



**MELBANA ENERGY LIMITED**  
**ACN 066 447 952**

# **Notice of Annual General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Friday, 22 November 2019**

Time of Meeting:  
**12.00pm (AEDT)**

Place of Meeting  
**Double Tree by Hilton**  
**270 Flinders Street**  
**Melbourne**  
**VIC 3000**

*This Notice of Annual 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

ACN 066 447 952

Registered office: Level 3, 350 Collins Street, Melbourne, VIC, 3000

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Melbana Energy Limited (the "Company") will be held at the Double Tree by Hilton, 270 Flinders Street, VIC 3000 at 12.00pm (AEDT) on Friday, 22 November 2019.

### AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, include defined terms and 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

##### Receipt and Consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2019.

*Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly, no resolution will be put to shareholders on this item of business.*

##### Resolution 1: Adoption of Remuneration Report

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

*"That for the purpose of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report (included in the Directors' report) for the financial year ended 30 June 2019 be adopted."*

##### Resolution 2: Re-election of Mr Michael Sandy as a Director of the Company

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

*"That Mr Michael Sandy, who retires by rotation pursuant to the Constitution of the Company and, being eligible, offers himself for re-election as a Director of the Company."*

##### Resolution 3: Approval of the Company's Long Term Incentive Plan

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

*"That, for the purposes of ASX Listing Rule 7.2 exception 9(b) and for all other purposes shareholders approve with effect from the close of this Meeting the Company's Long Term Incentive Plan (LTIP) (copies of the Plan Rules are available for inspection at the Company's registered office) and the issue of options by the Board in its discretion in accordance with the provisions of that LTIP"*

#### SPECIAL BUSINESS

##### Resolution 4: Approval of 10% Additional Placement Capacity

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

*"That, for the purpose 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 capital at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."*

## CONTINGENT BUSINESS

### Resolution 5: Spill Resolution (conditional item)

#### *Condition for Resolution 5*

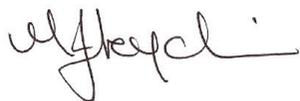
Resolution 5 will be considered at the AGM only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. The Explanatory Statement further explain the circumstances in which Resolution 5 will be put to the meeting.

#### **Resolution**

*“That, subject to and conditional on at least 25% of the votes validly cast on the resolution to adopt the remuneration report for the year ended 30 June 2019 being cast against the adoption of the report:*

- (a) an extraordinary general meeting of Melbana Energy Limited (**Spill Meeting**) be held within 90 days of the passing of this resolution;*
- (b) all of the Directors who were Directors of Melbana Energy Limited when the resolution to make the Directors’ Report for the year ended 30 June 2019 was passed (other than the CEO or Managing Director), and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.”*

By the order of the Board



**Melanie Leydin**  
**Company Secretary**

Dated: 14th October 2019

## 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 Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7pm on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
  - a. Votes at the Annual 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 or the Corporations Act.
  - 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) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 12.00pm (AEDT) on Wednesday, 20 November 2019. Any proxy received after that time will not be valid for the scheduled meeting.

## 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. How the Chairman will vote Undirected Proxies

Subject to the restrictions set out in Note 6 below, the Chairman of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

## 6. Voting Exclusion Statement:

### Resolution 1 and 5

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote:

- (a) in accordance with a direction on the proxy form; or
- (b) by the Chairman of the meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form, you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

### Resolution 2

There are no voting exclusions on this Resolution.

### Resolution 3

The Company will disregard any votes cast in favour of Resolution 3 by a person who is eligible to participate in any employee incentive scheme in relation to the Company and any associates of those persons.

However, the Company need not disregard a vote on this Resolution if:

- (a) 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
- (b) 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.

As Resolution 3 may be considered to relate to the remuneration of a member of the KMP for the Company, the Company will disregard all votes cast in favour of Resolution 3 by a member of the KMP or a Closely Related Party of a KMP, who has been appointed as a proxy unless:

- (a) the proxy is appointed by writing that specifies how the proxy is to vote on that Resolution; or
- (b) if the proxy is the Chair and the appointment of the Chair as a proxy does not specify the way the proxy is to vote on that Resolution but it expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP for the Company or if the Company is party of a consolidated entity, for the entity.

#### **Resolution 4**

The Company will disregard any votes cast in favour of Resolution 4 by any person who may participate in the proposed issue or any person who might obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

However, the Company need not disregard a vote on this Resolution if:

- (a) 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
- (b) 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.

#### **7. Enquiries**

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

# EXPLANATORY MEMORANDUM

## Receipt and Consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2019 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditor's report) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years. Alternatively you may access the Annual Report at the Company's website: [www.melbana.com](http://www.melbana.com) or via the Company's announcement platform on ASX. Except as set out in Resolution 1, no resolution is required on these reports.

## Resolution 1: Adoption of Remuneration Report

Section 250R(2) of the Corporations Act requires that a resolution to adopt the remuneration report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2019 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

### ***Directors Recommendation***

The Directors encourages all eligible Shareholders to cast their votes in favour of Resolution 1 (Remuneration Report).

### ***Voting Exclusions***

Refer to Note 6 for voting exclusions.

## Resolution 2: Re-election of Mr Michael Sandy as a Director of the Company

The Constitution of the Company requires that at every Annual General Meeting, one-third or the next highest number nearest one-third of the Directors (excluding the Managing Director), shall retire from office and provides that such Directors are eligible for re-election at the meeting.

Mr Sandy was appointed as a Non-Executive Director on 30 July 2015 and Interim Chief Executive Officer on 19 July 2019.

Mr Sandy is a geologist with 40 years' experience in the resources industry – mostly focused on oil and gas. Mr Sandy had a varied early career with roles in minerals exploration and research and a role with the PNG Government based in Port Moresby. In the early 1990s he was Technical Manager of Oil Search Limited also based in Port Moresby. Mr. Sandy was involved in establishing Novus Petroleum Ltd and preparing that company for its \$186m IPO in April 1995. Over 10 years, he held various senior management roles with Novus including manager of assets in Australia, Asia, the Middle East and the USA and as Business Development Manager was involved in numerous acquisitions and divestments. He co-managed the defence effort in 2004 when Novus was taken over by Medco Energi.

For the last 15 years, Mr Sandy has been the principal of energy consultancy company Sandy Associates P/L and was previously a director of Tap Oil Limited (ASX:TAP), Hot Rock Ltd (ASX:HRL), Caspian Oil and Gas (ASX:CIG) and Pan Pacific Petroleum (ASX:PPP). Mr Sandy is currently the Chairman of MEC Resources Limited (ASX:MMR).

## ***Directors Recommendation***

The Board (with Mr Sandy abstaining), recommends that shareholders vote in favour of the re-election of Mr Sandy. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Sandy's re-election.

## ***Voting Exclusions***

There are no voting exclusions on this resolution.

## **Resolution 3: Approval of the Company's Long Term Incentive Plan**

### ***Background***

The Company's Long Term Incentive Plan (LTIP) was adopted in September 2011. The Board is committed to incentivising and retaining the Company's Directors, employees and consultants in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

The LTIP is regarded as an employee incentive scheme for the purposes of Listing Rule 7.2. A copy of the LTIP will be provided without charge to members on request.

Approval of the LTIP and any options to be issued pursuant to the LTIP is sought pursuant to Listing Rule 7.2, Exception 9(b). Further details relating to Listing Rules requirements are set out below.

The LTIP is intended to enable participants to share in any increase in the Company's value (as measured by the share price) beyond the date of allocation of the options. A summary of the LTIP is set out later in these Explanatory Notes.

Any issue of shares under the LTIP to Directors, or their associates, will still require approval by members under Listing Rule 10.14.

### ***ASX Listing Rules***

Listing Rule 7.1 provides generally that a company may not issue shares or securities convertible into shares equal to more than 15% of the company's issued share capital in any consecutive 12 month period without prior obtaining shareholder approval, unless the issue fits into one of the exceptions contained in Listing Rule 7.2. Listing Rule 7.2 exception 9(b) effectively provides that securities issued pursuant to an employee incentive scheme are not included in the calculation of the 15% for Listing Rule 7.1 purposes provided the employee incentive scheme and the securities to be issued pursuant to the LTIP have been approved by members within the previous 3 years.

Accordingly, shareholder approval is sought pursuant to this Resolution 3 in order for the Company to continue to be able to issue options pursuant to the LTIP and have those options qualify under Listing Rule 7.2 exception 9 for a further 3 years from the date of approval.

The Board intends that the issue of options under the LTIP continue to not be included when undertaking the calculation of the 15% limit pursuant to Listing Rule 7.1. Accordingly, the Company is seeking member re-approval of the LTIP in order that the issue of shares pursuant to the LTIP will continue to qualify as an exception to Listing Rule 7.1 under exception 9(b) to Listing Rule 7.2.

### **Information required for Listing Rule 7.2, exception 9(b)**

Listing Rule 7.2, exception 9(b) requires the following information to be provided to members:

#### Options already issued

A total of 19,013,158 securities have been issued, of which 3,750,000 Options have lapsed under the LTIP since the date of the last approval.

Summary of Terms and Conditions of the Company's Executive Share Option Plan

<b>Eligible Employee</b>	An employee of the Group (including a director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of LTI Securities under the Plan
<b>Grant of Options</b>	<p>(a) Where an Eligible Employee has accepted an Offer to participate in a grant of Options in accordance with rule 1.3 of these Rules, the Board will grant Options to the Eligible Employee.</p> <p>(b) Unless the Board determines otherwise:</p> <ol style="list-style-type: none"> <li>a. no payment is required for the grant of an Option; and</li> <li>b. Options may not be registered in any name other than that of the Eligible Employee.</li> </ol>
<b>Exercise of Options</b>	<p>(a) Subject to rules 6, 7 and 13.4, an Option granted under the Plan will only vest and become exercisable where any Performance Condition and any other relevant conditions advised to the Participant by the Board pursuant to rule 1.2 have been satisfied.</p> <p>(b) The exercise of any Option granted under the Plan will be effected in the form and manner determined by the Board, and must be accompanied by payment of the relevant exercise price (if any) advised to the Participant pursuant to rule 1.2.</p>
<b>Lapse of Options</b>	<p>An Option will lapse upon the earliest to occur of:</p> <ol style="list-style-type: none"> <li>(a) 7 years or any other date nominated as the expiry date in the invitation letter;</li> <li>(b) the Option lapsing in accordance with a provision of rule 4, 5, 6 or 7; and</li> <li>(c) failure to meet a Performance Condition or any other conditions applicable to the Option within the prescribed period.</li> </ol>
<b>Grant of Performance Rights</b>	<p>(a) Where an Eligible Employee has accepted an Offer to participate in a grant of Performance Rights in accordance with rule 1.3 of these Rules, the Board will grant Performance Rights to the Eligible Employee.</p> <p>(b) Unless the Board determines otherwise:</p> <ol style="list-style-type: none"> <li>a. no payment is required for the grant of a Performance Right; and</li> <li>b. Performance Rights may not be registered in any name other than that of the Eligible Employee.</li> </ol>
<b>Vesting of Performance Rights</b>	<p>(a) Subject to rules 6, 7 and 13.4, a Performance Right will only vest where any Performance Condition and any other relevant conditions advised to the Participant by the Board pursuant to rule 1.2 have been satisfied.</p> <p>(b) Upon vesting of a Performance Right, a Share will be allocated pursuant to rule 2.3 without any further action on the part of the Participant.</p>
<b>Lapse of Performance Rights</b>	<p>A Performance Right will lapse upon the earliest to occur of:</p> <ol style="list-style-type: none"> <li>(a) the Performance Right lapsing in accordance with a provision</li> </ol>

	<p>of rule 4, 5, 6 or 7; and</p> <p>(b) failure to meet a Performance Condition or any other conditions applicable to the Performance Right within the prescribed period.</p>
<b>Rights and obligations of Participants</b>	<p>(a) Unless expressly provided under a Participant's employment:</p> <p>a. the rights and obligations of any Participant under the terms of his or her office, employment or contract with the Group are not affected by his or her participation in the Plan;</p> <p>b. these Rules will not form part of and are not incorporated into any contract of any Participant (whether or not they are an employee of the Group);</p> <p>c. the grant of LTI Securities on a particular basis in any year does not create any right or expectation of the grant of LTI Securities on the same basis, or at all, in any future year; and</p> <p>d. no Participant has any right to compensation for any loss in relation to the Plan, including:</p> <ul style="list-style-type: none"> <li>• any loss or reduction of any rights or expectations under the Plan in any circumstances or for any reason (including lawful or unlawful termination of employment or the employment relationship);</li> <li>• any exercise of a discretion or a decision taken in relation to a grant of LTI Securities or in relation to the Plan, or any failure to exercise a discretion under these Rules; or</li> <li>• the operation, suspension, termination or amendment of the Plan.</li> </ul>
<b>Administration</b>	<p>The LTIP will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the LTIP.</p>
<b>Amendment of LTIP</b>	<p>(a) Subject to rule 11.2, the Board may at any time by resolution:</p> <p>a. amend all or any of the provisions of the Plan;</p> <p>b. amend the terms or conditions of any LTI Security granted under the Plan; or</p> <p>c. suspend or terminate the operation of the Plan.</p> <p>(b) Notwithstanding rule 11.2, the Board may waive, amend or replace any performance measure in a Performance Condition attaching to an LTI Security if the Board determines that the original Performance Condition is no longer appropriate or applicable (including, without limitation, a particular stock market index is no longer published, extraneous economic circumstances or a corporate action, including a discounted rights issue, that impacts on the performance measure), provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position of the</p>

### ***Directors Recommendations***

As the Directors of Melbana are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of the LTIP.

## ***Voting Exclusions***

Refer to Note 6 for voting exclusions.

## **SPECIAL BUSINESS**

### **Resolution 4: Approval of 10% Additional Placement Capacity**

#### ***Background***

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The effect of Resolution 4 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve Resolution 4, the number of Equity Securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

#### **Description of Listing Rule 7.1A**

##### *(a) Shareholder approval*

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting. This means it requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

##### *(b) Equity Securities*

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue three classes of Equity Securities, Fully Paid Ordinary Shares, Unlisted Options and Performance Rights.

##### *(c) Formula for calculating 10% Placement Facility*

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days 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 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

### **Listing Rule 7.1A**

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days 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 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. Shareholders may be exposed to economic risk and voting dilution, including the following:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the market price of Shares as at 1 October 2019 (**Current Share Price**) and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.006 50% decrease in Current Price	\$0.011 Current Price	\$0.022 100% increase in Current Price
<b>Current Variable A</b> 1,878,090,864 Shares	<b>10% Voting Dilution</b>	187,809,086 Shares		
	<b>Funds raised</b>	\$1,032,950	\$2,065,900	\$4,131,800
50% increase in current Variable A 2,804,818,578 Shares	<b>10% Voting Dilution</b>	281,713,630 Shares		
	<b>Funds raised</b>	\$1,549,425	\$3,098,850	\$6,197,700
<b>100% increase in current Variable A</b> 3,756,181,728 Shares	<b>10% Voting Dilution</b>	375,618,173 Shares		
	<b>Funds raised</b>	\$2,065,900	\$4,131,800	\$8,263,600

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
  - 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%.
  - The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
  - The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - The Current Share Price is **\$0.011** (1.1 cents), being the closing price of the Shares on ASX on 1 October 2019.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition) and continued expenditure on the Company's current assets and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new investments, it is possible that the allottees under the 10% Placement Facility may be the vendors of the new investments.

- (f) A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

## Equity Issues over the Last 12 Months – Listing Rule 7.3A

### Information under Listing Rule 7.3A.6(a):

The table below shows the total number of equity securities issued in the past 12 months preceding the date of the Annual General Meeting and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Number of equity securities on issue at commencement of 12 month period	2,062,333,896
Equity securities issued in the prior 12 month period*	2,584,949
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	0.13%

See below details of issues of all equity securities made in the previous 12 months:

<b>Date of issue:</b>	25 July 2019
<b>Number issued:</b>	2,584,949
<b>Type of equity security:</b>	Fully paid ordinary shares
<b>Terms of securities:</b>	Fully paid ordinary shares in the capital of the company.
<b>Price:</b>	Nil
<b>Reason for Issue:</b>	Exercise of Performance Rights

### Directors Recommendations

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

### Voting Exclusions

For voting exclusions refer to Note 6.

## CONTINGENT BUSINESS

### Resolution 5: Spill Resolution (Conditional item)

#### Background

This is a conditional item of business. In accordance with the Corporations Act, the resolution set out in item 5 (called a 'spill resolution') will only be put to the AGM if the Company receives a 'second strike' on its remuneration report because at least 25% of the votes validly cast on Resolution 1 to adopt the June 2019 Remuneration Report are cast against that resolution. If less than 25% of the votes validly cast on Resolution 1 are against the resolution, the Spill Resolution will not be put to the AGM.

If the Spill Resolution is put to the vote and passed at the AGM, it will have the effect outlined below.

- The Company would be required to hold another meeting of shareholders (called a 'spill meeting') within 90 days after the Spill Resolution is passed, to consider the composition of the Board. If a spill meeting is required, details of the meeting would be notified to shareholders in due course.
- If a spill meeting is held, the following Non-Executive Directors would automatically cease to hold office at the end of the spill meeting unless they are willing to stand for re-election, and are re-elected, at that meeting:
  - Andrew Purcell;
  - Peter Stickland; and
  - Michael Sandy.

The Directors listed above are those who held office on 30 August 2019 when the directors' report (including the remuneration report) for the year ended 30 June 2019 was approved.

Each of the listed non-executive directors would be eligible to seek re-election at any spill meeting. However, there is no assurance that any or all of them would do so.

- Resolutions to appoint individuals to the offices that would be vacated immediately before the end of the spill meeting would be put to the vote at that meeting. Eligibility for election as a director at any spill meeting would be determined in accordance with the Company's constitution.

For the spill resolution to be passed at the meeting, more than 50% of the votes validly cast on the resolution must be in favour of it.

The spill resolution has the potential that the entire Board is removed from office.

### ***Board Recommendation***

The Board recommends that all eligible Shareholders vote against this Resolution. The Chair of the Meeting intends to vote undirected proxies against this Resolution.

## GLOSSARY

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

“**\$**” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 4;

“**10% Placement Period**” has the meaning as defined in the Explanatory Statement for Resolution 4;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2019;

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

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Standard Time.

“**Board**” means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

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

“**CHESS**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**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 ACN 066 447 952;

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

“**Convertible Security**” means a security of the Company which is convertible into shares;

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

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

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

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

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**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;

“**LTIP**” means Long Term Incentive Plan;

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

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

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

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the financial year ended 30 June 2019 and which is set out in the 2019 Annual Report.

“**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;

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

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“**VWAP**” means volume weighted average price.

## 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

## 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 Annual General Meeting of the Company to be held at **12:00pm (AEDT) on Friday, 22 November 2019 at Double Tree by Hilton, 270 Flinders Street, VIC 3000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 3 & 5:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 3 & 5, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote all available proxies in favour of all items of business except Resolution 5, where he will be voting against.**

### 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

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Spill Resolution (conditional item)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Michael Sandy as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Approval of the Company's Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of 10% Additional Placement Capacity	<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.

### 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).



## 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 Resolutions are 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" must 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 **12:00pm (AEDT) on Wednesday, 20 November 2019**, 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).



#### 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 ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**