

\$A Facility Agreement

Linc Energy Limited ABN 60 076 157 045

and

Kenneth Eidler Dark

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\$A Facility Agreement

Date	16 DECEMBER 2011
Parties	<p>Linc Energy Limited ABN 60 076 157 045 of 32 Edward Street, Brisbane, Queensland 4000.</p> <p>(Financier)</p> <p>Kenneth Eidler Dark of 338 McFarlanes Road, Morpeth, New South Wales 2321</p> <p>(Borrower)</p>
Background	<p>A. IT IS AGREED in consideration of the Financier agreeing to provide financial accommodation at the request of the Borrower and the Guarantor that the parties are bound by the terms and conditions of this Agreement.</p>

Agreement

1. Definitions and Interpretations

1.1 Definitions

In this Agreement unless the context otherwise requires:

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Sydney or Brisbane;

Debt means the aggregate from time to time of the Principal Sum together with interest and all other money actually or contingently payable by the Borrower to the Financier under a Transaction Document and includes any part of that money;

Employee Share Plan means the grant of performance options granted by the Financier to the Borrower at its general meeting dated 20 March 2007;

Event of Default means any of the events so described in this Agreement;

Facility means the facility made available to the Borrower under this Agreement;

First Advance Date means the date on which the Financier makes the first advance on account of the Principal Sum;

GST means any tax, levy, charge or impost implemented under the *A New Tax System (Goods and Services Tax) Act (GST Act)* or an Act of the Parliament of the Commonwealth of Australia substantially in the form of, or which has a similar effect to, the GST Act.

Guarantee means each guarantee given by the Guarantor;

Guarantor means the person named in **Item 1** and includes any other person who has guaranteed or now or at any time in the future guarantees to the Financier the performance of this Agreement;

Higher Rate means the interest rate specified in **Item 4**;

Insolvency Event means the happening of any one or more of the following events:

- (a) an application (not being an application that is being contested in good faith and that is withdrawn or dismissed within 10 Business Days of its commencement) is made to a court for an order or an order is made that a body corporate be wound up or that a liquidator or provisional liquidator be appointed to a body corporate;
- (b) a body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them;
- (c) a body corporate resolves to wind itself up or otherwise dissolve itself, or gives notice of intention to do so, or is otherwise wound up or dissolves;
- (d) a body corporate is unable to pay its debts as they fall due or is or states that it is insolvent or is treated as or presumed insolvent under any applicable legislation;
- (e) a receiver, receiver and manager, trustee, administrator or similar official is appointed over any or all of the assets or undertaking of a body corporate;
- (f) a body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (g) a Liquidation occurs in relation to a person; or
- (h) a person becomes insolvent under administration as that term is defined in section 9 of the Corporations Act;
- (i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction;

Interest Payment Date means the day which is the last day in the calendar month in which the First Advance Date occurs and thereafter on the last day of each subsequent month. If the last day of any month falls on a day which is not a Business Day, the Interest Payment Date will be the next Business Day;

Lower Rate means the interest rate specified in **Item 5**;

Obligor means the Borrower and each person providing a Security, including the Guarantors;

PPS Law means:

- (a) the PPSA and any regulation made at any time under the PPSA, including the PPS Regulations (each as amended from time to time); and
- (b) any amendment made at any time to any other legislation as a consequence of a law or regulation referred to in paragraph (a).

PPS Regulations means the *Personal Property Securities Regulations 2010* (Cth).

PPSA Law means the *Personal Property Securities Act 2009* (Cth).

PPSA Registration Commencement Time means the 'Registration Commencement Time' as defined in the PPSA.

Principal Sum means the amount specified in **Item 2**;

Project Financier means the Financier's senior debt financier in respect of the Property.

Related Body Corporate has the meaning given by the *Corporations Act*;

Security means the security specified in **Item 6** and includes any part of the Security;

Security Interest includes:

- (a) any mortgage, pledge, lien, encumbrance or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset;
- (b) on and from the PPSA Registration Commencement Time, a 'security interest' as defined in the PPS Law; and
- (c) any retention of title other than in the ordinary course of day-to-day trading and a deposit of money by way of security but it excludes a charge or lien arising by operation of statute unless there is default in payment of moneys secured by that charge or lien.

Shares means the Shares the Employee Share Plan vesting on the Third Vesting Date;

Subsidiary has the meaning given by the *Corporations Act*;

Termination Date means the date specified in **Item 3** or such other date as determined in accordance with this Agreement;

Third Vesting Date means 31 December 2011;

Transaction Document means:

- (a) this Agreement;
- (b) the Employee Share Plan;
- (c) a Security; or
- (d) a document entered into or given under or in connection with, or for the purpose of amending or novating, any document referred to in a paragraph.

Trust means each trust of which the Borrower is the trustee whether or not known to the Financier including the trust, if any, specified in **Item 7**.

1.2 Interpretation

In this Agreement unless the context otherwise requires:

- (a) reference to a person includes any other entity recognised by law and vice versa;
- (b) words importing the singular number include the plural number and vice versa;

- (c) words importing one gender include every gender;
- (d) any reference to any of the parties by their defined terms includes that party's executors, administrators or permitted assigns or, being a company, its successors or permitted assigns;
- (e) every agreement or undertaking expressed or implied by which more than one person agrees or undertakes any obligation or derives any benefit binds or enures for the benefit of those persons jointly and each of them severally;
- (f) clause headings are for reference purposes only;
- (g) reference to an **Item** is a reference to an **Item** in the Schedule to this Agreement;
- (h) reference to a statute includes all regulations under and amendments to that statute and any statute passed in substitution for that statute or incorporating any of its provisions to the extent that they are incorporated;
- (i) when a thing is required to be done or money is required to be paid under this Agreement on a day which is not a Business Day, the thing must be done and the money must be paid on the immediately preceding Business Day.

2. Facility and Interdependency

2.1 Provision of Facility

Subject to the terms of this Agreement, the Financier agrees to make available to the Borrower a facility of \$250,000.00 for the purposes of exercising the options to purchase the Shares granted to the Borrower under the Employee Share Plan (**Approved Purpose**).

2.2 Restriction on other uses

Unless otherwise agreed in writing by the Financier, the Borrower must utilise the Facility solely for the Approved Purpose.

2.3 Interdependency

The parties to this Agreement acknowledge and agree that:

- (a) it is an essential condition precedent of this Facility that the Borrower completes the purchase of the Shares; and
- (b) the Employee Share Plan and this Agreement are each interdependent with each other;
- (c) if the Employee Share Plan is lawfully terminated by a party, the Financier's obligations under this Agreement automatically terminate; and
- (d) no party to this Agreement may waive the benefit of this clause.

3. Repayments

3.1 Principal repayment

The Borrower must pay to the Financier the Principal Sum, and the balance, if any, of the Debt on the Termination Date.

3.2 Interest

Interest under this Agreement is calculated on the daily balances of the Principal Sum or on so much of it as remains unpaid and upon any judgment or order in which the liability of the Borrower under this Agreement becomes merged in accordance with the provisions of this clause. The interest will be:

- (a) computed from the First Advance Date;
- (b) calculated and charged to the Borrower's account on the last day of each and every month at the Lower Rate.

3.3 Payment of interest

The Borrower must pay to the Financier on each Interest Payment Date an amount equal to the interest calculated in accordance with this Agreement.

3.4 Compounding of interest and interest on arrears

Without prejudice to the obligation to pay, if the Borrower fails to pay any money on a due date (including any interest on an Interest Payment Date) or if the Financier pays money or incurs cost or expense in relation to this Agreement or the Security, the Borrower must pay interest to the Financier on that amount computed from the due date or the date the Financier pays the money or incurs the cost or expense whichever first occurs. Interest will accrue on daily balances at the Higher Rate and will be compounded on the last Business Day of each calendar month.

4. Events of Default

If any one or more of the following occur, an Event of Default at the Financier's option will have occurred. A determination by the Financier in its absolute discretion that any one or more has occurred will be final and binding on the Obligors. The Obligors must promptly inform the Financier in writing upon the happening of any of the events described in this clause.

- (a) There is default (other than by the Financier) in the performance of any term, agreement, or condition contained in or implied by a Transaction Document.
- (b) An Insolvency Event occurs in relation to an Obligor.
- (c) There is any change in ownership or control of the Obligor or any company of which the Obligor is a Subsidiary.
- (d) An Obligor or any person on behalf of an Obligor breaches any undertaking at any time given to the Financier or its solicitors or any condition imposed by the Financier in agreeing to any matter or thing.
- (e) In the Financier's opinion there is a material adverse change in an Obligor's financial condition.
- (f) An Obligor commits an offence under the *Corporations Act*.
- (g) Any representation, warranty, reply to requisition, or any financial or other information provided to the Financier in connection with the Facility is or becomes untrue, false, or misleading.
- (h) All or any part of this Agreement, the Security, or the Guarantee becomes void, illegal, invalid, unenforceable, or of limited or of reduced force effect or value.

- (i) Any default occurs under the Security and/or any collateral security.

5. Rights on Default

5.1 Happenings on Event of Default

Despite any other provision of this Agreement, at any time after an Event of Default occurs in the manner and at the times the Financier in its absolute discretion deems appropriate, despite any omission, neglect, delay, or waiver of the right to exercise the option, and without liability for loss, the Financier may do any one or more of the following:

- (a) cancel the Facility;
- (b) demand and require immediate payment of the Debt and recover the Debt from the Borrower and/or the Guarantor;
- (c) exercise any right, power, or privilege conferred by law, equity, this Agreement, the Security, the Guarantee, and/or any other collateral document or security;
- (d) perform any one or more of the Borrower's obligations under this Agreement, the Security, or any collateral security.

5.2 Restrictions Do No Apply

Any restriction, requirement for notice, or effluxion of time stipulated or required by any statute is negated so far as is lawful. The Financier need not give notice to the Borrower before exercising a right, power, or remedy under this Agreement unless notice is required by a statutory provision which cannot be excluded. Where a statutory provision stipulates that notice must be given then:

- (a) If no period of notice is prescribed, one day is fixed as the period during which:
 - (i) default must continue before a notice is given or demand is made requiring payment of the Debt or the observance or performance of obligations under this Agreement; and
 - (ii) the notice or demand referred to in sub clause (i) of this sub clause must remain not complied with before the Financier's right, power, or remedy may be exercised;
- (b) If a period of notice is prescribed, that period of notice will apply.

5.3 Recovery of Debt Not Effected

The Debt may be recovered by the Financier exercising its rights under this Agreement, the Security, the Guarantee, any collateral security, or any of them without prejudice or reference to the Financier's rights under any other document.

6. Administrative Provisions

6.1 Costs and expenses

The Borrower on demand by the Financier must pay all costs (including legal costs as between solicitor and client), expenses, and other amounts incurred or paid by the Financier or any Receiver in respect of this Agreement, the Security, and the Guarantee (including those arising in consequence or on account of any Event of Default or the exercise or purported or attempted exercise of any of the Financier's rights or powers or for the

preservation of or in any manner with reference to this Agreement, the Security, and/or the Guarantee including the reasonable internal administration costs of the Financier and the Financier's officers), stamp duty, loan duty, or other duty including duties and taxes on receipts or payments, and fines or penalties arising directly or indirectly in respect of this Agreement, the Security, the Guarantee, and/or any transaction contemplated by those documents. Anything which the Borrower is required to do or the Financier is required or permitted to do under this Agreement will be done at the Borrower's expense.

6.2 Notices

- (a) Any notice or statement to be given or demand to be made on the Borrower under this Agreement:
 - (i) will be effectively signed on behalf of the Financier if it is executed by the Financier, any of its officers, its solicitor, or its attorney;
 - (ii) may be served by being delivered personally to, by being left at, or by being posted in a prepaid envelope or wrapper to the Borrower's address specified in this Agreement or the Borrower's registered office, place of business, or residence last known to the Financier, or by being sent to the Borrower by facsimile transmission.
- (b) A demand or notice if:
 - (i) posted will be deemed served two Business Days after posting;
 - (ii) sent by facsimile transmission will be deemed served on conclusion of transmission.
- (c) Service by any of these methods will be valid and effectual even though the Borrower does not receive the document or if the document is returned to the Financier through the post unclaimed.

6.3 Waiver

No failure to exercise and no delay in exercising the Financier's rights, powers, or privileges under this Agreement operates as a waiver. No waiver of the Financier's rights, powers, or privileges under this Agreement is effective unless made in writing.

6.4 Financier's certificate

A certificate signed by or on behalf of the Financier or its solicitor as to a matter or as to an amount payable to the Financier in connection with this Agreement is conclusive and binding on the Borrower as to the amount stated in it and any other matter of a factual nature.

6.5 Governing law

This Agreement is governed by and construed in accordance with the law for the time being in force in the place specified in **Item 8** and the Borrower agrees to submit to the non exclusive jurisdiction of the courts of that place.

6.6 Payments

All money payable by the Borrower under this Agreement must be paid in cleared funds without set off or counter claim and free of all deductions as and where the Financier directs on or before 12:00 noon local time on the due date or if none on demand. Payments will be credited to the Borrower only when actually received by the Financier. The Financier will have an absolute discretion (without the need to communicate its election to anyone) to apply at any time any payment received by it in reduction of any part of the Debt it elects. Any surplus money received by the Financier will not carry interest and may be paid by the

Financier to the credit of an account in the Borrower's name in any bank the Financier thinks fit including the Financier.

6.7 Confidentiality

- (a) The Financier and the Borrower must, and must ensure that their officers, employees, agents, financiers, representatives, consultants and advisors, keep confidential and not disclose to any other person without the written consent of the other party the existence, likely existence or contents of this Agreement or other documents or matters relating to this Agreement.
- (b) This clause does not merge on termination of this Agreement or the repayment of the Facility.

6.8 Damages

The Borrower fully indemnifies the Financier from and against any expense, loss, loss of profit, damage, or liability (as to the amount of which the Financier's certificate will be conclusive) which the Financier may incur as a consequence of an Event of Default occurring, as a consequence of any prepayment (including prepayment demanded by the Financier consequent on an Event of Default occurring), or otherwise in connection with this Agreement, the Security, the Guarantee, and/or any other collateral document or security. Without limitation, this indemnity extends to any loss (including loss of profit), premium, penalty, or expense which may be incurred in terminating or varying contractual arrangements entered into by the Financier, in repaying deposits obtained or maintained to fund the Facility or any part of it, or in redeploying or reinvesting the money repaid. The Borrower acknowledges that the amount of loss and loss of profit may be determined by reference to a pool of funds or other matters as distinct from a specific borrowing by or a specific contract of the Financier made to fund the Facility.

6.9 Assignment

The Financier may assign, novate, or participate its rights and/or obligations under this Agreement, the Security, any other collateral document or security, or any part of them. The Borrower must execute any documents which in the Financier's opinion are reasonably necessary for those purposes. The Borrower must not assign, novate, transfer, or deal with its rights or obligations under this Agreement, the Security, or any other collateral document or security.

6.10 Disclosure

The Financier may disclose to a potential assignee, novatee, participant, or any other person information about the Borrower, the Guarantor, the Security, and any other collateral document or security.

6.11 Consent

Any authority, consent, or other thing to be given, made, or exercised by the Financier under this Agreement may be done, given, or made how and when the Financier decides.

6.12 Severability

If any term, agreement, or condition of this Agreement or the application of any term, agreement, or condition of this Agreement to any person or circumstance is or becomes illegal, invalid, or unenforceable in any jurisdiction it will be severed and non of the remaining terms, agreements, or conditions will be affected. The application, validity, or enforceability of the severed term, agreement, or condition in any other jurisdiction will not be affected.

6.13 Other securities

This Agreement will not merge with, discharge, extinguish, postpone, or prejudice any other security or right held by the Financier and no other security or right will affect this Agreement.

6.14 Set off

The Financier may without notice combine, consolidate, or merge any or all of the Borrower's accounts conducted with the Financier and may set-off the Debt against them or set-off the Financier's obligations under this Agreement against the Borrower's obligations to the Financier under the Employee Share Plan. The Financier need not allow any set-off between the Debt and any credit balance of any account conducted with the Financier by any person.

6.15 Interest on judgment

If a liability under this Agreement becomes merged in a judgment or order then the Borrower as an independent obligation must pay interest to the Financier on the amount of that liability from the date it becomes payable until it is paid both before and after the judgment or order despite the bankruptcy or insolvency of the Borrower at a rate being the higher of the rate payable under the judgment, order, bankruptcy, or insolvency and the rate payable on the Debt.

6.16 No representations to Borrower

The Borrower does not execute this Agreement as a result or because of any promise, representation, statement, or information of any kind given or offered by or on behalf of the Financier whether in answer to any enquiry by or on behalf of the Borrower or not.

6.17 Statutes

So far as is lawful, the provisions of all statutes and regulations at any time operating directly or indirectly to:

- (a) lessen, modify, or affect the Borrower's obligations in favour of the Financier; or
- (b) stay, postpone, or otherwise prevent or prejudicially affect the exercise of all or any of the Financier's rights, powers, and remedies conferred by this Agreement;
- (c) are negatived and excluded from and will not apply to this Agreement. All powers, rights, and remedies conferred on the Financier or any Receiver by law, in equity, or by any statute will be in addition to those contained in this Agreement and will not curtail, diminish, or qualify any of them.

6.18 Counterparts

- (a) This Agreement may be signed in any number of counterparts and the counterparts will, together, be taken to be a single document. Each party to this Agreement acknowledges that they are bound by this Agreement, even if this Agreement is not signed or is not signed effectively (whether in counterparts or otherwise) by all parties to it.
- (b) This Agreement is binding on a party (**Bound Party**) upon the receipt by any other party (**Recipient**) of a counterpart executed by the Bound Party and sent by facsimile machine or any other electronic means.
- (c) The Recipient may treat an executed copy of a counterpart sent by facsimile machine or any other electronic means as an original executed counterpart.
- (d) In this clause 1.9 the phrase "receipt by a party" includes receipt by that party's solicitors.

6.19 Attorney

- (a) For consideration received, the Borrower and Guarantor irrevocably appoint the Financier and each officer of the Financier as the attorney of the Borrower to:
 - (i) execute and deliver all documents; and
 - (ii) do all things,which are necessary or desirable to give effect to each this Agreement or a Security.
- (b) An attorney appointed under clause 1.10 may appoint a substitute attorney to perform any of its powers.

6.20 PPS Law further assurances

- (a) If:
 - (i) a PPS Law applies or commences to apply to any of the Transaction Documents or any transaction contemplated by them, or the Financier determines that this is the case; and
 - (ii) in the Financier's opinion, the PPS Law:
 - (A) does or will adversely affect the Financier's security position, obligations or Powers; or
 - (B) enables or would enable the Financier's security position to be improved without adversely affecting an Obligor,

the Financier may give notice to each Obligor requiring the Obligor to do anything (including amending any Transaction Document or executing any new Transaction Document) that in the Financier's opinion is necessary, to the maximum possible extent, to overcome the circumstances contemplated in paragraph (A) above and/or improve the security position as contemplated in paragraph (B) above. Each Obligor must comply with the requirements of that notice within the time specified in the notice.
- (b) Without limit, if a Transaction Document (or a transaction in connection with it) is or contains a Security Interest under the PPS Law, each Obligor agrees to do anything (such as obtaining consents, completing, signing and producing documents and supplying information) which the Financier considers necessary for the purposes of:
 - (i) ensuring that the Security Interest is enforceable, perfected and otherwise effective;
 - (ii) enabling the Financier to apply for any registration, or give any notification, in connection with the Security Interest so that it has the priority required by the Financier; and
 - (iii) enabling the Financier to exercise Powers in connection with the Security Interest.
- (c) Without limiting any other provision of this document, any Security or any other Transaction Document, the Borrower waives its right to receive any verification statement (or notice of any verification statement) in respect of any financing statement or financing change statement relating to any Security Interest created under this document or any other Transaction Document.
- (d) If having completed everything reasonably practicable as required under clause 1.11(a) in the Financier's opinion the Financier's security position, obligations or

Powers under or in connection with the Transaction Documents have been or will be materially adversely affected, the Financier may by further notice to the Borrower cancel the Facilities, in which case:

- (i) the Facilities will be cancelled with effect on the date specified in the notice; and
 - (ii) the Borrower must pay to the Financier the Debt within 60 Business Days of that cancellation.
- (e) In this clause 1.11(a) the following words and expressions have the same meanings given to them in the PPSA: **control, financing change statement, financing statement, purchase money security interest, serial number** and **verification statement**.

7. GST

- 7.1 If the Financier becomes liable to pay GST in respect of a supply for which payment is required to be made by the Financier or the Borrower under or in respect of this deed, the Security or an agreement collateral to this deed, the amount of that payment will be increased so that after payment of the GST by the Financier the net amount retained by the Financier is the same as if the Financier was not liable to pay any GST in respect of that supply. The GST amount will be notified by the Financier to the Borrower and must be paid by the Borrower to the Financier together with the payment to which the GST relates.

Schedule**Item 1**

Guarantor: Not applicable.

Item 2

Principal Sum: \$250,000.00

Item 3

Termination Date: The date that is 48 months following the First Advance Date.

Item 4

Higher rate: The aggregate of the Lower Rate and 5% per annum.

Item 5

Lower rate: The rate charged by Westpac Banking Corporation on commercial overdrafts exceeding \$100,000 plus a margin of 2 per cent.

Item 6

Security: Holding lock granted by the Borrower to the Financier in respect of the Shares.

Item 7

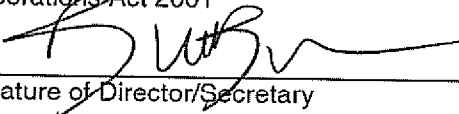
Trust: None Disclosed.

Item 8

Governing Law: Queensland

Executed as an agreement.

EXECUTED by Linc Energy Limited ACN 076
157 045 in accordance with section 127 of the
Corporations Act 2001



Signature of Director/Secretary

Brook Bunne

Name of Director/Secretary

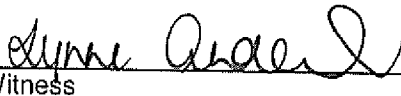


Signature of Director

C. RICATO

Name of Director

EXECUTED by Kenneth Eidler Dark in the
presence of:



Witness

LYNNE ANDERSON

Name (please print)



Kenneth Eidler Dark