

# NOVUS PETROLEUM LIMITED

ABN 17 067 777 440

## RELEASE TO THE AUSTRALIAN STOCK EXCHANGE

22 APRIL 2004

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### INCREASE IN SUNOV'S OFFER FOR NOVUS PETROLEUM TO \$1.85 CASH PER SHARE

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Sunov Petroleum Pty Limited ("Sunov") announced today that it had increased its cash offer for all of the shares in Novus Petroleum Limited ("Novus") to \$1.85 per share, from its previous offer of \$1.77 per share.

The Independent Directors of Novus (Messrs David Blair, Steve Mann and Jim Hornabrook) recommend that shareholders ACCEPT Sunov's revised offer and intend to ACCEPT the offer for their own shares, in both cases, in the absence of an offer emerging which the Independent Directors consider superior. The Independent Directors have recommended acceptance of the revised Sunov offer for the following reasons:

- The independent Expert, Grant Samuel & Associates ("Grant Samuel") has been asked to consider Sunov's revised offer and has concluded that although the offer is below the low end of Grant Samuel's most recent valuation range and is therefore not fair, it is reasonable taking all other factors into account. Reasons for Grant Samuel's opinion will be set out in a supplementary Target's Statement in response to Sunov's revised offer which is expected to be distributed to Novus shareholders shortly;
- While the Independent Directors have made extensive efforts to seek offers from parties other than Sunov and Medco since Medco's offer was announced for Novus in late 2003, no alternative proposal has emerged;
- The improved Sunov offer price of \$1.85 per Novus share is in line with the volume weighted average price of Novus shares since the announcement of Medco's offer;
- The improved Sunov offer price of \$1.85 per Novus share represents a premium of approximately 43% to the closing Novus share price on 19 December 2003, the last trading day prior to the announcement of Medco's offer;
- The Independent Directors believe that if neither the Sunov nor Medco offer was to proceed, there is a material risk Novus' share price could fall substantially.

Commenting on the revised offer, Mr David Blair, Chairman of Novus said, "While Sunov's revised offer is below Grant Samuel's most recent valuation range, the Independent Directors are mindful that nearly four months have passed since Medco's

offer of \$1.74 per share was announced. The Independent Directors believe it is now in the best interests of shareholders and employees that Novus' ownership be resolved and welcome the material improvement in the price being offered to Novus shareholders by Sunov."

Further information concerning Sunov's revised offer is set out in the attached Implementation Agreement which has been entered into between Sunov and Novus. As noted above, a supplementary Target's Statement containing the response and formal recommendation of the Independent Directors to the revised Sunov offer is expected to be distributed to Novus shareholders in the near future.

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**FOR FURTHER INFORMATION please contact:**  
**David Blair or Mike Sandy, Novus Petroleum**  
<http://www.novuspetroleum.com>

**02 9299 4888**

22 April 2004

# SUNOV

## Sunov increases offer for Novus

### Novus Independent Directors recommend acceptance

Sunov Petroleum Pty Limited (Sunov) today announced that it will increase the offer price under its takeover offer for Novus to \$1.85 cash per share, up from its previous offer of \$1.77 per share.

The Independent Directors of Novus (being Messrs David Blair, Jim Hornabrook and Steve Mann) each recommend that Novus shareholders accept the revised Sunov offer, and intend to accept the offer for their own shares, in both cases in the absence of an offer emerging which the Independent Directors consider superior.

The Novus Independent Directors have also stated that despite extensive efforts to solicit alternative proposals (including rival takeover bids) no alternate proposal has emerged.

"Sunov's takeover offer is the best takeover offer available (highest priced and least conditional) and this is reflected in the Independent Directors' recommendation, said Mr Ilyas Khan, Director of Sunov and Group Managing Director of the Crosby Group.

"We urge Novus shareholders to accept our offer without delay."

"By accepting the Sunov offer, Novus shareholders can realise a substantial premium to the price at which Novus shares have traded in the period prior to the announcement of the bid by Medco late last year."

The Sunov revised offer of \$1.85 per share represents:

- a 50.4% premium to the volume weighted average price of Novus shares in the 12 months prior to when the Medco bid was announced; and
- an 11 cent premium to the price being offered by Medco Energi (Australia) Pty Limited (a wholly owned subsidiary of PT Medco Energi Internasional Tbk) under its highly conditional bid.

"Sunov's offer provides the greatest certainty and value for Novus shareholders," said Mr Khan.

"In the absence of the Sunov offer or the Medco offer, Novus' share price could be expected to fall substantially."

"The Medco offer of \$1.74 per share remains highly conditional and Medco has just extended its offer for the sixth time, without increasing its price."

"We believe that it is in shareholders' interest for the transaction to be completed at the earliest opportunity."

**For media enquiries:**

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# Sunov Petroleum Pty Ltd

(ACN 108 045 361)

Unit 2301, 168 Kent Street, SYDNEY NSW 2000

22 April 2004

Messrs David Blair, Jim Hornabrook and Steve Mann  
Directors, Novus Petroleum Limited  
Level 9, 321 Kent Street  
Sydney NSW 2000

Dear Sirs

## Takeover bid by Sunov Petroleum Pty Limited for Novus Petroleum Limited

As you are aware, on 19 January 2004, Dr Bob Williams together with Crosby Capital Partners (“**Crosby**”) publicly proposed to make a takeover bid for Novus Petroleum Limited (“**Novus**”) for a consideration of A\$1.77 per share (“**Offer**”). The nominated bid vehicle for that takeover bid is Sunov Petroleum Pty Limited (“**Sunov**”). Sunov dispatched its Bidder’s Statement on 19 March 2004 and has recently extended its offer period so that the Offer is scheduled to close at 6.00pm (Sydney time) on 20 May 2004.

Sunov has given careful consideration to improving the consideration under its Offer from A\$1.77 per Novus share. It has decided that, despite the fact that its Offer remains the highest and least conditional offer to shareholders, it would be prepared to increase its offer to A\$1.85 per share (the “**Revised Offer**”) if Novus agrees to certain matters. It is against this background that Sunov makes the suggestion contained in this letter. The content of this letter is confidential and must not be disclosed by Novus to any party unless both parties have validly executed a copy of this agreement.

In consideration of Novus agreeing with each of the matters set out below, Sunov agrees that it will announce the Revised Offer and effect the variation as soon as possible.

1. (**Recommendation**) Each of Messrs David Blair, Jim Hornabrook and Steve Mann (each an “Independent Director”) will, immediately after execution of this agreement, in an announcement in the form attached and simultaneous with the Sunov announcement in the form attached:
  - recommend that Novus shareholders accept the Revised Offer, in the absence of an offer considered superior by the Independent Directors (a “**Superior Offer**”);
  - state that, despite extensive efforts to solicit alternative proposals (including rival takeover bids), no alternative proposal has emerged.
2. (**Business as usual**) Novus will conduct its affairs in the usual and ordinary course consistent with past practice, and will seek to ensure that no “prescribed occurrence” (as referred to in s652C of the Corporations Act) other than the issue of Novus shares on the exercise of Novus options, occurs in relation to Novus. Novus will also use its reasonable endeavours to preserve and maintain the value of all its petroleum properties and assets and the properties’ and assets’ relationships, suppliers, customers and employees. Novus

will not dispose of the whole or any part of the Novus Group (including its Australian and Indonesian assets). Without the prior approval of Sunov, Novus will not incur additional capital or exploration expenditure above and beyond that which is currently budgeted other than capital or exploration expenditure up to US\$1 million conducted in the ordinary course of business –.

Nothing in this paragraph 3 requires Novus (or any of its directors) to take any action (or not to take any action, as the case may be) beyond 30 September 2004 (or earlier if the Revised Offer lapses), which would give rise to a breach of fiduciary duties, a breach of any existing contractual obligation or a breach of any other law or legal or equitable obligation.

3. (**Santos access**) Subject to Santos Limited (“**Santos**”) signing a confidentiality agreement containing reasonable and customary terms, and subject to the duties and obligations owed by Novus and its group members and their directors, Novus will at all times, and from time to time, during Sunov’s offer period and while Sunov is compulsorily acquiring any outstanding shares, but no later than 30 September 2004:
  - facilitate and grant Santos reasonable access, authorities, assistance and information to enable Santos to carry out investigations and valuations in respect of the assets and shares which Santos has agreed to acquire (which acquisition is summarised in section 6.1 of Sunov’s Bidder’s Statement) (hereafter referred to as the “**Assets**” and the “**Sale Shares**”) to Santos’ satisfaction, including:
    - reasonable access to the sites of Novus and any company in the Novus group which owns Assets or Sale Shares (“**Novus Group Member**”);
    - reasonable access to any employee of Novus or a Novus Group Member;
    - using all reasonable endeavours to procure that each operator of an Asset grants Santos reasonable access, authorities, assistance and information to enable Santos to carry out investigations and valuations in respect of that Asset;
    - reasonable access to all material information and records of Novus or any Novus Group Member concerning the Assets or Sale Shares; and
    - Novus and Novus Group Members undertaking to give timely responses to any reasonable enquiries made by Santos concerning any matters in connection with the Assets or Sale Shares; and
  - consent to Santos reviewing all statutory, court or public documentation in connection with a Novus Group Member.
4. (**No material adverse change**) Novus will take all reasonable steps to ensure that nothing occurs or is announced which has, or could be reasonably expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of Novus or any of its subsidiaries during Sunov’s offer period but no later than 30 September 2004.
5. (**Repayment of US Notes**) Novus agrees that if a “Controlled Event” occurs under the terms of the Novus US Notes (as described on page 31-32 of Novus’ target’s statement dated 23 January 2004) which requires Novus (or a subsidiary of Novus) to repay the US Notes at a date earlier than 23 December 2007, Novus agrees to (and, if necessary, agrees

to procure any relevant subsidiary to) specify, in any notice required to be provided to holders of the US Notes, a Settlement Date which is the latest possible date permitted under the terms of those US Notes.

6. **(Break fee)** Novus agrees to break fee arrangements set out in schedule 1.
7. **(No shop)** Novus agrees to the no shop arrangements set out in schedule 2.

For the avoidance of doubt, nothing in this letter requires Sunov to take any action until such time as the Independent Directors and Sunov have agreed on the matters outlined in this letter.

This letter, including the schedule, is governed by the laws of New South Wales.

Sunov request that Novus and the Independent Directors acknowledge their agreement to all the arrangements set out in this letter by signing and returning a copy of this letter to us as soon as possible.

Yours faithfully



Ian Gibbs  
Director, Sunov Petroleum Pty Limited

I agree, for and on behalf of Novus Petroleum Limited and the Independent Directors, to the matters set out in this letter.



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David Blair, Chairman

## Schedule 1

1. Novus acknowledges that Sunov will suffer significant costs and expenses (“Costs”) if its takeover bid is not successful. Accordingly, Sunov and Novus have agreed that Novus will pay Costs which Sunov incurs in connection with the Offer and/or the Revised Offer up to a maximum amount of A\$2.75 million (“**Break Fee**”).
2. Novus agrees to pay Sunov the Break Fee if any of the following events occur before 30 September 2004, or occur as a result of any Proposal (as that term is defined in schedule 2) which has been publicly announced, put to or received by Novus (or any of Novus’ Representatives, as that term is defined in schedule 2) before the Revised Offer lapses (whether or not before the date of this agreement):
  - (a) a person, other than Sunov (or a related body corporate or any entity controlled by Crosby, Bob Williams or Santos), acquires a relevant interest in more than 50% of the shares in Novus (provided that if the relevant interest arises from acceptances of an offer made under a takeover bid, the offer has become unconditional), or unconditionally acquires the whole or a substantial part of Novus’ business or property;
  - (b) any Independent Director fails to recommend, or revokes or revises a previously made recommendation of, Sunov’s takeover bid (whether or not that failure, revocation or revision is otherwise in breach of the agreement between Novus and Sunov) except in circumstances in which the Independent Director recommends a Superior Offer or a Superior Proposal.

For the purposes of paragraph 2(b) a “**Superior Proposal**” means a bona fide proposal, transaction or reorganisation (including, without limitation, a scheme of arrangement, capital reconstruction or sale of the whole or a substantial part of Novus’ business or property) in each case, with a third party, in respect of which the Independent Directors have determined, acting reasonably and in good faith, would if consummated in accordance with its terms, result in a transaction more favourable to Novus shareholders than the Revised Offer, such determination having been made in good faith by the Independent Directors:

- after consultation with its financial and legal advisers; and
  - after taking into account all material legal, financial, regulatory and other aspects of such proposal and the party making such proposal (including the prospects that the proposal will complete).
3. Sunov may demand payment of the Break Fee in writing and stating the circumstances which give rise to the liability to pay the Break Fee (“**Payment Demand**”). The Payment Demand must:
    - (a) specify the amount of Costs incurred by Sunov in connection with the Offer and/or the Revised Offer (such amount must not exceed \$2.75 million) (“**Incurred Costs**”);
    - (b) nominate a bank account into which the Incurred Costs are to be paid;



- (c) be signed by all of the directors of Sunov; and
- (d) attach either:
  - copies of invoices evidencing payment by Sunov of the Incurred Costs; or
  - an extract of minutes of a board meeting of Sunov confirming that the Incurred Costs have been properly incurred by Sunov in connection with the Offer or the Revised Offer.

Novus must pay (or procure that the Escrow Agent (as defined in paragraph 5 below) pay) the Incurred Costs to Sunov (into the bank account nominated by Sunov), in immediately available funds, within 5 business day after receiving the Payment Demand.

4. Novus and the Independent Directors consider that significant benefits will flow to Novus shareholders if Sunov improves its offer consideration to the proposed amount. Novus and the Independent Directors acknowledge that Novus' entry into this agreement is necessary to induce Sunov to improve its consideration to that amount.
5. As security for its obligations under this schedule 1, Novus will within 2 business days of the date of this agreement deposit in the trust account of Mallesons Stephen Jaques ("Escrow Agent") an amount equal to A\$2.75 million ("Escrow Amount"). Novus must instruct the Escrow Agent to hold the Escrow Amount on trust pursuant to an escrow deed to which Sunov is a party containing terms which are customary for escrow deeds, and on such terms that:
  - (a) require the Escrow Agent to hold the Escrow Amount until the earlier of:
    - receipt of written notification from Sunov that payment of a Break Fee is no longer required;
    - the Escrow Agent having paid to Sunov the Incurred Costs as set out in the Payment Demand;
    - Novus having paid to Sunov the Incurred Costs as set out in the Payment Demand;
    - the later of the date on which the Revised Offer lapses and the date on which no circumstances exist which could trigger Novus' obligations under paragraph 2 of this schedule to pay the Break Fee to Sunov; and
  - (b) require the Escrow Agent to pay Incurred Costs to Sunov within 5 business days of receipt by the Escrow Agent of a written notice from Sunov (which attaches a copy of the Payment Demand) stating that the Incurred Costs have not been paid by Novus.

The parties agree that they will negotiate in good faith, and use all reasonable endeavours to agree the escrow deed on terms which are consistent with the above within 2 business days of this agreement. Novus must instruct the Escrow Agent to co-operate with the parties, and use all reasonable endeavours to negotiate and agree an escrow deed on terms consistent with the above and otherwise acceptable to all parties.

## Schedule 2

1. Novus agrees it will not, and will ensure its Representatives and related bodies corporate, do not:
  - (a) issue, or permit the issue of, any invitation to another party; or
  - (b) subject to clause 2 below, negotiate with, or continue to negotiate with, or enter into or permit or continue discussions with any other party;
  - (c) directly or indirectly solicit, encourage or initiate any negotiations or discussions with any other party; or
  - (d) allow any other party to continue, commence or conduct any due diligence investigations in relation to the Novus Group (other than the investigations by Santos as provided for in paragraph 3 of the covering letter),

in relation to any Proposal by any party other than Sunov.

2. The restrictions in clause 1(b) above do not apply to the extent that they restrict Novus or the board of Novus from taking or refusing to take any action in respect of a bona fide Proposal of a person other than Sunov or a related body corporate of Sunov (which was not encouraged, solicited, initiated, invited or facilitated by Novus in breach of clause 1(a) or 1(c)) as long as the board of Novus has determined, in good faith and acting reasonably, after:
  - consultation with its financial advisers, that the competing Proposal is demonstrably superior to the Revised Offer; and
  - receiving written legal advice from its external lawyers, that failing to respond to that competing Proposal would constitute a breach of the director's fiduciary or statutory obligations.
3. In the event that Novus receives an approach in relation to a Proposal from any person or entity other than Sunov, it will immediately notify Sunov of the details of that approach (including the identity of the persons or entities involved in the Proposal) and the terms of the Proposal. In these circumstances, Novus will provide Sunov with regular updates on the status of the discussions with any such person or entity, including immediately notifying Sunov of the details of any material developments in relation to the Proposal.
4. For the purposes of this schedule 2:
  - **Proposal** means any approach or attempt to initiate any negotiations or discussions with respect to a proposed transaction or any expression of interest, offer or proposal which, if accepted and completed, would result in a person directly or indirectly acquiring the relevant interests in 10% or more of Novus' share capital, or otherwise acquiring the whole or a substantial part of the assets, business or property of Novus, by way of takeover bid, scheme of arrangement, capital reduction or any other means.
  - **Representative** means any person acting for or on behalf of Novus, including any director (other than Dr Williams), officer, employee, contractor, or professional adviser.