

# MELBANA ENERGY LIMITED

ABN 43 066 447 952

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-third Annual General Meeting of members of Melbana Energy Limited (the **Company**) will be held in the Meeting Room of The Institute of Chartered Accountants, Level 18, 600 Bourke Street, Melbourne on Thursday 23 November 2017 at 10.30am (AEST).

Please read this Notice and the Explanatory Memorandum carefully. If you are unable to attend the Annual General Meeting, please complete and return the enclosed Proxy Form in accordance with the specified directions.

### ORDINARY BUSINESS

#### 1. Financial Report

To receive and consider the Financial Report and the reports of the Directors and Auditor for the year ended 30 June 2017.

#### 2. Resolution 1 - Adoption of Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution as an **ordinary resolution**:

“That the Remuneration Report for the year ended 30 June 2017 be adopted.”

The Remuneration Report is set out on pages 14 - 22 of the 2017 Annual Report.

*Note: that the vote on this resolution is advisory only and does not bind the Directors of the Company.*

*See Additional Voting Exclusion Statements below.*

#### 3. Resolution 2 - Re-election of Mr Michael John Sandy as a Director

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

“That Mr Michael John Sandy, who retires by rotation in accordance with rule 8.1(e) of the Company’s constitution, being eligible, be re-elected as a Director of the Company.”

#### 4. Resolution 3 - Ratification of Prior Issue of Equity Securities under ASX Listing Rule 7.1

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 140,892,594 Equity Securities (being 81,314,837 Placement Shares together with 59,577,757 Attaching Options) on 23 August 2017 to institutional and sophisticated investors on the terms and conditions as set out in the Explanatory Memorandum.”

**Voting Exclusion:** The Company will disregard any vote cast in relation to this Resolution by any person who participated in the issue and any person who is an Associate 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, if 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.

#### 5. Resolution 4 - Ratification of Prior Issue of Placement Shares under ASX Listing Rule 7.1A

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 97,418,392 Placement Shares on 23 August 2017 to institutional and sophisticated investors on the terms and conditions set out in the Explanatory Memorandum.”

**Voting Exclusion:** The Company will disregard any vote cast in relation to this Resolution by any person who participated in the issue and any person who is an Associate 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, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## SPECIAL BUSINESS

### 6. Resolution 5 – Issue of Fee Options to Hartleys’ subsidiary Zenix Nominees Pty Ltd

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 20,000,000 Fee Options to Hartleys subsidiary Zenix Nominees Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”

**Voting Exclusion:** The Company will disregard any vote cast in relation to this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed and a person who is an Associate 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.

### 7. Resolution 6 - Issue of Performance Options and approval of potential termination benefit to the Managing Director and Chief Executive Officer, Mr Peter Stickland (or his nominee)

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

“That approval be given for all purposes including ASX Listing Rule 10.14 and sections 200B and 200E of the Corporations Act, for the issue of Performance Options and the giving of benefits by the Company which may become payable to Managing Director and Chief Executive Officer, Mr Peter Stickland, (or his nominee), in connection with his ceasing to be Managing Director and Chief Executive Officer, the potential termination benefits being 3,000,000 Performance Options under the Company’s Long Term Incentive Plan on the terms summarised in the Explanatory Memorandum.”

**Voting Exclusion:** The Company will disregard any vote cast in relation to this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought and any Associate 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.

In addition, the Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of Mr Stickland and any of his Associates, unless it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of Mr Stickland or any of his Associates.

*See Additional Voting Exclusion Statements below.*

### 8. Resolution 7 - 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 Memorandum.”

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form, or if 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.

The Explanatory Memorandum and accompanying Notes attached to this Notice are incorporated into, and form part of, this Notice of Meeting.

### **Additional Voting Exclusion Statements**

For all resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel (**KMP**) of the Company (being Resolutions 1 and 6), the Corporations Act restricts KMP and their Closely Related Parties from voting in some circumstances.

In addition, voting restrictions apply in respect of Resolutions 3, 4, 5, 6 and 7 under the ASX Listing Rules.

If you intend to appoint a member of KMP as your proxy, please ensure you direct the proxy how to vote.

### ***Resolutions 1 and 6***

The Company will disregard any votes cast on Resolutions 1 and 6 by or on behalf of a member of the KMP whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP; and
- it is not cast on behalf of a member of the KMP whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

### ***Proxy voting by KMPs and their Closely Related Parties on remuneration matters***

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolutions 1 and 6 unless:

- the appointment specifies the way the proxy is to vote on Resolutions 1 or 6 (as the case may be); or
- the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.
- Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolutions 1 and 6.

Shareholders may also choose to direct the Chair to vote against Resolutions 1 or 6 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

The Explanatory Memorandum and accompanying Notes attached to this Notice are incorporated into, and form part of, this Notice of Meeting.

By order of the Board of Melbana Energy Limited

Colin Naylor  
Company Secretary  
**6 October 2017**

### **2017 Annual Report**

**Members who elected not to receive a printed copy of the 2017 Annual Report can access the Annual Report at Melbana Energy's website address:**

**<http://www.melbana.com/irm/content/annual-reports.aspx?RID=397>**

## NOTES

### 1. Voting information

- a. All items will be determined on a show of hands, unless a poll is duly called on an item.
- b. On a poll, every member present has one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. If a Shareholder appoints more than one proxy, and more than one proxy attends the meeting, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll in respect of those shares or voting rights the proxy represents.
- c. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If two proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the member's votes.
- d. If you are unable to attend the meeting, you are encouraged to appoint a proxy to attend and vote on your behalf.
- e. A Proxy Form accompanies this Notice and, to be effective, the form (and if the appointment is signed by the appointor's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received by the registered office of the Company or by the Company's share registry at least 48 hours before the time appointed for the meeting, being 10.30am (AEST), Tuesday 21 November 2017. Any proxy lodged after that time will be treated as invalid.
- f. You can direct your proxy how to vote by following the instructions on the Proxy Form. Shareholders are encouraged to direct their proxy how to vote on each item of business.
- g. You may appoint the Chairman of the Meeting as your proxy. In addition, the Chairman of the Meeting is deemed appointed where a signed Proxy Form is returned which does not contain the name of the proxy or where your proxy is either not recorded as attending the Meeting or is recorded as attending the Meeting but does not vote on the Resolution. If a member directs the Chairman how to vote on an item of business, the Chairman must vote in accordance with the direction.

Generally, members of the KMP (which includes each of the Directors and the Chairman of the Meeting) and their Closely Related Parties are not permitted to vote your proxy on Resolutions 1 and 6 unless you have directed them how to vote or the Chairman of the Meeting is your proxy. If you appoint the Chairman of the Meeting as your proxy, or the Chairman of the Meeting is deemed appointed as your proxy, and you do not mark the box opposite Resolutions 1 and 6 then by signing and returning the proxy form, you will be giving the Chairman of the Meeting your express authority to vote your proxy as the Chairman decides for those Resolutions.

The Chairman of the Meeting intends to vote all available proxies **in favour of** Resolutions 1 to 7 (inclusive).

- h. A proxy duly appointed need not be a member and may be an individual or body corporate. In the case of joint holders, either holder may sign.
- i. A member of the Company who is a body corporate and who is entitled to attend and vote at the Meeting, or a proxy who is a body corporate and is appointed by a member of the Company entitled to attend and vote at the Meeting, will need to ensure that it:
  - (i) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
  - (ii) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

Such evidence must be received at least 48 hours prior to the commencement of the Meeting.

- j. A proxy or attorney may not vote at a general meeting or adjourned or postponed meeting or on a poll unless the instrument appointing the proxy or attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the company at least 48 hours before the time for holding the meeting (unless there is an adjournment or postponement of the meeting, or the company considers the instrument has not been duly executed).
- k. Proxy and corporate appointment of representative forms may be returned to the Company in any of the following ways:
- (i) by delivery (by hand, mail, or facsimile) to the Company Secretary, Melbana Energy Limited at its registered office:  
Level 15  
500 Collins Street  
Melbourne Vic 3000  
Facsimile: **61+ 3 9614 0660**
  - (ii) by delivery (by hand, mail, or facsimile) to the Melbana Energy Limited share registry:  
  
**by hand to**  
  
Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138; or  
Level 12, 680 George Street  
Sydney NSW 2000  
  
**By mail to**  
  
Melbana Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney NSW 1235  
  
**By facsimile to: 61 2 9287 0309**  
  
**Online:** [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
  
**By mobile:** Scan the QR code on your Proxy Form and follow the prompts.
- l. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise comply with the provisions of Section 127 of the Act. Section 127 of the Act provides that a company may execute a document without using its common seal if the document is signed by:
- (i) 2 directors of the company; or
  - (ii) a director and a company secretary of the company; or
  - (iii) for a proprietary company that has a sole director who is also the sole company secretary - that director.
- m. Completion of a Proxy Form will not prevent individual members from attending the Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and then the member attends the Meeting in person, if the member votes on a Resolution, their proxy is not entitled to vote, and must not vote, on that Resolution.

Under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register at **7pm (AEST) on Tuesday 21 November 2016**. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

## Explanatory Memorandum

Shareholder approval of resolutions is required for the purposes of the ASX Listing Rules and the Corporations Act. This Explanatory Memorandum has been prepared to provide you with material information to enable you to make an informed decision in relation to the business to be conducted at the Annual General Meeting of the Company.

Definitions and abbreviations are set out in the Glossary.

### Ordinary business

#### Item 1. Financial Report

The Corporations Act requires:

1. the reports of the Directors and Auditors; and
2. the annual Financial Report, including the financial statements of the Company for the fiscal year ended 30<sup>th</sup> June 2017,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Company's Constitution requires a vote of members on the reports or statements. However, members will be given a reasonable opportunity as a whole to ask questions about or make comments on the reports and in relation to the accounts and management of the Company.

Also, a reasonable opportunity will be given to members as a whole at the Meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

#### Item 2. Resolution 1 - Remuneration Report

The Annual Report for the fiscal year ended 30 June 2017 contains a Remuneration Report, which forms part of the Directors' report and sets out details of the remuneration for each Director and for each of the other KMP of the Company, in addition to describing the Board's policy in respect of remuneration, its relationship to the Company's performance, along with a detailed summary of any relevant performance conditions, why those particular conditions were chosen, and how performance is measured against them.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

The Corporations Act requires listed companies to put an annual non-binding resolution to members to adopt the Remuneration Report. In line with the legislation, the vote on this resolution is advisory only, and is not binding on the Company or the Board, however the Board will have regard to the outcome of the vote and any discussion when setting the remuneration policies in future years.

The Remuneration Report is set out in the Company's 2017 Annual Report which is available on the Company's website ([www.melbana.com](http://www.melbana.com)).

If at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Remuneration Report for the financial year ended 30 June 2016 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 3 November 2016. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders at this Annual General Meeting.

A voting exclusion statement applies to this resolution as set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

*The Board recommends that members vote **in favour** of adopting Resolution 1, the Remuneration Report.*

*The Chairman of the Meeting intends to vote all available proxies **in favour** of Resolution 1.*

### **Item 3. Resolution 2 - Re-election of Mr Michael John Sandy as a Director**

Mr Michael Sandy retires at this Annual General Meeting in accordance with rule 8.1(d) of the Company's Constitution, and, being eligible, offers himself for re-election.

Further information in relation to Mr Sandy is as follows:

#### **Michael J Sandy, BSC Hons (Geology), MAICD**

*Independent Non-Executive Director (Appointed 30 July 2015)*

Michael Sandy is a geologist with 40 years' experience in the resources industry – mostly focused on oil and gas. Michael 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. Michael 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 13 years, Michael has been the principal of consultancy company Sandy Associates Pty Ltd involved in petroleum, minerals, geothermal, environmental and disaster management projects and resources industry start-ups. He was previously a non-executive director of Tap Oil Limited (ASX: TAP), Hot Rock Ltd (ASX: HRL), Caspian Oil and Gas (ASX: CIG) and Pan Pacific Petroleum (ASX: PPP) and ex-chairman of Burleson Energy Limited (ASX: BUR).

Mr Sandy is Chairman of the Audit & Risk Committee and a member of the Remuneration & Nomination Committee.

*The Board (other than Mr Sandy) recommends that members vote **in favour** of Resolution 2 to re-elect Mr Sandy.*

*The Chairman of the Meeting intends to vote all available proxies **in favour** of Resolution 2.*

### **Background to Resolutions 3 and 4**

On 15 August 2017, the Company announced that it had accepted commitments from institutional and sophisticated investors for the placement of 178,733,229 Placement Shares at \$0.01 per Share to raise \$1,787,332 (before costs) and 59,577,757 Attaching Options (**Placement**). The Attaching Options were issued on the basis of one (1) free Attaching Option for every three (3) new Placement Shares issued pursuant to the Placement and are exercisable at 2.0 cents per Option with an expiry date of 31 August 2018.

Proceeds from the Placement will be used to undertake the necessary initial preparations for the planned Cuba drilling program in 2018 on onshore Block 9 (but excluding drilling itself), for corporate costs and for general working capital purposes.

The Placement was completed pursuant to the Company's capacity under ASX Listing Rule 7.1 and 7.1A on 23 August 2017. 59,577,757 Attaching Options and 81,314,837 Placement Shares were issued under the Company's existing ASX Listing Rule 7.1 capacity and the remaining 97,418,392 Placement Shares were issued under the Company's existing ASX Listing Rule 7.1A capacity.

### **Item 4. Resolution 3 - Ratification of Prior Issue of Equity Securities under ASX Listing Rule 7.1**

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 140,892,594 Equity Securities that was made on 23 August 2017 to institutional and sophisticated investors, being 81,314,837 Placement Shares and 59,577,757 Attaching Options which were made without Shareholder approval under the Company's placement capacity under ASX Listing Rule 7.1. ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval provided the issue did not breach the 15% threshold set by ASX Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Shares up to 15% of the issued capital of the Company without seeking Shareholder approval. In accordance with ASX Listing Rule 7.4, with ratification, the issue is treated as having been made with shareholder approval.

By ratifying the issue of Shares under Resolution 3, the Company will restore the ability to issue further Equity Securities in the future under its 15% placement capacity set out in ASX Listing Rule 7.1 within the next 12 months.

The following information is provided in accordance with ASX Listing Rule 7.5:

- (a) 81,314,837 Placement Shares and 59,577,757 Attaching Options were issued;
- (b) the price at which the Shares were allotted was \$0.01 per Share and the Attaching Options were issued for no consideration;
- (c) the placement of Equity Securities was arranged by Hartleys Limited and Patersons Limited (Joint Lead Managers), with Shares and Attaching Options issued to institutional and sophisticated investors, all of whom were unrelated parties of the Company;
- (d) the Placement Shares issued are ordinary fully paid shares ranking pari passu with all other ordinary Shares in the capital of the Company then on issue and the Attaching Options are exercisable at \$0.02 each, on or before 31 August 2018; and
- (e) funds raised by the issue have been and will be used to advance exploration activity in onshore Block 9 Cuba, for corporate costs and for general working capital purposes.

*The Board recommends that Shareholders vote **in favour** of Resolution 3.*

*The Chairman of the General Meeting intends to vote all available proxies **in favour** of Resolution 3.*

#### **Item 5. Resolution 4 - Ratification of Prior Issue of Shares under ASX Listing Rule 7.1A**

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 97,418,392 Placement Shares by the Company which was made without Shareholder approval under the Company's additional 10% placement capacity under ASX Listing Rule 7.1A. The Company's additional 10% placement capacity under ASX Listing Rule 7.1A was approved by Shareholders at the Company's previous annual meeting held on 3 November 2016. ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval provided the issue did not breach the 10% threshold set by ASX Listing Rule 7.1A. In accordance with ASX Listing Rule 7.4, with ratification, the issue is treated as having been made with shareholder approval.

By ratifying the issue of Placement Shares under Resolution 4, the Company will restore the ability to issue further Equity Securities in the future under its additional 10% placement capacity under ASX Listing Rule 7.1A during the next 12 months.

The following information in relation to the 97,418,392 Placement Shares issued under ASX Listing Rule 7.1A is provided in accordance with ASX Listing Rule 7.5:

- (a) the number of Placement Shares allotted was 97,418,392;
- (b) the price at which the Placement Shares were allotted was \$0.01 per Share;
- (c) the Placement Shares issued are ordinary fully paid shares ranking pari passu with all other ordinary Shares in the capital of the Company then on issue;
- (d) the Placement was arranged by Hartleys Limited and Patersons Limited (**Joint Lead Managers**), with Shares issued to institutional and sophisticated investors, all of whom were unrelated parties of the Company; and
- (g) funds raised by the issue have been and will be used to advance exploration activity in onshore Block 9 Cuba, for corporate costs and for general working capital purposes.

*The Board recommends that Shareholders vote **in favour** of Resolution 4.*

*The Chairman of the General Meeting intends to vote all available proxies **in favour** of Resolution 4.*



## Special Business

### Item 6. Resolution 5 Issue of Fee Options to the Hartleys subsidiary Zenix Nominees Pty Ltd

Resolution 5 seeks Shareholder approval, for the purposes of ASX Listing Rule 7.1 and all other purposes, to issue 20,000,000 Fee Options to Zenix Nominees Pty Ltd, a subsidiary of Hartleys, as part consideration for Hartleys role as Joint Lead Manager for the recently completed Placement and Entitlement Offer. The issue of Fee Options is in accordance with the terms of the Capital Raising and Corporate Advisory Engagement with Hartleys. The exercise price for the Fee Options is \$0.018 which is a 180% premium to the 1.0 cent per Share price at which the Placement was undertaken.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Company to issue the Fee Options pursuant to the Capital Raising and Corporate Advisory Engagement with Hartleys, which form part of the fees payable in respect of its participation in the recently completed Placement and Entitlement Offer, without diminishing the Company's 15% annual placement capacity. The effect of the issue of the Fee Options on the capital structure of the Company can be summarised by noting that, unless the Fee Options are exercised, there will be no changes to the Shares on issue as a result of the issue of Fee Options.

#### *Technical information required by ASX Listing Rule 7.3*

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

- (a) the maximum number of Fee Options to be issued is 20,000,000;
- (b) the Fee Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the Fee Options will be issued for nil cash consideration, as they are being issued as part consideration for Hartleys' role as Joint Lead Manager in the recently completed Placement and Entitlement Offer;
- (d) the Fee Options will be issued to Hartleys' subsidiary, Zenix Nominees Pty Ltd;
- (e) the Fee Options will be issued on the terms and conditions set out below; and
- (f) no funds will be raised from the issue of the Fee Options as the Fee Options are being issued for nil cash consideration. If all Fee Options are exercised, the company will receive a total of \$360,000 which will be used for working capital purposes.

#### **TERMS AND CONDITIONS OF FEE OPTIONS**

*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 at 3 years from the date of issue which is expected to be 5.00pm (AEST) on 23 November 2020 (**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 \$0.018 (**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

The Board recommends that Shareholders vote **in favour** of Resolution 5.

The Chairman of the Meeting intends to vote all available proxies **in favour** of Resolution 5

**Item 7. Resolution 6 Issue of Performance Options and approval of potential termination benefit to the Managing Director & Chief Executive Officer, Mr Peter Stickland (or his nominee)**

***Overview of proposal - Issue of options and approval of potential termination benefit to the Managing Director & Chief Executive Officer, Mr Peter Stickland (or his nominee)***

In March 2017, the Company advised that 9,250,000 Options were granted to employees in accordance with the Company's Long Term Incentive Plan. The Company further advised that, subject to Shareholder approval, the Managing Director and Chief Executive Officer, Mr Peter Stickland, be granted 3,000,000 Performance Options on the same terms and conditions as the Options granted to the Company's employees.

In accordance with ASX Listing Rule 10.14, Shareholder approval is therefore sought for the proposed grant of 3,000,000 Performance Options to the Company's Managing Director and Chief Executive Officer, Mr Peter Stickland (or his nominee) under the Company's Long Term Incentive Plan on the terms set out below.

If Shareholder approval is obtained, it is intended that the Performance Options will be issued shortly after the Annual General Meeting, but in any event no later than 12 months after the Meeting or any adjournment of the Meeting.

The specific terms of the Performance Options to be issued to Mr Stickland are detailed below.

***Specific terms applicable to the proposed grant to the Managing Director & Chief Executive Officer, Mr Peter Stickland (or his nominee)***

- Mr Stickland (or his nominee) will be granted 3,000,000 Performance Options, divided into 2 equal tranches of 1,500,000 Performance Options each as follows:

Tranche	Vesting date	Exercise price
Tranche 1 (1,500,000 options)	27 March 2018	3.2 cents
Tranche 2 (1,500,000 options)	27 March 2019	3.2 cents

- Each Performance Option issued to Mr Stickland (or his nominee) will be subject to a service condition ending on 27 March 2018 and 27 March 2019 as applicable. Performance Options will vest on the relevant vesting date (being 27 March 2018 and 27 March 2019 as applicable), provided the Managing Director and Chief Executive Officer remains in the service of the Company throughout that period. Upon vesting, the Performance Options are exercisable at any time until they expire on 27 September 2020.
- The exercise price for each Performance Option will be \$0.032. Each Performance Option entitles the holder to 1 Share in the Company.
- The \$0.032 exercise price for the Performance Options represents a 355% premium above the prevailing share price at 6 October 2017. In the Board's view this represents a challenging increase to the Company's prevailing share price and assists to align a significant proportion of the Managing Director and Chief Executive Officer's remuneration with Company performance. Given that the Company does not currently pay dividends, growth in the Company's Share price is a strong indication of growth in Shareholder wealth. The Company's closing share price as at 6 October 2017 was \$0.009.
- Where the Managing Director and Chief Executive Officer ceases employment with the Company after the relevant vesting date (i.e. after 27 March 2018 and 27 March 2019 as applicable), vested Performance Options held by the Managing Director and Chief Executive Officer may be exercised within a period of 6 months following the Managing Director and Chief Executive Officer ceasing employment with the Company, and in any event, no later than 27 September 2020, after which time the Performance Options shall expire.

### ***Overview of the Plan***

The Plan was adopted by the Board on 13 September 2011.

Under the Plan, the Board may invite Eligible Employees to participate in a grant of LTI Securities, which may comprise of performance rights and/or Options. The Board has determined that each of the current non-executive Directors of the Company is eligible to receive a grant of LTI Securities under the Plan.

Offers will be made on the terms set out in the Plan and on any additional terms as the Board determines.

Options and/or performance rights granted under the Plan will only vest, and in the case of Options, become exercisable, where any performance condition and any other relevant conditions advised to the participant by the Board have been satisfied.

On vesting of a performance right or following the exercise of an Option (as the case may be), the Board will allocate the number of Shares in respect of which the performance right have vested, or the Options have been exercised. Any Shares issued under the Plan will rank equally in all respects with other Shares on issue at that time (except as regards any rights attaching to such shares by reference to a record date prior to the date of their issue).

Under the terms of the Plan:

- where a participant ceases to be an employee of the Melbana Energy Group, that participant's LTI Securities will continue to be held by the participant and continue to be subject to the Plan Rules and the relevant conditions advised to the participant by the Board except that any continuous service condition will be deemed to have been waived;
- notwithstanding the above, the Board may determine (in its absolute discretion) that some or all of a participants LTI Securities will:
  - vest or become exercisable,
  - are only exercisable for a prescribed period and will otherwise lapse;
  - continue to be subject to some or all of the performance conditions; or
  - lapse on the date of cessation of employment,
 either prior to or within 60 days after a participant ceases to be an employee of the Melbana Energy Group.

In the event of a takeover, a scheme of arrangement, other reconstruction or amalgamation of the Company, a winding up of the Company or other event which is likely to result in a change of control of the Company, the Board may, in its absolute discretion, determine that all or a specified number of a participant's unvested performance rights and/or Options vest, having regard to all relevant circumstances, including whether performance is in line with any applicable performance condition over

the period from the date of grant to the relevant event, and the portion of any applicable performance period or period of service that has expired at the date of the relevant event. Unless the Board determines otherwise, any vested Options will be exercisable for a period specified by the Board and will lapse if not exercised within the specified period.

In accordance with the terms of the Plan, prior to the allocation of shares to a participant upon vesting of performance rights or exercise of Options (as the case may be) the Board may make any adjustments it considers appropriate to the terms of a performance right and/or Option granted to a participant in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action or capital reconstruction. Without limiting the foregoing, if:

- Shares are issued pro rata to the Company’s Shareholders generally by way of a bonus issue (rather than an issue in lieu of dividends or by way of a dividend reimbursement) involving capitalisation of reserves of distributable profits;
- Shares are issued pro rata to the Company’s Shareholders generally by way of a rights issue; or
- any reorganisation (including consolidated, subdivision, reduction or return) of the issued capital of the Company is effected,

then the Board may, in its discretion, adjust:

- the number of performance rights or Options to which each participant is entitled;
- the number of shares to which each participant is entitled upon vesting of performance rights or exercise of Options;
- any amount payable on vesting of the performance rights or exercise of Options; or
- where appropriate, a combination of the above,

in the manner determined by the Board, having regard to the ASX Listing Rules and the general principle set out above.

Where additional performance rights or Options are granted to a participant, such performance rights or Options will be subject to the same terms and conditions as the original performance rights or Options granted to the participant (including any performance conditions) unless the Board determines otherwise.

**Other Information required by ASX Listing Rule 10.15**

- A maximum of 3,000,000 Performance Options will be issued to Managing Director and Chief Executive Officer (or his nominee) at no cost.
- The Managing Director and Chief Executive Officer will not receive any loan in relation to the exercise of any Performance Options.
- The Performance Options will be issued on a date which will be no later than 12 months after the Meeting.
- In accordance with Listing Rule 10.14, Mr Stickland has received performance rights under the Plan since it was last approved. The number of performance rights received and the acquisition price is set out below:

<b>Director</b>	<b>Number of Options or performance rights</b>	<b>Acquisition price</b>
Mr Peter Stickland	5,333,333 performance rights	Nil acquisition price

The above issue was approved by Shareholders at the Annual General Meeting held on 25 November 2015. As at the date of this Notice, 5,333,333 performance rights have vested as the vesting conditions have been satisfied.

- If Shareholders do not approve the proposed grant of Performance Options to the Managing Director and Chief Executive Officer, the Company will need to consider other means of providing a long term incentive for the Managing Director and Chief Executive Officer, including providing a benefit to him in the form of cash or securities purchased on-market.
- The current non-executive Directors of the Company have not been issued performance rights or Options under the Plan.
- Voting exclusion statement applies to Item 6 as set out in the Notice of Meeting.
- The ASX requires, under ASX Listing Rule 10.14, that shareholders approve the grant of new securities to a director or an Associate of a director. It is the Company’s current intention to issue new Shares to the Managing Director and Chief Executive Officer upon vesting and exercise of the Performance Options.
- In the event of any inconsistencies between the terms of the Performance Options (as outlined in this Notice of Meeting) and the Plan, the terms of the Plan prevail to the extent of any inconsistency.

### ***Corporations Act - treatment of remuneration matters***

Under Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions to the prohibition applies or Shareholders have in a general meeting approved the giving of that financial benefit to the related party.

In the current circumstances, the issue of the Performance Options to Managing Director and Chief Executive Officer, Mr Stickland, would constitute a 'financial benefit' as defined in the Corporations Act. A related party of a listed company includes a director of the listed company, a spouse or de factor spouse of a director or any other person specified under section 228 of the Corporations Act to be a related party. As such, Mr Stickland is deemed a 'related party' of the Company for the purposes of the Corporations Act.

Accordingly, the proposed issue of the Performance Options to Mr Stickland will constitute the provision of financial benefits to a related party of the Company.

Section 211 of the Corporations Act provides an exception to the provisions of Chapter 2E of the Corporations Act will occur where the financial benefit is given to the related party as an officer of the Company and to give the remuneration would be reasonable given the circumstances of the Company and the related party's circumstances (including the responsibilities involved in the office or employment).

The Board (other than Mr Stickland) considers the proposed issue of Performance Options the subject of this Resolution to be reasonable remuneration:

- (a) for a company of the size and nature of the Company; and
- (b) which, given that the Company has other preferred use for its available cash, is an appropriate alternative for providing incentives to the Directors,

and as such, for those and other reasons falls within the exception set out in section 211 of the Corporations Act. The Board (other than Mr Stickland) is not aware of any other information that would be reasonably required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1. Accordingly, the issue of Performance Options will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

### **Termination Benefits**

Section 200B of the Corporations Act prohibits the Company from giving a benefit to a person who holds (or has held in the previous 3 years) a managerial or executive office with the Company or its subsidiaries, if that benefit is given in connection with that person's retirement from office, unless Shareholders approve that benefit under section 200E or unless the benefit falls within certain exceptions set out in the Corporations Act.

A payment will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the retiree's remuneration or if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, a payment by way of damages for breach of contract or a payment for past services).

Approval is therefore sought under section 200E of the Corporations Act to allow for the Board (other than Mr Stickland) to determine pro-rata vesting of the Performance Options in the event of cessation of any of the respective engagements of Mr Stickland in certain 'good leaver' circumstances (which would otherwise be deemed, and treated as, a termination benefit). The Board (other than Mr Stickland) would not exercise this discretion should Mr Stickland resign or be terminated for cause, in which event all unvested Performance Options would immediately lapse.

The possible early vesting of Performance Options may not fall within any of the categories of exception set out in the Corporations Act and accordingly Shareholder approval is sought.

Section 200E of the Corporations Act requires that where Shareholders are asked to approve a payment or other benefit to a retiree that would otherwise be prohibited by section 200B, Shareholders must be given details of the amount of the

payment, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount is to be calculated and any matter, event or circumstance that will, or is likely to affect the calculation of the amount.

Assuming the 3,000,000 Performance Options to be granted to Mr Stickland (or his nominee) are capable of vesting, the indicative value of the maximum 3,000,000 Performance Options proposed to be granted to Mr Stickland (notwithstanding that they may vest pro rata) is \$50,200 utilising the Black Scholes Pricing Model.

A voting exclusion statement applies to this resolution as set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

*The Board (other than Mr Stickland) unanimously recommends that shareholders vote in favour of Resolution 6.*

*The Chairman of the Meeting intends to vote all available proxies **in favour** of Resolution 6.*

## **Item 8. Resolution 7 Approval of 10% additional placement capacity**

### ***General***

Under ASX Listing Rule 7.1, the Company is prohibited from issuing more than 15% of its Equity Securities in any 12 month period, without obtaining Shareholder approval. ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities (defined below) up to an additional 10% of its issued capital over a period after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity as the Company has a market capitalisation of \$13.5 million as at 6 October 2017 and is not included in the S&P/ASX 300 index.

Equity Securities include a share, a right to a share or option, an option, a convertible security and any security that ASX decides to classify as an Equity Security.

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

The effect of this Resolution will be to allow the Directors to issue Equity Securities of up to 10% of the Company's Shares on issue during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

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

The Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of quoted Equity Securities on issue, being Shares.

Based on the number of Shares on issue at the date of this Notice, the Company will have 1,494,917,147 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolution 7, 149,491,715 Equity Securities will be permitted to be issued in accordance with ASX Listing Rule 7.1A. The number of Shares that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

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

#### Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- plus the number of Shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
  - plus the number of partly paid ordinary Shares that became fully paid in the 12 months;
  - plus the number of Shares issued in the 12 months with approval of Shareholders under ASX Listing Rule 7.1 or 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval ;
  - less the number of Shares cancelled in the 12 months.

- D is 10%.
- E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are *not* issued with the approval of Shareholders under ASX Listing Rule 7.1 or 7.4.

***Technical information required by ASX Listing Rule 7.3A***

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

***Minimum Price***

The minimum price at which the Equity Securities may be issued under the 10% Placement Capacity is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

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

***Date of Issue***

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

- 12 months after the date of the Meeting; and
- the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

**(10% Placement Capacity Period).**

The approval granted under this Resolution will cease to be valid if Shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

***Risk of voting dilution***

Any issue of Shares under the 10% Placement Capacity may dilute the interests of Shareholders who do not receive Shares under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of Shares available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice of Meeting.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

As required by ASX Listing Rule 7.3A.2, the table below shows the potential dilution of existing Shareholders on the basis of three different assumed issue prices and values for the variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 (as set out above). The following assumptions are made in the table:

- the issue price is the closing price of the Company's Shares on 6 October 2017;
- the current Variable "A" number of Shares on issue at 6 October 2017. This could increase as a result of the issue of Shares either with or without shareholder approval;
- the Company issues the maximum number of Shares as are permitted under this approval; and,
- the issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.

Variable "A" in ASX Listing Rule 7.1A.2 (Number of Shares on issue)*	50% decrease in issue price \$0.0045		Issue price \$0.009		100% increase in issue price \$0.018	
	10% Voting Dilution	Capital Raised \$	10% Voting Dilution	Capital Raised \$	10% Voting Dilution	Capital Raised \$
<b>1,494,917,147 (Current)</b>	149,491,715	672,713	149,491,715	1,345,425	149,491,715	2,690,850
<b>2,242,375,721 (50% increase in Current Variable A)</b>	224,237,573	1,009,069	224,237,573	2,018,138	224,237,573	4,036,275
<b>2,989,834,294 (100% increase in Current Variable A)</b>	298,983,430	1,345,425	298,983,430	2,690,850	298,983,430	5,381,700

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval or that are issued with Shareholder approval under ASX Listing Rule 7.1.

1. The Company has not issued any Equity Securities in the 12 months prior to the meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
2. The calculations above do not show the dilution that any one particular shareholder will be subject to. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
3. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
4. No Options are exercised before the date of the issue of the Equity Securities.

Shareholders should note that there is a risk that:

- the market price for the Company's Equity Securities may be significantly lower on the issue date of the Equity Securities issued under the 10% Placement Capacity than on the date of the Meeting;
- the Equity Securities may be issued at a price that is at a discount to the market price of those Equity Securities on the date of issue; and
- the Equity Securities may be issued as consideration (or part thereof) for the acquisition of a new asset, both of which may have an effect on the amount of funds raised by the issue of Equity Securities under the 10% Placement Capacity.

#### *Purpose of Issue under 10% Placement Capacity*

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

- \* raising funds for the Company. Funds raised from the issue, if undertaken, would be used for exploration expenditure, general working capital requirements and, potentially, the acquisition of new resources; and
- \* and providing non-cash consideration. If the Company issues any Equity Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Shares complies with ASX Listing Rule 7.1A.3.

#### *Allocation under the 10% Placement Capacity*

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company or their Associates and will generally be persons who do not require a disclosure document under the Corporations Act.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the Company's allocation policy, which includes, but is not limited to, the following factors:

- \* the purpose of the issue;
- \* alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- \* the effect of the issue of the Equity Securities on the control of the Company;
- \* the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- \* prevailing market conditions; and



\* advice from corporate, financial and broking advisers (if applicable).

*Previous Approval under ASX Listing Rule 7.1A*

The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A on 3 November 2016. In the 12 months preceding the date of the Meeting, the Company has issued 703,561,284 Equity Securities which represents 71.4% of the total number of Equity Securities on issue at the commencement of that 12 month period. The following information is provided in relation to each issue of Equity Securities in the 12 months preceding the date of the Meeting:

- i. 703,561,284 Equity Securities were issued
- ii. the Equity Securities issued were Shares which rank equally in all respects with the existing fully paid ordinary Shares on issue and Options as set out below;
- iii. the details of the 703,561,284 Equity Securities issued are as follows:

Type of Equity Securities	No of Equity Securities Issued	Issue Price	Persons to whom Equity Securities were issued	% Premium/(discount) to market price at time of issue	Details
Performance Options	9,250,000	Nil	Six Melbana employees (excluding Managing Director Mr Peter Stickland)	The Options were issued on 28 March 2017 and are exercisable at valued at \$0.032. 50% of Options vest on 27 March 2018 and 50% vest on 27 March 2019.	Options are subject to employees being in continuous service with the Company up to the date of vesting.
Placement Shares	178,733,229	\$0.01	Sophisticated and Professional Investors pursuant to Joint Lead Manager arrangements with Hartleys Limited and Patersons Limited	The issue price was the same price as the closing price of the Company on 23 August 2017.	* Issued via a placement to raise \$1.787 million to advance exploration activities on onshore Block 9 Cuba.
Attaching Options	59,577,757	Nil	Sophisticated and Professional Investors pursuant to Joint Lead Manager arrangements with Hartleys Limited and Patersons Limited	Unlisted options will be exercisable at 2.0 cents per option with an expiry date of 31 August 2018.	Unlisted options were issued on the basis of one (1) free Attaching Option for every three (3) new Shares issued pursuant to the Placement
Entitlement Offer Shares	152,185,161	\$0.01	Eligible Shareholders on the register at 7.00pm 18 August 2017	The issue price was an 11% premium to the closing price of the Company on 13 September 2017.	* Issued via a 1 for 2 rights issue to raise \$1.522 million to advance exploration activities on onshore Block 9 Cuba.
Entitlement Offer Options	50,728,685	Nil	Eligible Shareholders on the register at 7.00pm 18 August 2017	Unlisted Options will be exercisable at 2.0 cents per Option with an expiry date of 31 August 2018.	Unlisted options were issued on the basis of one (1) free Attaching Option for every three (3) new Shares issued pursuant to the Rights Issue
Entitlement Offer Shares	189,814,839	\$0.01	Sophisticated and Professional Investors pursuant to Underwriting Agreement with Patersons Securities Limited	The issue price was the same price as the closing price of the Company on 15 September 2017.	* Issued pursuant to underwriting arrangements set out in the Prospectus dated 15 August 2017. Funds raised (\$1.898 million) to advance exploration activities on onshore Block 9 Cuba.
Entitlement Offer Options	63,271,613	Nil	Sophisticated and Professional Investors pursuant to Underwriting Agreement with Patersons Securities Limited	Unlisted Options will be exercisable at 2.0 cents per Option with an expiry date of 31 August 2018.	Unlisted options were issued on the basis of one (1) free Attaching Option for every three (3) new Shares issued pursuant to underwriting arrangements set out in the Prospectus dated 15 August 2017
<b>Total</b>	<b>703,561,284</b>				

\* Total cash consideration raised was \$5,207,332 before expenses. As at the date of this Notice, none of the cash raised has been spent. Total cash consideration raised will be used on Cuba Block 9 exploration activities and general working capital.

### *Voting Exclusion*

A voting exclusion statement is included in the Notice of Meeting. As at the date of this Notice of Meeting, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

*The Board recommends that members vote **in favour** of Resolution 7.*

*The Chairman of the Meeting intends to vote all available proxies **in favour** of Resolution 7.*

### **GLOSSARY**

**\$** means Australian dollars.

**10% Placement Capacity** has the meaning set out on page 14.

**10% Placement Capacity Period** has the meaning set out on page 15.

**Accounting Standards** has the meaning given to that term in the Corporations Act.

**Annual Report** means the annual report of the Company for the year ended 30 June 2017.

**Associate** has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the ASX Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

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

**Attaching Options** means the 59,577,757 unlisted options issued under the Placement (for nil consideration, exercisable at \$0.02 each, on or before 31 August 2018).

**Auditor** means the Company’s auditor from time to time (if any).

**AEST** means Australian eastern standard time or, if applicable, Australian eastern daylight saving time.

**Board** means the Directors.

**Business Day** means a day on which banks are open for business excluding Saturdays, Sundays and public holidays in the place where the Company’s registered office is located.

**Chair** or **Chairman** means the individual elected to chair any meeting of the Company from time to time.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Constitution** means the Company’s constitution, as amended from time to time.

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

**Company** means Melbana Energy Limited ABN 43 066 447 952.

**Directors** means the directors of the Company.

**Eligible Entity** has the meaning given to that term in the ASX Listing Rules.

**Eligible Employee** means an employee of the Melbana Energy 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 Long Term Incentive Plan.

**Entitlement Offer** means the non-renounceable entitlement offer of Shares and Options pursuant to the Prospectus dated 15 August 2017.

**Equity Securities** has the meaning given to that term in the ASX Listing Rules.

**Exercise Notice** has the meaning set out on page 10.

**Exercise Price** has the meaning set out on page 9.

**Expiry Date** has the meaning set out on page 9.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Fee Options** means the 20,000,000 Options proposed to be issued to Hartleys' subsidiary Zenix Nominees Pty Ltd (for nil cash consideration, with an exercise price of \$0.018 and an expiry date 3 years from the date of issue).

**Financial Report** means the annual financial report of the Company for the financial year ended 30 June 2017.

**Hartleys** means Hartleys Limited ABN 33 104 195 057; AFSL 230052.

**Joint Lead Managers** has the meaning set out on page 8.

**Key Management Personnel** or **KMP** has the meaning given to that term in the Accounting Standards.

**Long Term Incentive Plan** or **Plan** means the Melbana Long Term Incentive Plan dated 13 September 2011.

**LTI Securities** means Equity Securities issued under the Long Term Incentive Plan.

**Meeting** or **Annual General Meeting** means the annual general meeting convened by the Notice.

**Melbana Energy Group** means the Company and its subsidiaries.

**Notice** or **Notice of Meeting** means this Notice of Annual General Meeting.

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

**Optionholder** means a holder of an Option.

**Performance Options** means the Options proposed to be issued to the Managing Director and Chief Executive Officer (for nil cash consideration, with an exercise price of \$0.032 and an expiry date of 27 September 2020, vesting in equal 1,500,000 tranches on 27 March 2018 and 27 March 2019).

**Placement** has the meaning set out on page 7.

**Placement Shares** means the 178,733,229 Shares issued under the Placement (at an issue price of \$0.01 per Share).

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Annual Report for the year ended 30 June 2017.

**Resolution** means a resolution contained in the Notice.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

**Shareholder** means a member of the Company from time to time.

**Shares** means fully paid ordinary shares in the capital of the Company.


**Spill Meeting** has the meaning set out on page 6.


**Spill Resolution** has the meaning set out on page 6.


## 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 **10:30am on Thursday, 23 November 2017 at The Institute of Chartered Accountants, Level 18, 600 Bourke Street, Melbourne** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 and 6:** 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 and 6, even though the Resolutions are 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 undirected proxies in favour of each item of business.**

### 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 Issue of Fee Options to Zenix Nominees Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Michael John Sandy as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Issue of Performance Options to the MD and CEO, Mr Peter Stickland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Prior Issue of Equity Securities under ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of 10% additional placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of Placement Shares under ASX Listing Rule 7.1A	<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" 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 **10:30am on Tuesday, 21 November 2017**, 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 ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**



ABN 43 066 447 952

All Registry communications to:  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia  
Telephone: +61 1300 554 474  
Facsimile: +61 2 9287 0303  
ASX Code: MAY

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



X99999999999

**COMMUNICATIONS PREFERENCE FORM**

Everyone benefits from electronic securityholder communications. As an investor you will benefit from secure, convenient and prompt delivery of information by electing to receive your communications electronically which helps reduce the impact on the environment and costs associated with printing and sending materials by mail.

To receive your securityholder communications electronically via your nominated email address you can log on to the website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and follow the instructions provided. Alternatively please tick the option below, insert your email address in the space provided and return the form.

**SELECT YOUR PREFERENCE**

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

**OPTION**  All communications electronically, including notification of the annual report and payment statements (if applicable). I have provided my email address below.

**My email address is:**

[Empty text box for email address]

**Personal Information Collection Notification Statement:** Link Group advises that personal information it holds about you (including your name, address, date of birth and details of the financial assets) is collected by Link Group organisations to administer your investment. Personal information is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. Some or all of your personal information may be disclosed to contracted third parties, or related Link Group companies in Australia and overseas. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order. For further details about our personal information handling practices, including how you may access and correct your personal information and raise privacy concerns, visit our website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

**MAY CPE003**

