



Greenvale Enters into a Sale and Purchase Agreement for the sale of its Nagoorin and Lowmead tenements

ASX Release

14 July 2015

Greenvale Energy NL (ASX: GRV) (the “Company”) is pleased to announce the following:

Highlights:

- Sale and purchase agreement with QER has been entered into
- \$400,000 deposit to be paid by QER which is to be secured by a general security agreement over all of the assets of GRV until completion (or prior termination) of the SPA
- Completion subject to shareholders’ approval at a general meeting to be held in late August/September 2015
- Company is expected to have a net cash position of \$3 million post transaction
- No decision on strategic direction has been made. However, work on Alpha tenement continues and new opportunities are being considered
- Intention to repay the Convertible Noteholders

Agreement with QER, joint venture partner

As announced on 3 June 2015, GRV received a formal offer from its joint venture partner, Queensland Energy Resources Limited (“QER”) for the sale of its interests in the Lowmead and Nagoorin joint ventures for a sum of \$4 million.

GRV is now pleased to advise that it has today entered into a sale and purchase agreement (“SPA”) with QER for the sale of the above assets. The key terms of the SPA are summarised in Annexure A.

One of the key aspects of the SPA is the minimal amount of warranties and indemnities that GRV is required to provide QER concerning the sale of the assets, meaning that going forward, GRV will be free of significant exposure in connection with the sale of the Nagoorin and Lowmead joint venture assets. In addition, QER and GRV release each other from all liability under the respective joint venture agreements (other than any claims which have already accrued prior to completion of the SPA). On completion of the SPA, QER will own 100% of the interests in both the Lowmead and Nagoorin tenements.

Completion of the sale transaction under the SPA is subject to a number of conditions precedent, including GRV obtaining approval from its shareholders. Further details relating to the conditions precedent are set out in Annexure A.

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Notice of meeting

GRV and its advisers are working through the preparation of a notice of meeting ("**NOM**") to approve the proposed transaction under Listing Rule 11.2. The exact timing of the meeting will be made available as soon as possible. However, at this stage, the expected meeting date is to be held on or about late August /September 2015.

As part of the NOM, a pro forma balance sheet will be provided. It is expected that this pro forma balance sheet will show a cash position net of all liabilities (including the convertible notes) of approximately \$3 million.

Strategic direction and acquisitions

Assuming that the proposed sale is approved by shareholders and completion of the SPA occurs, GRV's assets will comprise of the following:

Tenement	Interest	Status
Alpha (MDL 330)	99.99%	Current to 31 January 2017
Madre North (EPM 25795)	100%	Current to 22 December 2019
Madre South (EPM 25792)	100%	Under Application

Since the announcement of the proposed acquisition, the board of GRV has focused its energy on the Alpha tenement. Further details of this work will be provided. In addition to the above, GRV has commenced considering new opportunities. Further updates will be provided to shareholders at the next annual general meeting.

Use of sale proceeds

The Board has considered that at this stage, a return of capital would not be meaningful to shareholders and that the funds could be better deployed for reinvestment. Accordingly, the board has set a timeframe for holding the net proceeds for the purposes of reinvestment. The board will reassess its timeframe between now and the annual general meeting if no suitable asset has been found or the likely prospect of not finding such asset.

As previously announced, GRV has issued Convertible Notes totalling approximately \$300,000. The Convertible Notes are due to mature on the 31 August 2016 ("**Maturity Date**") and can be converted at the election of Convertible Noteholders at any time after 31 August 2015 and before 31 August 2016. The Board intends to approach the Convertible Noteholders to repay them before the Maturity Date.

Further details

Further details of the timing for the shareholders meeting, NOM, use of funds and strategic direction of GRV will be announced to shareholders as and when they become available.

Contact details

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Annexure A

Key terms of the SPA

A summary of the key terms of the SPA between GRV and QER are set out below:

1. payment of a \$400,000 deposit. The deposit is to be secured by a general security agreement over all of the assets of GRV and such security interest will be released upon completion of the SPA. The deposit is released to GRV once it is paid, but refundable to QER if the SPA is terminated before completion occurs;
2. part of the deposit is to be used to meet an outstanding stamp duty liability with the Queensland State Revenue Office ("QLD OSR") of \$90,860;
3. the following conditions precedent must be satisfied before completion can occur:
 - a. any necessary approvals under the Foreign Acquisitions and Takeovers Act 1975 (Cth) have been obtained;
 - b. GRV meeting the payment of certain outstanding stamp duty liability, and any other amounts that may be owing to the QLD OSR;
 - c. the board of GRV providing to its shareholders (via a Notice of Meeting) its recommendation of the sale;
 - d. GRV shareholder approval; and
 - e. confirmation of registration of GRV's title to the tenements;
4. unless otherwise agreed, the deadline for satisfaction of all conditions precedent is three months from the date of execution of the SPA – that is, 14 October 2015;
5. the balance of the purchase price (after deducting the deposit) of \$3.6 million is payable by QER to GRV at completion;
6. QER has the right to offset against the completion payment of \$3.6 million, the amounts of \$149,152 (being outstanding prior year joint venture costs) and the current year's costs to be incurred up to completion;
7. mutual indemnities by GRV and QER for claims in connection the joint venture agreements which accrue before completion of the SPA, but otherwise each party releases the other party from all claims; and
8. apart from the transfer of title and under the general security agreement, there are no other warranties and indemnities to be provided by GRV to QER under the SPA regarding the sale of the joint venture interests.