
WHL ENERGY LIMITED

ACN 113 326 524

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11.30am (WST)

DATE: 26 November 2014

PLACE: The Celtic Club
48 Ord Street
West Perth WA 6005

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on (+61 8) 6500 0271.

CONTENTS PAGE

Business of the Meeting	3
Explanatory Statement	6
Glossary	19
Schedule 1– Issue of Equity Securities since 22 November 2013	21
Proxy Form	23

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Meeting of shareholders of WHL Energy Limited (**Company**) to which this Notice relates will be held at 11.30am (WST) on 26 November 2014 at:

The Celtic Club
48 Ord Street
West Perth WA 6005

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 3.00pm (WST) on 24 November 2014.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the Proxy Form and return by the time and in accordance with the instructions set out in the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC provide that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on section 250BB and 250BC of the Corporations Act are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair of the meeting – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. ANNUAL REPORT

To receive and consider the Annual Report together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Annual Report."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

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

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue calculated in accordance

with the formula prescribed in ASX Listing Rule 7.1A.2 and on terms and conditions in the Explanatory Statement.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR FALDI ISMAIL

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

“That, for the purpose of, clause 58 of the Constitution and for all other purposes, Mr Faldi Ismail, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR STUART BROWN

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

“That, for the purpose of ASX Listing Rule 14.4, clause 56 of the Constitution and for all other purposes, Mr Stuart Brown, a Director who was appointed on 6 December 2013, retires, and being eligible, is re-elected as a Director.”

6. RESOLUTION 5 – MODIFICATION TO CONSTITUTION

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

“That, pursuant to and in accordance with section 136 of the Corporations Act and for all other purposes, the Constitution be modified, on the terms and conditions in the Explanatory Statement.”

7. RESOLUTION 6 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS AND MODIFICATION TO CONSTITUTION

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

“That, pursuant to and in accordance with sections 648D, 648G and 136 of the Corporations Act and for all other purposes, the Company modify its Constitution by renewing the proportional takeover approval rules set out in clause 23 of the Constitution, on and with effect from the date of the Meeting”.

8. RESOLUTION 7 – CONSOLIDATION OF SHARE CAPITAL

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

"That, for the purposes of section 254H(1) of the Corporations Act and for all other purposes, approval is given for the consolidation of the Company's issued capital, on the basis that

- (a) every existing 10 Shares be consolidated into 1 Share post consolidation;
- (b) every existing 10 Options be consolidated into 1 Option post consolidation ; and
- (c) every existing 10 Performance Rights be consolidated into 1 Performance Right post consolidation,

with the consolidation to take effect in accordance with the timetable set out in the Explanatory Memorandum, and where this consolidation results in a fraction of a Share, Option or Performance Right being held by a Securityholder, the Directors be authorised to round that fraction down to the nearest whole Share, Option or Performance Right".

DATED:

BY ORDER OF THE BOARD

**IAN HOBSON
COMPANY SECRETARY**

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

2. ANNUAL REPORT

In accordance with the Constitution and section 317 of the Corporations Act, the business of the Meeting will include receipt and consideration of the Annual Report together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report. There is no requirement for the Shareholders to approve the Annual Report.

The Shareholders will be provided with the opportunity to discuss the Annual Report at the Meeting.

The Company will not provide a hard copy of the Annual Report to Shareholders unless specifically requested to do so. The Annual Report is available on its website at www.whlenergy.com

3. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2013 annual general meeting. Please note if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2015 annual general meeting, this may result in the re-election of the Board.

The Chair will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 1.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

4. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

4.1 General

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company is an eligible entity, as defined under the ASX Listing Rules such definition being set out below.

If Shareholders approve Resolution 2, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 4.2 below).

The effect of Resolution 2 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

Resolution 2 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

An eligible entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$18,566,583.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. As at the date of this Notice, the Company has two classes of Equity Securities on issue, being Shares and Options (ASX Code: WHN and WHNOA).

4.2 ASX Listing Rule 7.1A - formula

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$(A \times D) - E$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid Shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of Shares under the Company's 1% placement capacity without Shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or 7.4.

4.3 Technical information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 2:

(a) **Minimum Price**

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

- (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 ASX trading days of the date in Section 3.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

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

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or

scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

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

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

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

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

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.004 50% decrease in Issue Price	\$0.008 Issue Price	\$0.012 100% increase in Issue Price
Current Variable A 2,111,522,899 Shares	10% Voting Dilution	211,152,290 Shares	211,152,290 Shares	211,152,290 Shares
	Funds raised	\$844,609	\$1,689,218	\$2,533,827
50% increase in current Variable A 3,167,284,349 Shares	10% Voting Dilution	316,728,435 Shares	316,728,435 Shares	316,728,435 Shares
	Funds raised	\$1,266,914	\$2,533,827	\$3,800,741
100% increase in current Variable A 4,223,045,798 Shares	10% Voting Dilution	422,304,580 Shares	422,304,580 Shares	422,304,580 Shares
	Funds raised	\$1,689,218	\$3,378,437	\$5,067,655

The table has been prepared on the following assumptions:

The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.

The Current Variable A values includes an assumption that the Entitlement Offer announced on the 22 September 2014 is fully subscribed adding 487,274,515 to the 1,624,248,384 Shares on issue at the 10 October 2014.

No Listed Options (including any Listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;

The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

The issue price is \$0.008, being the closing price of the Shares on ASX on 10 October 2014.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

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

- (i) as cash consideration in which case the Company intends to use funds raised to continue exploration at the Company's Seychelles project or to fund the investigation or acquisition of additional assets that complement the existing projects, or otherwise to supplement working capital, depending on the prevailing circumstances of the Company at the time of the issue; or
- (ii) as 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 ASX Listing Rule 7.1A.3.

(e) **Allocation under the 10% Placement Capacity**

The subscribers of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the subscribers of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the subscribers at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;

- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 22 November 2013 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 22 November 2013 the Company otherwise issued a total of 683,324,219 Shares, 354,849,676 Listed Options, 193,000,000 Unlisted Options and 24,000,000 Performance Rights (this includes an assumption of 487,274,515 Shares and 354,849,676 Listed Options for the Entitlement Offer announced on 22 September 2014) that represents approximately 59.28% of the total diluted number of Equity Securities on issue in the Company on 22 November 2013, which was 2,117,332,837.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

4.4 **Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 2.

4.5 **Directors' recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 2.

5. **RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR FALDI ISMAIL**

Clause 58 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest one-third (but not more than one-third), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 58 of the Constitution is eligible for re-election.

The Company currently has three Directors and accordingly one must retire.

Mr Ismail, the Director longest in office since his last election, retires by rotation and seeks re-election.

Mr Ismail, who is considered by the Board to be an independent Director, was first appointed to the Board on 24 September 2013.

Mr Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of a wide range of ASX-listed companies having many years of investment banking experience covering a wide range of sectors. He has significant cross-border experience, having advised on numerous overseas transactions including capital raisings, structuring of acquisitions and joint ventures in numerous countries.

Mr Ismail is currently the chief executive officer and deputy chairman of dual listed Kalimantan Gold Corporation Limited and in addition is also the founder and operator of Otsana Capital, a boutique advisory firm specialising in mergers and acquisitions. Mr Ismail is currently a non-executive director at the following ASX listed companies: Boulder Steel Limited, Emergent Resources Limited and Style Limited.

For further information on Mr Ismail please see the Annual Report.

The Board, other than Mr Ismail, supports the re-election of Mr Ismail to the Board.

6. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR STUART BROWN

In accordance with ASX Listing Rule 14.4, a director appointed as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Clause 56 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Brown will retire in accordance with clause 56 of the Constitution, ASX Listing Rule 14.4 and being eligible seeks re-election.

Mr Brown, who holds a B.Sc Honours (Geology), was appointed as a non-executive Director on 6 December 2013. Mr Brown, if re-elected by the Shareholders, will qualify as an independent director.

Mr Brown has a proven and successful track record with extensive experience at technical, managerial, executive and board levels. He has been involved in all areas of the upstream oil and gas industry with demonstrated success in strategic, business, technical and human resource management.

Mr Brown is currently the managing director of International Oil and Gas Strategies Pty Ltd. For the previous five years, he held the position of vice president of strategic planning for Woodside Energy Ltd and his career spans more than 30 years of international experience with both Woodside Energy Ltd and Shell International.

Mr Brown is currently a non-executive director at Empire Oil and Gas N.L and Cue Energy Limited as well as having a non-executive director role at Galicia Energy Corporation Limited (formerly Cossack Energy Limited).

For further information on Mr Brown please see the Annual Report.

The Board, other than Mr Brown, supports the re-election of Mr Brown to the Board.

7. RESOLUTION 5 – MODIFICATION OF CONSTITUTION

7.1 General

It is proposed that the Constitution be modified to enable the Company to better function in accordance with its constituent documents. The modified constitution has been notified to ASX as required under the ASX Listing Rules.

Resolution 5 seeks Shareholder approval for the modification of the constitution in accordance with section 136 of the Corporations Act.

A copy of the modified constitution will be sent to any Shareholder on request and will also be available for inspection at the office of the Company during normal business hours and available for inspection at the Meeting.

Subject to the passing of Resolution 5, the modified Constitution will be effective from the close of the Meeting.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

7.2 Summary of proposed modifications

It is proposed that clause 23.8 be deleted in its entirety and replaced with a new clause 23.8 as follows:

"This clause 23 will cease to have effect on the day three years after the later of its adoption or last renewal."

7.3 Directors recommendation

The Directors recommend that Shareholders vote in favour of this Resolution.

8. RESOLUTION 6 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS AND MODIFICATION TO CONSTITUTION

8.1 General

Pursuant to sections 648D and 648G of the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by shareholders. A proportional takeover bid is a takeover bid where the offer made to each securityholder is only for a proportion of that holder's securities.

If a Shareholder accepted in full an offer under a proportional takeover bid, they would dispose of the specified proportion of their Shares and retain the balance of their Shares.

The Constitution contains provisions requiring Shareholder approval of a proportional takeover bid in clause 23.

For these provisions to be operative, specific approval of the proportional takeover rules is required.

The renewal of these provisions in the Constitution is taken to be a modification of the Constitution. Accordingly, Resolution 6 must be approved by special resolution.

The Directors consider it in the interests of Shareholders to renew approval of these provisions into the Constitution. If Resolution 6 is passed, the proposed proportional takeover provisions in clause 23 of the Constitution will be reinserted for a further 3 years from the time the Resolution 5 is passed.

More than 3 years have passed since the proportional takeover rules were last renewed by Shareholders. Accordingly, the proportional takeover rules will not operate unless Resolution 6 is approved. If Resolution 6 is approved, the proportional takeover provisions will be in exactly the same terms as the previous provisions and will be renewed with effect from the date of the Meeting.

8.2 Information required by section 648G of the Corporations Act

(a) Effect of proportional takeover provisions

If a proportional takeover bid is made, the Directors must ensure that a resolution of relevant security holders to approve the takeover bid is voted on. The resolution must be voted on before the 14th day before the last day of the bid period (that is, no later than 15 days before the last day of the bid period).

The vote is decided on a simple majority of those entitled to vote - the bidder and its associates are not able to vote on the resolution. If the resolution is not passed, binding acceptances under the takeover bid must be rescinded and offers failing to result in binding contracts will be taken to have been withdrawn. If the resolution is not voted on before the required deadline, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), transfers under the takeover bid can be registered (provided they otherwise comply with other provisions of the Corporations Act and the Constitution).

The proportional takeover approval provisions do not apply to full takeover bids and will only apply until 3 years after the date of renewal. The provisions may be renewed for a further term, but only by a special resolution of Shareholders.

(b) **Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium.

These provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any proportional takeover bid is appropriately priced.

(c) **Knowledge of any acquisition proposals**

As at the date of the Meeting, no Director is aware of any proposal by any person to acquire or to increase a substantial interest in the Company.

(d) **Review of proportional takeover provisions**

While the previous proportional takeover provisions were in effect, there were no full or proportional takeover bids for the Company. Therefore there has been no example against which to review the advantages or disadvantages of the previous proportional takeover provisions for the Directors and Shareholders respectively. The Directors are not aware of any potential takeover bid that was discouraged by these provisions.

(e) **Potential advantages and disadvantages**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages for Shareholders of the proportional takeover provisions include:

- (i) Shareholders have a say in whether an offer under a proportional takeover bid should proceed;
- (ii) they may help Shareholders to avoid being locked in as a relatively powerless minority;
- (iii) they increase Shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) knowing the view of the majority of Shareholders may help each individual Shareholder assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The potential disadvantages for Shareholders include:

- (i) the provisions place a hurdle that may discourage proportional takeover bids being made for shares in the Company;
- (ii) the Company's share price may be depressed or the Shareholders may lose an opportunity to sell some of their shares at a premium; and
- (iii) the likelihood of a proportional takeover succeeding may be reduced.

The Directors do not believe the potential disadvantages outweigh the potential advantages of reinserting the proportional takeover provisions for a further 3 years.

8.3 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

9. RESOLUTION 7 – CONSOLIDATION OF SHARE CAPITAL

9.1 Background

Further to the announcement made the Company on 22 September 2014, the Company plans to undertake a consolidation of capital whereby 10 existing Shares will become 1 Share on a post-consolidation basis (**Consolidation**). The Directors expect that the Consolidation will assist the Company in attracting new business opportunities in the oil and gas and other sectors as well as expanding on its existing project base.

9.2 Corporations Act and Listing Rule Requirements

Resolution 7 seeks approval from Shareholders to consolidate the number of Shares, Options and Performance Rights on issue on a 10 for 1 basis.

Under section 254H(1) of the Corporations Act, the Company may, by a resolution passed at a general meeting of Shareholders, convert all or any of its Shares into a large of smaller number of Shares.

If Resolution 7 is passed:

- (a) the number of Shares on issue will be reduced so that every *existing 10 Shares shall be consolidated into 1 Share post consolidation*;
- (b) the number of Options on issue will be reduced so that every *existing 10 Options shall be consolidated into 1 Option post consolidation*, and the exercise price of those Options will be increased in inverse proportion to that ratio; and
- (c) the number of Performance Rights on issue will be reduced so that every *existing 10 Performance Rights shall be consolidated into 1 Performance Right post consolidation*.

Resolution 7 is an ordinary resolution.

9.3 Fractional entitlements and taxation

Not all Shareholders or Securityholders will hold a number of Shares, Options or Performance Rights which can be evenly divided by 10. Where a fractional entitlement occurs, the fractional holding will be rounded down to the nearest whole Share, Option or Performance Right.

It is not considered that any taxation consequences will exist for Shareholders or Securityholders arising from the Consolidation. However, Shareholders and Securityholders are advised to seek their own taxation advice on the effect of the Consolidation and neither the Company nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

9.4 Holding Statements

From the date of the Consolidation, all holdings statements for Shares, Options and Performance Rights will cease to have any effect, except as evidence of entitlement to a certain number of Shares, Options and Performance Rights on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares, Options and Performance Rights to be issued to holders of those Securities.

It is the responsibility of each Shareholder or Securityholder to check the number of Shares, Options or Performance Rights held prior to disposal.

9.5 Effect on capital structure

The effect of the Consolidation on the capital structure of the Company is as follows:

	Shares	Options	Performance Rights
Current capital structure¹	1,624,248,384	598,134,157 ²	16,400,000 ³
Maximum number of Securities to be issued under Entitlement Offer⁴	487,274,515	339,849,676 ⁵	-
Capital structure pre Consolidation	2,111,522,899	937,983,833	16,400,000
Capital structure post Consolidation	211,152,290 ⁵	53,624,967 ⁶	1,640,000

Notes:

¹ As at the day prior to the date of the Notice.

² Comprising of:

- 401,734,157 existing Listed Options;
- 3,400,000 Options, which are not listed on ASX and which automatically convert into Shares on 1 July 2015 for nil exercise price, held by two non-related party employees of the Company; and
- 193,000,000 Options, which are not listed on ASX with a exercise price of \$0.014 per Option and an expiry date of 3 December 2017.

³ Comprising of:

- 11,600,000 Performance Rights which automatically convert into Shares on 1 July 2015 for nil exercise price; and
- 4,800,000 Performance Rights which automatically convert into Shares on 1 July 2014 for nil exercise price.

⁴Assumes that all of the existing Listed Options are not exercised before their expiry date, being 30 November 2014 and that no new Listed Options are exercised before 1 December 2014.

⁵ Includes 15,000,000 to be issued to the lead manager of the Entitlement Offer.

⁶ assumes that all existing Listed Options are not exercised before their expiry date, being 30 November 2014 and that no new Listed Options are exercised before 1 December 2014.

9.6 Timetable for the Consolidation

The following is an indicative timetable of the key dates¹:

Event	Date
Meeting	11.30am (WST) on 26 November 2014
Notification to ASX of results of Meeting	26 November 2014
Last day for trading in Securities on a pre-Consolidation basis	27 November 2014
First day of trading in consolidated Securities on a deferred settlement basis	28 November 2014
Last day to register transfers on a pre-Consolidation basis	2 December 2014
First day for Company to send notice to Securityholders of change to holdings as a result of Consolidation First day for Company to register Securities on a post-Consolidation basis and for issue of holding statements	3 December 2014
Issue Date Last day for Securities to be entered into the Securityholders' security holdings and for Company to send notice to Securityholders of change of holdings as a result of the Consolidation Deferred settlement ends / normal (T+3) trading resumes	9 December 2014

Note:

1. These dates are indicative only and may change subject to compliance with the requirements of the Corporations Act and Listing Rules.

9.7 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 7.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 4.1.

10% Placement Capacity Period has the meaning given in Section 4.3.

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

Annual Report means the annual report of the Company for the financial year ended 30 June 2014.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the official listing rules of ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the current board of Directors.

Chair means the person chairing of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means WHL Energy Limited (ACN 113 326 524).

Consolidation has the meaning given in Section 9.1.

Constitution means the constitution of the Company.

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

Directors means the current directors of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act.

Employee Share Option means an option issued under the Employee Share Option Plan.

Employee Share Option Plan means the employee incentive scheme of the Company.

Entitlement Offer means the entitlement offer that was announced by the Company on 22 September 2014.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means this explanatory statement accompanying the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act.

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.

Listed Option means an Option listed on ASX.

Managing Director means the managing director of the Company.

Meeting means the meeting which has been convened by the Notice.

Notice means the notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Performance Rights means the right to obtain a Share which is subject to certain prescribed conditions.

Previous Approval has the meaning in Section 4.3.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

Resolution means a resolution set out in the Notice.

Section means a section of this Explanatory Statement.

Securities means an Option, Share or Performance Right.

Securityholder means the holder of Share, Option or Performance Right.

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

Shareholder means a holder of a Share.

Unlisted Option means an Option that is not listed on ASX.

Variable A means "A" as set out in the calculation in Section 4.2.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 22 NOVEMBER 2013

Date	Quantity	Class	Recipients	Issue price and discount to Market Price ¹ (if applicable) ¹	Form of consideration
4 December 2013	42,000,000 98,000,000	WHN fully paid shares ⁴ Unquoted Options (WHNAI)	Fee agreed for Bergen granting of US\$2.7m loan in connection with monetising seismic option (Bergen financing agreement)	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁷ = \$336,000 and Current value ⁶ = \$431,200 and
16 December 2013	64,790,827	WHN fully paid shares	Issued as per Share Purchase Plan Prospectus	\$0.011 cents per share	Cash Amount raised = \$712,700 Current value ⁷ = \$518,327
21 March 2014	30,000,000	Unquoted Options (WHNAI) ²	Fee agreed for loan of shares to Acuity Capital under Control Placement Agreement	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁶ = \$132,000
14 April 2014	12,409,049	WHN fully paid shares	Fee agreed in lieu of interest payment to Bergen	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁷ = \$99,272
14 April 2014	24,000,000	Unquoted Options (WHNAI) ³	Issued under Employee Share Option Plan to existing staff	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁶ = \$96,000
30 April 2014	24,718,958	WHN fully paid shares	Issued under Bergen financing agreement after receipt of Lender's election for conversion	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁷ = \$197,752
9 May 2014	24,718,900	WHN fully paid shares	Issued under Bergen financing agreement after receipt of Lender's election for conversion	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁷ = \$197,751
26 May 2014	40,000,000	Unquoted Options (WHNAI)	Fee agreed for Argonaut granting of A\$3.4m loan in connection with refinancing the Bergen financing agreement	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁶ = \$211,200

30 May 2014	25,000,000	Unquoted Options (WHNAI)	Fee granted to Liberty Petroleum Inc for decrease in royalty rate as part of farmout agreement	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁷ = \$110,000
4 July 2014	20,400,000	WHN fully paid shares	Vesting of second tranche of WHNAS and WHNAI	Nil cash consideration	Nil Cash Consideration Performance based remuneration for services provided to the Company Current value ⁷ = \$163,200
13 August 2014	7,011,970	WHN fully paid shares	Issued to Acuity as part of placement at premium to market rate.	\$0.014 cash consideration	\$100,000 Cash Consideration Placement of shares under the Acuity – Controlled Placement Agreement Current value ⁷ = \$56,096
To be Issued	487,274,515	WHN fully paid shares ⁵	Issued under Entitlement Offer prospectus	\$0.010 cash consideration	\$4,872,745 Cash Consideration
To be issued	354,849,676	Quoted Options ⁵	Issued under Entitlement Offer prospectus	Nil cash consideration	Nil Cash Consideration

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Unquoted Performance Rights WHNAI issued under shareholder approval obtained at the last Annual General meeting dated 28 March 2014 to Directors.
3. Unquoted Employee Share Options (WHNAS) issued under Employee Share Option Plan to existing staff exercisable at \$Nil each, on or before 1 July 2016.
4. Fully paid ordinary shares in the capital of the Company, ASX Code: WHN (terms are set out in the Constitution).
5. The Schedule assumes that 487,274,515 fully paid shares and 354,849,676 listed options, including 15,000,000 lead manager options are issued under the Entitlement offer prospectus.
6. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.008) or Listed Options (\$0.001) as the context requires on the ASX on 30 September 2013. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
7. The current value is based upon a Share price of \$0.008, being the closing price of the Shares on ASX on 10 October 2014.



By mail:
WHL Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

PROXY FORM

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

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

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

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **11:30am (WST) on Wednesday, 26 November 2014 at The Celtic Club, 48 Ord Street, West Perth WA 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5 Modification of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Renewal of Proportional Takeover Provisions and Modification to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Director - Mr Faldi Ismail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7 Consolidation of Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Re-election of Director - Mr Stuart Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

WHN PRX401R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

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

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:30am (WST) on Monday, 24 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.whlenergy.com

On WHL Energy's home page select the button titled 'Lodge your proxy form here' this will direct you to Link's website. Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

WHL Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**