

- background of the opportunity
- transaction risk analysis, based on the risk register prepared during the investigations
- statement confirming whether the opportunity conceptually adheres to the strategic objectives of the organisation
- recommendation of whether the organisation should progress the opportunity to Phase 2.
- Ensure that the transaction team prepares issue sheets to present to the CIEC, CEO and Board, to address issues identified during the investigations.
- If the transaction team recommends that the investigations progress to Phase 2, ensure that the transaction team prepares a work plan for Phase 2 in compliance with CIS_MS_012 Minimum Standard - Study Work Plan.
- Submit the transaction team report, issue sheets, work plan and recommendation to the CEO and Board.

2.2 Phase 2 - Strategic Investigations

Phase 2 is aimed at collecting sufficient information to:

- perform an informed analysis of the opportunity
- determine on the structure of the proposed transaction
- recommend whether to progress to Phase 3 - Due Diligence.

The level of definition achieved by the investigations must be in accordance with the minimum standard requirements for a Prefeasibility Study. The applicable standards for this phase are:

- CIS_MS_002 Minimum Standard - Prefeasibility Study
- CIS_MS_013 Minimum Standard - Basis and Definition of Cost Estimates.

The steps involved in this Phase are as follows:

1. CEO and CIEC define the parameters for the Phase 2 investigations. This follows Board approval of the Phase 1 transaction team report, issue sheets, work plan and recommendation. A transaction team leader is then appointed to assist the CEO and CIEC with the selection of the transaction team. The transaction team may, or may not, be the same team as for Phase 1.
2. Mobilise the transaction team to begin investigations. The transaction team must:
 - identify and validate any business case issues
 - perform a more detailed assessment of the risks and rewards of the opportunity
 - match the opportunity to the organisation's corporate policies
 - check for fatal flaws
 - assess the impact of the transaction / execution of the opportunity on the organisation, if the transaction was completed
 - assess the viability of the transaction, including performing a financial analysis
 - determine the opportunity's strategic fit with the organisation
 - continue to update the risk register developed during Phase 1.

If a fatal flaw is identified during the investigations, the transaction team must cease their investigations and inform the CEO.

3. Prepare a summary report of the completed investigation, which updates the initial report submitted during Phase 1. The report must be prepared based on the requirements of CIS_MS_010 Minimum Standard - Study Reports - Table of Contents.
4. The transaction team must prepare issue sheets to present to the CIEC, CEO and Board, addressing issues identified during the investigations.
5. If the transaction team recommends that the opportunity should progress to Phase 3, a work plan for Phase 3 must be prepared, complying with CIS_MS_012 Minimum Standard - Study Work Plan.

Reporting during this phase must follow the organisation's standard policies and procedures.

Refer to Knowledge Portal

3. ROLES AND RESPONSIBILITIES

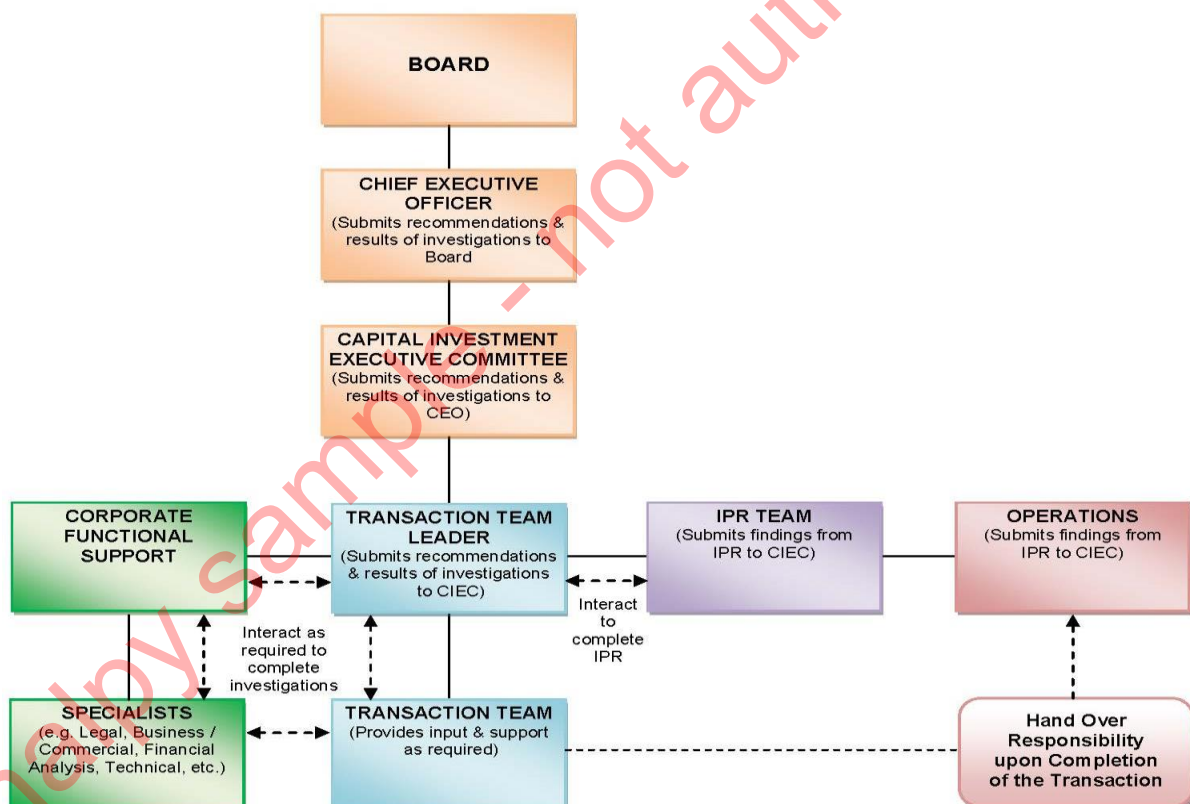
The commercial transactions process requires the involvement of:

- the Board of Directors
- the CEO
- the CIEC
- a transaction team (including a transaction team leader)
- the business development manager
- specialists, in areas such as legal, technical, operations business / commercial and financial analysis.

Figure 3 presents an organisation chart for the process.

Refer to Knowledge Portal

Figure 3 - Roles and Responsibilities



4. MANAGEMENT REPORTING

Management reporting during each phase is vital – providing Enthalpy's executives with regular progress updates and details about critical issues as they arise. The management reporting structure must include:

- weekly status statements
- weekly progress reports
- issue sheets
- term sheets

Refer to Knowledge Portal

5. INDEPENDENT REVIEWS AND CLOSURE REPORTING

5.1 Independent Peer Reviews

Independent peer reviews must be completed at the following points during the transaction process:

- Finalisation of Phase 2 - Strategic Investigations
- Finalisation of Phase 3 - Due Diligence
- As directed by the CIEC, CEO or Board.

Refer to CIS_PM_008 Policy Manual - Independent Peer Reviews for the requirements for Independent Peer Reviews.

Legal reviews must be performed in conjunction with Independent Peer Reviews.

Refer to Knowledge Portal

5.2 Lessons Learnt

Immediately upon completion of the transaction, the transaction team and those involved in the transaction process must perform a lessons learnt workshop. In addition, the transaction team leader must prepare a transaction closure report.

Refer to Knowledge Portal

5.3 Completion Reviews

After the completion of the transaction, a post transaction review and a post investment review must be performed.

A post transaction review measures the results of the transaction and integration of the opportunity against the requirements of the transaction execution and integration plans. It provides assurance that the transaction and integration were completed in accordance with the approved plan and recommends actions to rectify any adverse effects from non-compliance with the original plan.

A post investment review examines the financial outcomes of the investment and investigates all variances to the predicted financial outcomes of the investment.

Refer to CIS_PM_009 Policy Manual - Completion Reviews for the requirements for post transaction reviews and post investment reviews.

6. CONFIDENTIALITY AND SENSITIVITY OF THE PROCESS

Commercial transactions are extremely sensitive in nature. Care must be taken when communicating with those outside the transaction team prior to any announcements regarding the possible transaction. Any announcements or communications must only be made through Enthalpy's authorised representative.