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T1<sup>st</sup> April 2019**Notice of 2019 Annual General Meeting**

Petsec Energy Ltd.'s 2019 Annual General Meeting will be held on Thursday, 2<sup>nd</sup> May 2019 at 11.00 a.m. at the Governor Macquarie Tower, Level 15 Bligh Room, 1 Farrer Place, Sydney, NSW.

The Notice of Meeting and Proxy Form for this meeting will be mailed to shareholders on Monday, 1<sup>st</sup> April 2019. Pursuant to ASX Listing Rule 3.17, a copy of the Notice of Meeting, including the proxy form, follows this announcement and will also be available on the Petsec Energy website at [www.petsec.com.au](http://www.petsec.com.au).

The 2018 Annual Report will also be mailed to shareholders, who have elected to receive a printed copy of this document, on Monday, 1<sup>st</sup> April 2019. The Annual Report will be lodged with the ASX by separate announcement and a copy will be available on the Company's website, [www.petsec.com.au](http://www.petsec.com.au).

For further information:

Paul Gahdmar  
Company Secretary & Group Financial Controller  
Petsec Energy Ltd  
Tel: 612 9247 4605  
Fax: 612 9251 2410

Level 27, Governor Macquarie Tower, One Farrer Place, Sydney NSW 2000, Australia  
PO Box R204, Royal Exchange NSW 1225, Australia  
Telephone (61 2) 9247 4605 Facsimile (61 2) 9251 2410  
Company information is available on: [petsec.com.au](http://petsec.com.au)



# PETSEC ENERGY LTD

ACN 000 602 700

## Notice of 2019 Annual General Meeting

Notice is hereby given that the 2019 Annual General Meeting of members of Petsec Energy Ltd (**Company**) will be held at the Governor Macquarie Tower, Level 15 Bligh Room, 1 Farrer Place, Sydney, NSW 2000, Australia on Thursday, 2 May 2019 at 11.00 am (Sydney Time).

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### Business

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#### Financial and Other Reports

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report for the year ended 31 December 2018.

Shareholders will be given a reasonable opportunity to ask questions or make comments on the Reports.

#### RESOLUTION 1 – RE-ELECTION OF MR MORTIMER AS A DIRECTOR

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

***“That Mr David Mortimer AO, who retires as a Director by rotation in accordance with rule 43 of the Constitution, be re-elected as a Director.”***

Information regarding Mr Mortimer is set out in the Explanatory Notes.

#### RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 35 MILLION SHARES

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

***“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 35 million Shares to Sing Rim Pte Ltd on the terms and conditions set out in the Explanatory Notes.”***

Information regarding this resolution is set out in the Explanatory Notes.

#### RESOLUTION 3 – AMEND TERMS OF 10 MILLION OPTIONS ISSUED TO SING RIM PTE LTD

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

***“That, for the purposes of Listing Rule 6.23.3 and for all other purposes, Shareholders approve the reduction of the exercise price and extension of the expiry date of the 10 million Options issued to Sing Rim Pte Ltd on the terms and conditions set out in the Explanatory Notes.”***

Information regarding this resolution is set out in the Explanatory Notes.

#### RESOLUTION 4 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES

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

***“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of Convertible Notes under the Deed Poll (including any of the debt securities issued as at the date of this Resolution).”***

Information regarding this resolution is set out in the Explanatory Notes.

## RESOLUTION 5 – TO ADOPT THE REMUNERATION REPORT

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

***“That the Remuneration Report for the year ended 31 December 2018 be adopted.”***

Information regarding this resolution is set out in the Explanatory Notes.

## RESOLUTION 6 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

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

***“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes.”***

Information regarding this resolution is set out in the Explanatory Notes.

## Voting Exclusion Statements

The Company will disregard any votes cast in favour of the following resolutions:

Resolution 2 and 3 by or on behalf of:

- Sing Rim Pte Ltd; or
- any of its respective associates;

Resolution 4 by or on behalf of:

- the Registrar, the Noteholders, and a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities); or
- any of their respective associates;

Resolution 5 by or on behalf of:

- one of the Key Management Personnel or by a closely related party, such as close family members or any controlled companies, of those personnel;

Resolution 6 by or on behalf of any:

- person who might obtain a benefit (other than a benefit solely in the capacity of a holder of Shares) if this Resolution is passed; or
- any of their respective associates.

However, the Company need not disregard a vote if:

- 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
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

## Important Information Concerning Proxy Votes on Resolution 5

The Corporations Act restricts the ability of Key Management Personnel and their closely related parties to vote on the advisory resolution to adopt the Remuneration Report and resolutions connected directly or indirectly with the remuneration of the Key Management Personnel. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and consider appointing someone other than one of the Key Management Personnel; as such persons may not be able to vote undirected proxies. Shareholders are also encouraged to direct their proxy as to how to vote on all Resolutions. If you do not do so, you risk your vote not being cast.

With the exception of proxies held by the Chairman, undirected proxies held by relevant Key Management Personnel or their closely related parties will not be voted on Resolution 5. Undirected proxies held by the Chairman will be voted in favour of Resolution 5 in accordance with the statement below and on the proxy form that the Chairman intends to vote undirected proxies in favour of all Resolutions.

### Voting Intentions of Chairman

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

### Voting at the meeting

1. Under *Corporations Regulation 7.11.37*, the Board has determined that a person's entitlement to vote at the meeting will be the entitlement of that person appearing on the register of members at 7.00pm (Sydney Time) on 30 April 2019.
2. On a show of hands you have one vote. On a poll you have one vote per Share you hold in the Company.
3. If Shares are jointly held, only one of the joint holders is entitled to vote.
4. In order to vote, a corporation which is a Shareholder may appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the meeting duly executed evidence of the appointment.
5. The form of proxy accompanies this Notice of Meeting. A member entitled to attend and vote at the meeting has a right to appoint a proxy (individual or body corporate). Any person appointed as a 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 and number of votes that each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the member's votes. If a member appoints two proxies, neither may vote on a show of hands.
6. To be effective, the form appointing the proxy, together with any authority under which it was executed, or a certified copy of that authority, must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting.

**BY MAIL:** By using the reply paid envelope provided  
Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

**BY FAX:** + 61 2 9290 9655

**IN PERSON:** Share Registry – Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000 Australia

**VOTE ONLINE:** [www.votingonline.com.au/petsecagm2019](http://www.votingonline.com.au/petsecagm2019)

By order of the Board  
Dated this 1<sup>st</sup> day of April 2019

**Paul Gahdmar**  
Company Secretary

## EXPLANATORY NOTES

These Explanatory Notes form part of this Notice of Meeting and should be read in conjunction with it.

Resolutions 1 – 5 inclusive are ordinary Resolutions, which require a simple majority of votes to be cast in favour by Shareholders entitled to vote on the Resolution. Resolution 6 is a special resolution requiring 75% of the votes cast to be in favour.

### RESOLUTION 1 – RE-ELECTION OF MR MORTIMER AS A DIRECTOR

Rule 43 of the Company's Constitution requires that an election of Directors take place each year. In accordance with this rule, Mr Mortimer will stand for re-election.

Mr Mortimer was appointed to the Board in 1985 and has over 40 years of corporate finance and management experience. He was a senior executive of TNT Limited Group from 1973, serving as Finance Director and then as Chief Executive Officer until his resignation in October 1997. He is presently Chairman of Opera Australia, Buildcorp Advisory Board and is Chairman of the Senate Investment Committee of The University of Sydney. Mr Mortimer is a Director of MySale Group PLC and is on the CEDA's Board of Governors.

Mr Mortimer holds a Bachelor of Economics degree (First Class Honours) from the University of Sydney and was a Fellow of the University of Sydney Senate from 2010 to December 2017. He is a Fellow of the Australian Institute of Company Directors. Mr Mortimer's other roles include Governor of the Australia Israel Chamber of Commerce, Chairman of the Sydney University Football Club Foundation and Chairman of the Australian Schoolboys Rugby Foundation.

Mr Mortimer is an independent Director.

**RECOMMENDATION: The Directors, other than Mr Mortimer, recommend that Shareholders vote in favour of the re-election of Mr Mortimer.**

### RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 35 MILLION SHARES

#### 2.1 General

Resolution 2 seeks ratification, for the purposes of Listing Rule 7.4, of the issue and allotment by the Company to Sing Rim Pte Ltd of 35 million Shares. The Shares were issued on 24 January 2019 as a fee for the variation of the terms of access for Tranche 2 and Tranche 3 and extension of the maturity date of the Convertible Notes from 23 January 2020 to 23 January 2021.

The Shares were issued within the Company's existing Listing Rule 7.1 Capacity. For further details see the Appendix 3B released to ASX on 24 January 2019.

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

Listing Rule 7.4 provides that an issue by a company of equity securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

While the outcome of Resolution 2 will have no effect on the issue of the securities, Shareholder approval will restore the Company's ability to issue further equity securities under Listing Rule 7.1 in the 12 months following the date of issue, to the extent of the 35 million securities.

#### 2.2 Technical information required by Listing Rule 7.5

Under Listing Rule 7.5, the following information is provided in relation to the issue:

- (a) *The number of securities allotted:* 35 million Shares.
- (b) *Issue price:* The Shares were issued at a deemed price of \$0.10 per Share.
- (c) *Name of allottee:* Sing Rim Pte Ltd.
- (d) *Terms of the securities:* The Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) *Intended use of funds raised:* No funds were raised. The securities were issued in consideration of the variation of the terms of access for Tranches 2 and 3 and the extension of the maturity date of the Convertible Note facility.
- (f) *Voting exclusion:* A voting exclusion statement forms part of this notice.

**RECOMMENDATION:** The Directors believe that it is in the best interests of the Company to maintain its Listing Rule 7.1 Capacity. The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

## **RESOLUTION 3 – AMEND TERMS OF 10 MILLION OPTIONS ISSUED TO SING RIM PTE LTD**

### **3.1 Purpose of resolution**

Resolution 3 seeks the approval of Shareholders, for the purposes of Listing Rule 6.23.3, to amend the terms of 10 million Options issued to the Registrar by reducing the exercise price and extending the exercise date from 23 July 2020 to 23 January 2022. The amended terms of the Options are set out in Annexure A.

### **3.2 Background**

- (a) The 10 million Options were issued to the Registrar of the Company's Convertible Note facility, Sing Rim Pte Ltd on 15 March 2017 as part consideration for sub-underwriting \$5.5 million of the Company's \$11 million rights issue. Details of the Convertible Note facility are set out below in the Explanatory Notes to Resolution 4.
- (b) The Options were exercisable at 15 cents per Share by 5 July 2018.
- (c) On 17 August 2017, the Registrar agreed to extend the term of Tranche 1 (\$5 million) of the Convertible Notes to 23 January 2019, in consideration of:
  - (i) amending the exercise date of the 10 million Options from 5 July 2018 to 23 January 2019; and
  - (ii) 5 million Shares;
- (d) On 18 February 2018, the Registrar agreed to further extend the term of Tranche 1 of the Convertible Notes to 23 July 2019, in consideration of:
  - (i) the coupon rate increasing from 12.5% p.a. to 15% p.a. effective 23 January 2019;
  - (ii) reducing the Tranche 1 Convertible Note conversion price from 15 cents per Share to 12.5 cents per Share;
  - (iii) 5 million Shares;
  - (iv) amending the terms of the Options from 10 million options exercisable at 15 cents by 23 January 2019 to 10 million options exercisable at 12.5 cents by 23 July 2020; and
  - (v) the addition of a further event of default under Tranche 1, being that the ratio of US assets (PV10 valuation) to debt is less than 1.7.
- (e) On 22 March 2019, ASX granted the Company a waiver of LR 6.23.3 to reduce the exercise price and extend the expiry date of the Options to 23 January 2022 on the condition that Shareholder approval is obtained for the extension. This approval is sought under Resolution 3.
- (f) The exercise price of the Options will be reduced from 12.5 cents per Share to the lower of:
  - (i) 12.5 cents per Share; or
  - (ii) the lowest issue price of any Shares issued by the Company, by way of placement, SPP, rights issue or other type of Share issue, in the period prior to exercise of the Options, less any costs of the issue on a per Share basis, including commissions.

### **3.3 Listing Rule 6.23.3**

- (a) Listing Rule 6.23.3 provides that a change that has the effect of reducing the exercise price or increasing the period for exercise of securities cannot be made.
- (b) ASX has granted the Company a waiver of LR 6.23.3, to amend the terms of the 10 million Options, as set out above. The waiver was granted on the condition that Shareholder approval is obtained for the amendments. This approval is sought under Resolution 3.

### **3.4 Key reasons why you should vote in favour of Resolution 3**

The Company considers that the amendment of the terms of the 10 million Options has a number of benefits for Shareholders as summarised below:

- (a) the term of the Options is to be extended by a total of 18 months in conjunction with the extension of the term of the Convertible Notes by a total of 12 months; and
- (b) the amendment of the terms of the Options forms an integral part of extending the Company's Convertible Notes financing package required to enable it to progress its development projects.

### 3.5 Potential disadvantages of voting in favour of Resolution 3

The Company considers that the amendment of the terms of the 10 million Options has the disadvantage of dilution of the existing interests of Shareholders if the Options are exercised.

**RECOMMENDATION: The Directors unanimously recommend that Shareholders vote in favour of Resolution 3 for the reasons set out above. None of the Directors have an interest in the outcome of this Resolution.**

## RESOLUTION 4 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES

### 4.1 Purpose of resolution

Resolution 4 seeks the approval of Shareholders to allow, for the purposes of Listing Rule 7.1, the issue of Convertible Notes in accordance with the terms of the Deed Poll.

### 4.2 Background

- (a) On 23 August 2016, the Company entered into the Deed Poll with Sing Rim Pte. Ltd. as Registrar of the Convertible Note facility. It provided for up to US\$15 million, consisting of three US\$5 million tranches (Tranches 1, 2 and 3), of Convertible Notes, with a maturity date of 31 December 2017 and a Coupon Rate of 10% p.a., to progress the Company's development projects in the U.S. and the Middle East and North Africa.
- (b) Approval for the Convertible Notes to be converted into Shares without the need for further Shareholder approval was obtained at the general meeting of the Company held on 1 December 2016, annual general meeting of the Company held on 17 May 2018 and general meeting of the Company held on 7 November 2018.
- (c) All three tranches have been drawn to date, with Tranches 1 and 3 having been fully drawn in March 2017 and January 2019, respectively, and US\$1 million of Tranche 2 having been drawn in January 2019.
- (d) On 15 March 2017, the maturity date of Tranche 1 was extended from 31 December 2017 to 5 July 2018 in consideration of:
  - (i) the Coupon Rate increasing from 10% p.a. to 12.5% p.a.; and
  - (ii) 5 million Shares (issued on 15 March 2017).
- (e) On 27 August 2017, the maturity date of Tranche 1 was further extended to 23 January 2019, in consideration of:
  - (i) 5 million Shares (issued on 4 September 2017); and
  - (ii) extending the term of 10 million Options issued to the Registrar for acting as sub-underwriter to a rights issue.
- (f) On 18 February 2018, the maturity date of Tranche 1 was further extended to 23 July 2019, in consideration of:
  - (i) the Coupon Rate increasing from 12.5% p.a. to 15% p.a. effective 23 January 2019;
  - (ii) reducing the note conversion price from 15 cents per Share to 12.5 cents per Share;
  - (iii) 5 million Shares (Tranche 1 extension and Tranche 2 reinstatement);
  - (iv) amending the terms of the Options from 10 million Options exercisable at 15 cents by 23 January 2019 to 10 million Options exercisable at 12.5 cents by 23 July 2020; and
  - (v) the addition of a further event of default under Tranche 1, being that the ratio of U.S. assets (PV10 valuation) to debt is less than 1.7.
- (g) Tranches 2 and 3 expired on 5 January 2018, however Tranche 2 was reinstated on 18 February 2018 on revised terms as follows:
  - (i) Coupon Rate of 12.5% p.a.;
  - (ii) conversion price of 12.5 cents per Share;
  - (iii) 5 million Shares (Tranche 1 extension and Tranche 2 reinstatement) (issued on 5 March 2018);
  - (iv) redemption date of 23 July 2019;
  - (v) drawdown by 23 January 2019; and
  - (vi) revised conditions precedent.

- (h) On 20 August 2018, the Registrar agreed to reinstate Tranche 3 and further extend the term of Tranche 1, Tranches 2 and 3 to 23 January 2020, in consideration of the following, with the other terms and conditions of each Tranche remaining unchanged:
- (i) the Coupon Rate increasing from 12.5% p.a. to 15% p.a. effective 23 January 2019;
  - (ii) conversion price of 12.5 cents per Share, reducing to a 10% premium over the net (i.e. after costs) issue price of Shares by the Company in the period to redemption, should that price be less than 12.5 cents per Share; and
  - (iii) 5 million Shares (issued on 4 September 2018).
- (i) On 6 September 2018, the Registrar agreed to extend the last drawdown under Tranche 3 from 1 November 2018 to 23 January 2019, with the other terms and conditions of Tranche 3 remaining unchanged.
- (j) On 19 December 2018, the maturity date of Tranche 1, 2 and 3 was further extended to 23 January 2021, in consideration of:
- (i) conversion price of 12.5 cents per Share, reducing to the net (i.e. after costs) issue price of Shares by the Company in the period to redemption, should that price be less than 12.5 cents per Share;
  - (ii) Tranche 2 drawdown extended from 23 January 2019 to 23 January 2020 and Tranche 3 drawdown extended from 23 January 2019 to 23 April 2019;
  - (iii) 35 million Shares; and
  - (iv) amending the terms of the Options from 10 million Options (exercisable at 12.5 cents) by 23 July 2020 to 10 million Options (exercisable at the lower of 12.5 cents or the net, i.e. after costs, issue price of Shares by the Company in the period prior to exercise) by 23 January 2022;
- (k) The terms of the Convertible Notes are summarised in section 4.8 below.
- (l) The Registrar is not a related party of the Company.
- (m) The Registrar's beneficial and non-beneficial holdings in the capital of the Company total 91,510,393 Shares and 10,000,000 Options. Per Appendix 3B lodged with ASX on 24 January 2019, the Company presently has approximately 368.6 million Shares, 22.8 million Options and the Convertible Notes on issue, therefore the Registrar's total securities represent approximately  $(101.5/368.6)$  or 27.5% of the Company's issued Shares, however the Convertible Notes are held non-beneficially, by the Registrar as registrar or nominee, for a number of parties. See sections 4.6 and 4.7 below for further details.
- (n) Approval of Resolution 4 will allow the Convertible Notes to be converted into Shares without the need for further Shareholder approval at the time a notice to convert is received by the Company.

#### 4.3 Listing Rule 7.1

- (a) Listing Rule 7.1 enables entities with shareholder approval to issue securities comprising more than 15% of the entity's ordinary securities then on issue (15% placement rule). Approval of Resolution 4 will allow the Company to issue Shares upon conversion of Convertible Notes under the Deed Poll at any time up to 23 January 2021 without using the Company's Listing Rule 7.1 Capacity.

##### *Formula for calculating the Listing Rule 7.1 Capacity*

Listing Rule 7.1 provides that entities with shareholder approval must not issue or agree to issue more equity securities than the number calculated according to the following formula:

$$(A \times B) - C$$

- A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement to issue:
- (a) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
  - (b) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
  - (c) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
  - (d) less the number of fully paid ordinary securities cancelled in the 12 months.
- B** is 15%.
- C** is the number of equity securities issued or agreed to be issued before the date of issue or agreement to issue that are not issued:
- (a) under an exception in Listing Rule 7.2;
  - (b) under Listing Rule 7.2; or



(c) with shareholder approval under Listing Rule 7.1 or Listing Rule 7.4.

#### 4.4 Waiver of Listing Rule 7.3.2

Under Listing Rule 7.3.2, any issue of securities approved with shareholder approval under Listing Rule 7.1 (15% placement rule) must be issued within 3 months of the Company receiving shareholder approval. The Deed Poll provides that the Convertible Notes can be issued and converted into Shares up until the Maturity Date of 23 January 2021.

Consequently, the Company sought from the ASX and was granted on 22 March 2019 a waiver of Listing Rule 7.3.2 on the following conditions:

- (a) The Notice of Meeting contains a summary of the material terms of the Deed Poll, including the milestones which must be satisfied prior to the issue of the Convertible Notes.
- (b) The Notice of Meeting seeks approval for a stated maximum number of shares that will be issued on conversion of the Convertible Notes and in lieu of Interest.
- (c) The milestones which must be satisfied for the issue or conversion of the Convertible Notes are not varied.
- (d) The Convertible Notes and Interest Shares will be issued during the term of the Deed Poll, and in any event no later than 23 January 2021.
- (e) If the Company releases its annual report during a period in which the Convertible Notes and Interest Shares are issued or remain to be issued, the annual report discloses details of Convertible Notes and Interest Shares that have been issued, the interest payable on the Convertible Notes and the terms of the Deed Poll.
- (f) The Company includes the terms of the waiver in the Notice of Meeting.

The waiver allows the issue of the Convertible Notes, Shares issued upon conversion of the Convertible Notes and Shares issued in lieu of payment of interest on the Convertible Notes, at any time before the Maturity Date without affecting the Company's Listing Rule 7.1 Capacity.

#### 4.5 The effect on the Company of the issue of the Convertible Notes and the potential conversion into Shares

- (a) The principal effect of the issue of the Convertible Notes on the Company will be to:
  - (i) maintain Tranches 1, 2 and 3, and potentially increase the Company's cash reserves by up to US\$4 million through Tranche 2. The issue of Tranche 2 by the Company is subject to a number of conditions, as summarised in section 4.8(e) below;
  - (ii) increase the number of Convertible Notes on issue from 11 million to 15 million and increase the amount drawn from US\$11 million to US\$15 million;
  - (iii) give rise to the Company having a liability for up to US\$15 million plus interest at rates between 10.0% to 15% p.a., compounding monthly, capitalising into the principal amount of the Convertible Notes; and
  - (iv) if all of the Convertible Notes are drawn (US\$15 million) and all are converted into Shares as permitted, in accordance with the terms described in section 4.8 below, then the number of Shares on issue may increase by a maximum of 170 million Shares.
- (b) The potential effect of the issue of the Convertible Notes on the Company's issued share capital will be:
  - (i) as at the date of this application, the issued share capital of the Company is 368,587,924 Shares, 22,800,000 Options, US\$11 million worth of Convertible Notes and US\$1,476,112 capitalised interest to date on the Convertible Notes<sup>1</sup>; and
  - (ii) up to 170 million Shares may be issued on conversion of the Convertible Notes, should the full amount (US\$15 million) be drawn, resulting in the dilution of current Shareholders (presently 170 million Shares/(368.6 + 170) million Shares = 31.6%).

<sup>1</sup> Per Appendix 3B dated 24 January 2019

#### 4.6 Holders of Tranche 1, 2 and 3 Convertible Notes

The Tranche 1 Convertible Notes are held by the Registrar non-beneficially, as nominee for four independent Noteholders, who invested the following amounts in Tranche 1, resulting in the issue of Convertible Notes on the following dates:

- (a) Republic Investment Management Pte Ltd (US\$1,500,000) (14 October 2016);
- (b) DA Holdings Pte Ltd (US\$1,500,000) (28 October 2016);
- (c) OA Holdings Pte Ltd (US\$1,508,000) (12 December 2016); and
- (d) DC Company Pte Ltd (US\$492,000) (30 March 2017).

The Tranche 2 Convertible Notes are also held by the Registrar non-beneficially, as nominee for an independent Noteholder who invested the following amount in Tranche 2, resulting in the issue of Convertible Notes on the following date:

- (a) DC Company Pte Ltd (US\$1,000,000) (25 January 2019).

The Tranche 3 Convertible Notes are also held by the Registrar non-beneficially, as nominee for an independent Noteholder who invested the following amount in Tranche 3, resulting in the issue of Convertible Notes on the following date:

- (a) DC Company Pte Ltd (US\$1,000,000) (19 July 2018).
- (b) OA Holdings Pte Ltd (US\$1,000,000) (5 October 2018)
- (c) OA Holdings Pte Ltd (US\$500,000) (14 November 2018)
- (d) DA Holdings Pte Ltd (US\$2,000,000) (24 December 2018)
- (e) DC Company Pte Ltd (US\$500,000) (25 January 2019)

#### 4.7 The effect of the issue on control of the Company

There are no control issues anticipated as a result of changes in voting power resulting from the issue of the Convertible Notes and their conversion into Shares; assuming the Noteholders take up the remaining unissued Convertible Notes in the same proportions as their existing Convertible Notes, it is anticipated that each Noteholder will hold less than 10.9% of the issued Shares of the Company. This also assumes that the maximum number of 170 million Shares are issued on conversion of the Notes.

#### 4.8 Broad summary of rights and liabilities attaching to the Convertible Notes

- (a) The term of the Convertible Notes expires on 23 January 2021 (**Term**).
- (b) Interest accrues daily at 12.5% p.a. (increasing to 15% p.a., effective 23 January 2019), compounding monthly on the drawn amount, with interest capitalising into the principal amount of the Convertible Notes.
- (c) Interest ceases to accrue in respect of a Convertible Note on its maturity date, the date on which the Registrar converts the Convertible Note into Shares or the date on which the Convertible Note is redeemed.
- (d) The Convertible Notes constitute unsubordinated and secured obligations of the Company.
- (e) The conditions precedent to the drawdown of Tranche 2 are:
  - (i) US\$5 million may be drawn down for any of the Company's operations, but primarily the development of the Main Pass 270 Gas/Oil Field, US\$2 million of which is only available following a successful productive completion in the Main Pass 270 B-2 well.
- (f) For Tranche 3, in respect of the Main Pass 273 B-2 well at Hummer (or associated well except the B-1 well at Hummer), 75% of the revenue, less well operating expenses and non-specific lease operating expenses of the platform and facilities allocated on the basis of production, will be paid monthly, within one week of the Company's receipt of revenues, to reduce the principal amount owing on Tranche 3.
- (g) The terms of conversion of the Convertible Notes are:
  - (i) Subject to Shareholder approval, the Registrar will be entitled to convert up to 50% of the principal amount and 100% of the capitalised interest of the Convertible Notes into Shares, by delivering a conversion notice at any time prior to the maturity date. The maximum number of Shares issued on conversion is restricted to 170 million Shares;
  - (ii) The Company will apply to ASX for quotation of the Shares issued on conversion of the Convertible Notes. The Convertible Notes themselves will not be quoted on the ASX;
  - (iii) Shares issued on conversion will rank equally in all respects with fully paid ordinary shares in the Company; and

- (iv) Each Convertible Note will convert into Shares at AU 12.5 cents or reducing to the lowest issue price of any Shares issued by the Company, in the period to redemption, by way of placement, SPP, rights issue or other type of Share issue, less any costs of the issue on a per Share basis, including commissions, should that price be less than AU 12.5 cents per Share.
- (h) A Convertible Note is redeemed if the Noteholder gives a redemption notice after an event of default.
- (i) The Company may redeem all or part of a Convertible Note, in the minimum amount of US\$1 million, during the Term, by notice, upon payment to the Registrar of a prepayment fee in the amount of US\$250,000.
- (j) On the Maturity Date, the Company will redeem the Convertible Notes by payment of the amount drawn plus capitalised interest.
- (k) Events of default include:
- (i) breach of material obligations under the Deed Poll;
  - (ii) there being a material adverse effect that cannot be remedied within 10 business days;
  - (iii) insolvency; and
  - (iv) the ratio of US assets (PV10 valuation) to debt is less than 1.7.
- (l) Convertible Notes can be transferred, but will not be quoted on the ASX.

#### 4.9 Specific Information required by Listing Rule 7.3

The following information is provided to Shareholders in accordance with Listing Rule 7.3, which contains requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1.

Maximum no. of securities to be issued	The maximum number of Convertible Notes that can be issued is 15 million which would provide US\$15 million to the Company. The maximum number of Shares which may be issued on conversion of, and payment of interest on, the Convertible Notes is limited to 170 million Shares.
Date by which securities will be issued	Tranche 1 and Tranche 3 of the Convertible Notes have been issued in full and US\$1 million of the Tranche 2 Convertible Notes has been issued. The Company may draw down Tranche 2 prior to 23 January 2020 upon satisfaction of certain conditions. Conversion of Convertible Notes into Shares may take place progressively, up to 23 January 2021.
Issue price per security	Each Convertible Note has a face value of US\$1 and the maximum amount permitted to be issued is US\$15 million. Each Convertible Note will convert into Shares at the lower of: <ol style="list-style-type: none"> <li>(a) 12.5 cents per Share; or</li> <li>(b) The lowest issue price of any Shares issued by the Company in the period to redemption, by way of placement, SPP, rights issue or other type of Share issue, less any costs of the issue on a per Share basis, including commissions, should that price be less than 12.5 cents per Share.</li> </ol> The proportion of each Tranche convertible into Shares is as follows: <ol style="list-style-type: none"> <li>(c) Accrued interest – 100%; and</li> <li>(d) Principal – 50%.</li> </ol>
Name of allottees	The Registrar holds the: <ol style="list-style-type: none"> <li>(a) Tranche 1 Convertible Notes (US\$5 million) non-beneficially, as nominee for: Republic Investment Management Pte Ltd, DA Holdings Pte Ltd, OA Holdings Pte Ltd and DC Company Pte Ltd.</li> <li>(b) Tranche 3 Convertible Notes (US\$5 million) non-beneficially, as nominee for DC Company Pte Ltd, OA Holdings Pte Ltd and DA Holdings Pte Ltd.</li> <li>(c) Tranche 2 Convertible Notes (US\$1 million) as nominee for DC Company Pte Ltd.</li> </ol>
Terms of securities	A summary of the terms and conditions of the Convertible Notes is set out in section 4.8 above. Any Shares issued upon conversion of the Convertible Notes, including any Convertible Notes designated as debt securities, will be fully paid ordinary shares ranking equally in all respects with other existing fully paid ordinary shares in the Company.
Use of funds raised	The funds from Tranche 1 were applied to fund the development of the Hummer gas/oil discovery in the Gulf of Mexico, USA, through to production. The funds from Tranche 2 will be used for the Company's operations, primarily the development of the Main Pass 270 Gas/Oil Field. The funds from Tranche 3 (US\$1 million drawn) will be applied to fund the Company's participation in the Hummer Main Pass 273 B-2 appraisal/development well.

Voting Exclusion Statement	A voting exclusion statement forms part of this Notice of Meeting.
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#### 4.10 Key reasons why you should vote in favour of Resolution 4

The Company considers that the issue of the Convertible Notes has a number of benefits for Shareholders as summarised below:

- (a) the Convertible Notes provide the Company with important funding in uncertain global economic conditions;
- (b) if Resolution 4 is not approved:
  - (i) the maturity date of Tranches 1, 2 and 3 of the Convertible Notes will not be extended beyond 23 January 2020, and the Tranches 1, 2 and 3 principal and interest, presently in the amount of approximately US\$11.0 million<sup>2</sup>, will become due and payable on 23 January 2020;
  - (ii) additional funding from Tranche 2 to the amount of up to US\$4 million is unlikely to be made available to the Company; and if not available,
  - (iii) the Company will need to seek alternative funding opportunities with other parties or with Sing Rim Pte Ltd. in order to maintain the current scale of its activities. There can be no guarantee that alternative funding will be available on terms better than or comparable to the Convertible Notes, or at all.

#### 4.11 Potential disadvantages of voting in favour of Resolution 4

The Company considers that the issue of the Convertible Notes has a number of disadvantages for Shareholders as summarised below:

- (a) dilution of the existing interests of Shareholders of 31.6% if the full US\$15 million Convertible Notes are issued and all are converted as permitted into 170 million Shares;
- (b) the Shares issued on conversion of the Convertible Notes will be issued at a maximum of 12.5 cents per Share, which represents a premium of approximately 21.7% to the volume weighted average price of Shares trading on the ASX for the five trading days preceding the Variation Agreement dated 19 December 2018; and
- (c) interest is payable on the amount drawn at rates between 10% p.a. to 15% p.a., compounding monthly, capitalising into the principal amount of the Convertible Notes.

**RECOMMENDATION: The Directors unanimously recommend that Shareholders vote in favour of Resolution 4 for the reasons set out above, including that the Company will have access to up to US\$4 million additional funding from Tranche 2 through the issue of additional Convertible Notes. None of the Directors have an interest in the outcome of this Resolution.**

#### RESOLUTION 5 – TO ADOPT THE REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report sets out the Company's policy for the remuneration of Directors and senior executives.

The Corporations Act provides that this vote is advisory only and does not bind the Directors or the Company. Shareholders will be given a reasonable opportunity to ask questions or make comments on the Remuneration Report.

The Corporations Act provides that if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the directors (other than a managing director) who were in office at the date of the approval of the applicable Directors' Report must stand for re-election.

See Important Information Concerning Proxy Votes on Resolution 5. The Chairman, who is one of the Key Management Personnel, will vote all undirected proxies in favour of Resolution 5.

<sup>2</sup> Per Appendix 3B dated 24 January 2019 issued by the Company.

## RESOLUTION 6 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

### Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities comprising up to 10% of its issued share capital through placements over a 12 month period after an annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's Listing Rule 7.1 Capacity.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as at the date of this Notice and expects to be so at the date of the AGM. The Company seeks Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below).

The Company may use the 10% Placement Facility to fund exploration, development, working capital, or the acquisition of new exploration leases or other resource assets.

### Description of Listing Rule 7.1A

#### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

#### (b) Equity Securities

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

The Company, as at the date of this Notice, has on issue two classes of Equity Securities, being Shares and unlisted Options.

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

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

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

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

- (i) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (iii) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4;
- (iv) less the number of fully paid ordinary securities cancelled in the 12 months.

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

D is 10%.

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

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

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

At the date of this Notice, the Company has on issue 368,587,924 Shares and has a capacity to issue approximately:

- (i) 15,038,189 Equity Securities under Listing Rule 7.1 (increasing to 50,038,189 Equity Securities if Resolution 2 is passed); and
- (ii) 33,358,792 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 (refer to (c) above).

**(e) Minimum Issue Price**

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

**(f) 10% Placement Period**

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

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

**Listing Rule 7.1A**

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires 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) to be in favour.

**Specific Information required by Listing Rule 7.3A**

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

- (a) The Equity Securities will be issued at an issue price not less than the minimum issue price calculated in accordance with paragraph (e), above.
- (b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table to the extent Shareholders do not receive any Shares under the issue. 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; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) 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. 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 entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders meeting; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		DILUTION		
		\$0.0525 50% decrease in Issue Price	\$0.105 Issue Price	\$0.21 100% increase in Issue Price
Current Variable A (shares)	10% Voting Dilution	36,858,792 shares	36,858,792 shares	36,858,792 shares
368,587,924	Funds raised	\$1,935,087	\$3,870,173	\$7,740,346
50% increase in Current Variable A (shares)	10% Voting Dilution	55,288,189 shares	55,288,189 shares	55,288,189 shares
552,881,886	Funds raised	\$2,902,630	\$5,805,260	\$11,610,520
100% increase in Current Variable A (shares)	10% Voting Dilution	73,717,585 shares	73,717,585 shares	73,717,585 shares
737,175,848	Funds raised	\$3,870,173	\$7,740,346	\$15,480,693

**The Table has been prepared on the following assumptions:**

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities;
  - (iii) 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%;
  - (iv) The table does not show an example of dilution that may be experienced by a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting;
  - (v) 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;
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares; and
  - (vii) The issue price is \$0.105, being the closing price of the Shares on ASX on 26 February 2019.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
  - (d) The Company may seek to issue the Equity Securities for the following purposes:
    - (i) Non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
    - (ii) Cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and development expenditure on the Company's current assets and/or general working capital, consistent with the Company's publicly stated strategy.
  - (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
  - (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
    - (i) the methods of raising funds that are available to the Company, including but not limited to, 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 Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders. Related parties are not eligible to participate in issues made under Listing Rule 7.1A.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

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

#### Specific Information required by Listing Rule 7.3A.6 (a)

The total number of equity securities issued in the 12 months preceding the date of the meeting, and the percentage they represent of the total number of equity securities on issue at the commencement of that 12 month period is outlined below;

Equity securities issued in prior 12 month period	45,000,000 Shares
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	Shares: 13.91%

#### Specific Information required by Listing Rule 7.3A.6 (b)

Details of all issues of equity securities during the 12 months preceding the date of the meeting are outlined below:

Date of issue:	21 May 2018
Number issued:	5 million shares
Class/Type of equity security:	Fully paid ordinary shares
Summary of terms:	The shares are ordinary fully paid shares.
Name of persons who received securities or basis on which those persons was determined:	Sing Rim Pte Ltd
Issue price or consideration:	Deemed \$0.10 per share.
Non-cash consideration paid	5 million shares issued to Sing Rim Pte Ltd as consideration for re-establishment of Tranche 3 of the Convertible Notes.
Discount to the market price:	n/a
Current value of that non-cash consideration	\$500,000

Date of issue:	4 September 2018
Number issued:	5 million shares
Class/Type of equity security:	Fully paid ordinary shares
Summary of terms:	The shares are ordinary fully paid shares.
Name of persons who received securities or basis on which those persons was determined:	Sing Rim Pte Ltd
Issue price or consideration:	Deemed \$0.15 per share.
Non-cash consideration paid	5 million shares issued to Sing Rim Pte Ltd as consideration for the extension of the maturity date of the Convertible Notes from 23 July 2019 to 23 January 2020.
Discount to the market price:	n/a
Current value of that non-cash consideration	\$750,000



Date of issue:	24 January 2019
Number issued:	35 million shares
Class/Type of equity security:	Fully paid ordinary shares
Summary of terms:	The shares are ordinary fully paid shares.
Name of persons who received securities or basis on which those persons was determined:	Sing Rim Pte Ltd
Issue price or consideration:	Deemed \$0.10 per share.
Non-cash consideration paid	35 million shares issued to Sing Rim Pte Ltd as consideration for the variation of the terms of access for Tranches 2 and 3 (US\$10 million) and extension of the maturity date of the Convertible Notes from 23 January 2020 to 23 January 2021.
Discount to the market price:	n/a
Current value of that non-cash consideration	\$3,500,000

**RECOMMENDATION:** The Board believes that the 10% Placement Facility will be beneficial for the Company as it will provide flexibility to issue additional Equity Securities representing up to 10% of the Company's share capital up to 2 May 2020. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 6.

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**GLOSSARY**


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**\$ or cents** means Australian Dollars or Cents, unless otherwise indicated.

**AGM or Annual General Meeting** means the meeting convened by the Notice of Meeting.

**ASX** means ASX Limited, or the Australian Securities Exchange, as the context requires.

**Board** means the current board of directors of the Company.

**Chairman** means the Chairman of the Board.

**Company** means Petsec Energy Ltd ACN 000 602 700.

**Constitution** means the Company's constitution.

**Convertible Notes** means the unquoted secured convertible notes, the subject of Resolution 4, which the Company has issued or intends to issue under the Deed Poll.

**Corporations Act** means the *Corporations Act 2001* (Commonwealth).

**Deed Poll** means the Secured Convertible Note Deed Poll dated 23 August 2016 (subsequently amended by variation agreements dated 13 September 2016, 28 December 2016, 30 March 2017, 17 August 2017, 18 February 2018, 26 March 2018, 9 May 2018, 20 August 2018, 6 September 2018, and 19 December 2018) which sets out the terms and conditions of the Convertible Notes.

**Directors** mean the current directors of the Company.

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

**Explanatory Notes** means the explanatory notes accompanying the Notice of Meeting.

**Key Management Personnel** has the same meaning given in the accounting standards. Broadly speaking this includes the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Key Management Personnel for the financial year ended 31 December 2018.

**Listing Rule 7.1 Capacity** means the Company's 15% new issue capacity to issue Equity Securities under Listing Rule 7.1.

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

**Maturity Date** means the maturity date of the Convertible Notes, being 23 January 2021.

**Note Facility Limit** means US\$15 million plus accrued and capitalised interest.

**Noteholder** means an entity or person whose name is entered on the Register by the Registrar as the holder of Convertible Notes.

**Notice of Meeting** means this notice of meeting including the Explanatory Notes.

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

**Registrar** means Sing Rim Pte Ltd, a company registered under the laws of Singapore under registration number 201618210R.

**Remuneration Report** means the report on remuneration of Key Management Personnel contained within the Directors' Report for the year ended 31 December 2018.

**Resolution** means a resolution set out in the Notice of Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**SPP** means Share Purchase Plan.

**Sydney Time** means the time in Sydney, New South Wales, Australia.

**Tranche** means the three equal proportions of the Note Facility Limit that may be issued at different times and subject to different conditions under the Deed Poll, referred to as Tranche 1, Tranche 2 and Tranche 3.

**US\$** means US dollars, the currency of the United States of America.

## ANNEXURE A

### Terms of the Options

The terms and conditions of the Options are:

1. Each Option was issued for nil cash consideration.
2. Each Option has an exercise price of the lower of \$0.125 or the lowest issue price of any Shares issued by the Company, by way of placement, SPP, rights issue or other type of Share issue, in the period prior to exercise of the Options, less any costs of the issue on a per Share basis, including commissions.
3. Each Option entitles the option holder to subscribe for and be allotted one Share at the exercise price for the Option.
4. The Options are exercisable at any time prior to 5.00 pm Sydney Time on 23 January 2022 (Expiry Date) by completing a notice in writing (Option Notice) stating the intention of the option holder to exercise all or a specified number of Options held and delivering it to the registered office of the Company accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Option Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held.
5. The Options are not assignable or transferable without the prior written consent of the Directors and will not be quoted on the ASX.
6. All Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
7. There are no participating rights or entitlements inherent in the Options and the option holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. The option holder will be notified of the proposed issue at least ten business days before the record date. This will give the option holder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue.
8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
9. If there is a pro rata issue (except a bonus issue) to Shareholders, the exercise price of an Option will be reduced according to the following formula:
 
$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old exercise price of the Option.  
 E = the number of underlying Shares into which one Option is exercisable.  
 P = average market price per Share weighted by reference to volume of the underlying Shares during the five trading days ending on the day before the ex-rights date or ex entitlements date.  
 S = the subscription price of a Share under the pro rata issue.  
 D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).  
 N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
10. If there is a bonus issue to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares that the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
11. Shares issued and allotted under the exercise of the Options will be issued and allotted on the above terms and conditions not more than 14 days after the receipt of a properly executed Option Notice and the exercise price in respect of the Option.
12. The exercise of Options by an option holder is subject at all times to the Corporations Act.

**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

☎ **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 11:00am (Sydney Time) on Tuesday 30 April 2019.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/petsecagm2019>
- 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 securityholder 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 **11:00am (Sydney Time) on Tuesday, 30 April 2019.** 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/petsecagm2019>
- 📠 **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.

**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 **Petsec Energy Ltd** (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 securityholder) 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 **Governor Macquarie Tower, Level 15 Bligh Room, 1 Farrer Place, Sydney NSW 2000 on Thursday, 2 May 2018 at 11:00am (Sydney 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.

The Chair of the Meeting is 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 Resolution 5, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolution 5 even though Resolution 5 is connected with the remuneration of the Key Management Personnel of the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 5). 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	Re-election of Mr Mortimer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of prior issue of 35 million Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Amend terms of 10 million Options issued to Sing Rim Pte Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of additional 10% Placement Facility	<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 / / 2019