



Authorised Investment Fund Ltd.

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ASX Release

4th March 2019

AMENDED AIY ASX RELEASE DATED 1 MARCH 2019

We discovered a typing error in the original ASX Release dated 1 March 2019. The error is regarding the location of Casterton, which is in western Victoria not in western Australia. Below is the correct version of the release.

AIY makes offer for all shares in Encounter Minerals Pty Ltd

The Board is pleased to announce that AIY has today commenced making formal conditional offers for all shares in Encounter Minerals Pty Ltd (**Encounter**).

As announced on 8 November 2018, AIY has joined the search for gold and other rare metals in Western Victoria through acquiring a 30% interest in Precious Minerals Pty Ltd, which in turn holds a beneficial interest of 12.36% interest in Encounter.

Encounter holds leases near the township of Casterton in **Western Victoria** and AIY understands that recent reports from exploration activities have been promising.

The offer

AIY is offering each Encounter shareholder the following alternative consideration (the election of which will be in the sole and absolute discretion of AIY):

- subject to receiving approval from the Board of the Pooled Development Funds (**PDF Board**), 5871 newly issued AIY fully paid ordinary shares at \$0.30 per share (**AIY Shares**) for each Encounter fully paid ordinary share (**Encounter Shares**), or
- an amount in cash equal to \$1761 for each Encounter Share,

There are 3974 Encounter Shares on issue, meaning the total consideration being offered is a maximum of approximately \$7 million in cash or 23.3 million AIY Shares issued to Encounter shareholders (all AIY Shares will rank equally with all existing AIY shares on issue).

The Offer closes on 10 May 2019 (**Closing Date**). AIY may, in its sole and absolute discretion extend the Closing Date but not for longer than 4 months from the opening date (being the date the offer letter is dispatched to Encounter shareholders).

Conditions Precedent

The Offer is subject to the following conditions precedent being satisfied by the Closing Date (or any earlier date as specified in a particular condition) that:

- (a) Encounter provides AIY by 8 March 2019 with all information reasonably required by AIY to conduct due diligence on Encounter and its assets, which includes any reports commissioned by Encounter. (Due Diligence Materials) The provision of information to AIY will be on the understanding that AIY has the discretion to pass on that information to any third party it sees fit.
- (b) After reviewing the Due Diligence Materials, AIY forming an opinion in its sole and absolute discretion that the Offer should continue.



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- (c) AIY receiving necessary ASX approvals for the issue of its shares as consideration for the Offer, including member approval if required.
- (d) AIY receives all necessary requirements by the Board of the Pooled Development Funds (as defined in the *Pooled Development Funds Act 1992 (Cth)*) (**PDF Board**) to offer scrip consideration and to acquire existing Encounter Shares up to 100%. Such approval must not include any conditions set by the PDF Board which would make it commercially onerous for AIY to continue with the Offer.
- (e) Encounter directors procure all existing shareholders to waive their rights of pre-emption under the constitution of Encounter (Constitution) in relation to any shareholder transferring their shares to AIY under the bid, by no later than 1 April 2019.
- (f) Encounter directors to provide AIY with a written undertaking not to exercise their veto power under the Constitution for any transfer of Encounter shares to AIY under the bid by no later than 1 April 2019.
- (g) AIY receives acceptances to the Offer from Encounter shareholders holding Encounter Shares carrying in aggregate at least 90% of the votes attached to all Encounter shares (Minimum Acceptance) by no later than 10 May 2019.
- (h) No Prescribed Occurrences occur.

For more information regarding the terms of the Offer (including the Prescribed Occurrences), please see a more detailed summary of the Terms and Conditions of the Offer annexed to this announcement.

About AIY

Authorised Investment Fund LTD (AIY) operates as a registered Pooled Development Fund under the Pooled Development Funds Act 1992 (PDF Act), solely within Australia. The principal activity is to provide passive equity capital to certain eligible small or medium-sized Australian companies in accordance with the provisions of the PDF Act.

AIY has a number of favourable investment attributes. One of these is its tax-free capital gain status. Since implementation of AIY's strategy to invest in digital media assets, the market has acted favourably and outperformed the All Ordinaries Index over the past 12 months.

For and on behalf of the Board

Cathy Lin Company Secretary - Authorised Investment Fund LTD

- Ends -

Authorised Contact

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Schedule - Terms and Conditions of Offer

1. The offer

AIY offers to acquire all existing Encounter Shares on the terms set out in this Schedule. The Offer is open from the date of the offer letter dispatched to Encounter shareholders until 10 May 2019 (**Closing Date**).

AIY may, in its sole and absolute discretion extend the Closing Date but not for longer than 4 months from the opening date.

2. Conditions Precedent

2.1 Conditions Precedent

This Offer is conditional on the following being satisfied by the Closing Date (or any earlier date as specified in a particular condition):

- (a) Encounter provides AIY by 8 March 2019 with all information reasonably required by AIY to conduct due diligence on Encounter and its assets, which includes any reports commissioned by Encounter. (**Due Diligence Materials**) The provision of information to AIY will be on the understanding that AIY has the discretion to pass on that information to any third party it sees fit.
- (b) After reviewing the Due Diligence Materials, AIY forming an opinion in its sole and absolute discretion that the Offer should continue.
- (c) AIY receiving necessary ASX approvals for the issue of its shares as consideration for the Offer, including member approval if required.
- (d) AIY receives all necessary requirements by the Board of the Pooled Development Funds (as defined in the *Pooled Development Funds Act 1992* (Cth)) (**PDF Board**) to offer scrip consideration and to acquire existing Encounter shares up to 100%. Such approval must not include any conditions set by the PDF Board which would make it commercially onerous for AIY to continue with the Offer.
- (e) Encounter directors procure all existing shareholders to waive their rights of pre-emption under clause 7 of the constitution of Encounter (**Constitution**) in relation to any shareholder transferring their shares to AIY under the bid, by no later than 1 April 2019.
- (f) Encounter directors to provide AIY with a written undertaking not to exercise their veto power under clause 7.9 of the Constitution for any transfer of Encounter shares to AIY under the bid by no later than 1 April 2019.



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- (g) AIY receives acceptances to this Offer from Encounter shareholders holding Encounter Shares carrying in aggregate at least 90% of the votes attached to all Encounter shares (**Minimum Acceptance**) by no later than 10 May 2019.
- (h) No Prescribed Occurrences occur. See clause 2.2 below.

2.2 No Prescribed Occurrences

- (a) This Offer and the contract that results from acceptance of this Offer are each subject to none of the following occurring during the period commencing on the date of the Offer and ending on the Closing Date (each being a separate condition):
 - (i) *the shares of Encounter or any subsidiary of Encounter are converted into a larger or smaller number of shares;*
 - (ii) *Encounter or a subsidiary of Encounter resolves to reduce its share capital in any way;*
 - (iii) *Encounter or a subsidiary of Encounter:*
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
 - (iv) *Encounter or a subsidiary of Encounter makes an issue of or grants an option to subscribe for any of its securities or agrees to make such an issue or grant such an option;*
 - (v) *Encounter or a subsidiary of Encounter issues or agrees to issue convertible notes;*
 - (vi) *Encounter or a subsidiary of Encounter disposes or agrees to dispose of the whole or a substantial part of its business or property;*
 - (vii) *Encounter or a subsidiary of Encounter grants or agrees to grant an encumbrance or security interest over the whole or a substantial part of its business or property; or*
 - (viii) *any of the following insolvency events occurs with respect to Encounter or a subsidiary of Encounter:*
 - (A) a liquidator or provisional liquidator is appointed;
 - (B) a court makes an order of winding up;
 - (C) an administrator is appointed under section 436A, 436B or 436C of the Corporations Act;
 - (D) a deed of company arrangement is executed;



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(E) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the company's business or property.

(b) Each paragraph of clause 2.2(a):

(i) *is and must be construed as a separate condition; and*

(ii) *subject to the Corporations Act, operates only for the benefit of AIY and any breach or non-fulfilment of such condition may be relied upon only by AIY which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition.*

2.3 Right to extend time to satisfy conditions

AIY reserves the right to extend the time by which each of the conditions precedent in clause 2.1 must be satisfied, and none of the events in clause 2.2 must occur.

2.4 Right to waive condition precedent

AIY reserves the right to waive the conditions precedent in clause 2.1 including any prescribed occurrences in clause 2.2.

2.5 Effect of Condition Precedents

- (a) Until the conditions in clause 2.1 are satisfied or waived by AIY, no acceptances under this Offer constitute any approval of a contract for the purposes of the Corporations Act 2001 (Cth) (**Corporations Act**) or for any other purpose.
- (b) Until the conditions in clause 2.1 are satisfied or waived by AIY, no acceptances under this Offer results in AIY having any beneficial entitlement to Encounter shares for the purposes of the Corporation Act or for any other purpose.
- (c) If the conditions in clause 2.1 are not satisfied, or not waived by AIY, then any obligation of AIY to purchase Encounter Shares under this Offer is void.

3. Consideration

AIY is offering (the election of which will be in the sole and absolute discretion of AIY):

- (a) subject to receiving approval from the PDF Board, 5871 newly issued AIY Shares at \$0.30 per share for each Encounter Share, or
- (b) an amount in cash equal to \$1761 for each Encounter Share.

4. Offer period

The Offer opens on the date of the Offer (being the date of the offer letter) and closes on 10 May 2019. AIY reserves the right to extend the Offer period but not for longer than 4 months from the opening date.



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5. Provision of consideration

5.1 If consideration is AIY Shares

- (a) If AIY elects to provide AIY Shares as consideration, consideration shares will be issued in accordance with instructions as provided in the Acceptance Form, within 10 business days of the satisfaction of the Conditions Precedent.

5.2 If consideration is in cash

- (a) Alternatively, if AIY elects to provide cash consideration, AIY will pay cash consideration on or before the earlier of:
 - (i) *the day 1 month after the Offer is accepted, or if this Offer is subject to the Conditions Precedent when accepted, 1 months after the contract resulting from an acceptance becomes unconditional; and*
 - (ii) *the day 14 days after the Closing Date, provided that the Offer has become unconditional.*

Under no circumstances will interest be paid on the consideration for the accepted Encounter Shares under this Offer, regardless of any delay in making payment or any extension of this Offer.

- (b) The obligation of AIY to pay cash consideration under the Offer will be satisfied by AIY dispatching or procuring the dispatch of a cheque by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to the shareholder's address as shown on the Encounter share register (or such other address as may be notified in writing to AIY).

5.3 Regulatory prohibition to receive consideration

If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for an Encounter shareholder to receive any consideration under this Offer or the Encounter Shareholder is resident in or a resident of a place to which, or the Encounter Shareholder is a person to whom any law in Australia or otherwise that would make it unlawful for AIY to provide consideration for their Encounter Shares applies, then acceptance of this Offer will not create or transfer to such Encounter Shareholder any right (contractual or contingent) to receive (and the Encounter Shareholder will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

6. Warranty

The Encounter Shareholder represent and warrant to AIY that, both at the time of acceptance of the Offer and at the time of registration of the transfer of the Encounter Shares to AIY, the Encounter Shares are free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and restrictions on transfer of any kind (other than any restrictions under the Constitution).



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7. Power of Attorney

- (a) Pending registration of the transfer of the Encounter Shares, the Encounter Shareholder irrevocably appoint each of AIY' directors from time to time (each an Attorney) jointly and severally to be the Encounter Shareholder's attorney (Power of Attorney) to do in its name on its behalf everything necessary and expedient to:
 - (i) *execute any proxy document appointing a proxy nominated by AIY on the Encounter Shareholder's behalf as its proxy in respect of the Encounter Shares to attend and vote at any and all meetings of Encounter; and*
 - (ii) *generally to exercise all the Encounter Shareholder's powers and rights in relation to the Encounter Shares.*
- (b) the Encounter Shareholder agrees that:
 - (i) *all acts, matters and things done by the Attorney in exercising its powers under the Power of Attorney are as valid and enforceable as if they had been done by the Encounter Shareholder ;*
 - (ii) *a person who deals with the Attorney may accept as conclusive evidence a written statement signed by the Attorney that the Power of Attorney has not been revoked;*
 - (iii) *the Power of Attorney is given for valuable consideration and is irrevocable once given;*
 - (iv) *the Encounter Shareholder and any person claiming under the Encounter Shareholder are bound by anything the Attorney does in exercising its powers under the Power of Attorney; and*
 - (v) *the Encounter Shareholder will ratify and confirm all acts, matters and things done by the Attorney in exercising its powers under the Power of Attorney if so required.*

8. Governing law

This Offer, and any acceptance thereof, is governed by the laws of Victoria. The Encounter Shareholder irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of Victoria in respect of any dispute arising in connection with this Offer of any acceptance thereof.

Ends