offer by Vendor

- (a) If a Vendor intends to sell its Individual Interest, it must first offer the Individual Interest to all other Non-defaulting Investors in equal proportions (and not in proportion to each Investor's Individual Interest) by giving a Transfer Notice to each other Investor setting out:
 - (1) particulars of the Individual Interest;
 - (2) the sale price for each Individual Investor; and
 - (3) any other terms of the offer for sale.
- (b) The Vendor may make the offer conditional on the purchase of the whole of the Individual Interest.

7.5 Transfer Notice

A Transfer Notice once served constitutes a formal offer (or re-offer) to Dispose of the Individual Interest on the terms specified in the Transfer Notice.

7.6 Disposal of Interests to Investor

- (a) Each Investor must, within 10 Business Days from the date of being given the Transfer Notice, give to the Vendor and the other Investors notice of:
 - (1) its decision to accept or not accept the offer; and
 - (2) if it does not accept the offer, whether it consents to the Transfer of the Individual Interest at first instance to the other Investors in accordance with this clause 7, and if no other Investor accepts the offer, then to a non Investor in accordance with clause 7.8.
- (b) If each Investor does not agree to purchase their respective proportion of the Vendor's Shares, the Vendor may determine that the offer is conditional on the Vendors shares being re-offered to the remaining

Individual Investors who wish to purchase the Vendor's Shares, based on new calculations set out in an amended Transfer Notice.

- (c) Where such notice as provided in clause 7.6(a) is not provided by an Investor within the specified time frame, that Investor is deemed to have refused the offer of the Vendor's Individual Interest.
- (d) If only one Investor accepts the offer under this clause 7.6, then that Investor must promptly (and in no event later than 30 Business Days from the date of the Transfer Notice) pay the purchase price and fulfil the terms and conditions specified in the Transfer Notice and the Vendor must on payment of the purchase price and fulfilment of the terms and conditions specified in the Transfer Notice, transfer the Vendor's Individual Interest to the Investor accepting the Transfer.
- (e) If more than one Investor accepts the offer under this clause 7.6, each such Investor will be deemed to have accepted all of the Vendor's Individual Interest in equal proportions (and not in proportion to each Investor's Individual Interest), unless otherwise agreed in the Transfer Notice or amended Transfer Notice.
- (f) Each Investor accepting the offer must promptly (and in no event later than 30 Business Days from the date of the Transfer Notice) pay its proportion of the purchase price and fulfil the terms and conditions specified in the Transfer Notice relevant to it and the Vendor must on payment by that Investor of its proportion of the purchase price and fulfilment by that Investor of the terms and conditions specified in the Transfer Notice relevant to it, transfer the relevant proportion of its Individual Interest to that Investor.

7.7 Vendor's obligations

- (a) The Vendor must complete, execute and deliver transfers of the Individual Interest for sale to the relevant investors:
 - (1) in accordance with the allocations set out in the Notice of Allocation; and
 - (2) at the date, time and place set for completion in the Notice of Allocation.
- (b) If the Vendor does not transfer its Individual Interest under clause 7.7(a), any of the following persons is regarded as the Vendor's attorney, and may complete, execute and deliver the transfers of the Individual Interest:
 - (1) the Authorised Convenor or any other person appointed by the Committee; or
 - (2) if the sale is by a Defaulting Investor under clause 8.6, any other Investor, or the secretary of a corporate Investor.

7.8 Vendor's right to sell to non-Investors

The Vendor may sell to any person any part of the Individual Interest included in the Transfer Notice and not allocated in a Notice of Allocation within 30 Business Days after the date each Investor has notified of its decision to accept or not accept the offer in accordance with clauses 7.6(a) and 7.6(b), if the sale is on terms no more favourable to the purchaser than those set out in the Vendor's Transfer Notice.

7.9 Cost of Disposal

The Vendor must pay all costs and expenses in connection with the Disposal of Its Individual Interest in accordance with this clause 8.

7.10 Indemnity

- (a) Any purchaser of an Individual Interest must compensate the other Investors (excluding the Vendor) for any taxes, duties or other imposts imposed or increased as a result of the transfer of the Individual Interest.
- (b) If there is more than one purchaser, each must pay compensation under clause 7.10(a) in proportion to the part of the Individual Interest acquired by it.
- (c) Subject to clause 7.10(d), all Investors must co-operate to minimise any imposition of or increase in any taxes, duties or other imposts as a result of the transfer of an Individual Interest.
- (d) No investor who is not a party to the transfer of an Individual Interest is obliged to do anything under clause 7.10(c) which would result in any additional fiscal burden being imposed on that Investor.

7.11 Vendor ceasing to be Investor

- (a) On completion of the Disposal of the whole of its Individual Interest in accordance with this part, the Vendor ceases to be an Investor, but is not relieved of any obligation under this agreement which arose on or before the date when it ceased to be an Investor.
- (b) Despite anything to the contrary, any Vendor which ceases to be an Investor will continue to be bound by the obligations of confidentiality set out in clause 6.1.

8 Default

8.1 Notice of default

- (a) If an Investor defaults under this agreement any other Investor may give notice to the Defaulting Investor specifying the relevant Event of Default and requiring it to be rectified by the Defaulting Investor.
- (b) A person who gives a Default Notice must give a copy of the Default Notice to each other Non-Defaulting Investor.
- (c) An Event of Default is not waived merely because no person serves a Default Notice on the Defaulting Investor.

8.2 Exercise of rights against a Defaulting Investor

- (a) No Investor may exercise any rights against a Defaulting Investor arising from a default under this agreement unless:
 - (1) a Default Notice is given to the Defaulting Investor; and

- (2) the Defaulting Investor fails to remedy or give adequate compensation for the default in accordance with clause 8.3.
- (b) If an Investor serves a Default Notice and the Defaulting Investor remedies the default under clause 8.3, then the default is absolutely waived.

8.3 Opportunity to remedy

A Defaulting Investor must remedy its default in the following ways:

- (a) If the default is in respect of an Unpaid Amount, the Defaulting Investor must pay the Unpaid Amount and interest on the Unpaid Amount calculated on the daily balance of the Unpaid Amount and compounded quarterly from the date that it is due to the actual date of payment at 10% per annum or any other reasonable rate determined by the Committee within 10 Business Days after the date of service of the Default Notice;
- (b) if the default can be rectified other than by the payment of money, the Defaulting Investor must, within 5 Business Days after the date of service of the Default Notice, undertake in writing to the Committee to remedy the default and remedy the default within a reasonable time considering the nature and extent of the default, but in any event within 15 Business Days after the date on which the undertaking is given; or
- (c) If the default cannot be remedied, the Defaulting Investor must within 15 Business Days after service of the Default Notice pay adequate compensation for the default to the person affected by the default.

8.4 Meeting of Non-defaulting Investors

- (a) As soon as practicable after an Event of Default occurs, the Authorised Convenor must convene a Committee meeting to consider the action to be taken in respect of the Event of Default.
- (b) Any action which may be taken in respect of an Event of Default is not conditional on the Committee meeting referred to in clause 8.4(a).

8.5 Participation by a Defaulting Investor in decisions

- (a) A Defaulting Investor's Representative may attend Committee meetings, but:
 - (1) subject to clause 8.5(b), may not vote at the meetings; and
 - (2) may not address a meeting without the approval of the chairman.
- (b) A Defaulting Investor's Representative may vote on a resolution in relation to the taking of any action under this agreement only if the action:
 - (1) is not related to the Defaulting Investor's default; and
 - (2) would be substantially more prejudicial to the rights of the Defaulting Investor than to the rights of other Investors.
- (c) The Non-defaulting Investors are not obliged to consult a Defaulting Investor in relation to any matter on which its Representative is not entitled to vote.

8.6 Non-defaulting Investors' right to purchase

- (a) If a Defaulting Investor does not remedy its default in accordance with clause 8.3;
 - (1) the Committee (excluding the Defaulting Investor) must instruct a reputable and accredited accountant to determine the net value of the Defaulting Investor's Individual Interest based on the fair market value of the Joint Assets;
 - (2) the Defaulting Investor is regarded as having made an Irrevocable offer under clause 7.4 to sell its Individual Interest to the Non-defaulting Investors;
 - (3) the Non-defaulting Investors may purchase the Defaulting Investor's Individual Interest in accordance with clause 7 while the default subsists; and
 - (4) the price for the Defaulting Investor's Individual Interest is the net value of the Individual Interest determined by the accountant instructed under clause 8.6(a)(1).

8.7 Compulsory sale

If the Non-Defaulting Investors do not exercise their right to purchase the whole of the Defaulting Investor's Individual Interest under clause 7 then:

- (a) any Non-defaulting Investor may require the Committee to procure the sale of the Defaulting Investor's Individual Interest at the best price and terms reasonably obtainable; and
- (b) any Non-defaulting Investor may purchase the Defaulting Investor's Individual Interest under clause 8.7(a).

8.8 Powers and remedies

Each Investor expressly agrees that:

- (a) each power and remedy given to the Non-defaulting Investors under this clause 8 is in addition to all other powers and remedies available to them;
- (b) all powers and remedies available to the Non-defaulting Investors are separate and the exercise of one does not constitute a waiver of the right to exercise any other; and
- (c) a Defaulting Investor must pay all costs, expenses and damages sustained by the Non-defaulting Investors as a result of any breach of its obligations under this agreement.

8.9 Events of Default

It is an Event of Default, whether or not it is within the control of any party, if:

- (a) **failure to pay:** any Investor fails to pay any money required to be paid by it to the Authorised Convenor when due;
- (b) **failure to perform:** any party fails to perform or observe any other undertaking, obligation or agreement express or implied in, or given in relation to, this agreement;

- (c) **misrepresentation:** any warranty, representation or statement by any party is or becomes false or incorrect when made or regarded as made by that party under this agreement;
- (d) **Insolvency:** any party is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act, or in respect of a corporation not incorporated in Australia, anything analogous to or having substantially similar effect to the events specified in this clause 8.9(d);
- (e) **winding-up:** an application or order is made for the winding-up or dissolution of any party or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of any party otherwise than for the purpose of a solvent amalgamation or reconstruction which has the prior written consent of the other parties; or
- (f) **Change In control:** any party becomes a Subsidiary of another corporation.

8.10 Power of attorney

Subject to the occurrence of an Event of Default, in consideration of each other Investor assuming obligations relative to the Project, each Investor irrevocably appoints each other Investor its attorney for the purposes of executing any of the documents contemplated by this clause 8.

9 Termination

9.1 Termination

This agreement terminates on the first to occur of:

- (a) the acquisition of all Individual Interests by a single Investor; and
- (b) the mutual agreement of the Investors to terminate this agreement.

10 Dispute resolution

- (a) If a dispute between the parties arises in relation to this agreement other than in respect of a decision of the Committee:
 - (1) any party may give a notice to the other parties setting out details of the dispute; and
 - (2) the parties must use their best endeavours to resolve that dispute between themselves.
- (b) If the parties fail to resolve the dispute in accordance with clause 10(a) within 5 Business Days after service of a notice under clause 10(a)(1), then the parties must appoint an expert agreed to by the parties to determine the dispute.

- (c) If the parties do not agree on the appointment of an expert under clause 10(b) within 5 Business Days after the need to appoint an expert arises, then any party may request the Law Society of New South Wales to appoint an expert in the relevant professional discipline to determine the dispute.
- (d) If the expert appointed under clause 10(b) or clause 10(c) is unable to carry out the determination within 10 Business Days after the expert's appointment, any party may require another expert to be appointed in accordance with clause 10(b) or 10(c) to determine the dispute.
- (e) The expert appointed under this clause 10 acts as an expert and not an arbitrator.
- (f) The expert may appoint consultants to advise on any aspect of the dispute.
- (g) Any party may within 5 Business Days after the appointment of the expert make a written submission to the expert.
- (h) Any party who makes a written submission to the expert must at the same time provide a copy of the submission to each other party.
- (i) The dispute resolution proceedings under this clause are not arbitration proceedings under the *Commercial Arbitration Act 1984* (NSW). The expert's determination, including any determination as to payment of expenses arising from the dispute, is final and binding on the parties.
- (j) A party must not commence or maintain any action, either legal or by arbitration, in relation to any dispute which arises in relation to this agreement unless that dispute has first been referred for determination under this clause 10.

11 General

11.1 Notices

- (a) Any notice or other communication including, any request, demand, consent or approval, to or by a party to this agreement must comply with this clause 11.1.
- (b) All notices must be in legible writing and in English addressed in accordance with Schedule 1.
- (c) Each party may notify each other party, in writing, of alternative details to be used in notices.
- (d) If a notice is delivered in person, then it is regarded as being given by the sender and received by the addressee when delivered to the addressee.
- (e) If a notice is delivered by post, then it is regarded as being given by the sender and received by the addressee three Business Days from and including the date of delivery to the addressee.
- (f) If a notice is delivered by facsimile transmission, then it is regarded as being given by the sender and received by the addressee, whether or not legibly received, when received by the addressee.
- (g) Notwithstanding any other provision of this clause 11.1, if the delivery or receipt of any notice is on a day which is not a Business Day or is after

4.00pm (addressee's time) it is regarded as received at 9.00am on the following Business Day.

- (h) A notice served in accordance with this clause 11.1 can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.
- (i) A facsimile transmission is regarded as legible unless the addressee telephones the sender within 2 hours after transmission is received or regarded as received under this clause 11.1 and informs the sender that it is not legible.
- (j) Upon becoming a party to this agreement, each Investor not referred to in this clause 11.1 must give written notice to each other Investor specifying its address and facsimile number.
- (k) Where any notice is given to any person under this agreement, the party giving the notice must give a copy of the notice to each Investor.

11.2 Governing law and jurisdiction

- (a) This agreement is governed by the laws of New South Wales.
- (b) Each of the parties irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

11.3 Waivers

- (a) Waiver of any right arising from a breach of this agreement or of any power arising upon default under this agreement or upon the occurrence of an Event of Default must be in writing and signed by the party granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (1) a right arising from a breach of this agreement or the occurrence of an Event of Default; or
 - (2) a right, power, authority, discretion or remedy created or arising upon default under this agreement or upon the occurrence of an Event of Default,
 does not result in a waiver of that right or power.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this agreement or on a default under this agreement or on the occurrence of an Event of Default as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy by that other party.
- (e) This clause may not itself be waived except by writing.

11.4 Authority to sign documents

From time to time the Investors may resolve that each Investor appoints each other Investor its attorney for the purposes of executing documents relevant to the Project.

11.5 Variation

A variation of any term of this agreement must be in writing and signed by the parties.

11.6 Further assurances

Each party must do all things and execute all further documents necessary to give full effect to this agreement.

11.7 Entire agreement

This agreement supersedes all previous agreements in respect of its subject matter and embodies the entire agreement between the parties.

11.8 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this agreement by signing any counterpart.

11.9 To the extent not excluded by law

The rights, duties and remedies granted or imposed under the provisions of this agreement operate to the extent not excluded by law.

Schedules

Table of contents

| | |
|-----------------------|-----------|
| Notice details | 25 |
|-----------------------|-----------|

Schedule 1

Notice details

GS Energy Pty Ltd

Address Suite 71, Level 4, 89-97 Jones Street, Ultimo, NSW, 2007

Attention Lu Chen

Phone

Fax

Email

Billion Power Capital Investment Limited

Address B & W Int'l Secretary Limited
Unit A, 15/F, Sunshine Plaza
363 Lockhart Road
Wanchai, Hong Kong.

Attention Wilson Xue

Phone

Fax

Email wilsonnga7@gmail.com

Sunpex International Limited

Address 18/F Ginza Square, 565-567 Nathan Road
Mongkok, Kowloon
Hong Kong

Attention Benson Wong

Phone

Fax

Email benson.wong@orientenergy.com.au

Austar Nominees Pty Ltd as trustee for The Wang Family Trust

Address Level 14, 275-281 George Street
Sydney NSW 2000

Attention Xingjin Wang

Phone

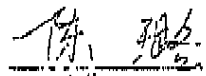
Fax

Email xwang@austargas.com.au

Signing page

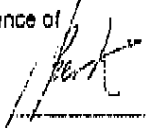
Executed as an agreement

Signed for
GS Energy Pty Ltd
by its representative

sign here ▶ 
Representative

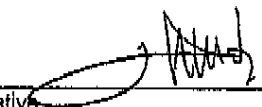
print name Lu Chen

in the presence of

sign here ▶ 
Witness


print name TUNG LEUNG WONG

Signed for
Billion Power Capital Investment Limited
by its representative

sign here ▶ 
Representative

print name HUI XIANG XUE

in the presence of

sign here ▶ 
Witness

print name SHIJUN LU

Signed for
Sunpex International Limited
by its representative

sign here ▶ _____
Representative

print name _____

in the presence of

sign here ▶ _____
Witness

print name _____

Signed for
Blilion Power Capital Investment Limited
by its representative

sign here ▶ _____
Representative

print name _____

in the presence of

sign here ▶ _____
Witness

print name _____

Signed for
Sunpex International Limited
by its representative

sign here ▶ _____
Representative


print name TUNG LEUNG WONG

in the presence of

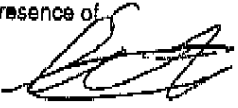
sign here ▶ _____
Witness

print name Lu Chen

Signed for
Austar Nominees Pty Ltd as trustee for the Wang Family Trust
by its representative

sign here ▶ 
Representative

print name Xingjin Wang

in the presence of


sign here ▶ _____
Witness

print name Carol Li

