



31 July 2019

Dear Babylon Pump & Power Shareholder

BABYLON PUMP AND POWER LTD - SHARE PURCHASE PLAN OFFER DOCUMENT AND TERMS AND CONDITIONS

1. Introduction

On behalf of the Directors of Babylon Pump and Power Ltd (ACN 009 436 908) (**Company**), I am pleased to offer Eligible Shareholders (as defined in paragraph 3 of the enclosed Terms and Conditions) the opportunity to participate in the Babylon Pump & Power Ltd Share Purchase Plan (**Plan**).

Under the Plan, Eligible Shareholders may apply to purchase up to A\$15,000 worth of new fully paid ordinary shares in the Company (**New Shares**). The issue price of the New Shares will be calculated at a 20% discount to the five-day average volume weighted share price of the Company's fully paid ordinary shares (**Shares**) at the time of issue of the New Shares, without paying brokerage or other transaction costs. The Plan proceeds have been partially underwritten to A\$1,500,000 (see below), however the Directors reserve the right to accept oversubscriptions (up to the maximum permitted by the ASX Listing Rules), or to scale back applications in their absolute discretion.

The maximum number of New Shares which may be issued under the Plan as permitted by the ASX Listing Rules is 30% of the pre-Plan offer issued capital, being 111,815,889 New Shares.

As fellow shareholders, your Directors have indicated that they intend to take up their maximum entitlement under the Plan (subject to scale-back if oversubscribed).

The Plan is partially underwritten by Patersons Securities Limited (ABN 69 008 896 311 and AFSL No. 239 052) (**Underwriter**) to the lower of A\$1,500,000 and the placement capacity of the Company under ASX Listing Rules 7.1 and 7.1A (**Underwritten Amount**), pursuant to an Underwriting Agreement dated 25 July 2019 (**Underwriting Agreement**). Under the Underwriting Agreement, the Company has also agreed to provide the Underwriter the right (but not the obligation) to facilitate a placement of New Shares in the Company at the same issue price as under the Plan to sophisticated and professional investors to approximately the Underwritten Amount (**Top-Up Placement**). For any New Shares issued under the Underwriting Agreement or the Top-Up Placement, the Company will be utilising available capacity under ASX Listing Rule 7.1 and if this is insufficient then capacity under ASX Listing Rule 7.1A.

Full details in relation to the Plan are set out in the enclosed Terms and Conditions and Application Form.

2. Purpose of the Plan and Use of Funds

As announced on 26 July 2019, the Company is targeting to raise A\$1,500,000 under the Plan (before costs), which will be used for the up-front payments in relation to the acquisition of Primepower Queensland Pty Ltd and for working capital purposes.

3. Summary of the Offer

The following is a summary of the key details in relation to the offer of New Shares under the Plan (**Offer**). Please carefully read the full terms and conditions of the Offer, as you will be bound by them.

- (a) **Offer to Eligible Shareholders only:** You are eligible to apply for New Shares under the Offer if:
- (i) your registered address, as recorded in the Company's register of members, is in Australia or New Zealand;
and
 - (ii) you were registered as a holder of Shares in the Company as at 5.00pm WST on 25 July 2019 (being the **Record Date** for the Offer, (**Eligible Shareholder**)).
- (b) **Optional, but not transferable:** Participation in the Plan is optional, but the right of Eligible Shareholders to participate in the Plan is not transferable.
- (c) **Issue price:** The issue price of New Shares under the Offer is to be determined at a 20% discount to the five-day average volume weighted share price of the Company's Shares at the time of issue of the New Shares. The Company will announce the final issue price for the Offer on the day on which the issue is made. The number of New Shares issued to an applicant will be determined by dividing the value of the New Shares applied for by the issue price. If this calculation produces a fractional number, the number of New Shares will be rounded up to the nearest whole share.
- (d) **Maximum/minimum amounts and increments:** If you are an Eligible Shareholder, you may apply for a parcel of New Shares for a minimum value of A\$2,000 and up to a maximum price of A\$15,000. Eligible Shareholders have the ability to subscribe for one of six different parcels of New Shares as follows. As the issue price will not be determined until the day before the issue of New Shares, the number of New Shares for each parcel will be calculated by reference to the calculation referred to above. Any fraction of a New Share will be rounded up to the nearest whole number of New Shares.

	Subscription Amount (A\$)
Option A	2,000 (minimum)
Option B	5,000
Option C	7,000
Option D	10,000
Option E	12,000
Option F	15,000 (maximum)

If you have two or more registered holdings of Shares in the Company, the total value of all your applications must not exceed A\$15,000. The Company reserves the right to decline applications from multiple registered holdings if the total exceeds A\$15,000, including where those registered holdings are in similar, but not identical names, are held directly or indirectly, or are held alone or with others.

- (e) **Scale back and oversubscriptions:** The Company is targeting to raise A\$1,500,000 under the Plan, and in the circumstance that A\$1,500,000 is received before the closure of subscriptions, the Directors reserve the right to close the Offer early by announcement of a revised timetable to ASX. However, should total demand exceed this amount, the Directors reserve the right to accept oversubscriptions in full or in part to the extent permitted by the ASX Listing Rules, or to scale back applications in their absolute discretion.

Any determination by the Directors in respect of any oversubscriptions or scaling back will be final.

Pursuant to the ASX Listing Rules, the maximum number of New Shares that could be issued under the Plan is 30% of the number of Shares already on issue, namely 111,815,889 New Shares. By way of example, if the New Shares were issued on 30 July 2019, being the date of this Offer document, the issue price for the New Shares would be \$0.018825. If the Company raises A\$1,500,000 under the Plan, this would mean 79,681,275 New Shares would be issued.

The allocation of New Shares will be at the absolute discretion of the Directors from time to time – the Company reserves the right to issue fewer New Shares than an Eligible Shareholder applies for under the Plan, or no New Shares, in its absolute discretion or if the Company believes it is not permitted to issue the New Shares as a result of any law or ASX Listing Rule.

The Company will refund any excess application money to Eligible Shareholders (without interest).

- (f) Underwriting:** The Plan is partially underwritten by the Underwriter to the Underwritten Amount under the Underwriting Agreement. In the event that Eligible Shareholders do not subscribe for New Shares under the Plan to the Underwritten Amount, then the resultant shortfall up to the Underwritten Amount will be placed by the Underwriter under the terms of the Underwriting Agreement. The Underwriting Agreement contains customary warranties, undertakings and termination events.

The Underwriter has appointed sub-underwriters to take up New Shares pursuant to the Underwriting Agreement on terms and conditions satisfactory to the Underwriter (in its sole and absolute discretion) for such portion of the Underwritten Amount as the Underwriter sees fit. The sub-underwriters are not related parties of the Company and they are subject to all applicable laws.

As noted above, under the Underwriting Agreement, the Company has also agreed to provide the Underwriter the right (but not the obligation) to facilitate a Top-Up Placement.

For any New Shares issued under the Underwriting Agreement or the Top-Up Placement, the Company will be utilising available capacity under ASX Listing Rule 7.1 and if this is insufficient then capacity under ASX Listing Rule 7.1A.

The Company will pay the Underwriter a management fee of A\$20,000 and an underwriting and selling fee of 6% of the total gross amount raised by the Plan and Top-Up Placement (if any). All sub-underwriting and selling fees to third parties will be met from this fee by the Underwriter. The Plan will raise a minimum of the Underwritten Amount, as any New Shares validly subscribed for by shareholders under the Plan will reduce the Underwriter's obligations.

4. Application procedure

The Offer opens at 9.00am WST on 31 July 2019 and closes at 5.00pm WST on 19 August 2019. No late applications will be accepted; however, the Directors reserve the right to extend the closing date at their discretion or close the Offer early in its sole and absolute discretion.

To apply for New Shares under the Plan, Eligible Shareholders may either:

- (i) return the enclosed Application Form, completed in accordance with the instructions on that form, together with a cheque, bank draft or money order drawn on an Australian bank in Australian dollars so that they are received by no later than 5.00pm (WST) on 19 August 2019; or
- (ii) pay directly via BPAY® on the internet or by telephone, in accordance with the instructions on the enclosed Application Form (for shareholders with an eligible Australian bank account only). Note that so the funds are received by no later than 5.00pm (WST) on 19 August 2019, applicants should be aware that their own financial institution may have an earlier cut off time for BPAY payments and should therefore take this into consideration when making payment.

Application Forms must be received by the Company's share registry, or a BPAY® payment must be received by no later than 5.00pm WST on 19 August 2019.

Full details of how to apply for New Shares under the Plan are set out in the enclosed Terms and Conditions and Application Form.

The Company encourages Shareholders who wish to participate to act promptly in submitting their Application Form.

5. Additional information

You should be aware that the market price of Shares on ASX may rise and fall between the date of the Offer and the date that the New Shares are issued under the Plan. This means that the price you pay per New Share under this Offer may be either higher or lower than the price of Shares at the date of this Offer.

The New Shares are a speculative investment and there can be no certainty that New Shares will trade at or above the issue price following completion of the Offer.

The Plan does not take into account the individual investment objectives, financial situation, tax position or particular needs of each Eligible Shareholder. You should consider seeking independent legal, financial and taxation advice before making a decision whether or not to accept the Offer.

The Plan may be changed, suspended or terminated by the Company at any time.

Please carefully read the accompanying Terms and Conditions relating to the Offer, as you will be bound by them if you accept the Offer.

If you have any questions in respect of the Plan, the Offer, or the Terms and Conditions, please contact Michael Shelby, Executive Chairman on (08) 9454 6309.

Yours sincerely



Michael Shelby
Executive Chairman

THIS DOCUMENT MAY NOT BE RELEASED OR DISTRIBUTED IN THE UNITED STATES

Babylon Pump & Power Ltd

SHARE PURCHASE PLAN TERMS AND CONDITIONS

Babylon Pump & Power Ltd (ACN 009 436 908) (**the Company**), would like to offer Eligible Shareholders (as defined in paragraph 3 below) the opportunity to participate in the Babylon Pump & Power Ltd Share Purchase Plan (**Plan**) and subscribe for new fully paid ordinary shares in the Company (**New Shares**) on the terms and conditions set out below (**Terms and Conditions**). The Plan is capped at A\$1,500,000, however the Directors reserve the right to accept oversubscriptions, or to scale back applications in their absolute discretion. The Plan is, subject to the placement capacity of the Company under ASX Listing Rules 7.1 and 7.1A, underwritten by Patersons Securities Limited (ABN 69 008 896 311 and AFSL 239052) (**Underwriter**) to the lower of A\$1,500,000 and the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A (**Underwritten Amount**) pursuant to an Underwriting Agreement dated 25 July 2019 (**Underwriting Agreement**). By accepting the offer to subscribe for New Shares under the Plan, you will have agreed to be bound by these Terms and Conditions and the Company's constitution.

1. Class order 09/425 issued by the Australian Securities and Investments Commission

The offer of New Shares under the Plan (**Offer**) has been structured to comply with the Australian Securities and Investments Commission Class Order 09/425 (as may be amended from time to time) (**ASIC Class Order 09/425**) to enable the Company to issue the fully paid ordinary shares (**Shares**) without a prospectus.

2. Key dates

Event	Date
Record Date for determining entitlement	5.00pm WST on 25 July 2019
Announcement of Offer	26 July 2019
Opening date and despatch of Offer letter	9.00am WST on 31 July 2019
Closing date	5.00pm WST on 19 August 2019
Shortfall notification deadline date	21 August 2019
Shortfall settlement date	27 August 2019
Announcement of issue price and issue of New Shares under the Plan	28 August 2019
Trading of New Shares expected to commence	29 August 2019
Despatch of holding statements / refund advice (if applicable)	29 August 2019

The timetable is indicative only. The Company reserves the right to change the timetable or cancel the Plan at any time before the new Shares are issued, subject to regulatory requirements. **The Company encourages shareholders who wish to participate to act promptly in submitting their application forms.** The Company reserves the right to close the Plan early, in its sole and absolute discretion, should it be considered necessary to do so, by making an announcement to the ASX.

3. Who is eligible to participate in the Offer?

You are eligible to apply for New Shares in the Offer if:

- your registered address, as recorded in the Company's register of members, is in Australia or New Zealand; and
- you were registered as a holder of fully paid ordinary shares in the Company as at 5.00pm WST on 25 July 2019 (being the Record Date for the Offer),

(Eligible Shareholder).

The Offer to each Eligible Shareholder is made on the same Terms and Conditions.

The Offer is non-renounceable, which means you may not transfer your right to subscribe for New Shares under the Offer to anyone else.

4. Foreign offer restrictions

This document may not be released or distributed outside Australia and New Zealand.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offer) Exemption Notice 2016 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

5. Is the Offer optional?

The Offer is entirely optional and is subject to these Terms and Conditions. You do not have to participate if you do not want to.

6. How is the issue price determined?

The issue price of New Shares under the Offer is to be determined at a 20% discount to the five-day average volume weighted share price of the Company's Shares at the time of issue of the New Shares. For the avoidance of doubt, this discount will be calculated over the last five days on which the sales of the Shares were recorded as calculated on the issue date. The Company will announce the final issue price for the Offer on the day on which the issue is made. The number of New Shares issued to an application will be determined by dividing the value of the New Shares applied for by the issue price. Fractional shares will not be issued and any fraction of a New Share will be rounded up to the nearest whole number of New Shares (and any over payments by Eligible Shareholders as a result of this rounding will not be refunded).

7. Directors' participation

The Directors of the Company, who are Eligible Shareholders, may participate in the Offer (without having to obtain shareholder approval), on the same terms as all other Eligible Shareholders in the Company. Each of the Directors have confirmed their intention to apply for an allotment of New Shares each under the Plan.

8. Important information on price risk to consider

The Plan is partially underwritten to A\$1,500,000. However, the Directors reserve the right to accept over-subscriptions or to scale back applications in their absolute discretion. The maximum number of New Shares which may be issued under the Plan as permitted by the ASX Listing Rules is 30% of the pre-Offer issued capital, being 111,815,889 New Shares. In the event that the Company elects to scale

back applications, this will be at the absolute discretion of the Company. Should this occur, you may be allocated New Shares to a value which is less than the parcel for which you applied, and the difference will be refunded to you (without interest).

Before deciding whether to accept the Offer, you should refer to the current market price of shares in the Company, which can be obtained from the financial pages of your daily newspaper, your stockbroker, your financial adviser, or ASX by searching the Company's code/ticker; BPP. Please note that the market price of Shares in the Company may rise or fall between the date of this Offer and the date when the New Shares are issued to you under the Plan. This means that the price you pay per New Share under this Offer may be either higher or lower than the price of Shares at the date of this Offer.

The New Shares are a speculative investment and there can be no certainty that New Shares will trade at or above the issue price following completion of the Offer.

In determining whether you wish to participate in this Offer and the extent to which you participate, you should seek your own personal legal, financial and/or taxation advice referable to your own circumstances.

9. How much can you invest in the Offer?

The Plan is capped at A\$1,500,000. The maximum number of New Shares which may be issued under the Plan as permitted by the ASX Listing Rules is 30% of the pre-Offer issued capital, being 111,815,889 New Shares.

Subject to this paragraph 9, if you are an Eligible Shareholder under the Plan, you can subscribe for New Shares as follows:

	Subscription Amount (A\$)
Option A	2,000 (minimum)
Option B	5,000
Option C	7,000
Option D	10,000
Option E	12,000
Option F	15,000 (maximum)

As the issue price will not be determined until the time of issue of the New Shares, the number of New Shares for each parcel will be calculated by reference to the calculation referred to in paragraph 6 above. By way of example, if the New Shares were issued on 30 July 2019, being the date of this Offer document, the issue price for the New Shares would be \$0.018825. If the Company raises A\$1,500,000 under the Plan, this would mean 79,681,275 New Shares would be issued.

Please note that the maximum limit of A\$15,000 worth of New Shares applies to you even if you receive more than one Offer from the Company.

If you are the only registered holder of a holding of Shares, but you receive more than one Offer under the Plan (for example, due to multiple registered holdings), you may only apply in aggregate for a maximum of A\$15,000 worth of New Shares.

If you are registered with one or more persons as the joint shareholders of a holding of Shares, that joint holding is considered to be a single registered holding for the purposes of the Plan and the joint holders are entitled to participate in the Plan in respect of that single holding only. If the same joint holders receive more than one Offer under the Plan due to multiple identical holdings, the joint

holders may only apply in aggregate for a maximum of A\$15,000 worth of Shares.

No fractions of New Shares will be issued. The number of New Shares to be issued to you will be calculated by dividing the aggregate application money that you pay in applying for New Shares by the issue price then rounding up to the nearest whole number. Any over payments by Eligible Shareholders as a result of this rounding will not be refunded.

10. Scale back and oversubscriptions

The Company is targeting to raise A\$1,500,000 under the Plan, however, should total demand exceed this amount, the Directors reserve the right to accept oversubscriptions or to scale back applications in their absolute discretion. In the circumstance that A\$1,500,000 is received before the closure of subscriptions, the Directors reserve the right to close the Offer early by announcement of a revised timetable to ASX.

Without limiting the above, the Company reserves the right to issue fewer New Shares than an Eligible Shareholder applies for under the Plan, or no New Shares and any determination by the Directors in respect of any scaling back will be final.

Pursuant to the ASX Listing Rules, the maximum number of New Shares that could be issued under the Plan is 30% of the number of fully paid ordinary shares already on issue, namely 111,815,889 New Shares. By way of example, if the New Shares were issued on 30 July 2019, being the date of this Offer document, the issue price for the New Shares would be \$0.018825. If the Company raises A\$1,500,000 under the Plan, this would mean 79,681,275 New Shares would be issued.

In the event the Company wishes to allot fewer New Shares than an Eligible Shareholder applies for or is not permitted to issue all the New Shares offered as a result of any law or ASX Listing Rule, the allocation of New Shares will be at the absolute discretion of the Directors from time to time.

If a scale back occurs, the Company will refund any excess application money to Eligible Shareholders (without interest).

11. Issue of New Shares

The New Shares will be allotted within 9 business days after the closing date of the Offer.

The Company's share registry, Automic Registry Services, will send to you a holding statement for the New Shares in due course.

12. What rights will the New Shares carry?

Once the New Shares are issued, they will rank equally with existing Shares and will carry the same voting rights, dividend rights, and entitlements to dividends, rights issues and bonus issues.

13. Custodian certificate

If on the Record Date you are a custodian within the definition of "custodian" in ASIC Class Order 09/425 (**Custodian**) and hold Shares in the Company on behalf of one or more persons (each a **Participating Beneficiary**), you may apply for up to a maximum of A\$15,000 worth of New Shares for each Participating Beneficiary, subject to providing a notice in writing to the Company on application for New Shares pursuant to the Offer certifying the following:

- (a) either or both of the following:
 - (i) that the Custodian holds Shares on behalf of one or more other persons (**Participating Beneficiaries**) that are not Custodians; and
 - (ii) that another Custodian (**Downstream Custodian**) holds beneficial interests in Shares on

behalf of one or more other persons (each a **Participating Beneficiary**), and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian,

on the Record Date and that each Participating Beneficiary has subsequently instructed the following persons:

- (iii) where paragraph 13(a)(i) applies – the Custodian; and
- (iv) where paragraph 13(a)(ii) applies – the Downstream Custodian, to apply for New Shares on their behalf under the Plan;
- (b) the number of Participating Beneficiaries;
- (c) the name and address of each Participating Beneficiary;
- (d) in respect of each Participating Beneficiary:
 - (i) where paragraph 13(a)(i) applies – the number of Shares that the Custodian holds on their behalf; and
 - (ii) where paragraph 13(a)(ii) applies – the number of Shares to which the beneficial interests relate;
- (e) in respect of each Participating Beneficiary:
 - (i) where paragraph 13(a)(i) applies – the number or the dollar amount of New Shares they instructed the Custodian to apply for on their behalf; and
 - (ii) where paragraph 13(a)(ii) applies – the number or the dollar amount of New Shares they instructed the Downstream Custodian to apply for on their behalf;
- (f) that there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds A\$15,000:
 - (i) the New Shares applied for by the Custodian under the Plan with the instructions referred to in paragraph 13(e); and
 - (ii) any other Shares issued to the Custodian in the 12 months before the application as a result of an instruction given by them to the Custodian or the Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the Plan;
- (g) that a copy of this Offer document was given to each Participating Beneficiary; and
- (h) where paragraph 13(a)(ii) applies – the name and address of each Custodian who holds beneficial interests in the Shares held by the Custodian in relation to each Participating Beneficiary.

In providing a certificate under this paragraph 13, the Custodian may rely on information provided to it by the Participating Beneficiary and any Custodian who holds beneficial interests in the Shares held by the Custodian.

For the purpose of ASIC Class Order 09/425, you are a Custodian if you are a registered holder of Shares:

- (a) that holds an Australian financial services licence that:
 - (i) covers the provision of a custodial or depositary service; or
 - (ii) covers the operation of an IDPS (as defined in ASIC Class Order [CO 13/763]); or
- (b) that is exempt from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service under:
 - (i) paragraph 7.6.01(1)(k) of the Corporations Regulations 2001 (Cth) (**Regulations**); or

- (ii) paragraph 7.6.01(1)(na) of the Regulations; or
 - (iii) ASIC Class Order [CO 14/1000] or ASIC Class Order [CO 14/1001]; or
 - (iv) Schedule 2 to the *ASIC Corporations (Repeal and Transitional) Instrument 2016/396*; or
 - (v) an instrument, not being a legislative instrument, made by ASIC and which applies to the person on terms similar to Schedule 2 of the legislative instrument referred to in subparagraph (iv) or any of the ASIC Class Orders repealed by that legislative instrument; or
 - (vi) paragraph 911A(2)(h) of the Corporations Act 2001 (Cth); or
- (c) that is a trustee of a:
- (i) self-managed superannuation fund; or
 - (ii) superannuation master trust;
- (d) that is the responsible entity of an IDPS-like scheme; or
- (e) that is the registered holder of Shares and is noted on the register of members of the body or scheme (as the case may be) as holding the shares or interests on account of another person.

If you hold Shares as a trustee or nominee for another person, but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings set out in paragraph 9 apply.

14. Shareholder certificate

Subject to paragraph 13, an Eligible Shareholder, by submitting an Application Form, together with the appropriate payment in the manner specified in 19(a), or by making a BPAY[®] payment in the manner specified in 19(b), does certify, acknowledge, warrant and represent as true, correct and not misleading to the Company that if you are not a Custodian, the total of the application price for the following does not exceed A\$15,000:

- (a) the New Shares the subject of the application under the Plan;
- (b) any other New Shares issued to the Eligible Shareholder under the Plan or any similar arrangement in the 12 months before the application under the Plan;
- (c) any other New Shares which the Eligible Shareholder has instructed a Custodian to acquire on their behalf under the Plan; and
- (d) any other Shares issued to a Custodian in the 12 months before the application under the Plan as a result of an instruction given by the Eligible Shareholder to the Custodian to apply for Shares on their behalf under an arrangement similar to the Plan.

15. Costs of participation

The only cost to you associated with the Offer is the issue price of the number of New Shares you wish to subscribe for. Under the Offer you do not have to pay for brokerage, commission or other transaction costs which would normally apply when you acquire Shares on market.

16. Underwriting

The Plan is underwritten by the Underwriter to the Underwritten Amount under the Underwriting Agreement.

In the event that Eligible Shareholders do not subscribe for New Shares under the Plan to the Underwritten Amount, then the resultant shortfall up to the Underwritten Amount will be taken up by the Underwriter or sub-underwriters under the terms of the Underwriting Agreement. The

Underwriting Agreement contains customary warranties, undertakings and termination events.

The termination events are:

- (a) **(Indices fall)**: any of the All Ordinaries Index or the Standard and Poors/ASX Small Resources Index as published by ASX is at any time after the date of the Underwriting Agreement 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) **(No Official Quotation)**: ASX has indicated before the Shortfall Notice Deadline Date that Official Quotation will not be granted in accordance with the Timetable or will be granted with such conditions attached so as to represent a Material Adverse Effect, having been granted, is subsequently withdrawn, withheld or qualified; or
- (c) **(Restriction on allotment)**: the Company is prevented from allotting the New Shares within the time required by the Underwriting Agreement, the Corporations Act 2001 (Cth), the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (d) **(Non-compliance with class orders)**: it transpires that the Plan or the Offer do not contain all the information required by ASIC Class Order 09/425, or equivalent ASIC relief, is or becomes unavailable to the Company, or is not expected to become available to the Company; or
- (e) **(Misleading Plan)**: it transpires that there is a material statement made by the Company in connection with, or the Company's documents comprising, the Plan that is, or becomes, misleading or deceptive or likely to mislead or deceive in a material respect, or that there is a material omission from the Company's Offer documents; or
- (f) **(ASIC or other prosecution)**: ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Offer, the Plan or the Company; or
- (g) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act 2001 (Cth), or an application for such a declaration is made to the Takeovers Panel and the Takeovers Panel elects to hear the application; or
- (h) **(Secondary Trading)**: it transpires that the Company is unable to issue a notice under Section 708A(6) of the Corporations Act 2001 (Cth) in relation to secondary trading of the New Shares, the shortfall Shares or Shares issued pursuant to the Top-Up Placement (if any); or
- (i) **(Authorisation)**: any authorisation which is material to anything referred to in the Offer is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (j) **(Indictable offence)**: a director or a senior manager of a Relevant Company is charged with an indictable offence; or
- (k) **(Termination Events)**: subject always to clause 13.2 of the Underwriting Agreement, any of the following events occurs:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;

- (ii) **(Hostilities)** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, Tanzania, New Zealand, Indonesia, Papua New Guinea, the United Kingdom, the United States of America or the People's Republic of China;
- (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (iv) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act 2001 (Cth), the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast disclosed to ASX prior to the date of the Underwriting Agreement becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (vi) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Plan;
- (vii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (viii) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (ix) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (x) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
- (xi) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xiii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding A\$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xiv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims disclosed to the ASX prior to the date of the Underwriting Agreement;
- (xv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);

- (xvi) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act 2001 (Cth) is publicly announced in relation to a Relevant Company;
- (xvii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days;
- (xviii) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xix) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 2608 of the Corporations Act 2001 (Cth) or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xx) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Offer; or
- (xxi) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company;
- (xxii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets;
- (xxiii) **(Shares are not fully paid ordinary)**: all New Shares issued pursuant to the Offer and in accordance with the terms of the Underwriting Agreement must, from the date of allotment, rank equally in all respects with other fully paid ordinary shares in the Company and will be free of all encumbrances;
- (xxiv) **(Suspension)**: the Company is removed from the Official List or, after the date of this Agreement, the Shares become suspended from Official Quotation and that suspension is not lifted within 3 trading days following such suspension; or
- (xxv) **(Proposed Acquisition)**: if for any reason the proposed acquisition of Primepower Queensland Pty Ltd is terminated by either party.

Unless otherwise defined in this document, the capitalised terms referred to in the termination events above have the same meaning as those given to them in the Underwriting Agreement.

Under the Underwriting Agreement, the Company has also agreed to provide the Underwriter the right (but not the obligation) to facilitate a placement of New Shares in the Company at the same issue price as under the Plan to raise up to the Underwritten Amount (**Top-Up Placement**). It is anticipated that the Top-Up Placement (if any) will be completed contemporaneously with the issue of New Shares under the Plan.

The Underwriter has appointed sub-underwriters to take up New Shares pursuant to the Underwriting Agreement on terms and conditions satisfactory to the Underwriter (in its sole and absolute discretion) for such portion of the Underwritten Amount as the Underwriter sees fit. The sub-underwriters are not related parties of the Company and they are subject to all applicable laws.

The Company will pay the Underwriter a management fee of A\$20,000 and an underwriting and selling fee of 6% of the total gross amount raised by the Plan and any Top-Up Placement. All sub-

underwriting and selling fees to third parties will be met from this fee by the Underwriter.

17. What rights will the New Shares carry?

Once the New Shares are issued, they will rank equally with existing Shares in the Company and will carry the same voting rights, dividend rights and entitlements to dividends, rights and bonus issues.

18. Can the Company change the Plan?

The Plan may be changed, suspended or terminated by the Company at any time. If the Company changes, suspends or terminates the Plan it will advise ASX. The accidental omission to give notice of changes to or suspension or termination of the Plan or the non-receipt of any such notice will not invalidate the change, suspension or termination.

19. Directors' participation

The Directors of the Company, as Eligible Shareholders, may participate in the Offer (without having to obtain shareholder approval), on the same terms as all other Eligible Shareholders in the Company. The Directors who are currently Eligible Shareholders have indicated they intend to participate in the Offer.

20. How do you pay for the New Shares?

All amounts in this Offer are expressed in Australian dollars. Your application monies will be held on trust, pending the issue of New Shares and any applicable refund.

- (a) You must pay for the New Shares by cheque, bank draft or money order in Australian dollars. Please make your cheque, bank draft or money order payable to "Babylon Pump & Power Ltd" and ensure cheques are crossed "**Not Negotiable**". Applicants must not forward cash. Receipts will not be issued.

Please post your application moneys, together with a completed Application Form (a copy of which is **enclosed** with this document) to:

Automic Registry Services
Level 5, 126 Phillip Street
SYDNEY NSW 2000

OR

- (b) Make payment using BPAY® in accordance with the instructions on the Application Form. If paying via BPAY®, Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Eligible Shareholder to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Application Form (which includes the Biller Code and your unique Customer Reference Number) and you will not need to return the Application Form. Ensure that your BPAY® payment reaches the Company by the closing date of the Offer being no later than 5.00pm WST on 19 August 2019. No late payments will be accepted, although the Directors reserve the right to extend the closing date.

If paying by BPAY®, please make sure you use the specific Biller Code and unique Customer Reference Number on your Application Form. If you receive more than one personalised Application Form, you will need to complete individual BPAY® transactions using the Customer Reference Number specific to each individual personalised Application Form that you receive. The maximum investment any shareholder may apply for will remain A\$15,000 even if a



shareholder receives more than one Application Form (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

The Company encourages Eligible Shareholders to pay for the New Shares using the BPAY® method described above.

Please provide a cheque, bank draft or money order or make the BPAY payment for the exact amount.

If you do not provide the exact amount, the Company reserves the right to return your BPAY® payment or your Application Form and cheque, bank draft or money order (without interest). If the Company returns your BPAY® payment or Application Form and cheque, bank draft or money order (without interest), no New Shares will be issued to you.

21. Will the New Shares be quoted on ASX?

The Company will apply for the New Shares issued to you to be quoted on ASX, within the relevant period specified in the ASX Listing Rules.

22. How is a dispute resolved?

The Company may settle any dispute in connection with the Plan in any manner it thinks fit, whether generally or in relation to any participant, application or New Share. The Company's decision shall be final and binding.

The Company reserves the right to waive strict compliance with any provision of these Terms and Conditions.

HOW DO YOU APPLY FOR NEW SHARES UNDER THE OFFER

1. If you want to participate in this Offer, please carefully read the Terms and Conditions relating to the Offer.
2. Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the closing date of the Offer, being 5.00pm WST on 19 August 2019.

If your payment is to be by cheque, bank draft and money order:

3. The Company encourages Eligible Shareholders to pay and apply for New Shares using the BPAY® method described below. If you wish to pay by cheque, bank draft or money order, please complete all the required details in the enclosed Application Form, noting that all amounts are expressed in Australian dollars:
 - (i) Select the number of New Shares you want to subscribe for noting that the minimum is A\$2,000 worth of New Shares and the maximum is A\$15,000 worth of New Shares, as per the parcel options set out in paragraph 9 above.
 - (ii) The amount payable will be specified in Australian dollars, as set out in the table in paragraph 9 above (being the number of New Shares subscribed for multiplied by the issue price per Share).
 - (iii) Complete the cheque details section and ensure that the "Amount" section corresponds to the exact amount payable for the New Shares you wish to subscribe for. **Remember, the minimum is A\$2,000 worth of New Shares and the maximum is A\$15,000 worth of New Shares.**
 - (iv) Insert your telephone contact numbers so that we may contact you if necessary.
 - (v) You do not need to sign the Application Form.
4. Ensure your cheque, bank draft or money order is made out for the exact amount of the New Share parcel you want to subscribe for, payable to "**Babylon Pump & Power Ltd**" and cheques crossed "**Not Negotiable**".
5. Return the completed Application Form, together with the original cheque, bank draft or money order to:

Automic Registry Services
Level 5, 126 Phillip Street
SYDNEY NSW 2000

If your payment is to be made using BPAY®

6. If you are making a BPAY® payment, you do not need to return the Application Form. You can simply make a payment using BPAY® in accordance with the instructions on the Application Form. Please ensure that the amount paid by BPAY® is the exact amount payable for the New Shares you wish to apply for. If paying via BPAY®, Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Eligible Shareholder to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Application Form (which includes the Biller Code and your unique Customer Reference Number) and **you will not need to return the Application Form**. Ensure that your BPAY® payment reaches the Company by the closing date of the Offer being no later than 5.00pm WST on



19 August 2019. No late payments will be accepted, although the Directors reserve the right to extend the closing date.

If paying by BPAY®, please make sure you use the specific Biller Code and unique Customer Reference Number on your Application Form. If you receive more than one personalised Application Form, you will need to complete individual BPAY® transactions using the Customer Reference Number specific to each individual personalised Application Form that you receive. The maximum investment any shareholder may apply for will remain A\$15,000 (please refer to the parcel options set out in paragraph 9 of the Terms and Conditions) even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

7. Ensure that your completed Application Form and payment reach Computershare Investor Services Pty Limited by the closing date of the Offer being no later than 5.00pm WST on 19 August 2019. **No late applications will be accepted, although the Directors reserve the right to extend the closing date.** In determining whether you wish to participate in this Offer, you should seek personal financial and/or taxation advice referable to your own circumstances.

By accepting this Offer, you agree to be bound by the Terms and Conditions of the Offer and the Constitution of the Company.