

Allens Arthur Robinson 

10 May 2011

ABN 47 702 595 758

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Sydney NSW 2000

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BY FACSIMILE

1300 135 638

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DX 105 Sydney

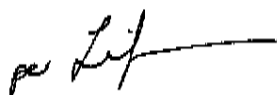
www.aar.com.au

Dear Sir

Substantial holding: European Gas Limited (ASX: EPG)

Please find attached a notice of initial substantial holding in European Gas Limited issued by the Transcor Astra Luxembourg S.A., on ASIC Form 603.

Yours faithfully



Warwick Painter
Partner
Warwick.Painter@aar.com.au
T +61 2 9230 4174

Attach

Our Ref ZWPS:205876080

Irbs A0117423477v1 205876080 10.5.2011

Bangkok
Beijing
Beijing IP
Brisbane
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta
Melbourne
Perth
Phnom Penh
Port Moresby
Shanghai
Singapore
Sydney

Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder**To Company Name/Scheme European Gas Limited (EGL)ACN/ARSN 075 760 655**1. Details of substantial holder (1)**Name Transcor Astra Luxembourg S.A. (Transcor)ACN/ARSN (if applicable) n/aThe holder became a substantial holder on 6 May 2011**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	27,823,434	27,823,434	10.86%

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
Transcor	Acquisition of fully paid ordinary shares pursuant to a Share Subscription and Option Agreement between EGL and Transcor dated on or around 5 May 2011 (attached as Annexure A);	22,000,000 fully paid ordinary shares
Transcor Astra Group S.A.	Acquisition of units in the ordinary course of business on the Australian Securities Exchange giving rise to a relevant interest under section 608(1) of the Corporations Act 2001 (Ch).	5,823,434 fully paid 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 (8)	Class and number of securities
Transcor	Transcor	Transcor	22,000,000 fully paid ordinary shares
Transcor Astra Group S.A.	National Nominees Limited	Transcor Astra Group S.A.	5,823,434 fully paid 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 (9)		Class and number of securities
		Cash	Non-cash	
Transcor	6 May 2011	As set out in clauses 1.2.1 and 1.2.3 of the Share Subscription and Option Agreement (attached as Annexure A)		22,000,000 fully paid 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
Transcor Astra Group S.A.	Transcor and Transcor Astra Group S.A. are entities within the Transcor corporate group.

7. Addresses

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

Name	Address
Transcor	1, rue de Namur, L-2211 Luxembourg
Transcor Astra Group S.A.	Boulevard de France, 7 B-1420 Braine l'Alleud, Belgium

Signature

print name Gauthier De Potter

capacity Director

sign here

date 9 May 2011

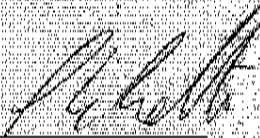
DIRECTIONS

- (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 608 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" TO FORM 603

This page and the following 16 pages are Annexure "A" referred to in Form 603 signed by me and dated 9 May 2011.



Name: Gauthier De Potter

Title: Director, Transcor Astra Luxembourg S.A.

Date 9 May 2011

Share Subscription and Option Agreement

European Gas Limited
Transcor Astra Luxembourg S.A.

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Share Subscription and Option Agreement

Parties

European Gas Limited ACN 075 760 655 a limited liability company organized under the laws of Australia of Suite 8, 7 The Esplanade, Mt Pleasant, Western Australia, Australia 6153
(Company)

Transcor Astra Luxembourg S.A., a limited liability company (*société anonyme*) organized under the laws of Luxembourg, with its registered office at 1, rue de Namur, L-2211 Luxembourg, registered under the number R.C. Luxembourg B 135.540 (**Transcor**)

Recitals

The Company issued Notes to Transcor under the Note Subscription Agreement.

Gazonor S.A.S. provided the Gazonor Loan to EGSAS.

The parties agreed to the Restructure in accordance with the Restructuring Framework Agreement and enter into this Agreement to implement the transactions contemplated by clauses 7 and 8 of that agreement.

Operative Provisions

1 Subscription for shares and grant of Transcor Option

Subscription for and issue of shares and grant of Transcor Option

- 1.1 Subject to the satisfaction of the conditions precedent in clause 1.3, on the Restructure Date:
- 1.1.1 Transcor shall subscribe for 10,735,827 Shares (the **Gazonor Loan Shares**);
 - 1.1.2 Transcor shall subscribe for 11,264,173 Shares (the **Conversion Shares**);
 - 1.1.3 the Company shall allot and issue the Gazonor Loan Shares to Transcor for the consideration set out in clause 1.2.1 of this Agreement;
 - 1.1.4 the Company shall grant the Transcor Option to Transcor for the consideration set out in clause 1.2.2; and
 - 1.1.5 the Company shall allot and issue the Conversion Shares to Transcor for the consideration set out in clause 1.2.3 of this Agreement,

in each case in accordance with the terms of this Agreement.

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Share Subscription and Option Agreement

By subscribing for the Conversion Shares and the Gazonor Loan Shares, Transcor unconditionally consents to be a member of the Company and agrees to be bound by the constitution of the Company.

Consideration

- 1.2 The Company and Transcor each acknowledge and agree that Transcor shall provide consideration as follows:
- 1.2.1 for the Gazonor Loan Shares, by transferring to the Company the Gazonor Receivable (which is agreed at the Restructure Date to be €3,889,792) and by setting off the Purchase Price of the Gazonor Receivable against an obligation to pay the same amount to the Company by way of the subscription price for the Gazonor Loan Shares;
 - 1.2.2 for the Transcor Option, by setting off €1,585,507 of the Notes Monies Owing against an obligation to pay the same amount to the Company by way of the subscription price for the Transcor Option; and
 - 1.2.3 for the Conversion Shares, by setting off €4,081,222 of the Notes Monies Owing against an obligation to pay the same amount to the Company by way of the subscription price for the Conversion Shares.

Conditions Precedent

- 1.3 The obligations of the parties under this Agreement are subject to the following conditions precedent being satisfied on or before the Restructure Date:
- 1.3.1 the Company's shareholders approving the issue of the Conversion Shares, the Gazonor Loan Shares and the Transcor Option;
 - 1.3.2 the parties obtaining any other required regulatory approval for the issue of the Conversion Shares, the Gazonor Loan Shares and the Transcor Option; and
 - 1.3.3 completion of the transactions and delivery of the documents in accordance with clauses 7, 9 and 10 of the Restructuring Framework Agreement has occurred in the manner contemplated by the Completion Agreement.

Best endeavours

- 1.4 Each of the Company and Transcor must use its best endeavours to procure that:
- 1.4.1 each of the conditions precedent in clause 1.3 is satisfied as soon as practicable after the date of this Agreement; and
 - 1.4.2 there is no occurrence of any event within the reasonable control of the Company or Transcor or their respective Related Bodies Corporate that would prevent the conditions in clause 1.3 being satisfied (as the context requires).

Termination

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Share Subscription and Option Agreement

- 1.5 If a Condition in clause 1.3 is not satisfied or waived by the parties by 12 noon Paris time on the Restructure Date either party may terminate this Agreement by notice in writing to the other without any liability to the other party because of that termination, unless the relevant occurrence or the failure of the condition arises out of a breach by the terminating party of clause 1.4.

2 Completion

Company's obligations

- 2.1 On the Restructure Date, the Company must:
- 2.1.1 allot and issue the Conversion Shares and grant the Transcor Option to Transcor free from any encumbrance, other than as set out in the Restriction Deed;
 - 2.1.2 allot and issue the Gazonor Loan Shares to Transcor free from any encumbrance, other than as set out in the Restriction Deed;
 - 2.1.3 direct its share registry to:
 - (a) record Transcor as holder of the Conversion Shares in the register of members and send a holding statement recording the issue of the Conversion Shares;
 - (b) record Transcor as holder of the Gazonor Loan Shares in the register of members and send a holding statement recording the issue of the Gazonor Loan Shares;
 - (c) record Transcor as holder of the Transcor Option in the option register; and
 - 2.1.4 apply to ASX for official quotation of the Conversion Shares and the Gazonor Loan Shares as soon as practicable after issue and no longer than five days after the Restructure Date.

Transcor's obligations

- 2.2 On the Restructure Date, Transcor must deliver the Restriction Deed validly signed to the Company and take all steps in relation to the Notes, the Conversion Shares, the Gazonor Loan Shares and the Transcor Option as contemplated by the Completion Agreement.

Contemporaneous and interdependent

- 2.3 The parties acknowledge and agree that the issue of the Conversion Shares and the Gazonor Loan Shares and grant of the Transcor Option on the Restructure Date are to occur contemporaneously with and are interdependent on all other transactions comprising the Restructure. If any such transaction does not complete, the:

- 2.3.1 Company is not obliged to issue the Conversion Shares and the Gazonor Loan Shares or to grant the Transcor Option; and

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Share Subscription and Option Agreement

2.3.2 Transcor is not obliged to subscribe for the Conversion Shares and the Gazonor Loan Shares,

unless and until payments and deliveries in connection with all transactions contemplated by the Restructure are completed.

3 Representations, warranties and acknowledgements

Mutual warranties

3.1 Each party represents and warrants to the other on the date of this Agreement and on the Restructure Date that:

- 3.1.1 It is duly registered and validly existing under the laws of its place of registration or Incorporation;
- 3.1.2 it has the power and has received all required authorisations to enter into this Agreement and perform all its obligations under it; and
- 3.1.3 its execution and performance of this Agreement does not violate any provision of:
 - (a) any applicable law or rule of any regulatory authority;
 - (b) its constitution or any agreement to which it is party; or
 - (c) any order, declaration or ruling of any Court, tribunal or regulatory authority.

Transcor warranty

3.2 Transcor represents and warrants to the Company that:

- 3.2.1 it has acquired the Gazonor Receivable from Gazonor pursuant to a binding and effective assignment; and
- 3.2.2 it has the power and authority to set off the amount of the Gazonor Receivable against the subscription price for the Gazonor Loan Shares in accordance with clause 1.2.1.

Transcor's acknowledgement

3.3 Transcor acknowledges and agrees that, subject to the Restructuring Framework Agreement:

- 3.3.1 it has made its own enquiries and assessment as to the:
 - (a) assets and liabilities, financial position, profits and losses and prospects of the Company; and
 - (b) rights attaching to the Conversion Shares, the Gazonor Loan Shares and the Transcor Option;

Share Subscription and Option Agreement

- 3.3.2 it has had a reasonable opportunity to consider with the assistance of independent advisers whether the investment in the Conversion Shares, the Gazonor Loan Shares and the Transcor Option is appropriate for its particular investment needs, objectives and financial circumstances;
- 3.3.3 neither the Company nor any of its officers, employees, agents or advisers has given any advice of any nature or made any recommendation concerning the Conversion Shares, the Gazonor Loan Shares or the Transcor Option;
- 3.3.4 a prospectus or other disclosure document has not been issued by the Company in relation to the Conversion Shares, the Gazonor Loan Shares or the Transcor Option in accordance with exemptions from disclosure in each relevant jurisdiction;
- 3.3.7 it is not acquiring the Conversion Shares, the Gazonor Loan Shares or the Transcor Option for the purpose of selling or transferring them (or granting, issuing or transferring interests in, or options or warrants over them) and it understands that it is the Company's preference and intention that Transcor acquire the Conversion Shares, the Gazonor Loan Shares, the Transcor Option and Shares on exercise of the Transcor Option and remain a medium to long term holder of such Shares and Transcor Option; and
- 3.3.8 its present intention is to be an investor in the Conversion Shares, the Gazonor Loan Shares, the Transcor Option and Shares on exercise of the Transcor Option and to remain so in at least the medium term, however, this is understood to be a statement by Transcor of present intention only and (subject to the Restriction Deed) not an undertaking not to sell, particularly where Transcor's investment objectives or market conditions change.

Representation and warranty by the Company

- 3.4 The Company represents and warrants to Transcor that it is not issuing the Conversion Shares, the Gazonor Loan Shares and the Transcor Option for the purpose of Transcor selling or transferring them (or granting, issuing or transferring interests in, or options or warrants over them) and it is the Company's preference and intention that Transcor acquire the Conversion Shares, the Gazonor Loan Shares and the Shares on exercise of the Transcor Option and remain a medium to long term holder of such Shares and the Transcor Option. However, the Company acknowledges and agrees that it has not imposed any restrictions in this regard upon Transcor other than those set out in the Restriction Deed.

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Share Subscription and Option Agreement

4 Miscellaneous**Notices**

4.1 A notice, consent, information, application or request that must or may be given or made to a party under this Agreement is only given or made if it is in writing and:

- 4.1.1 delivered or posted to that party at its address set out below;
- 4.1.2 faxed to that party at its fax number set out below; or
- 4.1.3 emailed to that party to an email address provided for that purpose.

Company

Name: European Gas Limited
Address: Suite 8, 7 The Esplanade, Mt Pleasant, Western
Australia 6153 Australia
Fax number: +61 8 9315 5475
Attention: Mr Mark Pitts

Transcor

Name: Transcor Astra Luxembourg S.A.
Address: 1, rue de Namur, L02211 Luxembourg
Fax number: +32 71 60 60 22
Attention: Mr Gauthier De Potter

4.2 If a party gives the other party three Business Days' notice of a change of its address or fax number, a notice, consent or request is only given or made by that other party if it is delivered, posted or faxed to the latest address or fax number.

4.3 A notice, consent, or request is to be treated as given or made at the following time, if it is:

- 4.3.1 delivered, when it is left at the relevant address;
- 4.3.2 sent by express post within Australia, two Business Days after it is posted;
- 4.3.3 sent by express post outside Australia, four Business Days after it is posted;
- 4.3.4 sent by email, when the email is sent, provided the sender does not receive any 'bounce back' or 'undeliverable' message; or

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Share Subscription and Option Agreement

- 4.3.5 sent by fax, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number.

If a notice, consent, or request is delivered, or an error free transmission report in relation to it is received, after the normal business hours of the party to whom it is sent, it is to be treated as having been given or made at the beginning of the next Business Day.

Assignment

- 4.4 Neither party may assign any of its rights under this Agreement other than with the prior written consent of the other party.

Governing law

- 4.5 This agreement is governed by the laws of the state of Western Australia and each party submits to the non-exclusive jurisdiction of the Courts of or exercising jurisdiction in that State.

Execution of separate documents

- 4.6 This Agreement is properly executed if each party executes either this Agreement or an identical document. In the latter case, this Agreement takes effect when the separately executed documents are exchanged between the parties.

Costs

- 4.7 Except as otherwise set out in this Agreement, each party must pay its own costs and expenses for preparing, negotiating, executing and completing this Agreement and any document related to this Agreement.

Further acts

- 4.8 Each party must at its own expense promptly execute all documents and do or use reasonable endeavours to cause a third party to do all things that another party from time to time may reasonably request in order to give effect to, perfect or complete this Agreement and all transactions incidental to it.

Variation

- 4.9 No variation of this Agreement will be of any force or effect unless it is in writing and signed by each party to this Agreement.

Severability

- 4.10 Each provision of this Agreement is individually severable. If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction it is to be treated as being severed from this Agreement in the relevant jurisdiction, but the rest of this Agreement will not be affected. The legality, validity and enforceability of the provision in any other jurisdiction will not be affected.

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Share Subscription and Option Agreement

5 Definitions and Interpretation**Definitions**

In this Agreement, unless the context requires otherwise:

Agreement means this Share Subscription and Option Agreement.

ASX means ASX Limited ACN 008 624 691 or the licensed market conducted by it (as the context requires).

Business Day means a day on which the banks are open for business in Perth, Paris, Luxembourg and Sydney, excluding a Saturday, Sunday or public holiday.

Completion Agreement means the agreement dated on or around the date of this Agreement between Gazonor, the Company, European Gas Benelux S.A. and European Gas S.A.S.

Conversion Shares means 11,264,173 Shares to be issued by the Company in accordance with clause 1.1.5 of this Agreement.

Corporations Act means the Corporations Act 2001 (Cth) and all regulations made under it.

EGL means the Company.

EGSAS means European Gas S.A.S, a wholly owned subsidiary of the Company.

Gazonor Loan has the meaning given in the Restructuring Framework Agreement.

Gazonor Loan Shares means 10,735,827 Shares to be issued by the Company in accordance with clause 1.1.3 of this Agreement.

Gazonor Receivable means all principal and interest accrued or owing to EGSAS as at the Restructure Date (which is agreed by the parties at the Restructure Date to be €3,889,792).

Listing Rules means the listing rules in force from time to time, determined by ASX.

Notes means the convertible bonds issued in two tranches (being €21,750,000 5% Tranche A Notes and €14,625,000 fixed rate Tranche B Notes) by the Company to Transcor under the Note Subscription Agreement, due December 31, 2010 (such maturity date having been extended pursuant to the Restructuring Framework Agreement).

Notes Monies Owing means all principal and interest accrued or owing to Transcor in relation to the Notes on the Restructure Date.

Note Subscription Agreement means the subscription agreement for convertible notes entered into by the Company and Transcor on 28 December 2007.

Related Bodies Corporate has the meaning given in the Corporations Act.

Restriction Deed means the deed of that description dated on or about the date of this Agreement, between the Company and Transcor.

Share Subscription and Option Agreement

Restructure means all transactions contemplated in clause 7,8,9 and 10 of the Restructuring Framework Agreement.

Restructure Date means the date on which all agreements and transactions to give effect to the Restructure are completed in the manner contemplated by the Completion Agreement.

Restructuring Framework Agreement means the agreement of that description dated 4 February 2011 between the Company, Transcor and EGSAS.

Scheme of Arrangement means a scheme of arrangement undertaken in accordance with Part 5.1 of the Corporations Act.

Share means a fully paid ordinary share in the capital of the Company.

Takeover Bid means any offer to acquire all or part of the issued capital of the Company which is made pursuant to a takeover offer made under Chapter 6 of the Corporations Act or an offer to acquire all or part of the issued capital of the Company pursuant to a shareholder approval under Section 611 of the Corporations Act.

Transcor Option means the right but not the obligation to subscribe for 20 million Shares at \$0.50 each and otherwise on the terms and conditions set out in the Schedule to be granted by the Company to Transcor pursuant to clause 1.1.4 of this Agreement.

Interpretation

In this Agreement, unless the context requires otherwise, a reference to:

- 5.1.1 Headings are inserted for convenience only and do not affect the interpretation of this Agreement.
- 5.1.2 Words and phrases defined in the Corporations Act have that defined meaning in this Agreement, unless separately defined by it.
- 5.1.3 A reference to any law, legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision.
- 5.1.4 Dollars or \$, is a reference to the lawful currency of Australia.
- 5.1.5 Time is a reference to Paris time.
- 5.1.6 If the day on which any act, matter or thing is to be done under this Agreement is not a Business Day, the act, matter or thing must be done on the next Business Day.
- 5.1.7 A reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced.
- 5.1.8 A reference to a clause, part, schedule, annexure or attachment is a reference to a clause, part, schedule, annexure or attachment of or to this Agreement.

Share Subscription and Option Agreement

- 5.1.9 An expression importing a natural person includes any company, trust, partnership, joint venture, association, body corporate or governmental agency.
- 5.1.10 Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.
- 5.1.11 A word which denotes the singular also denotes the plural, a word which denotes the plural also denotes the singular, and a reference to any gender also denotes the other genders.
- 5.1.12 A reference to the word 'include' or 'including' is to be construed without limitation.

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Share Subscription and Option Agreement

Execution

Executed as an agreement

Date: 5 May 2011

Executed by **European Gas Limited**
ACN 075 760 655, in accordance with section
127(1) of the Corporations Act by:

.....
Signature of director.....
Name of director (print).....
Signature of director/secretary.....
Name of director/secretary (print)

Executed by **Transcor Astra Luxembourg**
S.A. by its authorized representatives:

.....
Signature.....
Name (print).....
Signature.....
Name (print)

Share Subscription and Option Agreement

Schedule -- Transcor Option terms and conditions

This Schedule forms part of the Share Subscription and Option Agreement and sets out the terms and conditions applying to the Transcor Option when granted.

The Transcor Option will be granted on the following terms and conditions:

1. **Option:** Transcor shall have the right but not the obligation to subscribe for 20 million Shares at the Exercise Price set out in Section 3 below. The Transcor Option may be exercised in whole or in part at any time during the Option Period set out in Section 2 below.
2. **Option Period:** The Transcor Option vests on grant and expires at 12 noon Paris time on the date which is 12 months after the date on which the Transcor Option is granted (**Expiry Date**). The Transcor Option shall lapse if it is not validly exercised in accordance with Section 4 below by Transcor on or before 12 noon Paris time on the Expiry Date.
3. **Exercise Price:** The exercise price is A\$0.50 per Share.
4. **Exercise Notice:** The Transcor Option may be exercised in whole or in part by giving notice of exercise to the Company (in the form set out in this Schedule) and such notice
 - 4.1. may be given in any manner provided for the giving of notices under clause 4 of this Agreement;
 - 4.2. shall be taken to be given by Transcor at the time determined in accordance with clause 4.3 of this Agreement even if not actually received by the Company at that time; and
 - 4.3. may be exercised by the giving of one or more notices in accordance with this Section 4 at any time during the Option Period.
5. **Payment of Subscription Price and Issue of Shares:** Within 2 Business Days of giving an Exercise Notice in accordance with Section 4, Transcor shall :
 - 5.1. deliver the relevant Transcor Option Certificate to the Company; and
 - 5.2. pay the subscription amount for the relevant number of Shares to the bank account advised by the Company following receipt of the Exercise Noticeand the Company shall allot and issue the Shares promptly following receipt of the Transcor Option Certificate and the payment for the subscription amount.
6. **Option Certificate:** Upon allotment of the Shares, the Company shall cancel the Transcor Option Certificate if the Transcor Option has been exercised in full. Where the Transcor Option has been partly exercised, a new Transcor Option Certificate for the unexercised part of the Transcor Option shall be issued to Transcor by the Company.
7. **Quotation on ASX:** The Transcor Option will not be quoted for trading on ASX. The Company must apply to ASX for quotation of Shares issued on exercise of the Transcor

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Share Subscription and Option Agreement

Option in accordance with the Listing Rules.

8. **New issues:** The Transcor Option shall not carry the right to participate in any new issue of securities (including bonus issues) which may be offered to shareholders of the Company from time to time prior to the exercise of the Transcor Option, without exercising the Transcor Option. The Company shall use reasonable endeavours to give Transcor at least five Business Days notice before the relevant record date to determine entitlements to the issue so as to give the holder an opportunity to exercise the Transcor Option. Upon exercise of the Transcor Option, Transcor shall have the right to participate in the relevant new issue of securities in respect of the Shares to be issued following exercise of the Transcor Option, provided the Exercise Notice has been given and section 5 above has been complied with on or before the relevant record date for the new issue of securities.
9. **Bonus issues:** if the Company makes a bonus issues of Shares, the number of Shares issued upon exercise of the Transcor Option will be increased by the number of Shares Transcor would have received if the Transcor Option had been exercised before the applicable record date for the bonus issue of Shares.
10. **Adjustment of Option Price:** if there is a pro rata issue of securities to shareholders of the Company other than a bonus issue, the Exercise Price of the Transcor Option shall be adjusted in accordance with ASX Listing Rule 6.22.
11. **Reorganisation of capital:** In the event of a capital reorganisation of the Company, the terms and conditions of the Transcor Option will be amended to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation
12. **Dividends:** The Transcor Option will not entitle Transcor to receive payment of dividends other than with respect to dividends that may be declared or determined on Shares issued after an Transcor Option is exercised. Any Shares allotted on exercise of a Transcor Option will rank *pari passu* in all respects with other Shares.
13. **Restriction:** Transcor must not sell or transfer the Transcor Option until the date which is six months following the grant of the Transcor Option, but may sell or transfer Shares issued upon exercise of the Transcor Option, subject to:
 - 13.1. Section 14 below;
 - 13.2. clauses 3.3.7, 3.3.8 and 3.4 of this Agreement; and
 - 13.3. the Restriction Deed.
14. **Takeover Bid or Scheme of Arrangement:** If a Takeover Bid or Scheme of Arrangement is announced in relation to the Company prior to the exercise of the Option by Transcor, then the Company shall at the request of Transcor use its reasonable endeavours, subject to the Corporations Act and the Listing Rules and the duties of its directors, to procure that the Takeover Bid or Scheme of Arrangement includes arrangements to enable Transcor (at Transcor's sole election and discretion) to participate fully in the Takeover Bid or Scheme of Arrangement. Such arrangements may include, without limitation: (a) arrangements to ensure that the Options are included in the securities to be acquired by the acquiring entity under the Takeover Bid or Scheme of Arrangement without Transcor having to exercise the

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Options; or (b) arrangements to ensure that Shares issued on exercise of the Option are included in the Takeover Bid under section 617(2) of the Corporations Act, both before and after the Takeover Bid becomes unconditional. Nothing in this clause shall be taken to prevent Transcor from exercising the Options following the announcement of the Takeover Bid or Scheme of Arrangement.

On 9