

Notice of Annual General Meeting

Talon Petroleum Limited ACN 153 229 086

Notice is given that the Annual General Meeting (**AGM**) of Talon Petroleum Limited ACN 153 229 086 (**Company**) will be held at the offices of McCullough Robertson Lawyers, Level 11 Central Plaza One, 66 Eagle Street, Brisbane, Queensland 4000 on 30 May 2017 at 9:00am (Brisbane time).

ORDINARY BUSINESS

Financial statements and reports

To receive and consider the Company's financial reports and the reports of the directors and the auditor for the financial year ended 31 December 2016.

Resolution 1: Remuneration Report

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

That the Remuneration Report contained in the Company's annual report for the financial year ended 31 December 2016 be adopted.

Resolution 1 is advisory only and does not bind the directors or the Company.

Resolution 2: Re-election of Mr Peter Evans

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

That Mr Peter Evans, a director retiring in accordance with clause 19.3 of the Company's constitution, and being eligible for re-election, is re-elected as a director.

Resolution 3: Approval of additional placement capacity under Listing Rule 7.1A

- 3 To consider and, if in favour, to pass the following as a special resolution:

That, for the purpose of Listing Rule 7.1A and for all other purposes, shareholders approve an additional 10% placement capacity to issue Equity Securities on the terms set out in the Explanatory Memorandum.

The Explanatory Memorandum attached to this Notice is incorporated into and forms part of this Notice. A detailed explanation of the background and reasons for the proposed resolutions is set out in the Explanatory Memorandum.

Dated 28 April 2017

By order of the board

A handwritten signature in black ink, appearing to read "Andrew Crawford".

Andrew Crawford
Non-Executive Director and Company Secretary

NOTES

Voting generally

A member who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy. The proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form. A corporation may elect to appoint a representative in accordance with the *Corporations Act 2001* (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the Meeting. The Company has determined under regulation 7.11.37 *Corporations Regulations 2001* (Cth) that for the purpose of voting at the Meeting or adjourned Meeting, Shares are taken to be held by those persons recorded in the Company's register of shareholders as at 9:00am (Brisbane time) on Sunday, 28 May 2017. If you have any queries on how to cast your votes then call Andrew Crawford (Company Secretary) on +61 2 4925 3800 during business hours.

Voting exclusion statement

The Corporations Act and the ASX Listing Rules require that certain persons must not vote

The Company will disregard any votes cast by certain persons on the resolutions set out in the table below:

(a)	Resolution 1: Directors' remuneration report	KMP whose remuneration details are contained in the Remuneration Report and their Closely Related Parties.
(b)	Resolution 3: Approval of additional placement capacity under Listing Rule 7.1A	<p>A person who may participate in the proposed issue of Equity Securities in the Company, or a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Equity Securities, if the resolution is passed, and any Associate of such person.</p> <p>Note: under Listing Rule 14.11.1 and the notes under that rule about Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no security holders are currently excluded.</p>

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

Explanatory Memorandum

Talon Petroleum Limited ACN 153 229 086

Ordinary business

Financial statements and reports

- 1 Section 317 of the *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the directors' report, the auditor's report and the financial report for the Company and its controlled entities for the financial year ended 31 December 2016 (**Annual Report**) be put before the Meeting.
- 2 Neither the Corporations Act nor the Company's current constitution requires a vote of members at the Annual General Meeting on the financial statements and reports. However members will be given reasonable opportunity at the Meeting to raise questions with respect to these reports, as well as on the business, operations and management of the Company.
- 3 A reasonable opportunity will also be provided for members at the AGM to ask the 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.
- 4 Shareholders who wish to submit a written question to the auditor must give the question to the Company by no later than 5pm (Brisbane time) on Tuesday, 23 May 2017. Please send written questions for the Company's auditor to:

The Company Secretary
Talon Petroleum Limited
PO Box 559
Newcastle NSW 2300

Resolution 1: Remuneration Report

- 5 Pursuant to section 250R of the Corporations Act, the Company's Remuneration Report for the financial year ended 31 December 2016, which is set out in the Annual Report, has been submitted to members for consideration and adoption. The Remuneration Report:
 - (a) explains the board's policies in relation to the nature and level of remuneration paid to directors, senior executives and other KMP;
 - (b) discusses the link between the board's policies and the Company's performance;
 - (c) sets out the remuneration details for each KMP; and
 - (d) makes clear that the basis for remunerating non-executive directors is distinct from executives.
- 6 Members will have an opportunity to ask questions about, or comment on, the Remuneration Report. The board will consider the outcome of the vote and comments made by members on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

- 7 Members should note that, in accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is advisory only and does not bind the Company or its directors.
- 8 However, under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, members will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors, other than a managing director who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office, will retire and stand for re-election.

Resolution 2: Re-election of Mr Peter Evans

- 9 Rule 19.3 of the Company's constitution requires that at least one director (other than the managing director) retire from office at each annual general meeting. The director longest in office since last being elected will retire. Where multiple directors were elected on the same day, the director to retire (in default of agreement between them) will be decided by ballot.
- 10 Mr Peter Evans was re-elected as a director of the Company on 28 April 2015. Mr Peter Evans retires from office under rule 19.3 of the Company's constitution and submits himself for re-election as a director. Details of Mr Peter Evan's qualifications and experience are set out in the Annual Report.
- 11 The directors (Mr Evans abstaining) recommend that you vote in favour of Resolution 2.

Resolution 3: Approval of additional placement capacity under Listing Rule 7.1A

- 12 Under Listing Rule 7.1, the Company may issue Equity Securities equal to up to 15% of its issued capital in any 12 month period without seeking shareholder approval. In addition, under Listing Rule 7.1A, eligible entities may seek shareholder approval to issue further Equity Securities up to 10% of the issued capital of the entity within the 12 months from approval being granted, in addition to the 15% capacity under Listing Rule 7.1.
- 13 An entity is eligible to seek approval for the additional placement capacity under Listing Rule 7.1A if it is not included in the S&P/ASX300 index and has a market capitalisation of \$300 million or less. As the Company satisfies these requirements as at the date of this Notice, it is eligible to seek shareholder approval for the additional capacity under Listing Rule 7.1A. For illustrative purposes, the Company's market capitalisation was \$2.28 million based on a closing price of \$0.009 per Share (on 19 April 2017).
- 14 The number of Equity Securities that may be issued (if this Resolution 3 is passed) will be determined in accordance with the following formula as prescribed in Listing Rule 7.1A.2:

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

where:

A is the number of fully paid Shares on issue 12 months before the date of issue or agreement to issue:

- (A) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid Shares that became fully paid in the 12 months;

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

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

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.

15 For the purposes of Listing Rule 7.3A, the Company provides the following information:

Minimum price at which the Equity Securities may be issued	<p>The issue price of each Equity Security must be no less than 75% of the volume weighted average price for the Equity Securities calculated over the 15 trading days on which trades in that class were recorded immediately before:</p> <p>(a) the date on which the price, at which the Equity Securities are to be issued, is agreed; or</p> <p>(b) if the Equity Securities are not issued within five trading days of that date, the date on which the securities are issued.</p>
Date by which the Company may issue the securities	<p>The period commencing on the date of the AGM at which approval is obtained and expiring on the earlier of the following dates:</p> <p>(a) the date which is 12 months after the date of the AGM (30 May 2018); and</p> <p>(b) the date of the approval by the Company's shareholders of a transaction under Listing Rules 11.1.2 or 11.2.</p>
Purposes for which the Equity Securities may be issued including whether Equity Securities may be issued for non-cash consideration	<p>It is the board's current intention that any funds raised pursuant to an issue of Equity Securities under the capacity under Listing Rule 7.1A will be applied towards general working capital requirements or as consideration for strategic investments or acquisitions by the Company.</p> <p>The Company reserves the right to issue Equity Securities under Listing Rule 7.1A for non-cash consideration.</p>

Details of the Company's allocation policy for issues under approval	<p>The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of Equity Securities under Listing Rule 7.1A. The identity of the allottees will be determined on a case-by-case basis having regard to a range of factors including (but not limited to) the following:</p> <ul style="list-style-type: none"> (a) the methods of raising funds that are available to the Company including but not limited to, rights issues or other issues in which existing security holders can participate; (b) the effect of the issue of Equity Securities under Listing Rule 7.1A on the control of the Company; (c) the financial situation and solvency of the Company; and (d) advice from corporate, financial and broking advisers (if applicable). <p>The allottees under the Listing Rule 7.1A facility have not been determined as at the date of this Notice of Meeting but may include existing substantial shareholders and/or new shareholders who are not Related Parties or Associates of a Related Party of the Company.</p>
Previous approvals under ASX Listing Rule 7.1A	<p>Approval was previously obtained at the 2014 Annual General Meeting held on 30 May 2014. No securities have been issued in the 12 months preceding the date of this Notice.</p>
Risk of economic and voting dilution	<p>An issue of Equity Securities under Listing Rule 7.1A involves the risk of economic and voting dilution for existing ordinary security holders. The risks include:</p> <ul style="list-style-type: none"> (a) the market price for Shares may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Shares on the issue date. <p>In accordance with Listing Rule 7.3A.2, a table describing the notional possible dilution, based upon various assumptions as stated, is set out below in paragraph 0.</p>

- 16 The table on the following page shows the dilution of existing shareholders on the basis of the current market price of Shares and the current number of Shares on issue for variable "A" calculated under the formula set out in Listing Rule 7.1A.2 as at the date of this Notice.
- 17 The table shows two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue as at the date of the Notice. The number of Shares on issue may increase as a result of issues of Shares that do not require shareholder approval (for example, a pro rata entitlement issue or scrip issued under a takeover offer) or as a result of future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting.

- 18 The table also shows two examples where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price of Shares.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		50% decrease in Issue Price \$0.0045	Issue Price \$0.0090	100% increase in Issue Price \$0.0180
Current Variable A* 253,456,191 Shares	10% voting dilution	25,345,619 Shares	25,345,619 Shares	25,345,619 Shares
	Funds raised	\$114,055	\$228,111	\$456,221
50% increase in current Variable A* 380,184,287 Shares	10% voting dilution	38,018,429 Shares	38,018,429 Shares	38,018,429 Shares
	Funds raised	\$171,083	\$342,166	\$684,332
100% increase in current Variable A* 506,912,382 Shares	10% voting dilution	50,691,238 Shares	50,691,238 Shares	50,691,238 Shares
	Funds raised	\$228,111	\$456,221	\$912,442

*Note: Current Variable A refers to the calculation required by Listing Rule 7.1A.2 which, in the Company's case, equates to the current number of Shares on issue.

- 19 The table above has been prepared on the following assumptions:

- the Company issues the maximum number of Shares available under Listing Rule 7.1A;
- no options are exercised to convert into Shares before the date of the issue of Shares under Listing Rule 7.1A;
- 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 an issue of Shares under Listing Rule 7.1A, based on that shareholder's holding at the date of the AGM;
- the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the Company's 15% placement capacity under Listing Rule 7.1;
- the issue of Equity Securities under Listing Rule 7.1A consists only of Shares; and
- the issue price is \$0.009, being the closing price of Shares on the ASX on 19 April 2017.

- 20 As at the date of this Notice, the Company has 253,456,191 Shares on issue. Subject to shareholders approving the additional capacity under Listing Rule 7.1A, the Company will have capacity to issue the following Equity Securities as at the date of the AGM:
- (a) 38,018,428 Shares under Listing Rule 7.1; and
 - (b) 25,345,619 Shares under Listing Rule 7.1A.
- 21 This Resolution 3 must be passed as a special resolution. A special resolution required approval of at least 75% of the votes cast by shareholders entitled to vote on the resolution.
- 22 The directors recommend that you vote in favour of Resolution 3.

Definitions

Capitalised terms used in the Notice of Meeting and Explanatory Memorandum have the following meanings:

AGM or Annual General Meeting or Meeting	means the annual general meeting of the Company to be held at 9:00am (Brisbane time) on Tuesday, 30 May 2017 at the offices of McCullough Robertson Lawyers, Level 11 Central Plaza One, 66 Eagle Street, Brisbane, Queensland, 4000.
Annual Report	means the annual report for the Company for the year ended 31 December 2016.
Associate	has the meaning given to that term in section 11 and sections 13 to 17 of the Corporations Act with section 13 to be applied as if it was not confined to associate references in Chapter 7 of the Corporations Act.
ASX	means ASX Limited ABN 98 008 624 691 and the financial market that it operates (as the context requires).
Company	means Talon Petroleum Limited.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Closely Related Party	has the meaning given to that term in section 9 of the Corporations Act.
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Memorandum	means this explanatory memorandum.
KMP	means key management personnel of the Company's consolidated group. As detailed in the Annual Report, the KMP consist of Mr Peter Love, Mr Peter Evans and Mr Andrew Crawford.
Listing Rules	means the official listing rules of the ASX as amended from time to time.
Notice of Meeting or Notice	means the notice of meeting attached to the Explanatory Memorandum.
Related Party	has the meaning given to that term in section 9 of the Corporations Act.
Remuneration Report	means the remuneration report included in the Annual Report.
Shares	means ordinary shares in the capital of the Company.



Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

TPD

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 9:00am (Brisbane time) Sunday 28 May 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Talon Petroleum Limited hereby appoint

☐ the Chairman
of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Talon Petroleum Limited to be held at **McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane Queensland, 4000 on Tuesday 30 May 2017 at 9:00am (Brisbane time)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Resolution 1** (except where I/we have indicated a different voting intention below) even though **Resolution 1** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Resolution 1** by marking the appropriate box in step 2 below.

STEP 2

Items of Business

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

Ordinary Business

	For	Against	Abstain
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Peter Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of additional placement capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

TPD

1 2 3 4 5 6 A

Computershare +