



1. INTRODUCTION AND PURPOSE

This document outlines the procedure to be followed if there is a takeover offer for Geo Limited under the Takeovers Code. It is anticipated that Geo Limited's compliance with the requirements of the Takeovers Code and oversight of the process will be supervised by a committee of Independent Directors.

2. BEFORE FORMAL COMMUNICATIONS ARE MADE

2.1 ON RECEIPT OF A COMMUNICATION THAT A TAKEOVER OFFER IS LIKELY

The Directors should consider the continuous disclosure obligations of Geo Limited under NZX Listing Rule 10.1, and determine whether there is any need to make an announcement to the market. If a reasonable person would not expect the information to be disclosed, and the information is confidential, confidentiality is maintained, and the proposal is incomplete or insufficiently definite to warrant disclosure, then there is no legal obligation to make a disclosure.

The Board may establish an independent takeover committee (**Takeover Committee**) to oversee the process. The Takeover Committee will be comprised of Independent Directors of Geo Limited. While this is not a legal requirement, it is market practice and recommended by the Takeovers Panel.

The Directors should consider who to approach to be the "independent adviser" if a takeover offer is made. The independent adviser will be required to prepare a report on the merits of the takeover offer for Geo Limited's shareholders. The Takeovers Panel needs to approve the person but the Directors may wish to consider who the preferred adviser would be.

2.2 IF DUE DILIGENCE IS REQUESTED BY THE OFFEROR

If the offeror requests to conduct due diligence on Geo Limited, the Takeover Committee needs to consider whether to grant the request or not and make a recommendation to the Board accordingly. In forming a decision, the duty of the Directors is to act in Geo Limited's best interests, which includes the interests of all shareholders.

Directors should note that market practice on whether or not to grant due diligence is mixed, reflecting the fact that each company has its own unique set of circumstances.

Directors should note that the Takeovers Code prohibits "defensive tactics" by the Board. Rule 38 provides that:

"If a code company has received a takeover notice or has reason to believe that a bona fide offer is imminent, the directors of the company must not take or permit any action, in relation to the affairs of the code company, that could effectively result in:

(a) an offer being frustrated; or

(b) the holders of the equity securities of the code company being denied an opportunity to decide on the merits of the offer.

... [This] does not prevent the directors of a code company taking steps to encourage competing bona fide offers from other persons."

However, the Takeovers Panel acknowledges that because due diligence includes the release of confidential financial and other information to a third party, a target company may wish to refuse to allow due diligence, particularly if the offeror is a potential competitor of the target company.

Further, the Takeovers Panel has decided that refusal by the target company directors to provide information to an offeror does not constitute a defensive tactic for the purposes of the Code. The Panel does not accept that Rule 38 imposes an obligation to provide specific information going beyond the



target board's other obligations to disclose information (such as continuous disclosure under the NZX Listing Rules or arising out of fiduciary duties of directors), merely because the offeror has crafted a condition to its offer in terms suggesting that relevant information needs to be provided.

3. FORMAL COMMUNICATIONS ARE MADE

3.1 NOTICE OF INTENTION AND TAKEOVER OFFER

Upon receipt of a notice of intention to make a takeover offer ("Takeover Notice") Geo Limited must notify NZX (and provide NZX with a copy) and should begin the process to appoint an independent adviser. Geo Limited is also required to send a copy of the Takeover Notice to any person who requests it within one day of the request.

Under the Takeovers Code, Geo Limited is required to engage an independent adviser to prepare a report on the merits of the offer. In this way shareholders will have an expert opinion from an independent source to assist them in deciding whether to accept or reject the offer.

The Takeovers Panel notes that the Independent Directors need to ensure the adviser is given all information necessary to provide a comprehensive report. Further, in reviewing the report, they need to satisfy themselves that it is sufficiently comprehensive, factually accurate, and covers all the relevant issues. This report will be sent to shareholders with the target company statement so that shareholders have Geo Limited's and the independent expert's views on the offer.

The Independent Directors should advise shareholders as early as possible that before responding to any takeover offer they should wait to receive the target company statement which Geo Limited will prepare and the independent adviser's report. This is recommended by the Takeovers Panel.

Not later than two days after receiving the Takeover Notice, Geo Limited must send the offeror a class notice containing details of its equity securities. Care will need to be taken to make sure any equity securities the subject of an employee share plan are correctly identified in the class notice, as the definition is broader than merely shares.

Not later than two days after the "record date" for the offer, Geo Limited must send the offeror a copy of its financial products registers as at the record date. The record date is a date nominated by the offeror (who must advise Geo Limited) but cannot be more than 10 days before the date of the offeror's offer.

The Takeover Committee should consider whether it is possible to co-ordinate shareholders receiving the formal takeover offer at the same time as the target company statement and independent adviser's report.

3.2 TARGET COMPANY STATEMENT

It is acceptable for the Independent Directors only to approve the contents of the target company statement. Schedule 2 of the Takeovers Code sets out what the target company statement needs to contain.

The target company statement covers things such as:

- the number of shares held by all Directors and senior officers,
- recent trading by these people,
- which of these people intend to accept the offer,
- any relationships between the offeror and Geo Limited,
- any information that Geo Limited has which would correct any misleading or incorrect information in the takeover offer,



- any material changes planned by Geo Limited in response to the takeover offer,
- any material changes in Geo Limited's financial or trading position or prospects since its most recent annual report,
- other information that could reasonably be expected to be material to a decision by shareholders whether to accept the takeover offer or not and a recommendation by the Directors whether or not to accept the bid or, if they are unable to make a recommendation, why not.

The target company statement needs to be prepared either:

- within 14 days of Geo Limited receiving the Takeover Notice (or any longer period as the offeror may allow); or
- within 14 days of Geo Limited receiving the despatch notice. The despatch notice is the notice that the offeror sends Geo Limited to say it has sent the offer to shareholders of Geo Limited.

If possible/desired the offeror and Geo Limited should co-ordinate sending out the target company statement together with the independent adviser's report at the same time (and with) the formal takeover offer.

3.3 OTHER OBLIGATIONS

Whenever Geo Limited makes any announcement or sends to any shareholder any information about the offer, it needs to send a copy of this to the Takeovers Panel and NZX.

3.4 LAWYER'S DETAILS

At all stages of the process external legal advice should be sought. It is anticipated that Geo Limited will engage Bell Gully to advise on any actual or potential takeover. Bell Gully's details are as follows:

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