

ASX RELEASE

CLEANSING NOTICE

Non-Renounceable pro-rata Entitlement Issue

Notice under Section 708AA(2)(f) of the Corporations Act 2001 (Cth)

On 14 November 2013, GB Energy Limited ("**Company**") announced that it would make a non-renounceable pro-rata entitlement issue ("**Entitlement Issue**") of shares in the Company ("**Share**") to all shareholders with a registered address in Australia or New Zealand recorded on the Company's share register at the record date ("**Eligible Shareholders**").

The Company confirms the Entitlement Issue is being made without a disclosure document pursuant to section 708AA of the Corporations Act 2001 (Cth) ("**the Act**").

Pursuant to section 708AA the Company provides the following information:

- (a) the Company will offer the Entitlement Issue shares for subscription without disclosure to investors under Part 6D.2 of the Act as modified by CO 08/35;
- (b) as a disclosing entity it is subject to regular reporting and disclosing obligations;
- (c) as at the date of this notice the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - the rights and liabilities attaching to the Shares
- (e) The principal effect of the Entitlement Issue on the Company's capital structure will be to increase the total number of issued Shares. The effect of the Rights Issue on the control of the Company will be as follows:
 - If all Eligible Shareholders as at the record date take up their full Entitlements, the Entitlement Issue will have no effect on the control of the Company.

- If Eligible Shareholders take up only some of their Entitlements, then the Entitlement Issue will have an effect on voting power because shortfall will be available. Despite this, the Company is of the view that the Entitlement Issue will not have a material effect on the control of the Company (for the reasons explained below).

To the extent that an Eligible Shareholder does not take up its Entitlement, their proportionate shareholding interest and voting power in the Company will be diluted. The extent of that dilution will depend on the degree to which Eligible Shareholders take up their Entitlement. The Directors have advised the Company that they intend to take up their full Entitlements.

The Company currently has 4 Shareholders who have a voting power of more than 5% in the Company. The following is a table of these Shareholders and what voting power they will have at minimum subscription (of \$300,000) and full subscription if they take up their full Entitlement under the Entitlement Issue.

Substantial Shareholder	Relevant interest in Shares	Current voting power	Entitlement	Full Subscription	Minimum Subscription
N&J Mitchell Holdings Pty Ltd and associates	37,726,074	13.58%	37,726,074	13.58%	19.97%
Graeme Kirke (Director) and associates	34,538,960	12.43%	34,538,960	12.43%	18.28%
Freshwater Resources Pty Ltd	15,250,000	5.49%	15,250,000	5.49%	8.07%
Upper Mantle Investments Pty Ltd and associates	15,100,000	5.44%	15,100,000	5.44%	7.99%

Therefore, no Shareholder can increase their voting power beyond 20% by reason of taking up their full Entitlement. The Company will assess any shortfall applications by the substantial Shareholders above to ensure that the 20% voting power threshold is not breached. Graeme Kirke (Director) may not apply for shortfall without prior Shareholder approval and does not intend to apply for shortfall.

By reason of the above, the Company is of the view that the Rights Issue will not materially affect the control of the Company.



If you have any questions about the Entitlement Offer, contact the Company Secretary Anna MacKintosh on (08) 6555 0322

Yours faithfully

A handwritten signature in blue ink, appearing to read 'R Barnett'.

Russell Barnett
Chairman
GB Energy Ltd