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ASX Announcements Office
Australian Securities Exchange

DELAY IN MAKING OFFERS FOR THE PROPOSED ACQUISITION OF EURO PETROLEUM LIMITED

On 11 February 2014, Viculus Limited (ASX: VCL) (**the Company** or **Viculus**) announced that it has entered into a Heads of Agreement (**Agreement**) for the proposed acquisition of Euro Petroleum Ltd (ACN 147 870 362) (**Euro**).

Under the terms of the Agreement, Viculus proposed to acquire all issued shares in Euro (**Bid**). Euro through its subsidiary, Lanka Graphite Holdings Pty Ltd (ACN 160 465 583) (**Lanka Graphite AUS**) holds the contractual rights to acquire 70% of Lanka Graphite Pvt Ltd (No. PV 90062) (**Lanka Graphite SL**) which has been granted five (5) exploration licences over project tenements in the Western Province of Sri Lanka and has made another four (4) exploration licence application, which may be prospective for graphite.

Pursuant to section 631 of the *Corporations Act* 2001 (**Act**), a person who publicly proposes to make a takeover bid for securities in a company must make offers for the securities under a takeover bid within 2 months after the proposal.

For reasons beyond the control of the Company, the Company has not been able to make the offers under the Bid to Euro shareholders within the 2 month period. The key reasons are as follows:

1. **ASX Waiver Application**

The Company had experienced a delay in obtaining a decision from the Australian Securities Exchange (**ASX**) in relation to a waiver that is directly relevant to the Bid.

On 27 February 2014, the Company submitted a waiver application to the ASX, seeking relief from ASX Listing Rule 9.1.3 and Paragraph 2, Appendix 9B such that Euro shareholders would be treated as seed capitalists rather than vendors of a classified asset under Appendix 9B.

The Company considers that the outcome of the ASX waiver is relevant to the Bid, as, without relief, the shares in the Company issued to Euro shareholders as bid consideration would be escrowed for 12 months from the date of the Company re-listing on the ASX.

On 17 April 2014, the ASX verbally informed the parties that it intends to grant the waiver with respect to the escrow treatment of Euro shareholders. The written decision is expected to be received in the forthcoming week or so.

The Company is unable to exert control over when the ASX will provide their determination, the Company however regrets the delay the above has caused to the Company's plan to proceed with the proposed Bid.

2. **Sri Lankan Board of Investments Approval**

The Company has also faced delays in making applications for, and obtaining, regulatory approvals for the transaction from the Sri Lankan Board of Investments (**BOI**).

Euro through its subsidiary, Lanka Graphite AUS holds the contractual right to acquire 70% of Lanka Graphite SL pursuant to a Share Sale Agreement (**SSA**) entered into with the shareholder of Lanka Graphite SL (**Vendor**). Lanka Graphite SL holds exploration licences and exploration licence applications over tenements in Sri Lanka which may be prospective for graphite (**Mining Assets**).

We have been advised that the BOI must grant approval for the proposed acquisition of 70% of Lanka Graphite SL by Lanka Graphite AUS, as the acquisition would breach the 40% foreign ownership threshold prescribed by Sri Lanka's *Exchange Control Act*. BOI approval is required for a foreign party to acquire more than 40% of a Sri Lankan company.

Euro's contractual right to the Mining Assets is an essential element of the transaction, and completion of the acquisition of Lanka Graphite SL is a condition of the Bid, and the Company has delayed issuing its Bidder's Statement until it has been notified of the outcome of the BOI application. The Company was of the opinion that the response from the BOI should be incorporated into the Bidder's Statement for the Bid.

The Company anticipates that it is likely to receive the outcome of the BOI application before 12 May 2014.

The Company believes that the delay caused by the BOI application is largely outside of its control, and the Company also regrets the delay this has caused to the Company's plan to proceed with the proposed Bid.

The Company was of the opinion until late into the 2 month timeframe that enough information as well as the responses that the Company were waiting on as mentioned above would be obtained in time, so that offers for the securities under the Bid could be made within the 2 month period under section 631 of the Act.

When the responses were not forthcoming, the Company had no choice but to make a late application for relief under section 655A of the Act to the Australian Securities and Investments Commission (**ASIC**). Regrettably, the ASIC has informed the Company verbally that it will not be granting relief on this occasion.

The Company wishes to reiterate that it fully intends to proceed with the Bid, and a revised timetable for the completion of the Bid will be announced shortly.

Derek Lo
Company Secretary