# E&A LIMITED

Extraordinary General Meeting



# Agenda: Chairman & Managing Director's Address

- 1. Delisting from the Australian Securities Exchange (ASX)
- 2. Proposed Off-Market Share Buy Back
- 3. Items of Formal Business







## **Rationale for Delisting**

E&A Limited's ('EAL') Board considers the proposed delisting from the ASX to be in the **best interest of the Company** due to:

- EAL's current market capitalisation not reflective of underlying asset value due to low level of trading in frequency and overall volume and limitation of the 'free-float';
- Inability to raise capital at prices reflective of underlying asset value. As at 31 December 2016, EAL's Net Asset Value was \$0.183 per share significantly exceeding the current share price. If EAL remains listed, the Directors consider the prospects of raising funds at a price commensurate with the Net Assets to be poor and any future capital raising at current market prices will have a material dilutionary impact on existing shareholders.



## Rationale for Delisting (continued)

- Improved capability to conclude capital raising. Based on recent testing of the market appetite for investment in the Company as an unlisted entity, the Directors believe the delisting will enable EAL to raise capital at a price reflective of Net Assets. The Board intends, subject to any necessary approvals if required, to raise capital after delisting. The Board is confident that the delisting will enable the Company, subject to shareholder approval, to attract a substantial investor which will both strengthen and improve EAL's financial position;
- 4 ASX Listing administrative, compliance & financial obligations and costs no longer justified. Expected Annual Savings of \$0.2m if EAL delists; and
- Removal from ASX will not result in any substantial diminution of the protection of minority shareholders.



## **Approvals**

EAL has sought and received in-principle advice from the ASX in relation to the proposed delisting. The ASX has advised it would be likely to agree to the Company's removal from the ASX subject to:

- a) The request for removal of EAL from ASX is approved by an ordinary resolution of EAL's shareholders (listed as Resolution 1 below under Formal Business); and
- b) The removal does not take place any earlier than one month after the date of which the resolution to approve the delisting is passed.

Accordingly, Resolution 1 is being put to shareholders as an ordinary resolution. Resolution 1 will be passed if at least 50% of the votes cast in person or by proxy by shareholders who are entitled to vote on Resolution 1 are cast in favour of Resolution 1.

The delisting of EAL does not require any necessary waivers and consents under the Company's existing banking facilities. The Company has discussed its proposed delisting with its financiers who are supportive of the initiative.



### **Timeline**

If shareholders approve Resolution 1, EAL will be removed from ASX's Official List on a date to be decided by the ASX ('Delisting Date'). This Delisting Date will be no earlier than one month after the date such Shareholder approval is obtained.

Indicative timetable for removal should Resolution 1 be approved today:

Event	Date
Extraordinary General Meeting	12 April 2017
Suspension Date (Shares suspended from trading on ASX)	12 May 2017
Delisting Date (Delisting takes effect)	12 May 2017

Shares may continue to be traded on the ASX before the Delisting Date.



### Effects if Resolution 1 is or is not passed

If Resolution 1 is passed, then:

- the Company's shares will be removed from quotation on the ASX; and
- a buy pack proposal will be put to shareholders.

If Resolution 1 is **not passed**, then:

- unless a subsequent proposed delisting is approved by shareholders or the ASX determines that the Company's securities should no longer be listed, the Company's securities will remain listed on the ASX; and
- no buy back will take place.



## **Directors Voting Intention & Board Recommendation**

Each director who is a shareholder intends to vote in favour of Resolution 1.

Particulars regarding the Directors' relevant interests in shares (including their respective body corporates) are set out below:

Director	Shareholding	Voting Power %
Stephen Young	60,534,319	44.21%
Mark Vartuli	17,303,228	12.64%
Michael Terlet	911,558	0.67%
John Nicholls	-	-

The Board unanimously recommends shareholders approve Resolution 1 for the reasons set out above and detailed in the Explanatory Statement of 9 March 2017.

Proposed
OffMarket
Buy Back



# **Proposed Off-Market Buy Back**

If the proposed delisting is approved, EAL intends to implement an Off-Market Buy Back ('Buy Back') allowing shareholders who may wish to dispose of their shares an opportunity to do so. Key features of the proposed Buy Back are:

**Size of Offer:** Up to 27,142,857 representing approximately 20% of the

share capital on issue at the time of announcement of the

delisting, capped at \$1.9 million.

**Buy Back Price:** \$0.07 per share being the 30 day volume weighted average

price to 8 March 2017 (day before the proposed Delisting &

Buy Back announcement) plus a premium of 6.2%.

**Timing & Approval:** The Buy Back will be implemented after EAL has been

delisted and the proposed capital raising has been

completed. It intended approval for the Buy Back be sought

at the Company's next Annual General Meeting which is

scheduled to be held in late October 2017. If the Buy Back is approved, it is envisaged that shareholders participating

in the Buy Back will receive payment prior to the end of the

2017 Calendar Year.

# **Proposed Off-Market Buy Back**

Executive Management Participation:

EAL's largest shareholder, Mr Stephen Young (and his related body corporates) ('Mr Young'), who presently holds approximately 44.21% of EAL's issued capital, does not intend to participate in the Buy Back. Having regard to the potential increase in the size of Mr Young's shareholding in the Company and the resulting impact on control of the Company Mr Young may obtain as a result of not participating in the Buy Back, Mr Young has agreed to abstain from voting when the Buy Back proposal is put to shareholders.

Independent Expert's Report:

An Independent Expert's Report will be prepared following the proposed capital raising to enable shareholders to make an informed decision as to whether to retain or sell their shares into the Buy Back after they have had an opportunity to consider the Independent Expert's Report.

All shares bought back under the Buy Back will be cancelled. Participation in the Buy Back is completely voluntary and shareholders can elect whether to sell all, some or none of their shares under the Buy Back.

# Items of Formal Business



# **Resolution: Delisting from the ASX**

Shareholders are requested to consider and if thought fit, pass the following resolution as an ordinary resolution.

"That, for the purpose of ASX Listing Rule 17.11 and for all other purposes, Shareholders approve the Company's removal from the official list of ASX on a date to be decided by ASX (being a date no earlier than one month after the date this resolution is passed), and that the directors of the Company be authorised to do all things reasonably necessary to give effect to the delisting of the Company from the ASX."

The Directors recommend that shareholders vote in favour of the resolution to approve the Delisting of the Company from ASX.

Proxies and Online Voting received as at 7pm on 10 April 2017:

Total Valid Votes	In Favour	Against	Open
85,370,074	83,968,050	1,185,347	216,667
100%	98.36%	1.39%	0.25%

The Chairman intends to vote the proxies open in favour of the Chairman, in favour of the resolution.

# **Important Information & Disclaimer**

- This document has been prepared by E&A Limited (ABN 22 088 588 425) ("EAL" or "the Company"). No other party other than EAL has authorised or caused the issue of this document, or takes responsibility for, or makes any statements, representations or undertakings in this document.
- Presentation of general background: This document contains general background about EAL's activities current as at the date of this presentation. It is information in summary form only, does not purport to be exhaustive and does not contain all the information necessary to fully evaluate any transaction or investment. It should be read in conjunction with EAL's other periodic and continuous disclosure announcements to the ASX available at <a href="https://www.asx.com.au">www.asx.com.au</a>. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this presentation.
- Not a prospectus: This document is not a prospectus or a product disclosure statement under the Corporations Act 2011 (Cth) and has not been lodged with the Australian Securities and Investment Commission (ASIC).
- Not investment advice: The information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Any investment decision should be made based solely upon appropriate due diligence and, if applicable, upon receipt and careful review of relevant offering documents. Recipients of this presentation are advised to consult their own professional advisers. An investment in any listed company, including EAL, is subject to significant risks of loss of income and capital. Cooling-off rights do not apply to an investment in any new shares. The recipient cannot, in most circumstances, withdraw an application once it has been accepted.
- Financial data: All dollar values are in Australian dollars (\$A) unless otherwise stated. Non-IFRS information has been reported in this presentation in order to improve the users' understanding of Group performance compared to the prior year. All numbers in this presentation have been rounded. As a result, some total or percentage movement figures may differ insignificantly from those obtained by arithmetic calculation of the figures provided in the Appendix 4E or Annual Report, which contains more detailed reporting.
- Forward looking statement: This presentation may include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of EAL. Actual values, results or events may be materially different to those expressed or implied in this presentation. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this presentation speak only at the date of issue of this presentation. Subject to any continuing obligations under applicable law and the ASX Listing Rules, EAL does not undertake any obligation to update or revise any information or any of the forward-looking statements in this presentation or any changes in events, conditions or circumstances on which any such forward-looking statement is based.
- Risks: An investment in EAL shares is subject to investment and other known and unknown risks, some of which are beyond the control of EAL and EAL's directors, employees, advisers or agents. EAL does not guarantee any particular rate of return or the performance of EAL nor does it guarantee the repayment of capital from EAL or any particular tax treatment.
- Not an offer in other jurisdictions: This presentation is not an offer to sell or a solicitation of an offer to subscribe or purchase or a recommendation of any securities, and may not be distributed in any other jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.
- EAL, its officers, employees, agents and advisers make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this presentation and accept no responsibility for any errors or omissions from this presentation and to the fullest extent permitted by law disclaim all and any liability for any loss arising directly or indirectly, as a result of reliance by any person on this presentation.