



26 October 2019

ASX Announcement

Subscription Agreement

Placement

Subscription Agreement

Oldfields Holdings Limited (ASX: OLH) (**Company**) is pleased to advise that on 26 October 2019 it entered into a binding Subscription Agreement with EQM Holdings Pty Ltd (ACN 635 693 668) as trustee of the EQM Holdings Trust (**Subscriber**). Under the Subscription Agreement, the Company will issue the Subscriber with new fully paid ordinary shares equal to 51.00% of the total issued share capital of the Company on a fully diluted basis (**Shares**) for an amount equal to \$0.06 per Share (**Placement**).

Under the Subscription Agreement, the Company has also agreed to undertake all actions reasonably within its power to appoint the Subscriber's nominees to the Board, with the Subscriber entitled to nominate such number of persons to the Board as to constitute the majority of the Directors.

The Placement is subject to the approval of the Company's Shareholders at the Company's upcoming Annual General Meeting (**AGM**).

Placement

Subject to receiving Shareholder approval at the AGM and on the terms of the Subscription Agreement, the Company will issue the Subscriber with the number of Shares equal to 51.00% of the issued capital of the Company on a fully diluted basis at the time of issue (which the Company anticipates will be approximately 85,503,329 shares in the Company).

Based on the anticipated number of Shares to be issued and the issue price of \$0.06 per Share, the Placement will raise approximately \$5,131,820 (**Subscription Amount**).

Background to Placement

The Company has negotiated and agreed the Subscription Agreement with the Subscriber to raise funds to facilitate the payment of certain outstanding debts and to provide the Company with additional working capital.

On 21 December 2012, the Company issued a deferred senior loan note (**DSLN**) to Westpac Banking Corporation (**Westpac**). The Company and Westpac have negotiated a deed of redemption and termination (**Westpac Termination Deed**) under which the Company has agreed to pay Westpac a payout amount of \$1.185m (**Agreed DSLN Payout Amount**) in consideration for Westpac discharging and releasing the Company from any obligations or claims under the DSLN.

The Company also has a bank bill facility of \$0.167m, an overdraft facility with a current outstanding balance of approximately \$1.141 million and various other card facilities with Westpac. The total outstanding balance of all other Westpac facilities as at the date of this notice is approximately \$1.5 million (**Outstanding Balance**).

The Company has a number of ongoing obligations under the DSLN and its debt facilities, including compliance with financial covenants that are tested on a monthly basis. A breach of any financial covenant could result in the Company having to immediately repay all of the outstanding debts. These existing Westpac facilities (including the DSLN) have placed strain on both the Company's cash flows and its ability to grow and expand, given the financial covenants.

The Company has further entered into various shareholder loans with Mr Lewis Timms and C Timms. Mr Lewis Timms is the Company's Chairman and agreed to loan the Company a total of \$500,000 for working capital purposes, of which all is currently outstanding (**Timms Amounts**). Interest is calculated on the outstanding amounts at BBSY + 3.75%. The loan is unsecured and repayable after the DSLN is fully repaid.

The Company intends to use the proceeds of the Subscription Amount in the following order of priority:

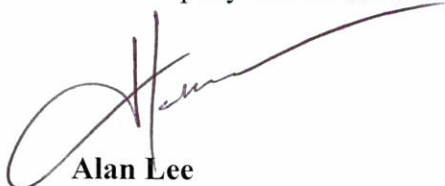
- firstly, towards the Outstanding Balance and the Agreed DSLN Payout Amount;
- secondly, towards repayment of the Timms Amounts; and
- the balance for general working capital purposes as determined by the Board.

AGM

At the Company's upcoming AGM, resolutions will be proposed to:

- seek Shareholder approval for the Placement; and
- appoint the Subscriber's nominees to the Board.

The Company will despatch a notice of meeting for the AGM shortly. Further information regarding the Subscription Agreement, the Placement, the Subscriber and the impact on control of the Company will be set out in the notice of meeting.



Alan Lee
Company Secretary