



**Strike Energy Limited**  
**(ABN 59 078 012 745)**

**NOTICE OF ANNUAL GENERAL MEETING  
AND EXPLANATORY MEMORANDUM**

This Notice of Meeting and Explanatory Memorandum should be read in its entirety.  
If you are in doubt as to how to vote, you should seek advice from your accountant, solicitor or other professional adviser without delay.

**Annual General Meeting to be held at the offices of Strike Energy Limited at Unit 1, 31-35 George Street, Thebarton, South Australia on Friday, 14 December 2018 commencing at 10.30 am (Adelaide time)**

Strike Energy Limited  
1/31-35 George Street  
Thebarton  
South Australia

Phone: +61 8 7099 7400  
Facsimile: +61 2 8003 9282  
Email: [strike@strikeenergy.com.au](mailto:strike@strikeenergy.com.au)

**NOTICE OF ANNUAL GENERAL MEETING  
STRIKE ENERGY LIMITED  
ABN 59 078 012 745**

**NOTICE IS GIVEN** that the annual general meeting (**Meeting or Annual General Meeting**) of the members of Strike Energy Limited (**Company**) will be held at the offices of Strike Energy Limited at Unit 1, 31-35 George Street, Thebarton, South Australia on Friday, 14 December 2018 commencing at 10.30 am (Adelaide time).

**Business of the Annual General Meeting**

**Financial Report, Directors' Report and Auditor's Report**

To receive and consider the Financial Report of the Company, the Directors' Report (which incorporates the Remuneration Report) and the Auditor's Report, for the year ended 30 June 2018 as set out in the Annual Report.

**Resolution 1 – To adopt the Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That the Remuneration Report for the year ended 30 June 2018 be adopted."*

**Note:** In accordance with section 250R of the Corporations Act, the vote on Resolution 1 will be advisory only and will not bind the Directors or the Company. See Section 3 of the attached Explanatory Memorandum.

**Voting exclusion:**

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a vote may be cast by any such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on Resolution 1 as described above; or
- (b) the person is the Chairman of the Meeting voting an undirected proxy which expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all undirected proxies in favour of Resolution 1.

**Resolution 2 – To re-elect Mr John Poynton AO as Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr John Poynton, who retires by rotation in accordance with clause 13.2 of the Company's constitution and, being eligible, offers himself for re-election, be elected as a Director of the Company."*

**Resolution 3 - Grant of Performance Rights to or for the benefit of Mr Stuart Nicholls, Managing Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the Managing Director, Mr Stuart Nicholls or his nominee of 2,273,089 Performance Rights awarded under the FY19 Long-term Incentive Plan as described in and otherwise on the terms and conditions set out in the Explanatory Statement, is approved."*

**Resolution 4 - Grant of Performance Rights to or for the benefit of Mr Stuart Nicholls, Managing Director**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the grant to the Managing Director, Mr Stuart Nicholls or his nominee of 689,655 Performance Rights awarded under the FY18 Short-term Incentive Plan as described in and otherwise on the terms and conditions set out in the Explanatory Statement, is approved."*

**Voting exclusion:**

The Company will disregard any votes cast in favour of Resolutions 3 and 4 by or on behalf of:

- (a) any Director who is eligible to participate in the Company's Employee Share Incentive Plan or any of the Director's associates; or
- (b) by a person appointed as proxy if that person is either a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel and the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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 and the appointment expressly authorises the Chair of the meeting to exercise the proxy even though the Resolution is connected with the remuneration of a member of the Key Management Personnel.

The Chairman intends to vote all undirected proxies in favour of Resolution 3 and 4.

**Resolution 5 – Ratification of Prior Share Placement**

To consider and, if thought fit, to pass, with or without amendment, 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 and allotment by the Company of 28,871,428 Shares at an issue price of \$0.105 per Share on 6 August 2018 on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion:**

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any person who participated in the issue of Shares the subject of Resolution 5 and each of their associates unless:

- (a) it is cast by a person as 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).

The Chairman intends to vote all undirected proxies in favour of Resolution 5.

**Resolution 6 – Ratification of Prior Share Placement**

To consider and, if thought fit, to pass, with or without amendment, 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 and allotment by the Company of up to 113,043,522 Shares at an issue price of \$0.115 per Share on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion:**

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any person who participated in the issue of Shares the subject of Resolution 6 and each of their associates unless:

- (a) it is cast by a person as 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).

The Chairman intends to vote all undirected proxies in favour of Resolution 6.

**Resolution 7 – Approval of issue of Options**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 6,632,959 Options on the terms and conditions set out in the Explanatory Memorandum."*

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Options the subject of Resolution 7, except a benefit solely in the capacity of a holder of Shares, and each of their associates unless:

- (a) it is cast by a person as 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).

The Chairman intends to vote all undirected proxies in favour of Resolution 7.

**Resolution 8 – Approval of Additional 10% Placement Capacity**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purposes of the Listing Rule 7.1A and for all other purposes, the Company is authorised to have the additional capacity to issue Equity Securities comprising up to 10% of the issued capital of the Company under Listing Rule 7.1A calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion:**

The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as the result of, a proposed issue of Shares under the additional placement capacity, except a benefit solely in the capacity of a holder of Shares, and each of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as 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).

The Chairman intends to vote all undirected proxies in favour of Resolution 8.

**By order of the Board**

12 November 2018



**Justin Ferravant**  
Company Secretary  
Strike Energy Limited

## IMPORTANT NOTES FOR SHAREHOLDERS

These notes and the Explanatory Memorandum form part of the Notice of Meeting.

### Explanatory Memorandum

The attached Explanatory Memorandum forms part of the Notice of Meeting and should be read in conjunction with it. Section 0 of the Explanatory Memorandum contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Memorandum.

### Required majorities

All of the Resolutions are **ordinary resolutions**. The passing of an ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the Resolution.

### How to vote

You may vote by attending the Meeting in person or by proxy, attorney or authorised representative. If voting in person you must attend the Meeting on the date and at the place set out in the Notice of Meeting.

### Proxies

A Shareholder who is entitled to attend and vote at the Meeting has the right to appoint a proxy or proxies to attend and vote for them. A proxy may be, but need not be, a Shareholder and can be an individual or body corporate. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion or number of votes the Shareholder wants each proxy to exercise. If the Shareholder appoints two proxies and the appointment does not specify such proportion or number of votes, each proxy may exercise half of the votes.

To vote by proxy, please complete the proxy form enclosed with this Notice of Meeting as soon as possible and either:

- (a) send the proxy form by fax to the Company's share registry, Boardroom Pty Limited on +61 2 9290 9655; or
- (b) deliver or post the proxy form to the Company's share registry, Boardroom Pty Limited, at GPO Box 3993, Sydney, New South Wales, 2001, Australia or Level 12, 225 George Street, Sydney, New South Wales, 2000

To lodge your vote electronically, please go to <https://www.votingonline.com.au/stxagm2018>.

To be effective, a completed proxy form must be received **by no later than 10.30 am (Adelaide time) on Wednesday, 12 December 2018**, being not less than 48 hours prior to the commencement of the Meeting. Proxy forms received later than this time will be invalid. Where the proxy form is executed under power of attorney, the power of attorney (or a certified copy of the authority) must be lodged in the same way as the proxy form.

### Corporate representatives

A body corporate may appoint an individual as its representative to attend and vote at the Meeting and exercise any other powers the body corporate can exercise at the Meeting. The appointment, which must comply with section 250D of the Corporations Act, may be a standing one. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

### Voting entitlements

The Directors have determined that, for the purpose of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 7.00 pm (Sydney time) on **Wednesday, 12 December 2018**.

**EXPLANATORY MEMORANDUM****1. Introduction****1.1 Purpose**

This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

This Explanatory Memorandum should be read in full and in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Memorandum are defined in the Glossary in Section 0 of this Explanatory Memorandum. You should consult with your professional advisers if you have any questions in relation to how to vote on the Resolutions.

**1.2 Resolutions and recommendations**

There are 8 Resolutions to be considered at the Meeting.

Certain voting exclusions are imposed by the Corporations Act and ASX Listing Rules in relation to the Resolutions as detailed in the attached Notice of Meeting.

**2. Financial Report, Directors' Report and Auditor's Report**

The Corporations Act requires the Company to lay before the Annual General Meeting the Financial Report, Directors' Report (which incorporates the Remuneration Report) and the Auditor's Report for the financial year ended 30 June 2018.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports and in relation to the management of the Company. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about 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.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the content of the Auditor's Report; or
- the conduct of the audit of the Annual Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

**3. Resolution 1 – To adopt the Remuneration Report****Background**

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with section 250R(2) of the Corporations Act. The Remuneration Report forms part of the Directors' Report included in the Annual Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of the Key Management Personnel;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each of the Key Management Personnel; and

- details and explains any performance conditions applicable to the remuneration of the Key Management Personnel.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors or the Company itself. A failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, under sections 250U and 250V of the Corporations Act, where a resolution on the Remuneration Report receives a “no” vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director who, under the ASX Listing Rules may continue to hold office indefinitely without being re-elected) will cease to hold office, but be eligible for election, and an election of Directors will take place.

At the annual general meeting of the Company immediately preceding the Annual General Meeting to which the Notice of Meeting relates, the Company did not receive a “no” vote of 25% or more on the resolution for the adoption of the Remuneration Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. While a vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the Directors or the Company, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form, the Shareholder is deemed to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chairman intends to exercise all undirected proxies in favour of Resolution 1.

#### **4. Resolution 2– Re-election of John Poynton AO as Director**

Clause 13.2 of the Company's constitution provides that at each annual general meeting of the Company, one-third of the Directors (excluding alternate directors and the Managing Director), or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director (excluding alternate directors and the Managing Director) holds office for more than 3 years, must retire from office, but that a Director who retires under this clause is eligible for re-election at that meeting.

As all the Directors (other than the Managing Director) were last re-elected as Directors at the Annual General Meeting held in 2017, it was determined by lot that Mr John Poynton would retire by rotation at the Annual General Meeting in accordance with clause 13.2 of the Company's constitution.

Mr Poynton was first appointed to the Board as a Director on 10 April 2017. Mr Poynton is Chairman of Jindalee Partners and SC8 Limited. He is a Board Member of the Future Fund Board of Guardians, a Director of Crown Resorts Ltd and the Security Research Institute Advisory Board. He is also the Chairman of Council of Christ Church Grammar School and Giving West. He has previously served as the Chairman, Deputy Chairman or Non-Executive Director of a number of ASX listed companies, Federal Government boards, education institutions and not-for-profit enterprises. Mr Poynton is an Officer in the General Division of the Order of Australia and is a past recipient of a WA Citizen of the Year award in the industry and commerce category. He holds a Bachelor of Commerce and an honorary Doctor of Commerce from the University of Western Australia.

The Directors (other than Mr Poynton in respect of Resolution 2, who has an interest in the outcome of the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 2.

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

## 5. Resolution 3 – Grant of Performance Rights to or for the benefit of Mr Stuart Nicholls, Managing Director

### 5.1 Background

Under resolution 3, Shareholders' approval is sought to grant of 2,273,089 Performance Rights *awarded under the FY19 Long-term Incentive Plan* to or for the benefit of the Managing Director of the Company (Mr Stuart Nicholls) under the Company's Employee Share Incentive Plan (**ESP**).

Each Performance Right is a right to subscribe for one Share for nil consideration, subject to satisfaction of the vesting conditions described below, and otherwise on the terms and conditions set out in the ESP.

The Performance Rights proposed to be granted to Mr Nicholls are intended to incentivise Mr Nicholls to work towards, and to reward him for, generating a return on investment for the Company's Shareholders over the longer term. For this reason, the Performance Rights will be granted subject to performance or vesting conditions that are directly linked to Shareholder returns over a three-year period and which must be satisfied before the Performance Rights can be exercised and converted to Shares. The proposed Performance Rights grant is for the 2018/19 financial year.

The vesting criteria for the Performance Rights is set out in the table below and will be assessed at the end of a three-year period commencing 1 July 2018 (**Performance Period**).

Measure	Weighting	Hurdles	Vesting Percentage
Absolute Company TSR	50%	Below 10% p.a.	0
		10% to < 15% p.a.	25%
		15% to <20% p.a.	50%
		20% to < 25% p.a.	75%
		Above 25% p.a.	100%
Relative TSR	50%	Below 60 <sup>th</sup> percentile	0
		60 <sup>th</sup> percentile	60%
		61 <sup>nd</sup> to 75 <sup>th</sup> percentile	61% to 99%
		> 76 <sup>th</sup> percentile and above	100%

The number of Performance Rights that will vest and become convertible for Shares will depend on the rate of return achieved, with 50% of the Performance Rights weighted on achievement of Company specific hurdle rates of return (as set out above) (**Absolute Company TSR**) and 50% of the Performance Rights weighted on the Company's rate of return relative to the rate of return achieved by a comparative group of 12 ASX listed Australian exploration and production companies with varying market capitalisation (**Relative TSR**). The peer group will be reviewed for relevance and amended annually as appropriate.

All unvested and unexercised Performance Rights will automatically expire 90 days from the end of the Performance Period (**Expiry Date**).

If Mr Nicholls ceases to be employed prior to satisfaction of the vesting conditions, the Performance Rights will automatically lapse unless the Board, in its discretion and subject to applicable law and the ASX Listing Rules, determines otherwise. If Mr Nicholls ceases employment and the vesting conditions have been satisfied, the Performance Rights will lapse on the earlier of the Expiry Date and the date that is 90 days after the date of cessation of Mr Nicholls' employment, unless the Board, in its discretion and subject to applicable law and the ASX Listing Rules, determines otherwise.

### 5.2 Chapter 2E of the Corporations Act

Under section 208 of the Corporations Act (which is part of Chapter 2E), for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and



(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Approval of Resolution 3 will result in the granting of a conditional right to subscribe for Shares for nil consideration to a Director. This constitutes the giving of a financial benefit to a related party as Directors are related parties of the Company. However, the Board has determined that the grant of Performance Rights to Mr Nicholls, as part remuneration for his services is reasonable in the Company's circumstances and those of Mr Nicholls, and as such does not require Shareholder approval for the purposes of Chapter 2E of the Corporations Act by virtue of the exception to shareholder approval in section 211 of the Corporations Act. The Company has a need for highly skilled personnel to deliver on the Company's strategic objectives, but limited cash reserves to attract and reward such personnel. The grant of Performance Rights not only assists preserve cash for the Company's business activities, but also incentivises personnel to achieve the Company set strategic objectives and, in the case of the Performance Rights proposed to be granted to Mr Nicholls, ultimately deliver a return on investment to its Shareholders. The grant of the Performance Rights when taken together with the balance of Mr Nicholls' remuneration package is also considered reasonable by the Board when compared with the remuneration packages of managing directors and chief executive officers of companies of a similar size and in the same industry to that of the Company.

### 5.3 Listing Rule 10.14

ASX Listing Rule 10.11 states that a listed company must not issue, or agree to issue, equity securities (which include ordinary shares and options or performance rights to acquire ordinary shares) to a related party without the approval of ordinary shares, unless an exception in ASX Listing Rule 10.12 applies. As noted above, each of the Directors is a related party of the Company.

One of the exceptions to ASX Listing Rule 10.11 (being in Rule 10.12, Exception 4) is that the relevant equity securities are issued under an employee incentive scheme with ordinary shareholder approval under ASX Listing Rule 10.14. As noted above, it is intended that all of the Performance Rights will be issued to or for the benefit of Mr Nicholls pursuant to the ESP. Accordingly, the Company seeks Shareholder approval for and in relation to the Performance Rights under ASX Listing Rule 10.14.

In accordance with ASX Listing Rule 7.2, Exception 9(b), the Performance Rights (and Shares issued upon the exercise of the Performance Rights) will not be counted towards any future calculation of the Company's 15% annual placement capacity under ASX Listing Rule 7.1 or, in circumstances where ASX Listing Rule 7.1A applies, of the Company's 10% annual placement capacity under ASX Listing Rule 7.1A.

### 5.4 Information required by Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the following information is provided.

- (a) The Performance Rights are to be granted to, or for the benefit of, Managing Director, Mr Nicholls.
- (b) The maximum number of Performance Rights to be granted to, or for the benefit of, Mr Nicholls is 2,273,089 Performance Rights. The number has been calculated using the 'face value' method, that is, by dividing an amount equivalent to 100% of his fixed remuneration of \$300,000 by \$0.132 (being the volume weighted average share price over the 5 trading days prior to commencement of the Performance Period). Each Performance Right is convertible into one Share. In each case the Shares will be issued only if the vesting conditions (as described earlier) are satisfied and the holder exercises the Performance Rights.
- (c) The price for each Performance Right is nil. There is also no consideration payable for each Share issued upon the exercise of each Performance Right.
- (d) The names of all persons referred to in ASX Listing Rule 10.14 (being Directors of the Company, associates of any director of the Company and any person whose relationship with any such director or associate is, in ASX's opinion, such that shareholders' approval should be obtained) who received securities under the ESP since the last Shareholders' approval, the number of securities received and the acquisition price for each security are:

Recipient	Number of securities	Price per security
Mr Stuart Nicholls (Managing Director)	2,500,000 Performance Rights, each a right to subscribe for one Share for nil consideration, subject to satisfaction of vesting conditions, approved at the meeting of Shareholders held on 17 May 2018	Nil

- (e) Each Director of the Company is an "Eligible Person" under the ESP and therefore potentially entitled to participate in the ESP. However, the Board has determined that non-executive Directors are not entitled to participate in the ESP.
- (f) A voting exclusion statement is set out in the Notice of Meeting.
- (g) There is no loan in relation to the grant of the Performance Rights.
- (h) The Performance Rights will, if approved by Shareholders, be granted to Mr Nicholls or his nominee as soon as reasonably practicable after the date of the meeting and in any event within 12 months after the meeting.

## 5.5 Other Information

The following additional information is provided in relation to Resolution 3.

(a) **Effect of grant of Performance Rights**

The table below shows:

- the equity securities that the Company has on issue as at the date of the Notice of Meeting. See the Company's Appendix 3B released to ASX on 25 October 2018 for further information (column 2);
- the equity securities that the Company will have on issue in the event that it acquires 50.1% of the issued shares of UIL Energy (column 3); and
- the equity securities that the Company will have on issue in the event that it acquires 100% of the issued shares of UIL Energy (column 4).

If Resolution 3 is approved and the Performance Rights are granted, the Company will have on issue an additional 2,273,089 Performance Rights. If any of the Performance Rights to be granted to or for the benefit of Mr Nicholls are converted the effect would be to dilute the shareholding of existing Shareholders. The possible effect on Shareholders of the issue of up to 2,273,089 Shares on conversion of the Performance Rights to be issued to or for the benefit of Mr Nicholls, on a fully diluted basis (i.e. assuming all of the existing options and Performance Rights on issue are exercised and no other securities are issued) is set out in the final row of the table below.

Type of security	Number on issue	Acquisition of 50.1% of ordinary shares of UIL Energy	Acquisition of 100% of ordinary shares of UIL Energy
Shares <sup>1</sup>	1,123,511,727	1,179,069,339	1,234,405,166
Options	28,000,000 (exercisable into 28,000,000 Shares)	28,000,000 (exercisable into 28,000,000 Shares)	28,000,000 (exercisable into 28,000,000 Shares)

Performance Rights	14,920,299 (convertible into 14,920,299 Shares)	14,920,299 (convertible into 14,920,299 Shares)	14,920,299 (convertible into 14,920,299 Shares)
<b>Total Shares</b>	1,166,432,026	1,221,989,638	1,277,325,465
<b>Shareholder Dilution</b>	0.195%	0.186%	0.178%

<sup>1</sup>Assuming that no UIL Energy options are exercised and no UIL Energy performance rights are converted during the offer period under the off-market takeover bid for UIL Energy.

(b) **Individual Security holdings**

The equity securities in the Company currently held directly and indirectly by Mr Nicholls as at the date of this Notice of Meeting are set out below.

Director	Shares	Number of Incentive Securities held as at date of this Notice of Meeting	Percentage of Share capital on a fully diluted basis as at date of this Notice of Meeting
Mr Stuart Nicholls	325,000	2,000,000 options 2,500,000 Performance Rights	0.414% (approx.)

(c) **Other aspects of remuneration package**

As Managing Director of the Company, and in accordance with Mr Nicholls' Executive Employment Agreement, Mr Nicholls is entitled to total fixed remuneration of \$300,000 per annum, subject to review from time to time. In addition, Mr Nicholls is eligible to be considered for a discretionary annual short-term incentive award and an annual long-term incentive award of up to 100% of his total fixed remuneration as determined by the Board. The Performance Rights proposed to be granted to Mr Nicholls constitute the discretionary annual long-term incentive award contemplated by Mr Nicholls' Executive Employment Agreement. The other key terms of Mr Nicholls' Executive Employment Agreement were set out in the ASX announcement dated 10 April 2017.

**5.6 Recommendation**

The Directors (other than Mr Nicholls) unanimously recommend that Shareholders vote in favour of Resolution 3. Mr Nicholls makes no recommendation because he has an interest in the outcome of Resolution 3.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 3.

Mr Nicholls did not vote on the proposed issue of Performance Rights to or for his benefit at the meeting of the Board which considered that matter.

**5.7 Important Information for Shareholders**

Please note the Chair will not vote any undirected proxies in favour of Resolution 3 unless the Shareholder expressly authorizes the Chair to exercise the proxy even though it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly so authorize the Chair. The Chair intends to vote undirected proxies where such authorization is given in favour of Resolution 3.

Alternatively, if you appoint the Chair of the meeting as your proxy, you may direct the Chair to vote for, against or abstain from voting on the Resolution by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of Resolution 3 a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies (subject to the ASX Listing Rules).

## **6. Resolution 4 – Grant of Performance Rights to or for the benefit of Mr Stuart Nicholls, Managing Director**

### **6.1 Background**

Under resolution 4, Shareholders' approval is sought to grant of 689,655 Performance Rights awarded under the FY18 Short-term Incentive Plan (**STIP**) to or for the benefit of the Managing Director of the Company (Mr Stuart Nicholls) under the Company's ESP.

Each Performance Right is a right to subscribe for one Share for nil consideration, subject to satisfaction of the vesting conditions described below, and otherwise on the terms and conditions set out in the ESP.

The Performance Rights proposed to be granted to Mr Nicholls are awarded to Mr Nicholls for achievement of the 2017/18 financial year STIP which operated over a performance period from 1 Jul 2017 to 30 June 2018. The Performance Rights will vest on 1 July 2019.

If Mr Nicholls ceases to be employed prior to satisfaction of the vesting conditions, the Performance Rights will automatically lapse unless the Board, in its discretion and subject to applicable law and the ASX Listing Rules, determines otherwise. If Mr Nicholls ceases employment and the vesting conditions have been satisfied, the Performance Rights will lapse on the earlier of the Expiry Date and the date that is 90 days after the date of cessation of Mr Nicholls' employment, unless the Board, in its discretion and subject to applicable law and the ASX Listing Rules, determines otherwise.

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

Under section 208 of the Corporations Act (which is part of Chapter 2E), for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Approval of Resolution 4 will result in the granting of a conditional right to subscribe for Shares for nil consideration to a Director. This constitutes the giving of a financial benefit to a related party as Directors are related parties of the Company. However, the Board has determined that the grant of Performance Rights to Mr Nicholls, as part remuneration for his services is reasonable in the Company's circumstances and those of Mr Nicholls, and as such does not require Shareholder approval for the purposes of Chapter 2E of the Corporations Act by virtue of the exception to shareholder approval in section 211 of the Corporations Act. The Company has a need for highly skilled personnel to deliver on the Company's strategic objectives, but limited cash reserves to attract and reward such personnel. The grant of Performance Rights not only assists preserve cash for the Company's business activities, but also incentivises personnel to achieve the Company set strategic objectives and, in the case of the Performance Rights proposed to be granted to Mr Nicholls, ultimately deliver a return on investment to its Shareholders. The grant of the Performance Rights when taken together with the balance of Mr Nicholls' remuneration package is also considered reasonable by the Board when compared with the remuneration packages of managing directors and chief executive officers of companies of a similar size and in the same industry to that of the Company.

### **6.3 Listing Rule 10.14**

ASX Listing Rule 10.11 states that a listed company must not issue, or agree to issue, equity securities (which include ordinary shares and options or performance rights to acquire ordinary shares) to a related party without the approval of ordinary shares, unless an exception in ASX Listing Rule 10.12 applies. As noted above, each of the Directors is a related party of the Company.

One of the exceptions to ASX Listing Rule 10.11 (being in Rule 10.12, Exception 4) is that the relevant equity securities are issued under an employee incentive scheme with ordinary shareholder approval under ASX Listing Rule 10.14. As noted above, it is intended that all of the Performance Rights will be issued to or for the benefit of Mr Nicholls pursuant to the ESP. Accordingly, the Company seeks Shareholder approval for and in relation to the Performance Rights under ASX Listing Rule 10.14.

In accordance with ASX Listing Rule 7.2, Exception 9(b), the Performance Rights (and Shares issued upon the exercise of the Performance Rights) will not be counted towards any future calculation of the Company's 15% annual placement capacity under ASX Listing Rule 7.1 or, in circumstances where ASX Listing Rule 7.1A applies, of the Company's 10% annual placement capacity under ASX Listing Rule 7.1A.

#### 6.4 Information required by Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the following information is provided.

- (a) The Performance Rights are to be granted to, or for the benefit of, Managing Director, Mr Nicholls.
- (b) The maximum number of Performance Rights to be granted to, or for the benefit of, Mr Nicholls is 689,655 Performance Rights. The number has been calculated using the 'face value' method, that is, by dividing an amount equivalent of \$100,000 by \$0.145 (being the closing price on 29 June 2018). Each Performance Right is convertible into one Share. In each case the Shares will be issued only if the vesting conditions (as described earlier) are satisfied and the holder exercises the Performance Rights.
- (c) The price for each Performance Right is nil. There is also no consideration payable for each Share issued upon the exercise of each Performance Right.
- (d) The names of all persons referred to in ASX Listing Rule 10.14 (being Directors of the Company, associates of any director of the Company and any person whose relationship with any such director or associate is, in ASX's opinion, such that shareholders' approval should be obtained) who received securities under the ESP since the last Shareholders' approval, the number of securities received and the acquisition price for each security are:

Recipient	Number of securities	Price per security
Mr Stuart Nicholls (Managing Director)	2,500,000 Performance Rights, each a right to subscribe for one Share for nil consideration, subject to satisfaction of vesting conditions, approved at the meeting of Shareholders held on 17 May 2018	Nil

- (e) Each Director of the Company is an "Eligible Person" under the ESP and therefore potentially entitled to participate in the ESP. However, the Board has determined that non-executive Directors are not entitled to participate in the ESP.
- (f) A voting exclusion statement is set out in the Notice of Meeting.
- (g) There is no loan in relation to the grant of the Performance Rights.
- (h) The Performance Rights will, if approved by Shareholders, be granted to Mr Nicholls or his nominee as soon as reasonably practicable after the date of the meeting and in any event within 12 months after the meeting.

#### 6.5 Other Information

The following additional information is provided in relation to Resolution 4.

- (a) **Effect of grant of Performance Rights**

The table below shows:

- the equity securities that the Company has on issue as at the date of the Notice of Meeting. See the Company's Appendix 3B released to ASX on 25 October 2018 for further information (column 2);
- the equity securities that the Company will have on issue in the event that it acquires 50.1% of the issued shares of UIL Energy (column 3); and
- the equity securities that the Company will have on issue in the event that it acquires 100% of the issued shares of UIL Energy (column 4); and

If Resolution 4 is approved and the Performance Rights are granted, the Company will have on issue an additional 689,655 Performance Rights. If any of the Performance Rights to be granted to or for the benefit of Mr Nicholls are converted the effect would be to dilute the shareholding of existing Shareholders. The possible effect on Shareholders of the issue of up to 689,655 Shares on conversion of the Performance Rights to be issued to or for the benefit of Mr Nicholls, on a fully diluted basis (i.e. assuming all of the existing options and Performance Rights on issue are exercised and no other securities are issued) is set out in the final row of the table below.

Security	Company does not acquire any ordinary shares of UIL Energy	Acquisition of 50.1% of ordinary shares of UIL Energy	Acquisition of 100% of ordinary shares of UIL Energy
Shares <sup>1</sup>	1,123,511,727	1,179,069,339	1,234,405,166
Options	28,000,000 (exercisable into 28,000,000 Shares)	28,000,000 (exercisable into 28,000,000 Shares)	28,000,000 (exercisable into 28,000,000 Shares)
Performance Rights	14,920,299 (convertible into 14,920,299 Shares)	14,920,299 (convertible into 14,920,299 Shares)	14,920,299 (convertible into 14,920,299 Shares)
<b>Total Shares</b>	1,166,432,026	1,221,989,638	1,277,325,465
<b>Shareholder Dilution</b>	0.059%	0.056%	0.054%

<sup>1</sup>Assuming that no UIL Energy options are exercised and no UIL Energy performance rights are converted during the offer period under the off-market takeover bid for UIL Energy.

(b) **Individual Security holdings**

The equity securities in the Company currently held directly and indirectly by Mr Nicholls as at the date of this Notice of Meeting are set out below.

Director	Shares	Number of Incentive Securities held as at date of this Notice of Meeting	Percentage of Share capital on a fully diluted basis as at date of this Notice of Meeting
Mr Stuart Nicholls	325,000	2,000,000 options  2,500,000 Performance Rights	0.414% (approx.)

(c) **Other aspects of remuneration package**

As Managing Director of the Company, and in accordance with Mr Nicholls' Executive Employment Agreement, Mr Nicholls is entitled to total fixed remuneration of \$300,000 per annum, subject to

review from time to time. In addition, Mr Nicholls is eligible to be considered for a discretionary annual short-term incentive award and an annual long-term incentive award of up to 100% of his total fixed remuneration as determined by the Board. The Performance Rights proposed to be granted to Mr Nicholls constitute the discretionary annual short-term incentive award contemplated by Mr Nicholl's Executive Employment Agreement. The other key terms of Mr Nicholls' Executive Employment Agreement were set out in the ASX announcement dated 10 April 2017.

## **6.6 Recommendation**

The Directors (other than Mr Nicholls) unanimously recommend that Shareholders vote in favour of Resolution 4. Mr Nicholls makes no recommendation because he has an interest in the outcome of Resolution 4.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 4.

Mr Nicholls did not vote on the proposed issue of Performance Rights to or for his benefit at the meeting of the Board which considered that matter.

## **6.7 Important Information for Shareholders**

Please note the Chair will not vote any undirected proxies in favour of Resolution 4 unless the Shareholder expressly authorizes the Chair to exercise the proxy even though it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly so authorize the Chair. The Chair intends to vote undirected proxies where such authorization is given in favour of Resolution 4.

Alternatively, if you appoint the Chair of the meeting as your proxy, you may direct the Chair to vote for, against or abstain from voting on the Resolution by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of Resolution 4 a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies (subject to the ASX Listing Rules).

## **7. Resolution 5 – Ratification of August Share Placement**

### **7.1 Background**

As announced on 6 August 2018, the Company completed a placement of 28,871,428 new Shares at \$0.105 per Share (**August Placement Shares**) to sophisticated and professional investors (as those terms are defined in sections 708(8) and 708(11) of the Corporations Act, respectively) (**August Placement**) and as consideration to Avoca Pte Ltd as facilitator of the August Placement. The August Placement raised a total of \$3 million (before issue costs).

The August Placement Shares were issued within the Company's 15% placement capacity under ASX Listing Rule 7.1 on 10 August 2018.

The August Placement was conducted without the issue of a prospectus or disclosure document in accordance with Chapter 6D of the Corporations Act.

### **7.2 ASX Listing Rule 7.4**

As the August Placement Shares were issued within the Company's available placement capacity under Listing Rule 7.1, Shareholder approval was not required for their issue.

Listing Rule 7.4 allows a company to seek Shareholder ratification of an issue of securities after the issue has been made without approval under Listing Rule 7.1 (so long as that issue did not breach Listing Rule 7.1 at the time). Accordingly, the Company now seeks Shareholder approval to ratify the issue of the August Placement Shares. Approval of this Resolution will provide the Company with enhanced flexibility to issue further equity securities as and when required.

The following information is required by Listing Rule 7.5 in relation to the issue of the August Placement Shares.

- (a) The number of Shares issued by the Company under the August Placement was 28,871,428.
- (b) The issue price for each August Placement Share was \$0.105.
- (c) The August Placement Shares are fully paid ordinary shares which rank equally in all respects with existing Shares.
- (d) The August Placement Shares were issued to certain institutional and sophisticated and professional investors identified by Vahoca Pte Ltd. Bell Potter Securities Limited acted as Lead Manager for the Placement.
- (e) The proceeds from the August Placement are being used to fund the Jaws-1 pilot program in the Klebb area of the Company's Southern Cooper Basin Gas Project in PEL96 (Company 66.67% and Operator, Energy World Corporation 33.33%), long lead items for the West Erregulla-2 well in the Perth Basin (Company 50% and Operator, Warrego Energy Pty Ltd 50%) and general working capital.
- (f) A voting exclusion statement is set out in the Notice of Meeting.

### 7.3 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5 and intend to vote any Shares they own or control in favour of this Resolution.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 5.

## 8. Resolution 6 – Ratification of October Share Placement

### 8.1 Background

As announced on 23 October 2018, the Company will complete a placement of up to 113,043,522 new Shares at \$0.115 per Share (**October Placement Shares**) to sophisticated and professional investors (as those terms are defined in sections 708(8) and 708(11) of the Corporations Act, respectively) within 10 business days of the date of this Notice of Meeting (**October Placement**) and as consideration to Vahoca Pte Ltd and Hunter Capital Advisory Pty Ltd as co-managers of the Placement.

The October Placement Shares will be issued within the Company's 15% placement capacity under ASX Listing Rule 7.1.

The October Placement will be conducted without the issue of a prospectus or disclosure document in accordance with Chapter 6D of the Corporations Act.

### 8.2 ASX Listing Rule 7.4

As the October Placement Shares will be issued within the Company's available placement capacity under Listing Rule 7.1, Shareholder approval was not required for this issue.

Listing Rule 7.4 allows a company to seek Shareholder ratification of an issue of securities after the issue has been made without approval under Listing Rule 7.1 (so long as that issue did not breach Listing Rule 7.1 at the time). Accordingly, the Company now seeks Shareholder approval to ratify the issue of the October Placement Shares. Approval of this Resolution will provide the Company with enhanced flexibility to issue further equity securities as and when required.

The following information is required by Listing Rule 7.5 in relation to the issue of the October Placement Shares.

- (a) Up to 113,043,522 Shares will be issued by the Company under the October Placement.
- (b) The issue price for each October Placement Share will be \$0.115.



- (c) The October Placement Shares will be fully paid ordinary shares which rank equally in all respects with existing Shares.
- (d) The October Placement Shares will be issued to certain institutional and sophisticated and professional investors and Vahoca Pte Ltd and Hunter Capital Advisory Pty Ltd as consideration for acting co-managers of the October Placement.
- (e) The proceeds from the October Placement will be used to fund the Jaws-1 pilot program in the Klebb area of the Company's Southern Cooper Basin Gas Project in PEL96 (Company 66.67% and Operator, Energy World Corporation 33.33%), the drilling of West Erregulla-2 well in the Perth Basin (Company 50% and Operator, Warrego Energy Pty Ltd 50%) and general working capital.
- (f) A voting exclusion statement is set out in the Notice of Meeting.

### 8.3 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6 and intend to vote any Shares they own or control in favour of this Resolution.

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

## 9. Resolution 7 – Approval of issue of Options

### 9.1 Background

As announced on 22 October 2018, the Company and UIL Energy have entered into a binding Takeover Implementation Deed pursuant to which the Company (or its wholly owned subsidiary) has made a conditional off-market takeover to acquire all of the issued shares of UIL Energy. Pursuant to the terms of the Takeover Implementation Deed, the Company has agreed, subject to Shareholder approval, to enter into option cancellation agreements with each holder of UIL Energy 5c Options (to the extent that the UIL Energy Options they hold are not exercised during the offer period under the off-market takeover bid) in consideration for the issue of 0.485 Options for each UIL Energy 5c Option.

The Company is seeking approval for to issue up to 6,632,959 Options to the holders of UIL Energy 5c Options pursuant to the terms of the option cancellation agreements which will be conditional upon:

- the off-market takeover bid to acquire all of the issued shares of UIL Energy becoming unconditional pursuant to the terms of the Takeover Implementation Deed;
- the Company becoming entitled to compulsorily acquire all issued shares of UIL Energy not acquired under the off-market takeover bid;
- any necessary ASX Listing Rule waivers being obtained; and
- Shareholder approval being obtained in respect of the issue of the Options.

ASX Listing Rule 7.1 provides that a company must not, without the approval of its ordinary security holders (and subject to a number of exceptions, including issues within a company's 10% placement facility under ASX Listing Rule 7.1A), issue or agree to issue securities in excess of its 15% placement facility under ASX Listing Rule 7.1. The proposed issue of the Options exceeds the Company's 15% placement facility and therefore requires Shareholder approval.

If Shareholder approval is not granted, the Company proposes to enter into option cancellation agreements with each holder of UIL Energy 5c Options, in respect of any UIL Energy 5c Options that they hold which are not exercised during the offer period under the off-market takeover bid, in consideration for \$0.02 for each UIL Energy 5c Option.

## 9.2 Information required by ASX Listing Rule 7.1

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Options:

- (a) The maximum number of Options that the Company may issue is 6,632,959.
- (b) The Options will be issued no later than three months after the date of the Meeting (or such later date permitted by an ASX waiver of the ASX Listing Rules).
- (c) The Options will be issued in consideration of the cancellation of the UIL Energy 5c Options. No cash consideration will be payable.
- (d) The Options will be issued to the holders of UIL Energy 5c Options who enter into option cancellation agreements with the Company, none of whom are related parties or associates of the Company.
- (e) The Options will be issued pursuant to the terms and conditions set out in Schedule 1 to this Explanatory Memorandum.
- (f) There will be no proceeds raised from the issue of the Options.
- (g) The Company intends to issue the Options on one date, but reserves the right to issue the Options progressively.
- (h) A voting exclusion statement for Resolution 7 is included in the Notice of Meeting.

## 9.3 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7 and intend to vote any Shares they own or control in favour of this Resolution.

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

## 10. Resolution 8 – Approval of Additional 10% Placement Capacity

### 10.1 Background

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

An eligible entity for the purposes of ASX 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's market capitalisation as at 2 October 2018 (being the last practicable date prior to the date of this Notice) was \$151,674,083.10 (1,123,511,727 issued Shares at \$0.135 closing price per Share) and the Company is not included in the S&P/ASX 300 Index, and, as such, the Company is an eligible entity for the purposes of ASX Listing Rule 7.1A.

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 Capacity. The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

### 10.2 Description of Listing Rule 7.1A

- (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Capacity is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

## (b) Equity Securities

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

As at the date of this Notice, the Company's only class of quoted Equity Securities is Shares.

## (c) Formula for calculating 10% Placement Capacity

ASX 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:

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

Where:

- A** is the number Shares on issue 12 months before the date of issue or the date of agreement to issue:
- plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
  - plus the number of partly paid Shares that became fully paid in the 12 months;
  - plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 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;
  - 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.

**10.3 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.

As at 25 October 2018 (being the last practicable date prior to the date of this Notice), the Company had on issue 1,123,511,727 Shares and, therefore (assuming Resolutions 5 and 6 are approved by Shareholders) currently has the capacity to issue:

- (a) 167,998,200 Equity Securities under Listing Rule 7.1; and
- (b) 112,351,172 Equity Securities under Listing Rule 7.1A.

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.

**10.4 Minimum Issue Price**

The issue price of Equity Securities under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

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

The Company may also issue Equity Securities under the 10% Placement Capacity as consideration for the acquisition of a new asset, resource or investment, in which case the Company must release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

**10.5 10% Placement Period**

Shareholder approval of the 10% Placement Capacity 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:

- (a) the date that is 12 months after the Annual General Meeting at which the approval is obtained; or
- (b) 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),

or such longer period if allowed by ASX (**10% Placement Period**).

**10.6 Listing Rule 7.1A and information required by Listing Rule 7.3A**

The effect of Resolution 8 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 placement capacity under Listing Rule 7.1.

Resolution 8 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).

The following information is required by Listing Rule 7.3A in relation to the approval of the 10% Placement Capacity:

- (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 on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.
- (b) If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
  - (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 Meeting;
  - (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; and
  - (iii) the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable “A” calculated in accordance with the formula in Listing Rule 7.1A(2) as at [17] October 2018 (being the last practicable date prior to the date of this Notice). The table also shows:

- (iv) 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) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (v) 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		Dilution		
		\$0.0675 50% decrease in issue price	\$0.135 Issue price	\$0.270 100% increase in issue price
Current Variable A 1,123,511,727 Shares	10% voting dilution	112,351,172 Shares	112,351,172 Shares	112,351,172 Shares
	Funds raised	\$7,583,704.11	\$15,167,408.22	\$30,334,816.44
50% increase in current Variable A 1,685,267,590 Shares	10% voting dilution	168,526,759 Shares	168,526,759 Shares	168,526,759 Shares
	Funds raised	\$11,375,556.23	\$22,751,112.47	\$45,502,224.93
100% increase in current Variable A 2,247,023,454 Shares	10% voting dilution	224,702,345 Shares	224,702,345 Shares	224,702,345 Shares
	Funds raised	\$15,167,408.31	\$30,334,816.63	\$60,669,633.26

The table has been prepared on the following assumptions:

- the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity;
- no unlisted Options or Performance Rights 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 Capacity, based on that Shareholder’s holding at the date of the 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. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well;
- the issue of Equity Securities under the 10% Placement Capacity consists only of Shares;
- the issue price is price is \$0.135, being the closing price of the Shares on ASX on 2 October 2018.

- (c) the Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 8 for the issue of 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 new assets and other 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 to fund the further exploration, appraisal and/or development of its gas projects in the Southern Cooper Basin and the Perth Basin, working capital requirements and, potentially, further business development activities.

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

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. 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, includes but not limited to, a 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 Capacity 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 acquires new assets, it is likely that the allottees under the 10% Placement Capacity would be the vendors of the new assets.

If Resolution 8 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Capacity during the 10% Placement Period as and when the circumstances of the Company require.

- (f) the Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) a voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## 10.7 Recommendation

The Board considers that the approval of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the Notice of Meeting, the Company has no plans to use the 10% Placement Capacity should it be approved.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8. The Chairman intends to vote all undirected proxies in favour of Resolution 8.

## 11. Glossary

Words used in the Notice of Meeting and this Explanatory Memorandum have the following meanings, unless otherwise indicated.

<b>Annual Report</b>	means the annual report for the Company for the year ended 30 June 2018.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) or the financial market operated by it, as appropriate.
<b>Auditor's Report</b>	means the auditor's report on the Financial Report.
<b>Board or Directors</b>	means the board of directors of the Company.
<b>Chair or Chairman</b>	means the person appointed to chair the Meeting convened by the Notice of Meeting.
<b>Closely Related Party</b>	of a member of the Key Management Personnel means a spouse or child of the member, or such other person described in the definition of "closely related party" in section 9 of the Corporations Act.
<b>Company</b>	means Strike Energy Limited (ABN 59 078 012 745).
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Directors' Report</b>	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company.
<b>Equity Securities</b>	in relation to the securities of the Company means a Share, an option over an issued or unissued security, any right to a Share or option over an issued or unissued security, or a convertible security.
<b>ESP</b>	means the Company's Employee Share Incentive Plan.
<b>Explanatory Memorandum</b>	means this explanatory memorandum attached to the Notice of Meeting.
<b>Financial Report</b>	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company.
<b>Key Management Personnel</b>	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).
<b>Listing Rules</b>	means the Listing Rules of ASX.
<b>Meeting or Annual General Meeting</b>	means the annual general meeting of Shareholders to which the Notice of Meeting relates.
<b>Notice of Meeting</b>	means the Notice of Meeting incorporating this Explanatory Memorandum.
<b>Option</b>	means an option to subscribe for a Share on the terms and conditions set out in Schedule 1 to this Explanatory Memorandum.
<b>Performance Right</b>	means an entitlement to subscribe for a Share for nil consideration, subject to the satisfaction of any applicable exercise conditions.
<b>Remuneration Report</b>	means the remuneration report of the Company contained in the Directors' Report.
<b>Resolution</b>	means a resolution contained in the Notice of Meeting.
<b>Share</b>	means a fully-paid ordinary share issued in the capital of the Company
<b>Shareholder</b>	means a registered holder of one or more Shares.
<b>Trading Day</b>	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
<b>UIL Energy</b>	means UIL Energy Limited ABN 95 153 352 160.
<b>UIL Energy 5c Options</b>	means an option to subscribe for an ordinary share in UIL Energy Limited with an exercise price of \$0.05 and expiry date of 31 December 2019.

**SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS****1. Entitlement**

Each Option will entitle the holder to subscribe for one Share (subject to possible adjustments referred to in paragraph 4 of this Schedule 1).

**2. Exercise of Options**

- (a) Each Option will be exercisable during the period from the date it is granted until 5.00pm (Adelaide time) on 31 December 2019 (**Option Expiry Date**). An Option not exercised before the Option Expiry Date will lapse with immediate effect and is no longer capable of exercise.
- (b) The exercise price of each Option will be \$0.103 (**Exercise Price**).
- (c) A Option may only be exercised by notice in writing to the Company delivered to the registered address of the Company specifying the number of Options being exercised and accompanied by a cheque or electronic funds transfer for the full amount of the Exercise Price in respect of each Option in cleared funds.
- (d) A Share issued pursuant to the exercise of an Option will rank in all respects on equal terms with the existing Shares.
- (e) The Company will apply for official quotation by ASX of each Share issued upon exercise of the Option on or before the issue date
- (f) Each optionholder who exercises an Option consents to becoming a member of the Company and agrees to be bound by the constitution of the Company upon the issue of the new Share.
- (g) The Options will not be quoted on ASX however the Company reserves the right to seek quotation of the Options.

**3. Rights of optionholders**

- (a) The legal or a beneficial interest in an Option may be freely sold, transferred or otherwise disposed without the prior written consent of the directors of the Company.
- (b) An Option does not confer any right or entitlement to:
  - (i) participate in any new issue of securities by the Company or any bonus issues by the Company unless the Option has been duly exercised prior to the relevant record date;
  - (ii) dividends or other distributions declared or paid by the Company;
  - (iii) participate in any profits or property of the Company;
  - (iv) attend general meetings of the Company or to vote or speak at such meetings; or
  - (v) to receive reports to Shareholders.

**4. Adjustments to terms of Options**

- (a) If there is a pro-rata issue or bonus issue to the Shareholders (except an issue in lieu of distributions or by way of distribution reinvestment) after the issue of the Options and before the Options are exercised or lapse, the Exercise Price of the Options or the number of Shares to be issued on the exercise of those Options will be adjusted in accordance with the ASX Listing Rules.



- (b) If there is a reorganisation (including a consolidation, sub-division, return of capital, reduction of capital, cancellation) of the capital of the Company after the issue of the Options and before the Options are exercised or lapse, the Exercise Price of the Options or the number of Shares to be issued on the exercise of the Options will be adjusted in accordance with the ASX Listing Rules
- (c) Any calculations or adjustments to these terms and conditions of the Options which are required or permitted to be made under these terms and conditions will be made by the Directors will, in the absence of manifest error, be final and conclusive and binding on the Company and each optionholder.
- (d) The Company must within a reasonable period or, as otherwise required by the ASX Listing Rules if applicable at that time, give to the optionholder notice of any change to the Exercise Price of any Options held by the optionholder or the number of Shares to be issued on the exercise of the Options.

#### **5. Application of the ASX Listing Rules**

While the Company is admitted to the official list of ASX, the Options and any Shares issued on exercise of these Options are subject always to the provisions of the constitution of the Company and the ASX Listing Rules and to the extent of any inconsistency between these terms and conditions, the constitution of the Company and the ASX Listing Rules, the ASX Listing Rules will prevail.

#### **6. Governing law**

The terms and the rights and obligations of the optionholders are governed by the laws of South Australia. Each optionholder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.



#### All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am (Adelaide time) on Wednesday 12 December 2018.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/stxagm2018>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (Adelaide time) on Wednesday 12 December 2018.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** <https://www.votingonline.com.au/stxagm2018>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# Strike Energy Limited

ACN 078 012 745

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

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

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

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the offices of **Strike Energy Limited, 1/31-35 George Street, Thebarton, South Australia on Friday 14 December 2018, commencing at 10.30am (Adelaide time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters:** If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1, 3 and 4 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1, 3 and 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1, 3 and 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To re-elect Mr John Poynton AO as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Performance Rights to or for the benefit of Mr Stuart Nicholls, Managing Director (2,273,089 Performance Rights)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Performance Rights to or for the benefit of Mr Stuart Nicholls, Managing Director (689,655 Performance Rights)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Prior Share Placement (28,871,428 FPO shares)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Prior Share Placement (113,043,522 FPO shares)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of issue of Options (6,632,959 Options)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Additional 10% Placement Capacity ( <b>Special Resolution</b> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2018