



MELBANA ENERGY LIMITED
ACN 066 447 952

Notice of Annual General Meeting
Explanatory Statement and Proxy Form

Date of Meeting: Thursday, 16th November 2023
Time of Meeting: 10.30 am (AEDT)
Place of Meeting The Rendezvous Hotel
328 Flinders Street
Melbourne
Victoria 3000

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Melbana Energy Limited (**the Company**) will be held in person at 10.30am (AEDT) on Thursday, 16th November 2023 (**Annual General Meeting or Meeting**).

If you have been nominated as a third party proxy, for any enquiries relating to the AGM, please contact the Company's Share Registry on 1300 737 760 (within Australia) and +612 9290 9600 (outside Australia).

If it becomes necessary to make further alternative arrangements for holding the Meeting, the Company will ensure that shareholders are given as much notice as possible. Further information and guidance will be made available:

- on the Company's website at www.melbana.com
- through our Registry at <https://www.investorserve.com.au> under the 'Company Announcements' menu (Note: Shareholders can log in as a Registered User or via 'Individual Investor Access' by providing their HIN or SRN); and
- via the ASX market announcements page at <https://www.asx.com.au/asx/statistics/announcements.do>, search code "MAY".

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, includes defined terms and describes in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

ORDINARY BUSINESS

Receipt and Consideration of Accounts & Reports

To receive and consider the Financial Report of the Company and the related reports of the Directors (including the Remuneration Report) and Auditors for the year ended 30 June 2023.

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

Resolution 1: Adoption of Remuneration Report

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

"That for the purpose of section 250R(2) of the Corporations Act 2001(Cth) and for all other purposes, the Company adopt the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2023."

A voting exclusion applies to this Resolution – see Note 6.

Resolution 2: Re-election Director - Mr. Michael Sandy

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

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

Resolution 3: Conditional Spill Meeting

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

"That:

- *an extraordinary general meeting of the Company (Spill Meeting) be held within 90 days of the passing of this resolution;*
- *all of the non-executive directors in office when the Board resolution to approve the Directors' Report for the financial year ending 30 June 2023 was passed, and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill*

Meeting be put to the vote of shareholders at the Spill Meeting.”

The above resolution is conditional upon at least 25% of the votes cast on Resolution 1 (Remuneration Report) being cast against the adoption of the Remuneration Report.

If you do not want the Spill Meeting to take place – vote “Against” this Resolution.

If you do want the Spill Meeting to take place – vote “For” this Resolution.

Resolution 4: Approval of issue of performance rights to Mr. Andrew Purcell (Executive Chairman)

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 23,301,292 Performance Rights to Andrew Purcell (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion applies to this Resolution – see Note 6.

By the order of the Board

Catherine Friedlander

Company Secretary

Dated: 16 October 2023

Notes

1. Entire Notice

The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.

2. Record Date

The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting. On a poll, members have one vote for every fully paid ordinary share held.

3. Proxies

- a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- b. Each shareholder has a right to appoint one or two proxies.
- c. A proxy need not be a shareholder of the Company.
- d. If a shareholder is a company, it must execute under its common seal or otherwise in accordance with its constitution or the *Corporations Act*.
- e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
- f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
- g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and *Corporations Act*.
- h. If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.
- i. To be effective, proxy forms must be received by the Company's share registry (Boardroom) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 10.30am (AEDT) on Tuesday, 14 November 2023. Any proxy received after that time will not be valid for the scheduled meeting.

4. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the *Corporations Act* authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting.

5. How the Chair will vote Undirected Proxies

Subject to the restrictions set out in Note 6 below, the Chair of the meeting will vote undirected proxies in favour of Resolutions 1, 2 and 4 and against in the case of Resolution 3. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

6. Voting Exclusion Statements:

Resolution 1

In accordance with sections 250BD(1) and 250R(4) of the *Corporations Act*, no member of the Key Management Personnel of the Company or the Group (KMP) (details of whose remuneration are included in the Remuneration Report), nor a Closely Related Party of a KMP, may vote on Resolution 1.

However, in accordance with the *Corporations Act*, a person described above may vote on Resolution 1 if:

- it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the Proxy Form as to how to vote on Resolution 1; or
- it is cast by the Chairman of the Meeting as proxy for a person who is permitted to vote in accordance with an express authorisation on the Proxy Form to vote as the proxy decides even if the Resolution is connected directly or indirectly with the remuneration of a member of a KMP.

If the Chairman of the Meeting is appointed as a proxy for a person who is permitted to vote on Resolution 1, the Chairman will vote any proxies which do not indicate on their Proxy Form the way the Chairman must vote, in favor of Resolution 1.

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

Resolution 2

There are no voting exclusions on this resolution.

Resolution 3

In accordance with sections 250BD(1) and 250R(4) of the *Corporations Act*, no member of the Key Management Personnel of the Company or the Group (KMP) (details of whose remuneration are included in the Remuneration Report), nor a Closely Related Party of a KMP, may vote on Resolution 3.

However, in accordance with the *Corporations Act*, a person described above may vote on Resolution 3 if:

- it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the Proxy Form as to how to vote on Resolution 3; or
- it is cast by the Chairman of the Meeting as proxy for a person who is permitted to vote pursuant to an express authorisation on the Proxy Form to vote as the proxy decides even if the Resolution is connected directly or indirectly with the remuneration of a member of a KMP.

Resolution 4

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

- * a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- * an associate of that person.

However, this does not apply to a vote cast in favour of the applicable Resolution by:

- * a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- * the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- * a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - * the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - * the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with sections 250BD(1) and 250R(4) of the *Corporations Act*, no member of the Key Management Personnel of the Company or the Group (KMP) (details of whose remuneration are included in the Remuneration Report), nor a Closely Related Party of a KMP, may vote on Resolution 4.

However, in accordance with the *Corporations Act*, a person described above may vote on Resolution 4 if:

- it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the Proxy Form as to how to vote on Resolution 4; or
- it is cast by the Chairman of the Meeting as proxy for a person who is permitted to vote pursuant to an express authorisation on the Proxy Form to vote as the proxy decides even if the Resolution is connected directly or indirectly with the remuneration of a member of a KMP.

7. Enquiries

Shareholders are invited to contact the Company Secretary on (02) 8323 6600 if they have any queries in respect of the matters set out in these documents.

Shareholders are also invited to submit questions to the Company or auditor in advance of the Meeting. Questions must be received by no later than 5pm (AEDT) on Monday, 13 November 2023. The Company will endeavour to address as many frequently raised relevant questions as possible during the Meeting. However, there may not be sufficient time to address all questions raised. Please note that individual responses will not be sent to shareholders.

Please submit any written questions by email to the Company Secretary at cate.friedlander@melbana.com.

If it becomes necessary for the Company to give further updates about the Meeting, information will be lodged with the ASX and posted on the Company's website.

EXPLANATORY MEMORANDUM

Purpose of Information

This Explanatory Statement (**Statement**) accompanies and forms part of the Company's Notice of Annual General Meeting (**Notice**) for the 2023 Annual General Meeting (**Meeting**) to be held at 10.30am (AEDT) on Thursday 16th November 2023.

The Notice incorporates, and should be read together, with this Statement.

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2023 which incorporates the Company's Financial Report, reports of the Directors (including the Remuneration Report and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (02) 8323 6600, and you may request that this occurs on a standing basis for future years.

Alternatively, you may access the Annual Report at the Company's website: <https://www.melbana.com/site/investors/annual-reports> or via the Company's announcement platform on ASX. Except for as set out in Resolution 1, no resolution is required on these reports.

Shareholders will have the opportunity to ask questions about or make comments on, the 2023 Annual Report and the management of the Company. The auditor will be invited to attend, to answer questions about the audit of the Company's 2023 Annual Financial Statements.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

Background

Section 250R(2) of the *Corporations Act* requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The Remuneration Report is set out in the Directors' Report in the Company's 2023 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

The vote on this Resolution is advisory only and does not bind the Directors or the Company. However, if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, shareholders will have the opportunity to remove the whole Board (except a managing director). Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings (**Second Strike**), the Company will be required to put to Shareholders at the second annual general meeting a Resolution on whether another meeting should be held (within 90 days) at which all Directors (other than a managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report for the financial year ending 30 June 2022 received a first Strike at the 2022 Annual General Meeting. Resolution 3 is conditional upon the Remuneration Report for the financial year ending 30 June 2023 (subject of Resolution 1) receiving a 'no' vote of 25% or more at this meeting and therefore resulting in a Second Strike. See below explanatory information for Resolution 3 in relation to the conditional Spill Meeting resolution.

Following the receipt of the first Strike at the 2022 Annual General Meeting, the Company addressed the Strike by re-considering the advice of the third party external salary review consultants the Company had used to benchmark and advise on the Company's remuneration policies and formed the view that there was an appropriate balance between director compensation and alignment of interests with the Company's objectives. The Company remains of this view in relation to director compensation in 2023.

In accordance with Section 250SA of the *Corporations Act*, shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of Annual General Meeting), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this Resolution, the Directors unanimously recommend that shareholders vote in favour of this Resolution to adopt the Remuneration Report.

Voting Exclusions

Refer to Note 6 for voting exclusions.

RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR. MICHAEL SANDY**Background**

The Constitution of the Company requires that at every Annual General Meeting, the Director who has been longest in office since their last election or appointment (excluding the Managing Director) shall retire from office and provides that such Director is eligible for re-election at the meeting.

Mr. Michael Sandy

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

For the last 19 years, Mr Sandy has been the principal of energy consultancy company Sandy Associates P/L and was previously a director of Tap Oil Limited (ASX: TAP), Hot Rock Ltd (ASX: HRL), Caspian Oil and Gas (ASX: CIG) and Pan Pacific Petroleum (ASX: PPP).

Mr Sandy was appointed as a Non-Executive Director of Melbana on 30 July 2015. Mr Sandy is the current Chair of Melbana's Audit and Risk Committee.

Board Recommendation

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

Voting Exclusions

There are no voting exclusions on this Resolution.

RESOLUTION 3: CONDITIONAL SPILL MEETING

This Resolution is a conditional resolution and will only be effective in the event that shareholders at this Annual General Meeting cast at least 25% of the votes cast on Resolution 1 are cast against the adoption of the Remuneration Report.

Section 250V of the *Corporations Act* provides that, if at least 25% of the votes cast on the resolution to adopt the remuneration report at two consecutive annual general meetings are cast against the adoption of the resolution, shareholders must be given the opportunity to vote on a resolution in the form of this Resolution at the second meeting (the "two strikes" rule). As greater than 25% of the votes cast on adoption of the 2022 Remuneration Report at the Annual General Meeting held on 22 November 2022 were cast against the resolution this constitutes a first strike. This Resolution will therefore only need to be put to Shareholders at this Annual General Meeting if there is a second strike i.e. if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report.

If this Resolution is put to the Shareholders, it will be considered as an ordinary resolution, which means that, to be passed, the resolution requires the approval of a simple majority of the votes cast by or on behalf of Shareholders entitled to vote on the matter.

If this Resolution is passed, the Company must hold a further general meeting (**Spill Meeting**) within 90 days of this Annual General Meeting, to consider the composition of the Board. If a Spill Meeting is required, the details of the Spill Meeting will be notified to Shareholders in due course.

If a Spill Meeting is held, immediately before the end of the Spill Meeting, each of the Directors who were in office when the Board approved the Directors' Report for the financial year ending 30 June 2023 and who remain in office at the time of the Spill Meeting will automatically cease to hold office, unless they are willing to stand for re-election and are re-elected at the Spill Meeting. This means that if a Spill Meeting is held, the following Directors will automatically cease to hold office as Directors of the Company immediately before the end of the Spill Meeting, unless they are willing to stand for re-election and are re-elected at that meeting:

- Peter Stickland;
- Michael Sandy (assuming that Mr Sandy is re-elected at this Annual General Meeting under Resolution 2).

Accordingly, even if Mr Sandy is re-elected at this Annual General Meeting, he will still need to be re-elected at the Spill Meeting (if held) to remain in office after the Spill Meeting.

Each of the abovenamed Directors would be eligible to stand for re-election at the Spill Meeting, however there is no guarantee that they would do so. As Andrew Purcell is the Managing Director of the Company, he is excluded from these requirements under the *Corporations Act* and so he will continue to hold office without the need to be re-elected at any Spill Meeting.

Board Recommendation

Noting that each abovenamed Director has a personal interest in this Resolution and will be excluded from voting on this Resolution, the Directors unanimously recommend that shareholders vote against this Resolution, if it is put to the Meeting.

Voting Exclusions

Refer to Note 6 for voting exclusions.

RESOLUTION 4: APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO MR. ANDREW PURCELL (EXECUTIVE CHAIRMAN)

Background

Mr Purcell was appointed Executive Chairman on 21 February 2020. On 1 April 2021, the Company entered into a new employment agreement with Andrew Purcell, in his role as Executive Chairman which agreement was varied by agreement dated 19 January 2023 (**Employment Agreement**). Under the Employment Agreement, the Company agreed to issue equity-based remuneration (in the form of performance rights) to Mr Purcell, subject to specific performance milestones being met (**Incentive Performance Rights**).

This Resolution seeks Shareholder approval for the issue of the Incentive Performance Rights to Andrew Purcell (or his nominee) under the Company's Long Term Incentive Plan (**LTIP**) which was last approved at the 2021 annual general meeting.

Performance Rights

The number of Performance Rights to be issued is equivalent to \$200,000 per annum, to be issued once every 3 years, equating to \$600,000 in value. The value of each Performance Right was calculated for the non-conflicted members of the Company's Nominations and Remuneration Committee and was based on the 20 consecutive trading day VWAP of the Company's Shares as at 28 November 2022 of \$0.048 as set out below. The Performance Rights proposed to be offered to Mr. Purcell are on the same terms as Performance Rights issued to other Key Management Personal at that time.

The total of 23,301,292 Performance Rights will be subject to the Vesting Conditions outlined below:

Performance Rights	Number	Vesting Conditions	"Vesting Period"
Tranche 1	13,530,579	<ul style="list-style-type: none"> - 250% increase in VWAP over any 20 consecutive trading day period within 18 months from grant date. (Target share price: \$0.120) - Continued employment in the Company at the vesting period. 	1.5 years following 28 November 2022*.
Tranche 2	9,770,713	<ul style="list-style-type: none"> - 400% increase in VWAP over any 20 consecutive trading day period within 3 years from grant date. (Target share price: \$0.192) - Continued employment in the Company at the vesting period. 	3 years following 28 November 2022*.

**Note: The Vesting Period commences on the date on which the value of the Performance Rights was calculated. The decision of the Board to grant the Performance Rights to Mr. Purcell was expressed to be subject to shareholder approval to be sought at the next available opportunity. This meeting is the next available opportunity, hence the delay between the calculation date and the commencement of the "Vesting Period" for Mr. Purcell.*

Once the applicable Vesting Conditions have been satisfied, the number of Performance Rights specified in the above table will vest. The above Performance Rights will each convert into a Share for no consideration on exercise by the holder prior to the end of the Vesting Period of the relevant Performance Shares once vested.

If a Vesting Condition of a Performance Right is not achieved by the end of the applicable Vesting Period, then the Performance Right will lapse. If a vested Performance Right is not exercised on or before the end of the applicable Vesting Period, then the Performance Right will lapse.

Chapter 2E of the *Corporations Act* Chapter 2E of the *Corporations Act* requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the *Corporations Act*.

The issue of the Incentive Performance Rights to Andrew Purcell (or his nominee) constitutes giving a financial benefit and Andrew Purcell is a related party of the Company by virtue of being a Director. The Directors (other than Andrew Purcell) consider that Shareholder approval pursuant to Chapter 2E of the *Corporations Act* is not required in respect of the issue of Performance Rights, because the issue of Performance Rights constitutes reasonable remuneration payable to Andrew Purcell.

Listing Rule 10.14

Listing Rule 10.14 provides that a listed entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without shareholder approval:

10.14.1 - a director of the entity;

10.14.2 – an associate of a person referred to in Listing Rule 10.14.1;

10.14.3 - a person whose relationship with the company or a person referred to in Listing Rules 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

The issue of the Incentive Performance Rights under the LTIP falls within Listing Rule 10.14.1 as Andrew Purcell is a director of the Company. It therefore requires the approval of Shareholders under Listing Rule 10.14. This Resolution seeks the required Shareholder approval for the issue of the Incentive Performance Rights under the LTIP for the purposes of Listing Rule 10.14.

Technical information required by Listing Rule 14.1A

If this Resolution 4 is passed, the Company will be able to proceed with the issue of the Incentive Performance Rights to Andrew Purcell under the LTIP within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).

As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Performance Rights will not use up any of the Company's 15% annual placement capacity.

If this Resolution is not passed, the Company will not be able to proceed with the issue of the Incentive Performance Rights to Andrew Purcell.

Technical information required by Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to this Resolution:

- a) The Incentive Performance Rights will be issued to Andrew Purcell (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of Andrew Purcell being a Director;
- b) The maximum number of Incentive Performance Rights to be issued to Andrew Purcell (or his nominee) is 23,301,292;
- c) The terms and conditions of the Incentive Performance Rights are set out in Annexure 1;
- d) The Incentive Performance Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Incentive Performance Rights will occur progressively;
- e) The issue price of the Incentive Performance Rights will be nil. Accordingly, the Company will not receive any other consideration in respect of the issue of the Incentive Performance Rights (other than in respect of funds received on exercise of the Incentive Performance Rights);
- f) A summary of the material terms of the LTIP is set out in Annexure 2;
- g) No loan will be made to Andrew Purcell in relation to the issue of the Incentive Performance Rights;
- h) The purpose of the issue of the Incentive Performance Rights (as opposed to fully paid ordinary shares) is to provide a performance linked incentive component in the remuneration package for Andrew Purcell to motivate and reward his performance as a Director and to provide cost effective remuneration to Andrew Purcell, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Andrew Purcell;
- i) The current total fixed remuneration package for Andrew Purcell is \$480,000 per annum, (inclusive of superannuation);
- j) The Company has previously issued Mr Purcell 31,812,050 Incentive Performance Rights in 2021 in accordance with the terms of his Employment Contract and the provisions of the LTIP. The issue of these Incentive Performance Rights was approved at the Company's 2021 AGM. No consideration was paid for the Incentive Performance Rights and they were issued for a three year period and were valued at \$150,000 per year (based on the 20 day VWAP as at 1 April 2021);

- k) The value attributable to each of the current Incentive Performance Rights to be issued (valued as at 28 November 2022 – see *Note above below table re valuation*) is set out below:

Tranche 1: \$0.0222

Tranche 2: \$0.031

- l) As noted above, the Incentive Performance Rights are being issued to Andrew Purcell under the Employment Agreement dated 1st April 2021 and varied as at 19 January 2023. Details of the material terms of Mr Purcell's Employment Agreement were released on the ASX platform on 1 April 2021 and are summarised below:

Commencement Date: 1st April 2021

Position: Executive Director Fixed remuneration: \$480,000 per annum (inclusive of statutory superannuation)

Short term cash incentive (STI): up to 50% per annum of fixed remuneration subject to annual KPI's

Long Term Incentive (LTI): Long term incentive (LTI) equivalent to \$150,000 per year in the form of Performance Rights to be issued once every 3 years equating to \$450,000 value to vest against both service and share price performance conditions over 3 years.

- m) Details of any securities issued under the LTIP will be published in the annual report of the Company relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the LTIP after this Resolution is approved and who were not named in this Notice of Meeting will not participate under approval is obtained under that rule.

Voting Exclusion

A voting exclusion statement is contained within the Notice (See Note 6).

Board Recommendation

The Board (with Mr Purcell abstaining) recommends that shareholders vote in favour of Resolution 4. The Chair will vote undirected proxies in favour of Resolution 4.

Glossary

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

Annual Report	means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2023;
ASX	means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;
AEDT	means Australian Eastern Daylight Standard Time;
Auditor's Report	means the auditor's report on the Financial Report;
Board	means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;
Chairman	means the person appointed to chair the Meeting of the Company convened by the Notice;
Closely Related Party	means: a spouse or child of the member; or has the meaning given in section 9 of the <i>Corporations Act</i> ;
Company	means Melbana Energy Limited ACN 066 447 952;
Constitution	means the constitution of the Company as at the date of the Meeting;
Director	means a Director of the Company;
Directors Report	means the annual directors' report prepared under Chapter 2M of the <i>Corporations Act</i> for the Company and its controlled entities;
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice;
Financial Report	means the annual financial report prepared under Chapter 2M of the <i>Corporations Act</i> for the Company and its controlled entities;
Key Management Personnel	means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;
Listing Rules	means the Listing Rules of the ASX;
Meeting	has the meaning given in the introductory paragraph of the Notice;
Notice	means this Notice of Meeting including the Explanatory Statement;
Proxy Form	means the proxy form attached to the Notice;
Remuneration Report	means the remuneration report which forms part of the Directors' Report of the Company for the financial year ended 30 June 2023 and which is set out in the 2023 Annual Report;
Resolution	means a resolution referred to in the Notice;
Share	means a fully paid ordinary share in the capital of the Company;
Shareholder	means shareholder of the Company.

Annexure 1: Terms of Performance Rights

Set out below are the key terms of the Long Term Incentive Performance Rights (**LTI** or **Performance Rights**) that will be issued to Mr Purcell if Resolution 4 is passed.

The Company will issue Mr. Purcell:

1. LTI worth \$200,000 per year in the form of Performance Rights, subject to shareholder approval
2. The LTI will issue once every three years equating to a total value of \$600,000
3. The number of Performance Rights issued totalled 23,301,292 and was calculated as \$600,000/value of the Performance Rights as at 28 November 2022 based off a VWAP of \$0.048
4. The Performance Rights were independently valued
5. The LTI will be split into 2 tranches with vesting criteria being of a greater Share price performance compared to the VWAP at 28 November 2022:
 - a. Tranche 1 – 250% increase in VWAP for any 20-day trading period within 18 months of grant;
 - b. Tranche 2 – 400% increase in VWAP for any 20-day trading period within 3 years of grant.
6. The Performance Rights only vest if the Employee is still employed by the Employer at the end of the vesting period (**Tenure Criteria**).
7. If the Employee leaves the Executive Chairman role prior to the end of the vesting period, the board will have discretion to vest Performance Rights subject to the good leaver / bad leaver provisions under the Long Term Incentive Plan.
8. The final exercise date for the LTI is 3 years after 28 November 2022.
9. The Tenure Criteria to be waived in the event of a change of control and the Board to exercise its discretion on waiving the share price performance criteria for some or all of the Performance Rights depending on circumstances.

Annexure 2: Material Terms of Long Term Incentive Plan

Operation

The Board is responsible for administering the EIP in accordance with the EIP Rules. A grant of Performance Rights and/or Options under the LIP will be subject to both the LTIP Rules and the terms and conditions of the specific grant.

All future offers to Australian employees and executives of the Company under the LTIP will be made in accordance with the requirements of the *Corporations Act*, any applicable ASIC Class Order and the ASX Listing Rules.

Eligibility

The LTIP is open to employees (including Directors employed in an executive capacity) of the Company who are invited by the Board to participate in the LTIP. The LTIP is not open to non-executive Directors of the Company. All non-executive Directors are ineligible to participate in any current employee incentive scheme of the Company. The Board may invite employees to apply for performance rights and/or Options under the LTIP in its absolute discretion.

Grant

No payment is required on the grant of a Performance Right and no exercise price is payable upon the Performance Right vesting. No payment is required on the grant of an Option. The exercise price of an Option will be determined by the Board in its discretion and specified in the participant's invitation letter.

Vesting

The vesting of a Performance Right will be conditional on the satisfaction of any performance conditions attaching to the Performance Right. Performance conditions will be determined by the Board in its discretion and specified in the participant's invitation letter.

Where relevant performance conditions are met, then the Performance Right will vest and automatically be exercised into Shares.

The vesting of an Option will be conditional on the satisfaction of any performance conditions attaching to the Option. Performance conditions will be determined by the Board in its discretion and specified in the participant's invitation letter.

Where a participant ceases to be an employee of the Company because of total and permanent disability, death, or any other circumstance determined by the Board in its discretion, the Board may determine that any of the Performance Rights and/or Options granted to a participant will vest, whether or not any performance conditions attaching to the Performance Right and/or Option have been met.

Notwithstanding this and subject to the ASX Listing Rules:

- (i) the Board may vest some or all of a participant's Performance Rights and/or Options even if a performance condition has not been met, if the Board considers that to do so would be in the interests of the Company; and
- (ii) the vesting of a participant's Performance Rights and/or Options may be made subject to further conditions as determined by the Board.

Lapse of Performance Rights and Options

All Performance Rights and Options that have not vested on or before the fifth anniversary of their grant date will automatically lapse. Performance Rights and Options will also lapse if the applicable performance conditions attaching to them are not met within a prescribed period determined by the Board in its discretion.

If a participant ceases to be an employee of the Company (other than in the circumstances referred to in paragraph (d) above), the participant's Performance Rights and/or Options will lapse automatically on cessation of the participant's employment unless the Board determines otherwise within 60 days of the date of cessation of the participant's employment.

Conversion

A participant may at any time request the Board to convert any or all of the participant's unvested Performance Rights to Options, or vice versa, at a rate of conversion determined by the Board in its absolute discretion. Any converted Performance Rights or Options will be subject to the same terms and conditions of the original Performance Rights or Options (as applicable) granted to the participant unless otherwise determined by the Board in its discretion.

Dealing with Performance Rights and Options

Performance Rights and Options are not transferable, except on the participant's death, to their legal personal representative.

Shares

Each Performance Right will entitle a participant to one Share upon vesting. Each Option will entitle a participant upon vesting to subscribe for one Share at the exercise price specified by the Board in the participant's invitation letter. Shares issued as a result of the vesting of a Performance Right or vesting and exercise of an Option will rank equally with the Shares currently on issue.

Maximum number of Performance Rights and Options

The Board may grant such number of Performance Rights and/or Options under the LTIP as the Board determines so long as no limit specified, imposed or calculated by any relevant policy or guideline of ASIC, including any regulatory guide, class order or condition for relief, is exceeded.

Takeovers

In the event of a takeover bid (as defined in the *Corporations Act*), a participant's Performance Rights and Options will vest immediately to the extent that the performance conditions attaching to those Performance Rights and/or Options have been satisfied and the remaining Performance Rights and/or Options will lapse.

Reconstruction of capital

If the Company makes a bonus issue, then a participant will become entitled to a proportionately greater number of Shares on vesting of the Performance Rights and/or Options held, as if the Performance Rights and/or Options had vested before the bonus issue. If there is any other form of capital reconstruction, the number of Performance Rights and/or Options will be adjusted in accordance with the ASX Listing Rules.

A participant is not entitled to participate in any new issue of securities in the Company other than as described above.

Amendment of Incentive Plan

Subject to the ASX Listing Rules, the Board may amend the rules of the LTIP, but no amendment may materially reduce the rights of participants generally in respect of the Performance Rights and/or Options granted to them, except an amendment:

- made primarily to enable compliance with the law governing or regulating the LTIP;
- to correct a manifest error or mistake;
- to take into account changes in development in taxation law; or
- to enable compliance with the *Corporations Act* or the ASX Listing Rules.

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 10:30am (AEDT) on Tuesday, 14th November 2023.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/mayagm2023>
- 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:

- (a) 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.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

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

STEP 3 SIGN THE FORM

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

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

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

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

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

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (AEDT) on Tuesday, 14th November 2023.** 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/mayagm2023>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 8, 210 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 **Melbana Energy Limited** (Company) and entitled to attend and vote hereby appoint:

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

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered 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 **The Rendezvous Hotel, 328 Flinders Street, Melbourne, Victoria, 3000 on Thursday, 16th November 2023 at 10:30am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters:

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

The Chair of the Meeting will vote all undirected proxies in favour of Resolutions 1, 2 and 4 and against Resolution 3. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote for, against or to abstain from voting on a resolution, you must provide a direction by marking the 'For', '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	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election Director - Mr. Michael Sandy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Conditional Spill Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of performance rights to Mr. Andrew Purcell (Executive Chairman)	<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 / / 2023