

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole text of this document should be read.

If you have sold or transferred all of your Shares or CDIs in Zeta Petroleum plc (the “Company”), please send this document, together with the accompanying form of proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

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## **ZETA PETROLEUM PLC**

*(Incorporated in England and Wales under the Companies Act 1985  
with registered number 05560854 and registered as a foreign company  
in Australia with Australian registered business number 154 575 872)*

### **Notice of Annual General Meeting**

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**Notice of the Annual General Meeting of the Company to be held at the offices of Transcontinental Investments Pty Ltd, Level 14, 191 St Georges Terrace, Perth, Western Australia at 11.00a.m. (Perth time) being 4.00a.m. (UK time) on 30 June 2017 is set out in this document. Shareholders will find enclosed a Form of Proxy for use at the Annual General Meeting.**

**Whether or not you propose to attend the Annual General Meeting, please complete and submit a Proxy Form or CDI Voting Instruction Form in accordance with the instructions printed on the enclosed Proxy Form or CDI Voting Instruction Form.**

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## **ZETA PETROLEUM PLC**

(the “Company”)

*(Incorporated in England and Wales under the Companies Act 1985  
with registered number 05560854 and registered as a foreign company  
in Australia with Australian registered business number 154 575 872)*

### **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2017 Annual General Meeting of the Company will be held at the offices of **Transcontinental Investments Pty Ltd, Level 14, 191 St Georges Terrace, Perth, Western Australia** at 11.00a.m. (Perth time) on 30 June 2017 to consider and, if thought fit, pass the following resolutions.

The attached explanatory notes are provided to supply Shareholders with information to enable them to make an informed decision regarding the resolutions in this notice.

#### **Ordinary Business**

##### **Ordinary Resolution 1 — Annual report and accounts**

To receive and consider the audited accounts of the Company for the financial year ended 31 December 2016 and the reports of the directors of the Company (“Directors” and each a “Director”) and auditors therein.

##### **Ordinary Resolution 2 — Re-election of Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“For the purposes of ASX Listing Rule 14.4 and for all other purposes, to re-elect Mr Simon Trevisan as a Director of the Company, who has been appointed by the Board of Directors (the “Board”) as a director since the last Annual General Meeting.”

##### **Ordinary Resolution 3 — Re-election of Director retiring by rotation**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“For the purposes of ASX Listing Rule 14.4 and for all other purposes, to re-elect Mr Tim Osborne as a Director of the Company, who retires by rotation in accordance with the Company’s Articles of Association.”

##### **Ordinary Resolution 4 – Auditor reappointment**

To re-appoint BDO LLP as the Company auditor until the next Annual General Meeting of the Company.

##### **Ordinary Resolution 5 – Auditor remuneration**

To authorise the Directors to fix the remuneration of the Company auditor.

##### **Ordinary Resolution 6 – Approval of issue of CDIs and Free Attaching Options to Related Party – Greg Hancock**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 222,827 CDIs and 111,414 Free Attaching Options to Greg Hancock, a Director (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Greg Hancock (or his nominee) and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **Ordinary Resolution 7 – Approval of issue of CDIs and Free Attaching Options to Oliver Cairns**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 190,159 CDIs and 95,080 Free Attaching Options to Oliver Cairns (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **Special Business**

### **Special Resolution 8 – Approval of 10% Placement Facility**

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of the issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person (and any Associates of such a person) who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Dated** 30 May 2017

*Registered Office*  
**1 Berkeley Street, London W1J 8DJ, UK**

By Order of the Board  
**ZETA PETROLEUM PLC**

**F. Hudson**  
*Secretary*

## **Action to be Taken**

Each Shareholder is entitled to appoint one or more proxies to attend, speak and vote instead of that Shareholder. A proxy need not be a Shareholder.

Shareholders should kindly complete and return the enclosed Form of Proxy as soon as possible, whether or not they expect to be able to attend the Annual General Meeting. Return of a Form of Proxy will not prevent a Shareholder from attending, speaking and voting in person at the meeting if that Shareholder so wishes.

Holders of CHESS Depository Interests ("CDI") are invited to attend but are not entitled to vote personally at the Annual General Meeting. Chess Depository Nominees Pty Ltd ("CDN") holds legal title in the Company's Shares for and on behalf of CDI holders. As the holders of beneficial interest in the Company's Shares that are held by CDN, CDI holders should direct CDN on how to vote with respect to the Resolutions described in the Notice of Annual General Meeting using the enclosed CDI Voting Instruction Form. CDN must exercise its rights to vote by proxy at the Annual General Meeting in accordance with the directions of CDI holders.

## **Recommendation**

The Board is of the opinion that these proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend all Shareholders to vote in favour of the resolutions, as they intended to do in respect of their own beneficial holdings (subject to any relevant voting exclusions).

## **NOTES**

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote in that member's place. A member may appoint more than one proxy in relation to this meeting provided that each proxy is appointed to exercise rights attached to a different Share or Shares held by that member. To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms should be signed and returned together in the same envelope. A proxy need not also be a member. Completion and return of a Form of Proxy will not preclude a member from attending the meeting and voting in person, if they so wish and are so entitled.
2. To be valid, the enclosed Form(s) of Proxy or CDI Voting Instruction Form(s), as applicable, and any power(s) of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be completed and returned so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by:
  - a. in the case of a Form of Proxy, by 11.00a.m. (Perth time) being 4.00a.m. (UK time), on 28 June 2017 or, in the event that the meeting is adjourned, not less than 48 hours (excluding any part of a day which is not a working day) before the time fixed for the holding of the adjourned meeting;
  - b. in the case of a CDI Voting Instruction Form, by 11.00a.m. (Perth time) being 4.00a.m. (UK time) on 27 June 2017 or, in the event that the meeting is adjourned, not less than 72 hours (excluding any part of a day which is not a working day) before the time fixed for the holding of the adjourned meeting.
3. Members will be entitled to attend and vote at this meeting if they are registered on the register of members of the Company at 1.00 a.m. (Perth time) on 29 June 2017, being 6.00 p.m. (UK time), on 28 June 2017 or, in the event of any adjournment of the meeting, at 1.00 a.m. (Perth time) on the date which is 1 day before the start of the adjourned meeting (excluding any part of a day which is not a working day), being 6.00 p.m. (UK time) on the date which is 2 days before the start of the adjourned meeting (excluding any part of a day which is not a working day).
4. Only CDI holders in the register of CDI holders of the Company as at 5.00 p.m. (Perth time) on 27 June 2017, being 10.00 a.m. (UK time), or, in the event of any adjournment of the meeting, at 5.00 p.m. (Perth time), being 10.00 a.m. (UK time), on the date which is 3 days before the start of the adjourned meeting (excluding any part of a day which is not a working day), are entitled to provide voting instructions pursuant to the CDI Voting Instruction Form. CDI holders may attend the Meeting, but do not have an entitlement to attend the Meeting and vote in person.
5. In the case of joint holders, the vote of the senior who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names are stated in the register of members of the Company in respect of the joint holding.
6. Any corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of the powers as a member provided that they do not do so in relation to the same Shares. A resolution of the directors, or other governing body, of the corporation will be required in order to evidence the valid appointment of the corporate representative, in accordance with section 323 of the UK Companies Act 2006.
7. You may not use any electronic address (within the meaning of section 333(4) of the UK Companies Act 2006) provided in this notice or in any related documents (including the form of proxy and the annual report and accounts) to communicate with the Company for any purposes other than those expressly stated.
8. Your personal data includes all data provided by you, or on your behalf, which relates to you as a Shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

## **APPENDIX A – EXPLANATORY STATEMENT TO THE NOTICE OF ANNUAL GENERAL MEETING**

The 2017 Annual General Meeting of Zeta Petroleum plc will be held at the offices of Transcontinental Investments Pty Ltd, Level 14, 191 St Georges Terrace, Perth, Western Australia at 11.00a.m. (Perth time) on 30 June 2017 to consider the following matters:

### **RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS**

In accordance with Article 36.3 of the Company's Articles of Association the Board is required to present to the meeting the audited accounts, and the reports of the Directors and the auditors, for the financial year ended 31 December 2016, which may be found on pages 4 to 13 of the annual report and accounts for the Company dated 30 March 2017 (the "Annual Report and Accounts"). The auditors shall be entitled to attend the Annual General Meeting and to receive notices of and other communications which a member is entitled to receive. The auditors shall be entitled to be heard at any Annual General Meeting on any part of the business of the meeting which concerns them as auditors.

### **RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS**

Resolutions 2 to 3 relate to the re-election of Directors pursuant to the requirements of the Company's Articles of Association. Details of the relevant Directors are shown on pages 1 and 4 of the Annual Report and Accounts.

#### *Resolution 2*

Article 20.2 of the Company's Articles of Association and ASX Listing Rule 14.4 require any Director appointed by the Board since the date of the last Annual General Meeting to retire at the next Annual General Meeting. Mr Simon Trevisan was appointed as a Director of the Company on 28 July 2016 and is accordingly retiring from office and offering himself for election.

The Directors, other than Mr Trevisan, support the election of Mr Trevisan and recommend that Shareholders vote in favour of Resolution 2.

#### *Resolution 3*

Article 25.2 of the Company's Articles of Association and ASX Listing Rule 14.4 require one third of the Directors (excluding any Directors which have been appointed by the Board since the last Annual General Meeting) to retire by rotation at every Annual General Meeting. Accordingly Tim Osborne is retiring by rotation and is offering himself for re-election.

The Directors, other than Mr Osborne, support the election of Mr Osborne and recommend that Shareholders vote in favour of Resolution 3. Mr Osborne has served as a Director since 31 March 2006.

### **RESOLUTIONS 4 AND 5 - AUDITOR REAPPOINTMENT AND REMUNERATION**

In accordance with Article 36.2 these two resolutions request Shareholders to vote on the re-appointment of BDO LLP as Company auditor (Resolution 4) and to authorise the Directors to fix the remuneration of the Company auditor (Resolution 5).

### **RESOLUTION 6 – ISSUE OF CDIS AND FREE ATTACHING OPTIONS TO GREG HANCOCK**

#### **General**

The Company's Director Mr Greg Hancock has previously agreed to defer payment of his director's fees for the period from 23 April 2015 to 31 July 2016 in order that the Company could preserve its cash reserves to be allocated toward the Company's work programme on its oil and gas assets. During the above period Mr Hancock was remunerated at rate of £1,000 per month, and the amount of director's fees accrued to him was £15,233.

In November 2016 Mr Hancock agreed to settle 50% of his accrued director fees in cash and 50% through the issue of CDIs and Free Attaching Options, subject to approval by Shareholders, so that the Company may continue to conserve cash.

In settlement of 50% of the director's fees owing, being the amount of £7,616.67, the Company has agreed, subject to obtaining Shareholder approval, to issue CDIs to Mr Hancock CDIs at a deemed issue price of A\$0.06 each, with one Free Attaching Option for every two CDIs issued, being on the same terms as the CDIs and Free Attaching Options issued pursuant to the Rights Issue.

Applying the GBP:AUD exchange rate as at the 31 July 2016, being 1:1.75531, the value of the director's fees to be satisfied by the issue of CDIs and Free Attaching Options is \$13,369.61. Accordingly, the Company seeks pursuant to Resolution 6, Shareholder approval to issue to Mr Hancock a total of 222,827 CDIs and 111,414 Free Attaching Options.

#### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue, without shareholder approval, any equity securities, or other securities with rights to conversion to equity, to either a Related Party, or to any other person whose relationship to the entity is such that in ASX's opinion, shareholder approval should be obtained.

As the issue of the CDIs and Free Attaching Options to Mr Hancock involves the issue of securities to a Related Party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required.

The effect of passing Resolution 6 will be to allow the Company to issue up to 222,827 CDIs and 111,414 Free Attaching Options to Mr Greg Hancock (or his nominee) without using up the Company's 15% placement capacity under ASX Listing Rule 7.1 and provide the Company with flexibility during the next 12 month period to issue further equity securities in order to raise capital if required.

If Resolution 6 is approved for the purposes of ASX Listing Rule 10.11, then approval is not required under ASX Listing Rule 7.1.

#### **Technical Information Required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 6:

- a) The Related Party is Mr Greg Hancock, a Director of the Company (or his nominee).
- b) The maximum number of securities to be issued is 222,827 CDIs and 111,414 Free Attaching Options.
- c) The securities will be issued on one date, no later than 1 month after the date of the Meeting.
- d) The securities will be issued for nil cash consideration, in lieu of directors fees and accordingly, no funds will be raised.
- e) The issue price of the CDIs is \$A0.06 per CDI. The issue price of the Free Attaching Options is \$nil.
- f) The Free Attaching Options are exercisable at \$A0.10 on or before 30 September 2019. The full terms of the Free Attaching Options are set out in the **Schedule**. The CDIs issued on the exercise of the Free Attaching Options will rank equally with all existing CDIs on issue.
- g) The CDIs will be issued on the same terms and conditions as the Company's existing CDIs.

### **RESOLUTION 7 – ISSUE OF CDIS AND OPTIONS TO OLIVER CAIRNS**

#### **General**

The Company's former director Oliver Cairns had previously agreed to defer payment of his salary and fees for the 13 month period commencing July 2015 and ending July 2016 in order that the Company could preserve its cash reserves to be allocated toward the Company's work programme on its oil and gas assets. During the above period Mr Cairns was remunerated at rate of £1,000 per month, and the amount of director's fees accrued to him was £13,000.

In November 2016 Mr Cairns agreed to settle 50% of his accrued director fees in cash and 50% through the issue of CDIs and Free Attaching Options, subject to approval by Shareholders, so that the Company may continue to conserve cash.

In settlement of 50% of the director's fees owing, being the amount of £6,500, the Company has agreed, subject to obtaining Shareholder approval, to issue CDIs to Mr Cairns at a deemed issue price of \$0.06 each, with one Free Attaching Option for every two CDIs issued, being on the same terms as the CDIs and Free Attaching Options issued pursuant to the Rights Issue.

Applying the GBP:AUD exchange rate as at the 31 July 2016, being 1:1.75531, the value of the director's fees to be satisfied by the issue of CDIs and Free Attaching Options is \$11,409.51. Accordingly, the Company seeks pursuant to Resolution 7, Shareholder approval to issue to Mr Cairns a total of 190,159 CDIs and 95,080 Free Attaching Options.

Mr Cairns resigned from the position of Director on 24 November 2016, which is more than 6 months prior to the General Meeting and the proposed issue date of the CDIs and Free Attaching Options. Consequently, Mr Cairns is not a Related Party of the Company.

#### **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

The effect of Resolution 7 if passed, will be that the issue of 190,159 CDIs and 95,080 Free Attaching Options to Mr Oliver Cairns (or his nominees) will be exempt from the 15% limit under ASX Listing Rule 7.1 and provide the Company with flexibility during the next 12 month period to issue further equity securities in order to raise capital if required.

#### **Technical Information Required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- a) The maximum number of securities to be issued is 190,159 CDIs and 95,080 Free Attaching Options.
- b) The securities will be issued on one date, no later than 3 months after the date of the Meeting.
- c) The issue price of the CDIs is \$0.06 per CDI. The issue price of the Free Attaching Options is \$nil.
- d) The recipient of the CDIs is Mr Oliver Cairns (or his nominee).
- e) The Free Attaching Options are exercisable at \$A0.10 on or before 30 September 2019. The full terms of the Free Attaching Options are set out in the **Schedule**. The CDIs issued on the exercise of the Free Attaching Options will rank equally with all existing CDIs on issue.
- f) The CDIs will be issued on the same terms and conditions as the Company's existing CDIs.
- g) The securities will be issued for nil cash consideration, in lieu of directors fees and accordingly, no funds will be raised.

### **RESOLUTION 8 – APPROVAL OF 10% PLACEMENT FACILITY**

#### **General**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval by Special Resolution at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity and seeks Shareholder approval under this Resolution for the 10% Placement Capacity.

The effect of Resolution 8 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

If Shareholders approve Resolution 8, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

Resolution 8 is a Special Resolution. Accordingly at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting (in person or by proxy) must be in favour of Resolution 8 for it to be passed.

## ASX Listing Rule 7.1A

### Quoted securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares/CDIs (ASX Code: ZTA).

### Number of Equity Securities that may be issued

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A is not fixed, but will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares/CDIs on issue 12 months before the date of issue or agreement:
- (1) plus the number of Shares/CDIs issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (2) plus the number of partly paid shares/CDIs that became fully paid in the previous 12 months;
  - (3) plus the number of Shares/CDIs issued in the previous 12 months with Shareholder approval under ASX Listing Rules 7.1 and 7.4; and
  - (4) less the number of Shares/CDIs cancelled in the 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

At the date of this Notice the Company has 27,165,111 Shares/CDIs on issue. If Resolution 8 is passed as a Special Resolution, the Company will be permitted to issue (as at the date of this Notice) 2,716,511 Equity Securities under Listing Rule 7.1 (15% placement capacity) and 4,074,766 Equity Securities under Listing Rule 7.1A (10% Placement Capacity).

### **Technical Information Required by ASX Listing Rule 7.3A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

#### **(a) Minimum price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in the relevant class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued,

provided that, in respect of Shares, these are not issued at less than their nominal value (being the lowest issue price permitted under the UK Companies Act 2006).

#### **(b) Date of issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of the Meeting; and

- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking), after which date, an approval under ASX Listing Rule 7.1A ceases to be valid.

**(c) Risk of economic and voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares/CDIs under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, then there is a risk to existing Shareholders of economic and voting dilution including the risk that:

- (i) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the 10% Placement Capacity (based on the formula set out above) using different variables for the number of issued CDIs and the market price of CDIs. The numbers are calculated on the basis of the closing price of the CDIs on the ASX on 17 May 2017, and the current number of Shares/CDIs on issue.

Number of Shares/CDIs on Issue	Issue price (per Share/CDI)	Dilution		
		\$0.0355 (50% decrease in issue price)	\$0.071 (current issue price)	\$0.142 (100% increase in issue price)
27,165,111 Shares/CDIs (current)	10% voting dilution	2,716,511 Shares/CDIs	2,716,511 Shares/CDIs	2,716,511 Shares/CDIs
	Funds raised	\$96,436	\$192,872	\$385,745
40,747,667 Shares/CDIs (50% increase)	10% voting dilution	4,074,767 Shares/CDIs	4,074,767 Shares/CDIs	4,074,767 Shares/CDIs
	Funds raised	\$144,654	\$289,308	\$578,617
54,330,222 Shares/CDIs (100% increase)	10% voting dilution	5,433,022 Shares/CDIs	5,433,022 Shares/CDIs	5,433,022 Shares/CDIs
	Funds raised	\$192,872	\$385,745	\$771,489

**Note:** The number of Shares/CDIs on issue (Variable A in the formula) could increase as a result of the issue of Shares/CDIs that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table has been prepared on the following assumptions:**

- As at the date of this Notice there are currently 27,165,111 Shares/CDIs on issue.
- The issue price set out above is the closing price of the CDIs on the ASX on 23 May 2017.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company issues Shares/CDIs only and does not issue other types of Equity Securities (such as options) under the 10% Placement Capacity.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares/CDIs. It is assumed that no Options are exercised into Shares/CDIs before the date of issue of the Equity Securities.
- The impact of placements under ASX Listing Rule 7.1 or following the exercise of options is not included in the calculations.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Facility, based on that Shareholder's holding at the date of the AGM.
9. The table shows only the effect of the issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as non-cash consideration for the acquisition of new oil and gas assets, investments and payment for the provision of other professional services. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3 and, if relevant, the UK Companies Act 2006;
- (ii) as cash consideration in which case the Company intends to use the funds raised towards the acquisition of new assets or investments (including expenses associated with such acquisition) and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placements.

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be Related Parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be the vendors of the new resources assets or investments.

**(f) Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 30 June 2016 (**Previous Approval**).

The Company has issued 711,744 CDIs pursuant to the Previous Approval.

The information set out below is provided with respect to the Securities issued by the Company during the 12 month period preceding the date of the Meeting for purposes of Listing Rule 7.3A.6:

<b>Date of issue</b>	<b>Equity Securities issued</b>	<b>Person</b>	<b>Issue price</b>	<b>Total cash consideration</b>	<b>Use of funds</b>	<b>Non-cash consideration and current value</b>
27/07/2016	1,800,000 CDIs	Transcontinental Investments Pty Ltd	\$0.06 each, being a 2.44% premium to the closing market price on the date of issue.	\$108,000	Working capital	Non-cash consideration: nil Current value: \$127,800
15/09/2016	900,000 Free Attaching Options	Transcontinental Investments Pty Ltd	\$nil	\$nil	N/A	Non-cash consideration: nil Current value: \$35,911
10/10/2016	10,761,565 CDIs	Participants in the Rights Issue	\$0.06 each, being an 11.67% discount to the closing market price on the date of issue.	\$645,693.90	The funds raised have been and are being used for the following purposes: (a) repay existing trade creditors; (b) provide for exploration activities on the Jimbolia licence; (c) provide funds to pursue new opportunities and acquisitions; (d) pay for the costs of the issue; and (e) provide working capital.	Non-cash consideration: nil Current value: \$764,071.11
10/10/2016	5,380,782 Free Attaching Options	Participants in the Rights Issue	\$nil	\$nil	N/A	Non-cash consideration: nil Current value: \$212,240
25/10/2016	7,348,509 CDIs	These securities comprised the shortfall to the Rights Issue and were placed to applicants for that shortfall	\$0.06 each, being an 11.67% discount to the closing market price on the date of issue.	\$440,910.54	The funds raised have been and are being used for the following purposes: (a) repay existing trade creditors; (b) provide for exploration activities on the Jimbolia licence; (c) provide funds to pursue new opportunities and acquisitions; (d) pay for the costs of the issue; and (e) provide working capital.	Non-cash consideration: nil Current value: \$521,744.13

<b>Date of issue</b>	<b>Equity Securities issued</b>	<b>Person</b>	<b>Issue price</b>	<b>Total cash consideration</b>	<b>Use of funds</b>	<b>Non-cash consideration and current value</b>
25/10/2016	3,674,255 Free Attaching Options	These securities comprised the shortfall to the Rights Issue and were placed to applicants for that shortfall	\$nil	\$nil	N/A	Non-cash consideration: nil Current value: \$143,905

**Note:** The current value of CDIs is based on a value of \$0.071 per CDI, being the price closing price of CDIs as at 17 May 2017.

## APPENDIX B – GLOSSARY

**\$** means Australian dollars.

**Associate** has the meaning given to it in the ASX Listing Rules.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**CDI** means a Chess Depository Interest.

**CDI Voting Instruction Form** means a CDI voting instruction form accompanying this Notice of Meeting pursuant to which a CDI holder may appoint CHESS Depository Nominees Pty Ltd to vote at the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Eligible Entity** means an entity with market capitalisation of \$300 million or less and which is not included in the S&P/ASX 300 index.

**Equity Securities** has the meaning defined in the ASX Listing Rules.

**Free Attaching Option** means an Option exercisable at \$0.10 on or before 30 September 2019.

**Meeting** or **Annual General Meeting** means the annual general meeting of the Company to be held on 30 June 2017.

**Notice** means the notice convening the Meeting which accompanies this Explanatory Statement.

**Option** means an option to acquire a Share / CDI.

**Form of Proxy** means a form of proxy accompanying this Notice pursuant to which a Shareholder may appoint a proxy to vote at the Meeting.

**Related Party** has the meaning given to it in the ASX Listing Rules.

**Rights Issue** means the rights issue capital raising approved by Shareholders on 14 September 2016.

**Security** has the meaning given to it in section 761A of the Corporations Act and includes a Share, a CDI and an Option.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share or CDI.

**Special Resolution** means a resolution:

- (a) of which an intention to propose the resolution has been set out and the resolution has been stated in the Notice; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

## SCHEDULE – TERMS OF FREE ATTACHING OPTIONS

The Free Attaching Options entitle the holder to subscribe for CDIs on the following terms and conditions:

- (a) Each Free Attaching Option has an issue price of \$nil.
  - (b) Each Free Attaching Option gives the Option Holder the right to subscribe for one CDI.
  - (c) The Free Attaching Options will expire at 5.00pm (WST) 30 September 2019 (**Expiry Date**). Any Free Attaching Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (d) The amount payable upon exercise of each Free Attaching Option will be \$0.10 (**Exercise Price**).
  - (e) The Free Attaching Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (f) An Option Holder may exercise their Free Attaching Options by lodging with the Company, before the Expiry Date:
    - (i) A written notice of exercise of Free Attaching Options specifying the number of Free Attaching Options being exercised; and
    - (ii) A cheque or electronic funds transfer for the Exercise Price for the number of Free Attaching Options being exercised;
- (Exercise Notice).**
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (h) Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of CDIs required under these terms and conditions in respect of the number of Free Attaching Options specified in the Exercise Notice.
  - (i) On receipt of an Exercise Notice accompanied by the Exercise Price, the Company will either:
    - (i) within 5 Business Days after the issue of CDIs issued upon exercise of the Options, issue a “cleansing notice” that complies with section 708A(6) of the Corporations Act to meet certain requirements in respect of the “secondary trading” provisions contained in sections 707 and 708A of the Corporations Act; or
    - (ii) within 15 Business Days of receipt of the Exercise Notice, issue the CDIs issued upon exercise of the Options pursuant to a prospectus which the Company will prepare and lodge with ASIC.
  - (j) The Free Attaching Options are not transferable.
  - (k) All CDIs issued upon the exercise of Free Attaching Options will upon issue rank pari passu in all respects with the Company’s existing class of CDIs.
  - (l) The Company will not apply for quotation of the Free Attaching Options on ASX. The Company will apply for quotation of all CDIs issued pursuant to the exercise of Free Attaching Options on ASX within 10 Business Days after the date of issue of those CDIs.
  - (m) If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act (as appropriate), the ASX Listing Rules, the UK Companies Act and otherwise at the time of the reconstruction.
  - (n) There are no participating rights or entitlements inherent in the Free Attaching Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Free Attaching Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option Holders the opportunity to exercise their Free Attaching Options prior to the date for determining entitlements to participate in any such issue.
  - (o) A Free Attaching Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Free Attaching Option can be exercised.



