Greenvale Energy Limited

Market Update on Convertible Notes, Sale to Queensland Energy Resources Pty Ltd and update on activities

ASX Release **24 September 2015**

Greenvale Energy Limited (ASX: GRV) is pleased to announce the following;

Highlights:

- **Completion of repayment of the Convertible Notes**
- **Repayment of the Convertible Notes has been funded by loans from Director related entities**
- **Advancement in a number of the conditions to the proposed sale to QER**
- **Search for a suitable acquisition has commenced**

Repayment of Convertible Notes

GRV has sought and received formal approval and consent from 100% of the Convertible Noteholders to redeem the outstanding Convertible Notes. The consideration paid for each one Convertible Note is:

- a cash payment equivalent to $7,416 for each Convertible Note whereby each existing Convertible Note has a face value excluding interest of $9,282; and
- the grant of 100,000 free attaching options with an exercise price of $0.08 per option, expiring on the 31 August 2018 for each redeemed note.

There were 31 Convertible Notes on issue with a face value of $287,742. Accordingly, the final repayment of $229,902 represents an amount that is equivalent to approximately 80% of the face value of the Convertible Notes.

In addition, conversion rights previously associated with the Convertible Notes being the lesser of $0.10 or 85% volume average weighted price to convert by no later than 31 August 2016 plus 100,000 free attaching options with an exercise price of $0.10 with an expiry date of 31 August 2018 has been extinguished.

Funding of the refinancing of the Convertible Notes has been via loans from Directors and/or Director related entities. It is intended that these loans are repaid following completion of the sale of Lowmead and Nagoorin oil shale assets to Queensland Energy Resources Limited **("QER").**

Set out below are the following key terms of the loans from the Director or their related entities:

- **security**: unsecured;
- **term**: earlier of receipt of the sale proceeds from QER or 31 August 2016;
- **interest rate**: up to and including 31 October 2015 – 8% per annum and from 1 November 2015, 16%, plus a 1% facility fee;
- usual warranties and termination provisions.

This Board believe that the above transaction is favourable to the Company for the following reasons:

- the early repayment is a 20% saving of the face value of the Convertible Notes; and
- the rights of the Convertible Notes were potentially highly dilutive and based on the current share price, could have resulted in the Convertible Noteholders owing on a fully diluted basis 15% of the capital of the Company, excluding the options. The revised terms of the free attaching options represents 3.1 million options in total or less than 5% of the capital of the Company, which is clearly more advantageous. However, the exercise price is slightly lower than the term offered under the original transaction.

Conditions associated with the QER transaction

The Company is well advanced in most of the conditions precedent to the proposed transaction with QER and believes that it will be in a position to complete the transaction by the sunset date of 14 October 2015.

Strategic direction and acquisitions

The Board continues to remain of the view that at this stage, a return of capital would not be meaningful to shareholders and that the funds could be better deployed for reinvestment. The Board has been actively considering and, to the extent relevant, pursuing a number of acquisition opportunities. Further details will be made available as and when they arise.

Contact details

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