

6 July 2018

Dear Shareholder

**Re: General Meeting – 9 August 2018**

It is my pleasure to invite you to the General Meeting (“GM”) of Melbana Energy Limited (“Company”). Enclosed with this letter is a copy of the Notice of General Meeting (“Notice of Meeting”) and accompanying Explanatory Material. The GM will be held at the Chartered Accountants Australia and New Zealand, Level 18 Bourke Place, 600 Bourke Street, Melbourne, Victoria, 3000 on Thursday 9 August 2018 at 10:00am (AEST).

A summary of the Items of Business to be considered at the meeting are as follows:

**Resolution 1 and 2: Ratification of Prior Issue of Shares**

These resolutions are being put to shareholders for the purposes of ratifying the prior issue of fully paid ordinary shares. The ratification of these shares will reinstate a portion of its capacity to issue securities under Listing Rule 7.1 and 7.1A.

**Resolution 3: Approval of issue of Options to Mr Andrew Purcell (or his nominee)**

This resolution is being put to shareholders to grant a total of 80,000,000 Options to Mr Andrew Purcell (or his nominee) as compensation for Mr Purcell providing a personal guarantee over the loan facility agreement between the Company and Trans Asia Private Capital Limited as announced on 19 April 2018.

**Resolution 4: Approval of Amendments to Constitution**

This resolution is being put to shareholders to provide flexibility in the future for the Company to consider the potential admission of the Company’s shares to trading on the Alternative Investment Market (‘AIM’) of the London Stock Exchange, Plc by updating the Company’s Constitution so that is compliant with the rules of AIM.

The proposed amendments to the Constitution have no effect at this time and are conditional upon a decision by the Board to admit the Company’s Shares to trading on AIM and the Company’s Shares being admitted to AIM.

**Proxy Voting**

Shareholders will be able to vote their proxies online, by mail, by fax, or by hand as follows:

**Online:** www.linkmarketservices.com.au

**By Mail:** Melbana Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**By Fax:** +61 2 9287 0309

**By Hand:** Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

If you have any questions regarding lodgement of your proxy form, please don’t hesitate to contact Link Market Services on +61 1300 554 474.

I look forward to seeing you at the meeting.

Yours sincerely



**Melanie Leydin**  
Company Secretary



**MELBANA ENERGY LIMITED**  
**ABN 43 066 447 952**

# **Notice of General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Thursday, 9 August 2018**

Time of Meeting:  
**10:00AM (AEST)**

Place of Meeting:  
**Chartered Accountants Australia and New Zealand  
Level 18 Bourke Place  
600 Bourke Street  
Melbourne, Victoria, 3000**

*This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay*

# MELBANA ENERGY LIMITED

ABN 43 066 447 952

Registered office: Level 15, 500 Collins Street, Melbourne, Victoria, 3000

## NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Members of Melbana Energy Limited (the "Company") will be held at the Chartered Accountants Australia and New Zealand, Level 18 Bourke Place, 600 Bourke Street, Melbourne, Victoria, 3000 at 10:00am (AEST) on Thursday, 9 August 2018.

## AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

### ORDINARY BUSINESS

#### Resolution 1: Ratification of Prior Issue of Shares

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue on 6 December 2017 of 20,833,333 Ordinary Fully Paid Shares in the Company at a deemed issue price of \$0.012 (1.2 cents) per Share as described in the Explanatory Statement."*

#### Resolution 2: Ratification of Prior Issue of Shares

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the issue on 21 December 2017 of 150,000,000 Ordinary Fully Paid Shares in the Company with an issue price of \$0.014 (1.4 cents) per Share as described in the Explanatory Statement."*

#### Resolution 3: Approval of issue of Options to Mr Andrew Purcell (or his nominee)

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

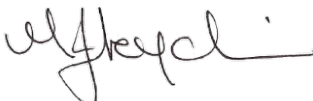
*"That pursuant to and in accordance with the ASX Listing Rule 10.11 and all other purposes, approval be given to grant up to 80,000,000 Options (being a right to acquire up to 80,000,000 fully paid ordinary Shares in the Company to Mr Andrew Purcell (or his nominee) exercisable at \$0.022 (2.2 cents) per option, as compensation for providing a personal guarantee over the Loan Agreement with Trans Asia Private Capital Limited as described in the Explanatory Statement"*

#### Resolution 4: Approval of Amendments to Constitution

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

*"That, subject to the Board determining to admit the Company's Shares to trading on the Alternative Investment Market ('AIM') of the London Stock Exchange Plc. and conditional on the Company's Shares being admitted to trading on AIM, the Constitution of the Company be amended as described in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."*

By the order of the Board



Melanie Leydin  
Company Secretary  
Dated: 2 July 2018

## Notes

1. **Entire Notice:** The details of the resolution contained in the Explanatory Notes accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the General Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7.00pm AEST on the date 48 hours before the date of the General Meeting will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.
3. **Proxies**
  - a. Votes at the General Meeting may be given personally or by proxy, attorney or representative.
  - b. Each shareholder has a right to appoint one or two proxies.
  - c. A proxy need not be a shareholder of the Company.
  - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution.
  - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
  - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
  - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
  - h. To be effective, proxy forms must be received by the Company's share registry Link Market Services Limited no later than 48 hours before the commencement of the General Meeting, this is no later than 10:00am (AEST) Melbourne time on Tuesday, 7 August 2018. Any proxy received after that time will not be valid for the scheduled meeting.  
  
Completed Proxy Forms (and the powers of attorney or other instruments or authorities, if any, under which each Proxy Form is signed) or a copy of a facsimile which appears on its face is to be an authentic copy of the Proxy Form (and the power of attorney or other instrument or authority) can be submitted to the Share Registry:

## 4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## 5. Voting Exclusion Statement:

### Resolutions 1 and 2

The Company will disregard any votes cast in favour on these resolutions by any person who participated in the issue and any associates of those persons.

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.

### Resolution 3

The Company will disregard any votes cast in favour on this resolution by Mr Andrew Purcell or his nominee, and any associates of those persons.

### Resolution 4

There are no voting exclusions on this Resolution.

## 6. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on +61 (3) 8625 6000 if they have any queries in respect of the matters set out in these documents.

## EXPLANATORY MEMORANDUM

### Resolution 1: Ratification of Prior Issue of Shares

#### **Background**

The Company is seeking shareholder approval to ratify the issue of 20,833,333 Fully Paid Ordinary Shares (“Shares”) at a deemed issue price of \$0.012 (1.2 cents) per Share to Petro Australis Limited (**Petro Australis**) as commercial settlement of the dispute with Petro Australis as per the ASX announcement dated 4 December 2017.

The Company announced on 30 October 2017 the termination of commercial arrangements with Petro Australis Limited and the cancellation of Petro Australis’ back in right to Block 9 PSC, the Company had discussions with Petro Australis to conclusively resolve its claim to a right to acquire a 40% participating interest in the Block 9 PSC. As a result of a commercial settlement reached during these discussions, Petro Australis relinquished all claims to its back-in right to the Block 9 PSC in consideration for the Company paying A\$50,000 in cash and issuing 20.8 million fully paid ordinary Shares in the Company to Petro Australis. As a result of this settlement there are no further obligations on either party.

#### **ASX Listing Rules**

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that a company may reinstate its capacity to issue up to 15% of the ordinary securities on issue in a 12 month period if shareholders ratify the previous issue of securities and the issue did not breach Listing Rule 7.1. Accordingly, Resolution 1 seeks Shareholder approval for the ratification of the prior issue of the Shares pursuant to Listing Rule 7.4. By ratifying the issue of the Shares (and ratifying the other issues of Shares the subject of this Notice), the Company’s ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months without obtaining prior Shareholder approval will be restored.

Resolution 1 is an ordinary resolution.

Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of Shares that were issued is 20,833,333;
- (b) the Shares were issued at a deemed issue price of \$0.012 (1.2 cents) per Share;
- (c) the Shares issued are fully paid ordinary Shares in the capital of the Company and rank equally with the existing Shares on issue;
- (d) the Shares were issued to Petro Australis Limited;
- (e) the issue of fully paid ordinary Shares was in consideration for commercial settlement of the dispute with Petro Australis Limited; and
- (f) a voting exclusion statement is included in the Notice.

#### **Board Recommendation**

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 20,833,333 fully paid ordinary Shares to Petro Australis Limited. The Chairman of the meeting intends to vote undirected proxies in favour of the prior share issue.

#### **Voting Exclusions**

The Company will disregard any votes cast in favour on this resolution by any person who participated in the issue and any associates of those persons.

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.

## **Resolution 2: Ratification of Prior Issue of Shares**

### ***Background***

The Company is seeking shareholder approval to ratify the issue of 150,000,000 Fully Paid Ordinary Shares (**Shares**) at an issue price of \$0.014 per Share to qualified institutional and sophisticated investors as part of the Company's capital raising as announced on 15 December 2017.

The Company completed the issue of the Shares on 21 December 2017.

### **ASX Listing Rules**

ASX Listing Rules 7.1 and 7.1A allow the Company to issue new securities up to 25% of the existing capital of the Company in any 12 month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies. The issue of the Shares under the Placement was within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rules 7.1 and 7.1A if the issue did not breach ASX Listing Rules 7.1 and 7.1A at the time and shareholders subsequently approve it. As the issue of the Shares was within the Company's ASX Listing Rule 7.1 and 7.1A placement capacity and was not previously approved by Shareholders, the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4.

If Resolution 2 is approved, the prior issue of the 150,000,000 Shares under the Placement may be treated by the Company as having been made with Shareholder approval under ASX Listing Rules 7.1 and 7.1A. The Company will therefore be able to issue additional equity securities without the Shares the subject of Resolution 2 counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 or the 10% facility limit for the purposes of ASX Listing Rule 7.1A.

Resolution 2 is an ordinary resolution.

Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of Shares that were issued is 150,000,000;
- (b) the Shares were issued at a price of \$0.014 (1.4 cents) per share;
- (c) the Shares issued are fully paid ordinary Shares in the capital of the Company and rank equally with the existing Shares on issue;
- (d) the Shares were issued to clients of Patersons Limited who were qualified institutional and sophisticated investors, none of whom are a related party of the Company;
- (e) the net proceeds will be used primarily for the Company's Cuba and New Zealand projects, corporate costs and for working capital purposes; and
- (f) a voting exclusion statement is included in the Notice.

### ***Board Recommendation***

The Board recommends that shareholders vote in favour of the ratification of the prior issue of 150,000,000 fully paid ordinary Shares to qualified institutional and sophisticated investors. The Chairman of the meeting intends to vote undirected proxies in favour of the prior share issue.

### ***Voting Exclusions***

The Company will disregard any votes cast in favour on this resolution by any person who participated in the issue and any associates of those persons.

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.

### **Resolution 3: Approval of issue of Options to Mr Andrew Purcell (or his nominee)**

#### ***Background***

The Company proposes to grant a total of 80,000,000 Options exercisable at \$0.022 (2.2 cents) to Mr Andrew Purcell (or his nominee) as compensation for Mr Purcell providing a personal guarantee over the loan facility agreement between the Company and Trans Asia Private Capital Limited as announced on 19 April 2018.

The Board considers this proposed compensation is at or below current market value considering potential cost to the Company of alternative funding arrangements.

#### ***Terms of Options***

Subject to the loan being repaid, the 80,000,000 options will vest seven (7) months following the repayment of the loan (indicatively, 11 August 2019) and will expire twelve (12) months from the vesting date.

The full terms of the Options are set out in Annexure A of this Explanatory Statement.

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

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including Options) to a related party of the Company.

If Resolution 3 is passed, Options will be granted to Mr Andrew Purcell (or his nominee), who is a related party of the Company. Accordingly, approval for the grant of these Options is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options to Mr Andrew Purcell (or his nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, Shareholders should note that the grant of options and subsequent conversion into fully paid ordinary Shares to Mr Andrew Purcell (or his nominee) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the related party is Mr Andrew Purcell, and he is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Options to be granted by the Company is 80,000,000 Options;
- (c) the Options will be granted not later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the grant will occur on one date;
- (d) The Options will be unquoted;
- (e) the Options will be granted for nil cash consideration, accordingly no funds will be raised from the grant of the Options. However, cash will be payable at the time when the Options are exercised with the proceeds being raised from these conversions being utilised to fund the Company's Cuban projects, corporate costs and for working capital purposes; and
- (f) the Options will be granted on and subject to the terms described above and in Annexure A.

#### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless either:

- the giving of the financial benefit falls within one of the exceptions to the provisions; or
- prior Shareholder approval is obtained to the giving of the financial benefit.

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of the public company.

A “financial benefit” for the purposes of the Corporations Act also has a very wide meaning. It includes the public company paying money or issuing securities to a related party.

Mr Andrew Purcell is a related party of the Company due to the fact that he is a Director of the Company. The issue of Options to Mr Andrew Purcell constitutes a “financial benefit” as described in the Corporations Act. Accordingly, the proposed issue of Options pursuant to Resolution 3 will constitute the provision of a financial benefit to a related party of the Company.

It is the view of Directors that the proposed issue of Options pursuant to Resolution 3 fall within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the position held by the Director. Accordingly, the Directors are not seeking shareholder approval under section 208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.11.

### ***Board Recommendation***

The Board (other than Mr Purcell) recommend that the Shareholders vote in favour of Resolution 3.

### ***Voting Exclusions***

The Company will disregard any votes cast in favour on Resolution 3 by Mr Andrew Purcell and his nominee, and any associates of those persons.

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.

## **Resolution 4: Approval of Amendments to Constitution**

### **Background**

The Company is seeking shareholder approval to amend the constitution to remove constraints on potential future sources of capital. Whilst no decision has been made to admit its Shares to trading on the Alternative Investment Market (‘AIM’) of the London Stock Exchange Plc, the Company seeks Shareholder approval to amend its constitution to ensure its constitution complies with the AIM Rules for Companies should the Board make such a decision in the future. The proposed amendments have no effect at this time and are conditional upon the Board's decision to admit the Company's Shares to trading on AIM and the Company's Shares being admitted to AIM.

In order to be admitted to trading on AIM, the Company's Shares must be eligible for electronic settlement. The main electronic settlement system in the UK is CREST, operated by Euroclear UK & Ireland Limited (CREST). CREST is an electronic, paperless share transfer and settlement system, which allows Shares and other securities (including depository interests) to be held, transferred or settled in electronic rather than paper form (the equivalent system in Australia is called “CHESS”). However, as the Company is incorporated in Australia, its Shares cannot be directly held, transferred or settled through CREST. As a result, it will be necessary for the Shares to be held in CREST in the form of Depository Interests (DIs).

The Company, through its depository, will have a facility whereby DIs, representing Shares, will be issued by the depository in electronic form within the CREST system. The depository will hold Shares in certificated form on trust for shareholders and it will issue uncertificated DIs (on a one-for-one basis) representing those underlying Shares. The relevant shareholders will retain the beneficial interest in the ordinary Shares held through the DI facility and voting rights, dividends or any other rights relating to those Shares will be passed on by the depository to shareholders in accordance with the terms of the depository arrangements. Shares can then be traded and settlement can be effected in the form of DIs within the CREST system, in the same way as any other CREST security.

The Company intends for the DIs to be created and issued into CREST with effect from admission of the Company's Shares to trading on AIM. The registrar will keep a register in the UK which shows full details of the DI holders, just like the register of members in relation to the Company's Shares.



## Special resolution

Section 136(2) of the Corporations Act provides that the Company may only amend its constitution by special resolution. Resolution 4 will only be passed if at least 75% of the votes cast by shareholders entitled to vote on Resolution 4 are cast in favour of Resolution 4.

Resolution 4 is also expressed to be subject to the Board determining in the future to list its Shares on AIM and the Company being admitted to AIM. **Unless the Company is admitted to AIM, Resolution 4 will not have effect.**

## Amendments to constitution

In order for the Company's constitution to be appropriate for admission to AIM, amendments will need to be made to the Company's constitution. The table below sets out a summary of the key material changes and the provisions of the Company's constitution which are proposed to be amended by Resolution 4.

Amendment proposed by Resolution 4	Amended rule of constitution
To add a new rule in the Company's constitution to require: (i) any person: (a) who becomes or ceases to be a <b>"Significant Shareholder"</b> (being a person who holds 3% or more of the Company's Shares) or (b) who is a Significant Shareholders and whose shareholding increases or decreased through any single percentage (a <b>"Relevant Change"</b> ); to send the Company a notice setting out certain prescribed information; and (ii) the Company to deliver an announcement containing certain prescribed information to a Regulatory Information Service for distribution to the public: (a) if a person becomes or ceases to be a Significant Shareholder; or (b) of any Relevant Change.	New rule 14.7(b) and 14.7(c)
To amend Rule 5.1(g) and 5.2 regarding Transfer and Transmission of Shares to reflect that the Company's Shares will be traded on AIM and the Company will be subject to the AIM Rules for Companies, including applicable laws, rules or regulations.	Rule 5.1(g) and 5.2(a)
The amended constitution contains new Rule 14.7 which provides that for so long as the Company's Shares are admitted to trading on AIM, the provisions of the United Kingdom Financial Conduct Authority's Disclosure and Transparency Rules Sourcebook governing the disclosure of interests in Shares in the United Kingdom by issuers who have their registered office in the United Kingdom shall be deemed to be incorporated into the amended Constitution and shall bind the Company and the members.	New rule 14.7
To add a new rule in the Company's constitution regarding Uncertified Securities to require the Company to procure that the Register (or any other relevant register as may be required) is maintained in accordance with applicable regulations and the share transfer system concerned.	New rule 1.6
To amend rule 15.2(b) in relation to prohibition and enforceability to reflect changes that the Company's Shares will be traded on AIM and the Company will be subject to the AIM Rules for Companies.	Rule 15.2(b)
Various minor terminology and administrative changes to reflect that the Company's Shares will be traded on AIM and the Company will be subject to the AIM Rules for Companies.	Various

There are no other amendments proposed to the constitution of the Company.

The amended constitution is available for review by Shareholders at the Company's website [www.melbana.com.au](http://www.melbana.com.au) and at the Company's registered office located at Level 15, 500 Collins Street, Melbourne, Victoria, 3000.

A copy of the amended constitution can also be sent to Shareholders upon request to the Company Secretary by calling +61 3 8625 6000.

Shareholders are invited to contact the Company if they have any queries or concerns.

***Board Recommendation***

The Board considers that amending the Constitution is in the best interests of the Company. Accordingly, the Board unanimously recommends that Shareholders approve Resolution 4.

***Voting Exclusions***

There are no voting exclusions for Resolution 4.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**AEST**” means Australian Eastern Standard Time.

“**AIM**” means the Alternative Investment Market of the London Stock Exchange Plc;

“**Board**” means the Directors acting as the board of Directors of the Company;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means Melbana Energy Limited ABN 43 066 447 952;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Resolution**” means a resolution referred to in the Notice;

“**Section**” means a section of the Explanatory Memorandum;

“**Share**” means a fully paid ordinary share in the capital of the Company; and

“**Shareholder**” means shareholder of the Company.

## ANNEXURE A

### TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the options to be granted pursuant to Resolution 3 are as follows:

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share upon exercise of the Option.
- (b) Each Option will expire vest seven (7) months following the repayment of the loan (indicatively, 11 August 2019) and expire twelve (12) months from the vesting date (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.022 (**Exercise Price**).
- (d) The Options held by the Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) The Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) cash, a bank cheque or telegraphic or other electronic means of transfer of cleared funds for the Exercise Price for the number of Options being exercised; (**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable, except with the prior written consent of the board of directors of the Company.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reorganised or reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation or reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options. The Optionholder cannot participate in any new issues of the Company without exercising the Option.
- (m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

NAME AND ADDRESS

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## LODGE YOUR VOTE

 **ONLINE**  
www.linkmarketservices.com.au

 **BY MAIL**  
Melbana Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **BY FAX**  
+61 2 9287 0309

 **BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474

Securityholder Reference Number (SRN)

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## PROXY FORM

I/We being a member(s) of Melbana Energy Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00am on Thursday, 9 August 2018 at Chartered Accountants Australia and New Zealand, Level 18, Bourke Place, 600 Bourke Street, Melbourne Victoria, 3000 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.


STEP 1

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

#### Resolutions

Resolutions	For	Against	Abstain*
1 Ratification of Prior Issue of Shares under ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of Prior Issue of Shares under ASX Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of issue of Options to Mr Andrew Purcell (or his nominee)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Amendments to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 2

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Tuesday, 7 August 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

Melbana Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
  
or  
  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**