
GALICIA ENERGY CORPORATION LIMITED

ACN 110 184 355

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am (WST)

DATE: Friday, 28 November 2014

PLACE: The Melbourne Hotel
942 Hay Street
Perth, WA, 6000

This Notice of Meeting 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 of Meeting please do not hesitate to contact the Company Secretary, Sarah Smith on (+61 8) 9322 7600.

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IMPORTANT INFORMATION

Time and place of Meeting

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on Friday, 28 November 2014 at The Melbourne Hotel, 942 Hay Street, Perth, WA, 6000.

Your vote is important

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

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on 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 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 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.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean 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 these changes 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 2 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 – 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 ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10:00am (WST) on Friday, 28 November 2014 at The Melbourne Hotel, 942 Hay Street, Perth, WA, 6000.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4:00pm (WST) on Wednesday, 26 November 2014.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS:

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors' 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 Company's annual financial report for the financial year ended 30 June 2014.”

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the Voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Voter is the Chair and the appointment of the Chair as proxy:

- (i) does not specify the way the proxy is to vote on this Resolution; and
- (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER WALL

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 13.2 of the Constitution and for all other purposes, Mr Peter Wall, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – 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 clause 13.4 of the Constitution and for all other purposes, Mr Stuart Brown, a Director who was appointed on 31 January 2014, retires, and being eligible, is elected as a Director.”

5. RESOLUTION 4 – ELECTION OF DIRECTOR – MR ROBERT BENSCH

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 13.4 of the Constitution and for all other purposes, Mr Robert Bensch, a Director who was appointed on 31 January 2014, retires, and being eligible, is elected as a Director.”

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

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

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS UNDER PERFORMANCE RIGHTS PLAN TO MR PETER WALL

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue 3,000,000 Performance Rights under the Company's Performance Rights Plan and to the issue of the Shares that may result from the exercise of these Performance Rights upon the satisfaction of the relevant Milestones in respect of these Performance Rights to Mr Peter Wall (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Short Explanation Performance Rights will be issued to Mr Peter Wall as part of the Performance Rights incentive scheme that the Shareholders approved the Company's General Meeting held 22 July 2013.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those persons. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

8. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS UNDER PERFORMANCE RIGHTS PLAN TO MR DOUG JENDRY

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue 3,000,000 Performance Rights under the Company's Performance Rights Plan and to the issue of the Shares that may result from the exercise of these Performance Rights upon the satisfaction of the relevant Milestones in respect of these Performance Rights to Mr Doug Jendry (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Short Explanation Performance Rights will be issued to Mr Doug Jendry as part of the Performance Rights incentive scheme that the Shareholder approved the Company's General Meeting held 22 July 2013.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those persons. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

9. RESOLUTION 8 – ADOPTION OF DIRECTOR SHARE PLAN

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

"That, for the purposes of ASX Listing Rule 7.2 (exception 9) and for all other purposes, approval is for the Company to adopt A Director Share Plan and to issue securities to Directors on the terms and conditions under that plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those persons. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and

- (b) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

10. RESOLUTION 9 – ISSUE OF SHARES TO MR ROBERT BENSCH UNDER THE DIRECTORS’ SHARE PLAN

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 6,000,000 Shares to Mr Robert Bensch and/or his nominees under the Company’s Directors’ Share Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by all Directors who are eligible to participate in the Directors’ Share Plan (and their nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

11. RESOLUTION 10 – ISSUE OF SHARES TO MR STUART BROWN UNDER THE DIRECTORS’ SHARE PLAN

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 6,000,000 Shares to Mr Stuart Brown and/or his nominees under the Company’s Directors’ Share Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by all Directors who are eligible to participate in the Directors’ Share Plan (and their nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a

person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

12. RESOLUTION 11 – ISSUE OF SHARES TO MR IGOR SOSHINSKY UNDER DIRECTORS’ SHARE PLAN

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 6,000,000 Shares to Mr Igor Soshinsky and/or his nominees under the Company's Directors' Share Plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by all Directors who are eligible to participate in the Directors' Share Plan (and their nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

13. RESOLUTION 12 – ISSUE OF SHARES TO MR PETER WALL UNDER DIRECTORS’ SHARE PLAN

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 6,000,000 Shares to Mr Peter Wall and/or his nominees under the Company’s Directors’ Share Plan on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by all Directors who are eligible to participate in the Directors’ Share Plan (and their nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: OCTOBER 2014

BY ORDER OF THE BOARD

**SARAH SMITH
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:00am (WST) on Friday, 28 November 2014 at The Melbourne Hotel, 942 Hay Street, Perth, WA, 6000.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the Period from 1 July 2013 to 30 June 2014 together with the Directors' Declaration, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.galiciaenergy.com or on the ASX platform for "GAL" www.asx.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and Key Management Personnel of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2014.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

A reasonable opportunity will be provided for discussion of the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act that came into effect on 1 July 2011, a Company will be required to put to Shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the Company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

2.3 Previous Voting Results

At the Company's previous annual general meeting, the votes cast against the remuneration report at that general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy Voting Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

If you appoint a member of Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

*You **must** direct the proxy how they are to vote on this Resolution.* Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on Resolution 1.

If you appoint the Chair as your proxy:

If you elect to appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member)

You *do not* need to direct the Chair how you wish them to vote on Resolution 1, however if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the proxy form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy:

You ***do not*** need to direct your proxy how to vote on this Resolution, and you ***do not*** need to tick any further acknowledgement on the proxy form.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER WALL

Clause 13.2 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 (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three 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 13.2 of the Constitution is eligible for re-election.

The Company currently has only 2 Directors who are subject to rotation (this excludes Mr Stuart Brown and Mr Robert Bensch who are seeking election at this Meeting and Mr Doug Jendry who is Managing Director) accordingly 1 must retire.

Mr Peter Wall is the Director longest in office since his last election and therefore retires by rotation and seeks re-election.

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

4. RESOLUTIONS 3 AND 4 – ELECTION OF DIRECTORS – MR STUART BROWN AND MR ROBERT BENSCH

Clause 13.4 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.

Mr Brown and Mr Bensch were appointed on 31 January 2014, and therefore retire in accordance with clause 13.4 of the Constitution and being eligible seek re-election.

The Directors recommend that Shareholders vote in favour of Resolutions 3 and 4.

5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1 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 over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity 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 5.2 below).

The effect of Resolution 5 will be to allow the Directors 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 Listing.

Resolution 5 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 5 for it to be passed.

5.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the A&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 A&P/ASX 300 Index and has a current market capitalisation of approximately \$3,697,263.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being the Shares.

The exact number of Equity Securities that the Company may issue under an approval under 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:
 - (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
 - (d) 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 holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

5.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(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 paragraph 5.3(b)(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).
- (iii) 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 5 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.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.095 (50% decrease in current issue price)	\$0.019 (Current issue price)	\$0.038 (50% increase in current issue price)
194,592,801 (Current)	Shares issued	19,459,280 Shares	19,459,280 Shares	19,459,280 Shares
	Funds Raised	\$184,863	\$369,726	\$739,453
291,889,202 (50% increase)*	Shares issued	29,188,920 Shares	29,188,920 Shares	29,188,920 Shares
	Funds Raised	\$277,295	\$554,589	\$1,109,179
389,185,602 (100% increase)*	Shares issued	38,918,560 Shares	38,918,560 Shares	38,918,560 Shares
	Funds Raised	\$369,726	\$739,453	\$1,478,905

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue of 194,592,801 are the Shares on issue as at 21 October 2014.
2. The issue price set out above is the closing price of the Shares on the ASX on 21 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. 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%.
8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

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) for cash consideration in which case the Company intends to use funds raised for investment in its existing oil and gas assets in the Ukraine and Poland, and looking for opportunities such as the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), and for general working capital; 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 listing Rule 7.1A.3.

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

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

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s). The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees 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 allottees 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).

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's 2013 AGM.

In the 12 months preceeding the date of the Meeting the Company issued a total of 196,156,989 Equity Securities which represent 236% of the total number of Equity Securities on issue at 28 November 2013. The Equity Securities issued in the preceding 12 months were as follows:

Date of Issue	Ordinary Shares	Options	Issued to or basis of issue	Amount Raised Use of funds or non-cash Consideration
13 January 2014	2,951,090 shares issued at an issue price of \$0.14 per share. Closing price on date of issue \$0.17	-	Tranche 1 of a Placement made under the Company's 15% placement capacity under section 7.1 of the ASX Listing Rules. The Placement was made to persons who qualify as professional and sophisticated investors.	Funds of \$413,153 were raised to fund Company's ongoing operations of the Limnytska Licence and for Working Capital.
	2,600,000 shares issued at a deemed issue price of \$0.18 Closing price on date of issue \$0.17	-	The issue was made under the Company's 10% additional placement capacity under section 7.1A of the ASX Listing Rules.	Non-cash consideration for corporate advisory services to the Company. Current Value: \$49,400
5 March 2014	3,200,143 shares issued at an issue price of \$0.14 per share. Closing price on date of issue \$0.14.	-	Tranche 2 of a Placement made under the Company's 15% placement capacity under section 7.1 of the ASX Listing Rules. The Placement was made to persons who qualify as professional and sophisticated investors.	Funds of \$448,020 raised to fund Company's ongoing operations of the Limnytska Licence and for Working Capital.
17 June 2014	-	5,693,493 Listed Options (\$0.08; 30 June 2014).	Non-renounceable entitlement issue to existing shareholders. Eligible shareholders were entitled to	Funds of \$56,935 were raised to fund Company's ongoing operations of the Limnytska Licence and for Working Capital.

			subscribe for one new option for every two shares held at an issue price of \$0.01.	
23 June 2014	82,283,345 shares issued at \$0.03 per share. Closing price on date of issue \$.031.	57,025,005 free attaching Listed Options (\$0.08; 30 June 2015).	Placement approved by Shareholders at General Meeting on 12 June 2014 and made to persons who qualify as professional and sophisticated investors.	Funds of \$2,468,500 raised to fund Company's Polish acquisition as per the announcement released 5 June 2014, and for working capital.
10 July 2014	22,935,939 shares at \$0.03 per share. Closing price on date of issue \$.029.	11,467,974 Listed Options (\$0.08; 30 June 2015).	Oversubscriptions received for the Placement approved by Shareholders at General Meeting on 12 June 2014 and made to persons who qualify as professional and sophisticated investors.	Funds of \$688,078 were raised to fund Company's Polish acquisition as per the announcement released 5 June 2014, and for working capital.
18 August 2014	5,333,333 shares at \$0.03 per share. Closing price on date of issue \$.025.	2,666,667 Listed Options (\$0.08; 30 June 2015).	Director Participation in Placement that was subject to Shareholder Approval received at General Meeting on 15 August 2014. Placement approved by Shareholders at General Meeting on 12 June 2014 and made to persons who qualify as professional and sophisticated investors.	Funds of \$160,000 were raised to fund Company's Polish acquisition as per the announcement released 5 June 2014, and for working capital.

The Company's cash balance at 28 November 2013 was \$2,141,889. Cash raised from issues in the previous 12 months totals \$4,234,686 (before costs). The Company's cash balance at the date of this Notice of Meeting is approximately \$1,630,842. Funds raised have been used to fund the Company's ongoing operations of the Lymnyska Licence including the acquisition and processing of 120 line kilometers of 2D seismic over the southern portion of the Licence. In

addition the funds were used in the acquisition of the Bieszczady project in Poland, and otherwise for general working capital. The remaining funds of \$1,630,842 are intended to be used to continue to fund the Company's existing operations in the Ukraine and Poland, for the assessment of new opportunities and general working capital.

5.4 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 5.

6. RESOLUTIONS 6 & 7 – ISSUE OF PERFORMANCE RIGHTS TO MR PETER WALL AND MR DOUG JENDRY UNDER PERFORMANCE RIGHTS PLAN

6.1 Background to Resolutions 6 & 7

The Company, seeks Shareholder approval for the issue of a total of 3,000,000 Performance Rights under the Performance Rights Plan (**PRP**) approved by Shareholders at the Company's General Meeting held 22 July 2013 to each of Mr Peter Wall and Mr Doug Jendry (or their nominees) who are related parties of the Company by virtue of being a Directors of the Company (**Related Parties**).

The terms of the PRP are set out in Schedule 1. The purpose of the issue of Performance Rights to Mr Peter Wall and Mr Doug Jendry (or their nominees) is to further motivate and reward their performance as Directors in achieving specified performance milestones within a specified performance period.

6.2 Requirement for Shareholder Approval

The grant of Performance Rights to Mr Peter Wall and Mr Doug Jendry (or their nominees) under Resolutions 6 and 7 is an issue of securities to a Related Party under an employee incentive scheme and consequently Shareholder approval is required under ASX Listing Rule 10.14.

The Directors (other than Mr Peter Wall who has a material personal interest in Resolution 6 and Mr Doug Jendry who has a material personal interest in Resolution 7) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Performance Shares because they constitute reasonable remuneration and are otherwise a financial benefit given on arm's length terms.

6.3 Summary of the material terms of the Performance Rights

It is proposed that a total of 3,000,000 Performance Rights be issued to each of Mr Peter Wall and Mr Doug Jendry for nil cash consideration.

Each Performance Right will vest as one Share subject to the satisfaction of certain performance criteria (**Performance Milestones**). In the event that the Performance Milestones are not met, the Performance Rights will not vest and as a result, no new Shares will be issued. There is nil consideration payable upon the vesting of a Performance Right.

A summary of the conditions attaching to the Performance Rights is below:

(a) in order for the Performance Rights to vest and convert into Shares, one of the following Performance Milestones must be achieved within three (3) years from the date the Board agreed to issue the Performance rights:

- (i) the Company executes a farm out agreement in relation to the Limnytska Licence;
 - (ii) the Company's 10 trading day volume weighted average share price as traded on ASX equals or exceeds six (6) cents; or
 - (iii) the Company enters into and completes a successful financing (debt, equity or hybrid) arrangement of more than \$10 million;
- (together, **Vesting Conditions**).

In addition, the Executive must have also been engaged by the Company for a minimum of 12 months.

(b) Vesting pre-conditions:

- (i) A Performance Right granted under the PRP will not vest unless the Vesting Conditions advised to the participant by the Board have been satisfied and the Board has notified the participant.
- (ii) A vested Performance Right may only be exercised by a participant once the Board has notified the participant that the Vesting Conditions attached to the Performance Right have been satisfied.
- (iii) The exercise of any vested Performance Right granted under the PRP will be effected in the form and manner determined by the Board, and, if an amount is payable on exercise of the Performance Right, will be accompanied by payment of that amount, unless the manner of payment of the amount payable on exercise of the Performance Right is otherwise provided for by the Board.
- (iv) Unless the Board decides otherwise, any vested Performance Right that has not been exercised, or otherwise lapsed, within one (1) year of becoming vested, shall automatically lapse.
- (v) The delivery of a Share on the exercise of a vested Performance Right will constitute satisfaction of the condition precedent to performance of the Company's obligation to provide a Share to the participant under that Performance Right.

(c) Lapse of a Performance Right:

- (i) A Performance Right will lapse upon the earlier to occur of:
 - (A) failure to meet the Performance Right's Vesting Conditions;
 - (B) the date specified by the Board in the information provided to the eligible participant;

- (C) the Performance Right lapsing upon transfer;
 - (D) the Performance Right lapsing in accordance with (b) above; or
 - (E) the 7 year anniversary of the date of grant of the Performance Rights.
- (d) Ceasing to satisfy relevant conditions – vested Performance Rights:

If, for any reason, a participant ceases to be an eligible participant or otherwise ceases to satisfy any other relevant condition imposed by the Board after a Performance Right has vested but before a Performance Right has been exercised, the participant may exercise those vested Performance Rights within the 6 month period after ceasing to be an eligible participant or ceasing to satisfy any other relevant conditions (as appropriate) or such other period (longer or shorter) as the Board determines, after which they lapse. The period is subject to, and cannot exceed, one (1) year.

6.4 Information required by ASX Listing Rule 10.15A

The following information is provided to satisfy the requirements of the Corporations Act and the ASX Listing Rules:

- (a) the related parties are Mr Peter Wall and Mr Doug Jendry who are related parties by virtue of being Directors;
- (b) participation in the PRP is open to any full time or part time employee or director of a Group Company who is declared by the Board to be eligible to receive grants of Performance Rights under the PRP;
- (c) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be granted to each of Mr Peter Wall and Mr Doug Jendry is 3,000,000 Performance Rights;

Notes: Each Performance Rights will vest and convert into one (1) fully paid ordinary share in the Company upon the Company achieving the milestones set out in Section 6.3(a).

- (d) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Annual General Meeting is set out below:

	Price	Date
Highest	\$0.235	25 November 2013
Lowest	\$0.019	7 October 2014
Last	\$0.019	13 October 2014

- (e) the Performance Rights will be issued to Mr Peter Wall and Mr Doug Jendry (or their nominees) for nil consideration and no consideration will be payable upon the vesting of the Performance Rights on achievement of the performance criteria set out in section 6.3(a) above. Accordingly, no loans will be made in relation to, and no funds will be raised from, the issue or vesting of the Performance Rights;

- (f) 6,000,000 securities have previously been issued under the PRP. 3,000,000 to Mr David King (former Managing Director) and 3,000,000 to Mr Igor Soshinsky (current Executive Director) for nil consideration under the PRP;
- (g) as at the date of this Notice, Mr Peter Wall and Mr Doug Jendry are related parties of the Company who are entitled to participate in the PRP;
- (h) details of any Shares issued under the PRP will be published in each annual report of the Company relating to a period in which such securities have been issued, and that approval for the issue of such securities was obtained under ASX Listing Rule 10.14;
- (i) any additional persons referred to in ASX Listing Rule 10.14 who become entitled to participate in the PRP after Resolutions 6 and 7 are approved and who were not named in the Notice will not participate in the PRP until approval is obtained under ASX Listing Rule 10.14;
- (j) the relevant interests of Mr Peter Wall and Mr Doug Jendry in securities of the Company are set out below:

Related Party	Shares	Options
Mr Peter Wall	6,701,195	3,481,987 ¹
Mr Doug Jendry	2,000,000	1,000,000 ²

¹ 3,050,597 Listed Options exercisable at \$0.08 on or before 30 June 2015 and 431,390 Unlisted Options exercisable at \$0.17 on or before 29 February 2016

² 1,000,000 Listed Options exercisable at \$0.08 on or before 30 June 2015

- (k) Mr Peter Wall and Mr Doug Jendry have received the following remuneration and emoluments from the Company for the current financial year:

Related Party	Salary Fees and Superannuation (current financial year)	Other (current financial year)	Total (current financial year)
Mr Peter Wall	\$9,000 ¹	-	\$9,000 ¹
Mr Doug Jendry	\$49,687	-	\$49,687

¹ Directors Fees accrued as of 1 April 2014 as part of cost cutting measures implemented by the Company

- (l) if all the Performance Rights granted to Mr Peter Wall, Mr Doug Jendry, Mr Igor Soshinsky and Mr David King vest, a total of 12,000,000 Shares would be issued by the Company. This will increase the number of Shares on issue from to 194,592,801 to 206,592,801 (assuming that no Options are exercised), with the effect that the Shareholding of existing Shareholders would be diluted as follows:

Performance Rights to be issued to Mr Peter Wall and Mr Doug Jendry under Resolutions 6 and 7 of this Notice	Performance Rights issued to Mr David King and Mr Igor Soshinsky as approved by Shareholders at the Company's GM held 22 July 2013, and AGM held 28 November 2013	Proposed <i>maximum</i> Shares on issue	Dilutionary effect if maximum Shares on issue
6,000,000	6,000,000	194,592,801	6.17%

- (m) the Performance Rights become exercisable on achievement of the performance criteria set out in section 6.3(a) above. The full terms and conditions of the Performance Rights are set out in Schedule 1. The Shares to be issued upon the vesting of the Performance Rights shall rank *pari passu* with existing Shares;
- (n) the Performance Rights will be issued to Mr Peter Wall and Mr Doug Jendry (or their nominees) no later than 3 years after the date of the Annual General Meeting;
- (o) the primary purpose for the issue of Performance Rights under the PRP is to provide a performance-linked incentive component in the remuneration package for Mr Peter Wall and Mr Doug Jendry, and for the future performance by the Directors in managing the operations and strategic direction of the Company;
- (p) the number and terms and conditions, including Performance Milestones, of the Performance Rights to be issued to Mr Peter Wall and Mr Doug Jendry, were approved by the Board. In making this determination the Board considered the market levels of remuneration for companies of a similar size and nature to the Company; and
- (q) the Board believes that the grant of Performance Rights pursuant to the PRP provides cost effective consideration to Mr Peter Wall and Mr Doug Jendry for their ongoing commitment and contribution to the Company in his role as Director of the Company. Given this purpose, the Board does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed. If the Performance Rights are not issued, the Company could remunerate Mr Peter Wall and Mr Doug Jendry for an additional amount. However, the Board considers it reasonable for the remuneration of Mr Peter Wall and Mr Doug Jendry to have a cash component and an equity component to further align Mr Peter Wall and Mr Doug Jendry's interests with Shareholders and maintain a strong cash position for the Company.

6.5 Directors' Recommendation

- (a) The Directors (other than Mr Peter Wall and Mr Doug Jendry) recommend that Shareholders vote in favour of Resolutions 6 and 7 for the following reasons:
- (i) the purpose set out in Section 6.4(q) above;

- (ii) the issue of the Performance Rights to Mr Peter Wall and Mr Doug Jendry is an appropriate form of incentive to maximise returns to Shareholders; and
 - (iii) the terms of the proposed issue of Performance Rights to Mr Peter Wall and Mr Doug Jendry are reasonable to the Company.
- (b) The Board acknowledges the grant of Performance Rights to Mr Peter Wall is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Performance Rights to Mr Peter Wall is reasonable in the circumstances as it is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow 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 Mr Peter Wall.

7. RESOLUTION 8 – ADOPTION OF DIRECTOR SHARE PLAN

The Resolution 8 seeks Shareholder approval to establish and maintain a Director Share Plan (**DSP**). The purpose of the DSP is to provide Directors of the Company an opportunity to subscribe for Shares in the Company in lieu of Directors fees, allowing the Company to retain cash reserves.

7.1 ASX Listing Rule 7.1

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

One of the exceptions to ASX Listing Rule 7.1 is Listing Rule 7.2 (Exception 9), which provides that ASX Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the 3 years before the date of issue, shareholders have approved the issue as an exception to ASX Listing Rule 7.1.

The effect of Resolution 8 will be to allow the Company to issue shares to Directors pursuant to the DSP during the period of 3 years after the Meeting (or a longer period, if allowed by ASX), and to issue Shares to those Directors, without using the Company's 15% annual placement capacity.

No Shares may be issued to the Director without separate Shareholder approval pursuant to ASX Listing Rule 10.14.

7.2 Information required by the ASX Listing Rules – Terms of the DSP

The terms of the DSP are provided in Schedule 2 to this Explanatory Memorandum. A copy of the DSP will be made available to any Shareholder on request.

No Shares have been issued under the DSP as at the date of the Explanatory Memorandum. However, subject to the passing of Resolution 9 to 12, the Company may issue up to a total of 24,000,000 Shares to Mr Roberts Bensch, Mr Stuart Brown, Mr Igor Soshinsky and Mr Peter Wall (or their nominees) pursuant to Resolutions 9 to 12 of this Notice over a three year period.

However, this maximum allotment would only occur if:

- (a) the Share price is at or below \$0.02 per Share; and
- (b) the Directors elect to take their entire fees over a 3 year period in Shares (rather than cash).

7.3 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 8.

8. RESOLUTIONS 9, 10, 11 AND 12 – ISSUE OF SHARES TO DIRECTORS UNDER DIRECTORS' SHARE PLAN

8.1 Issue of Shares under Directors' Share Plan

The Company has agreed, subject to the passing of Resolution 8, and obtaining Shareholder approval pursuant to Resolutions 9 to 12, to issue a total of up to 6,000,000 Shares (**DSP Shares**), based on a Share price of \$0.02 per DSP Share, to each of Mr Robert Bensch, Mr Stuart Brown, Mr Igor Soshinsky and Mr Peter Wall and/or their nominees (together the **Related Parties**) pursuant to the Company's Directors' Share Plan (**DSP** or **Directors' Share Plan**).

The DSP Shares are to be issued to the Related Parties (or their nominee(s)) in lieu of part or all of their cash remuneration for a given period, when due from the Company.

Shareholders should note that no Shares have previously been issued under the DSP.

The objective of the DSP is to motivate and retain key Directors while allowing the Company to preserve its existing cash reserves.

8.2 Chapter 2E of the Corporations Act

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 DSP Shares to the Related Parties (and/or their nominee(s)), under the Directors' Share Plan, constitutes giving a financial benefit and, as Directors, they are related parties of the Company.

In respect of each of Resolutions 9, 10, 11, and 12, the Directors (other than the Director who has the material personal interest in that relevant Resolution in which he or his nominees may receive issues of DSP Shares) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issues of the DSP Shares because the issue of these DSP

Shares is reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

8.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition:

- (a) a director of the company;
- (b) an associate of a director of the company; or
- (c) a person whose relationship with the company or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolutions 9, 10, 11, and 12 are passed, DSP Shares will be issued to the Related Parties, who are Directors of the Company (or their nominee(s)). Therefore, the Company requires Shareholder approval to issue the DSP Shares to the Related Parties (or their nominee(s)).

8.4 Technical Information required by Listing Rules 10.15A

Pursuant to and in accordance with the requirements of ASX Listing Rules 10.15A, the following information is provided in relation to the proposed issues of DSP Shares pursuant to Resolutions 9 to 12:

- (a) the proposed recipients of the DSP Shares pursuant to Resolutions 9 to 12 are four of the six existing Directors of the Company, being Mr Robert Bensch, Mr Stuart Brown, Mr Igor Soshinsky and Mr Peter Wall (and/or their nominees);
- (b) the maximum number of DSP Shares to be issued to the Related Parties is a total of up to 6,000,000 DSP Shares each, which may be issued on a quarterly basis in lieu of part or all of the cash remuneration owing to the Directors respectively as Directors' salaries (which salaries are currently \$36,000 per annum exclusive of GST/superannuation except for Mr Soshinsky's salary which is \$30,000 per annum but may be subject to change in accordance with legal and regulatory requirements);
- (c) the issue price that has been used to calculate the number of DSP Shares which may be issued in lieu of a Director's cash remuneration was \$0.02 per DSP Share (for example if \$36,000 of Directors' fees are to be converted into DSP Shares, that equates to 1,800,000 DSP Shares);
- (d) the DSP Shares to be issued are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue and will be issued for nil cash consideration as they will be issued in lieu of Directors' fees owing by the Company to the relevant Director. Therefore, no funds will be raised from the issue of the DSP Shares as there will be no change to the Company's cash position. No DSP Shares have previously been issued under the DSP, nor has the DSP previously been adopted by Shareholders;
- (e) any Director of the Company or its subsidiaries or their associates are potentially entitled to participate in the DSP subject to Board approval,

and the Board currently comprises Mr Peter Wall, Mr Robert Bensch, Mr Stuart Brown, Mr Igor Soshinsky and Mr Doug Jendry (although Messrs Jendry is not proposed to receive any DSP Shares pursuant to the Resolutions);

- (f) no loans will be provided for the issue of the DSP Shares;
- (g) details of any DSP Shares issued under the DSP will be published in each annual report of the Company relating to a period in which DSP Shares have been issued, and that approval for the issue of DSP Shares was obtained under Listing Rule 10.14;
- (h) any additional persons who become entitled to participate in the DSP after one or more of Resolutions 9 to 12 are approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14; and
- (i) the DSP Shares will be issued, pursuant to the DSP, to the Related Parties no later than 3 years after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the DSP Shares will be issued progressively on a quarterly basis or potentially at different times, in lieu of part or all of their cash remuneration entitlements.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the DSP Shares pursuant to Resolutions 9 to 12, as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issues of DSP Shares to Mr Robert Bensch, Mr Stuart Brown, Mr Igor Soshinsky and Mr Peter Wall (and/or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1 and 10% annual placement pursuant to ASX Listing Rule 7.1A.

9. ENQUIRIES

Shareholders are requested to contact Company Secretary, Sarah Smith on (+ 61 8) 9322 7600 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

10% Placement Capacity has the meaning given in section 5.1 of this Notice.

\$ means Australian dollars.

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

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

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 Galicia Energy Corporation Limited (ACN 110 184 355).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the A&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.

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 the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those 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.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

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.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Variable A means "A" as set out in the calculation in Section 5.2 of this Notice.

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

SCHEDULE 1 – PERFORMANCE RIGHT TERMS

GALICIA ENERGY LIMITED PERFORMANCE RIGHTS PLAN RULES

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

ASX means the ASX Limited (ABN 98 008 624 691).

Board means the board of directors of the Company or committee appointed by the Board for the purposes of the Plan.

Company means Galicia Energy Corporation Limited (ACN 110 184 355).

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

Eligible Participant means any full time or part time employee or director of a Group Company who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.

Group Company means the Company, its Subsidiaries and any other entity declared by the Board to be a member of the group for the purposes of the Plan.

Holding Lock has the meaning given to that term in the Listing Rules.

Listing Rules means the official Listing Rules of the ASX as they apply to the Company from time to time.

Offer means an offer made by the Company to an Eligible Participant to participate in the Plan.

Participant means a person who holds Performance Rights from time to time.

Performance Right means an entitlement to a Share subject to satisfaction of performance criteria and the corresponding obligation of the Company to provide the Share, pursuant to a binding contract made by the Company and an Eligible Participant in the manner set out in these rules.

Plan means the Performance Rights Plan as set out in these rules, subject to any amendments or additions made under rule 9.

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

Subsidiary has the meaning given in section 9 of the Corporations Act.

Takeover Bid means a takeover bid (as defined in the Corporations Act) to acquire the Company's Shares.

Vesting Conditions means one or more conditions which must be satisfied or circumstances which must exist before the Performance Rights vest, as determined by the Board.

1.2 Interpretations

In this Plan unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) any reference in the Plan to any enactment of the Listing Rules includes a reference to that enactment or those Listing Rules as from time to time amended, consolidated, re-enacted or replaced;
- (c) any words denoting the singular include the plural and words denoting the plural include the singular;
- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning.

2. GRANT OF PERFORMANCE RIGHTS

2.1 Grant

- (a) The Board may, from time to time, at its absolute discretion and only where an Eligible Participant continues to satisfy any relevant conditions imposed by the Board (which may include without limitation that an Eligible Participant continues to be an employee of a Group Company at the relevant time) grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the Plan and upon such additional terms and Vesting Conditions as the Board determines.
- (b) Unless the Board otherwise determines, an Eligible Participant will not be required to make any payment in return for a grant of Performance Rights.

2.2 Information to be provided to Eligible Participants

The Board will advise each Eligible Participant of the following minimum information regarding the Performance Rights:

- (a) the number of Performance Rights being offered (each entitling its holder to one Share upon vesting of that Performance Right);
- (b) any applicable Vesting Conditions;
- (c) the period or periods during which any vested Performance Rights may be exercised;
- (d) the dates and times when the Performance Rights lapse;
- (e) any amount that will be payable upon vesting or exercise of a Performance Right; and
- (f) any other relevant conditions to be attached to the Performance Rights or the Shares.

3. TRANSFER OF PERFORMANCE RIGHTS

- (a) A Performance Right granted under the Plan is only transferable:
 - (i) with the consent of the Board; or
 - (ii) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.
- (b) Where the Participant purports to transfer a Performance Right other than in accordance with rule 3(a) the Performance Right immediately lapses.

4. VESTING AND EXERCISE OF PERFORMANCE RIGHTS

4.1 Vesting pre-conditions

- (a) Subject to rules 7 and 10.3, a Performance Right granted under the Plan will not vest unless the Vesting Conditions (if any) advised to the Participant by the Board pursuant to rule 2.2 have been satisfied and the Board has notified the Participant.
- (b) A vested Performance Right may only be exercised by a Participant once the Board has notified the Participant that the Vesting Conditions attached to the Performance Right have been satisfied.
- (c) The exercise of any vested Performance Right granted under the Plan will be effected in the form and manner determined by the Board, and, if an amount is payable on exercise of the Performance Right, will be accompanied by payment of that amount, unless the manner of payment of the amount payable on exercise of the Performance Right is otherwise provided for by the Board.
- (d) Unless the Board decides otherwise, any vested Performance Right that has not been exercised, or otherwise lapsed, within one (1) year of becoming vested, shall automatically lapse.
- (e) The delivery of a Share on the exercise of a vested Performance Right will constitute satisfaction of the condition precedent to performance of the Company's obligation to provide a Share to the Participant under that Performance Right pursuant to rule 5.1.

4.2 Lapse of an Performance Right

A Performance Right will lapse upon the earlier to occur of:

- (a) failure to meet the Performance Right's Vesting Conditions;
- (b) the date specified by the Board in the information provided to the Eligible Participant for the purposes of rule 2.2(d);
- (c) the Performance Right lapsing in accordance with rule 3(b);
- (d) the Performance Right lapsing in accordance with a provision of this rule 4; or

- (e) the 7 year anniversary of the date of grant of the Performance Rights.

4.3 Ceasing to satisfy relevant conditions – vested Performance Rights

If, for any reason, a Participant ceases to be an Eligible Participant or otherwise ceases to satisfy any other relevant condition imposed by the Board after a Performance Right has vested but before a Performance Right has been exercised, the Participant may exercise those vested Performance Rights within the 6 month period after ceasing to be an Eligible Participant or ceasing to satisfy any other relevant conditions (as appropriate) or such other period (longer or shorter) as the Board determines, after which they lapse. The period is subject to, and cannot exceed, the period of one (1) year.

4.4 When employment ceases

If a Vesting Condition attached by the Board to a Performance Right requires a Participant to remain an employee of a Group Company, then the Participant will be treated as having ceased to be an employee of a Group Company at such time the Participant's employer ceases to be a Group Company. A Participant who is granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation before the exercise of a Performance Right under the Plan will be treated for those purposes as not having ceased to be such an employee.

4.5 Fraudulent or dishonest actions

- (a) Where, in the opinion of the Board, a Participant:
 - (i) acts fraudulently or dishonestly; or
 - (ii) is in breach of his or her obligations to any Group Company,
 - (iii) then the Board may:
 - (iv) deem any unvested, or vested but unexercised, Performance Rights of the Participant to have lapsed; and/or
 - (v) deem all or any Shares issued under the Plan and held by the Participant to be forfeited – in which event the Participant is deemed to have agreed to sell his shares to the Company pursuant to an Employee Share Scheme Buy-Back (as defined in the Corporations Act) for no consideration or be deemed to have appointed any officer of the Company as his or her agent to sell the Shares on market; and/or
 - (vi) where any Shares issued under the Plan have been sold by the Participant, require the Participant to pay all or part of the net proceeds of that sale to the Company.
- (b) Where, in the opinion of the Board, a Participant's Performance Rights vest as a result of the fraud, dishonesty, or breach of obligations of another person and, in the opinion of the Board, the Performance Rights would not otherwise have vested, the Board may determine that the Performance Rights have not vested and, subject to applicable laws:

- (i) where Shares have not been issued or transferred upon the exercise of a vested Performance Right, that the Performance Rights have not vested and reset the Vesting Conditions applicable to the Performance Rights; or
- (ii) where Performance Rights have vested and have been exercised by the Participant, that the Shares are forfeited by the Participant (as described in rule 4.5(a)(v)) and may, at the discretion of the Board, reissue any number of Performance Rights to the Participant, subject to new Vesting Conditions in place of the forfeited Shares; or
- (iii) any other treatment in relation to Performance Rights or Shares to ensure no unfair benefit is obtained by a Participant as a result of such actions of another person.

4.6 Refund of monies paid on lapse of a Performance Right

Where a Performance Right lapses, the Company will repay the Participant the price paid for the grant of the Performance Right, if any, and the Participant will have no further entitlement or claim against the Company in respect of the Performance Right.

5. ISSUE OF SHARES

5.1 Exercise of Performance Rights

Subject to compliance with the Corporations Act, the ASX Listing Rules and this Plan, the Company must issue to or procure the transfer to the Participant or his or her personal representative (as the case may be) of the number of Shares in respect of which vested Performance Right are exercised, within 10 business days of the Performance Rights being exercised (provided any payment due on exercise of the Performance Rights has been duly made).

5.2 Share ranking

All shares issued under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.

5.3 Listing of Shares on ASX

If Shares of the same class as those issued under the Plan are listed on the ASX the Company will apply to the ASX within 10 business days of Shares being issued for those Shares to be listed on the ASX.

6. RESTRICTION ON DISPOSAL OF SHARES

6.1 Request for waiver

Shares issued or transferred on exercise of Performance Rights are subject to the restrictions under rule 6.2, unless the Participant requests that the Company waives those restrictions under rule 6.2 and that request is approved by the Company.

6.2 Restriction

Subject to rule 6.1, any Share acquired by a Participant on the exercise of a Performance Right must not be disposed of or dealt with in any way by that Participant until the earlier of:

- (a) the time when an event occurs so that the Eligible Participant to whom the Offer was originally made is not employed by any of:
 - (i) any Group Company; and
 - (ii) the company which employed the Eligible Participant at the time the Participant acquired the Performance Right, whether or not that company is still a Group Company;
- (b) the Board, in its sole and absolute discretion, approving that the restriction on disposal in this rule 6.2 be released; and
- (c) the 7 year anniversary of the date of grant of the Performance Rights.

6.3 Enforcing the disposal restriction

The Company may make such arrangements as it considers necessary to enforce the restriction on disposal of Shares under rule 6.2 and Participant's must agree to such arrangements.

6.4 Holding Locks

Without limiting rule 6.3, and subject to the Listing Rules, the Company may procure that a Holding Lock be put on those Shares while the Shares are subject to the restriction on disposal under rule 6.2.

6.5 Removing the restriction

As soon as reasonably practicable after the restriction on disposal of a Shares under rule 6.2 no longer applies, the Company must procure that any restriction on dealing with that Share pursuant to these rules no longer applies.

6.6 Removing Holding Locks

Without limiting rule 6.5, when a Share is no longer subject to the restriction on disposal in rule 6.2, the Company must, as soon as reasonably practicable, procure that any Holding Lock on that Share is removed

7. TAKEOVER, SCHEME OF ARRANGEMENT, WINDING-UP AND CHANGE OF CONTROL

7.1 Takeovers

- (a) In the event a bona fide Takeover Bid is declared unconditional, the Board may, in its absolute discretion, determine that all or a specified number of a Participant's unvested Performance Rights vest. Any Performance Right which the Board determines does not vest will automatically lapse, unless the Board determines otherwise.
- (b) If the Board makes a determination under rule 7.1(a) the Board must notify the Participant of the determination in writing.

7.2 Compromise or arrangement

The Board may, in its absolute discretion, determine that all or a specified number of a Participant's Performance Rights vest where:

- (a) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (b) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 414 of the Corporations Act; or
 - (ii) Chapter 6A of the Corporations Act;
- (c) the Company passes a resolution for voluntary winding up; or
- (d) an order is made for the compulsory winding up of the Company.

If no determination is made or if the Board determines that some or all of a Participant's Performance Rights do not vest, those Performance Rights will automatically lapse.

7.3 Acquisitions of shares in Acquiring Company

If a company (**Acquiring Company**) obtains control of the Company as a result of:

- (a) a Takeover Bid; or
- (b) a proposed scheme of arrangement between the Company and its shareholders,

and both the Company and the Acquiring Company agree, a Participant may, in respect of any vested Performance Rights that are exercised, be provided with shares of the Acquiring Company or its parent in lieu of Shares, on substantially the same terms and subject to substantially the same conditions as the Shares, but with appropriate adjustments to the number and kind of shares subject to the Performance Rights, as well as to any amount payable on vesting of the Performance Rights.

8. BONUS ISSUES, RIGHTS ISSUES, RECONSTRUCTION

8.1 Adjustment for bonus issues

If Shares are issued pro rata to the Company's shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation of reserves or distributable profits, the number of Performance Rights to which each Participant is entitled, or any amount payable on exercise of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of the bonus issue.

8.2 Adjustment for reorganisation

In the event of any reorganisation (including consolidation or subdivision) of the issued capital of the Company, the number of Performance Rights to which each Participant is entitled, or any amount payable on exercise of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.

8.3 No other participation

Subject to rules 8.1 and 8.2, during the currency of any Performance Rights and prior to exercise, Participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights. In addition, Participants are not entitled to vote nor to receive dividends as a result of their holding Performance Rights.

9. AMENDMENTS

9.1 Power to amend Plan

Subject to rule 9.2 and the Listing Rules, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Performance Right granted under the Plan.

9.2 Restrictions on amendments

Without the consent of the Participant, no amendment may be made to the terms of any granted Performance Right which reduced the rights of the Participant in respect of that Performance Right, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake; or
- (c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

9.3 Notice of amendment

As soon as reasonably practicable after making any amendment under rule 9.1, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

10. MISCELLANEOUS

10.1 Rights and obligations of Participant

The rights and obligations of Eligible Participant under the terms of their office, employment or contract with a Group Company are not affected by their

participating in the Plan. These rules will not form part of and are not incorporated into any contract of any Eligible Participant (whether or not they are an employee of a Group Company). No Eligible Participant will have any rights to compensation or damages in consequence of the termination of their office, employment or other contract with a Group Company for any reason whatsoever in so far as those rights arise or may arise their ceasing to have rights under the Plan as a result of such termination.

10.2 Power of the Board

- (a) The Plan is administered by the Board which has power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with these rules; and
 - (ii) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of its powers or discretions arising under the Plan.
- (b) Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan or any Performance Rights under the Plan and in the exercise of any power or discretion under the Plan.

10.3 Waiver of terms and conditions

Notwithstanding any other provisions of the Plan, the Board may at any time waive in whole or in part any terms or conditions (including any Vesting Conditions) in relation to any Performance Rights granted to any Participant.

10.4 Dispute or disagreement

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Performance Rights granted under it, the decision of the Board is final and binding.

10.5 Non-residents of Australia

- (a) The Board may adopt additional rules of the Plan applicable in any jurisdiction outside Australia under which rights offered under the Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Company in relation to the rights. Any additional rule must conform to the basic principles of the Plan.
- (b) When a Performance Right is granted under the Plan to a person who is not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any securities, exchange control or taxation laws or regulation or similar factors which may apply to the Participant or to any Group Company in relation to the Performance Right.

10.6 Communication

- (a) Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post or facsimile, in the case of a company to its registered office, and in the case of an individual to the individual's last notified address, or, where a Participant is a director or employee of a Group Company, either to the Participant's last known address or to the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office of employment.
- (b) Where a notice or other communication is given by post, it is deemed to have been received 48 hours after it was put into the post properly addressed and stamped. Where a notice or other communication is given by facsimile, it is deemed to have been received on completion of transmission.

10.7 Laws governing Plan

- (a) This Plan and any Performance Rights issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- (b) The Company and the Participants submit to the non-exclusive jurisdiction of the courts of Western Australia.

SCHEDULE 2 – DIRECTOR SHARE PLAN TERMS

1. DEFINITIONS

1.1 In this Plan:

Application means a form of application by which Eligible Participants accept an Offer made by the Company.

Application Period means the period, to be determined by the Board, within which any Application must be received by the Company.

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

Board means the Board of Directors of the Company or a committee of them.

Bonus Issue means an allotment by the Company to its shareholders of ordinary shares credited as fully paid up, whether by way of capitalisation of profits or reserves or share premium account or capital redemption reserve fund or otherwise.

Class Order means ASIC Class Order 03/184.

Company means Galicia Energy Corporation Limited (ACN (110 184 355)).

Determination Date means the last day of each Relevant Period.

Director Fees means the sum of Director fees that are due and payable by the Company to the relevant Eligible Participant in each Relevant Period.

Elected Directors Fees means the portion of Directors Fees specified by a Participant in an Application as being subject to conversion into Plan Shares in accordance with these Terms and Conditions.

Eligible Participant means a director of the Company or any of its Subsidiaries who is declared by the Board to participate in the Plan.

Issue Price means the price at which a Plan Share is issued in accordance with clause 3 of these Terms and Conditions.

Listing Rules means the Listing Rules of the ASX as amended from time to time.

Offer means an offer made by the Company to an Eligible Participant to acquire Plan Shares under the Plan.

Participant means an Eligible Participant or an Associate of an Eligible Participant who accepts an Offer to acquire shares under the Plan.

Plan means the plan established by these Terms and Conditions known as the NSL Director Share Plan.

Plan Shares means ordinary fully paid shares in the Company issued pursuant to the Plan.

Relevant Period means each calendar month of service provided by the Eligible Participant in which Directors' Fees have accrued to the Director but have not been paid by the Company.

Rights Issue means an offer or invitation by the Company made to the holders of fully paid ordinary shares in the capital of the Company (on a pro rata basis) to subscribe for Securities of the Company or of any other corporation (whether by way of renounceable or non-renounceable rights or otherwise) but does not include an offer or invitation to participate in a dividend reinvestment scheme.

Securities includes shares, stock, debentures, debenture stock, notes and any options to subscribe for the same.

Settlement Date means the date 5 Business Days after the end of the Acceptance Period or such other date which the Board determines to be the date on which the Plan Shares will be issued and allotted.

Subsidiaries, has the same meaning as in the Corporations Law.

Terms and Conditions means these terms and conditions as amended from time to time.

Unless the context otherwise requires, words defined in the Listing Rules or in the Corporations Law will have the same meanings in this document.

Words denoting the singular shall include the plural and vice versa and words denoting one gender shall include all genders.

2. **OFFER OF PLAN SHARES**

The Company shall, in respect of each Relevant Period, make an Offer to each Eligible Participant (including any Eligible Participants who have previously received an Offer).

Each Offer must be in writing and must specify (or alternatively, the documents accompanying the Offer must specify), amongst other things:

- (a) the entitlement of the Eligible Participant for which he or she may apply (as determined by the Directors having regard to the quantum of Director Fees owed to the Eligible Participant at the Determination Date) and the Issue Price in respect thereof;
- (b) that the Participant may lodge an Application with the Company to acquire all, or some of the Plan Shares offered in the Offer on the basis that the Participant elects to convert all, or only a portion of, the Directors Fees owed at the Determination Date;
- (c) that, by lodging an Application, the Participant will be taken to have elected to acquire the number of Plan Shares in the Application (which shall be equal to the total, or a portion, of, the Directors Fees at the Determination Date, divided by the Issue Price;
- (d) that, by lodging an Application, the Participant will be taken to have acknowledged that the issue of Plan Shares in response to the Participant's Application shall be in full and final satisfaction of the Company's obligation to pay the Elected Director Fees to the Participant;

- (e) the obligations of the Participant; and
- (f) the Application Period,

and must contain such other information and be accompanied by such other documents as may be required by law or the Listing Rules.

Any Offer made by the Company may only be accepted by the Eligible Participant.

The Board may require the Eligible Participant to provide any information that the Board requests concerning the person's entitlement to lodge an application under this Plan.

Any Offer made by the Company may be accepted by the Eligible Participant completing, signing and returning to the Company the Application.

Any acceptance of an Offer will only be effective if received by the Company within the Acceptance Period.

3. ISSUE PRICE

Each Plan Share issued pursuant to an Offer must be issued and allotted by the Company at an Issue Price that is equal to the volume weighted average sale price of ordinary shares sold through the ASX in the ordinary course of trade over the 5 trading days prior to the Determination Date for the Relevant Period.

4. ACQUISITION OF PLAN SHARES

Upon receipt by the Company of an Application, the Company must determine to issue and allot those Plan Shares to the Participant on the basis that the Elected Director Fees be applied towards payment to the Company of the Issue Price of the Plan Shares, in full and final satisfaction of the Company's obligation to pay the Elected Director Fees to the Participant.

5. RIGHTS OF PARTICIPANT IN RESPECT OF PLAN SHARES

A Participant will, from and including the Settlement Date, be the legal owner of the Plan Shares issued or allotted under the Plan.

6. RIGHTS AND RESTRICTIONS ATTACHING TO PLAN SHARES

Each Plan Share shall be issued on the terms and conditions that it will rank *pari passu* with all issued fully paid ordinary each in the capital of the Company for voting rights and dividends, and will be entitled to participate in any Bonus Issues and Rights Issues made by the Company on the same basis as other issued fully paid ordinary shares in the Company from the date of issue.

7. LIMITATION OF OFFERS

If the Company makes an Offer where:

- (a) the total number of Shares the subject of that Offer exceeds the limit set out in the Class Order; or
- (b) the Offer does not otherwise comply with the terms and conditions set out in the Class Order,

the Company must comply with Chapter 6D of the Corporations Act at the time of that Offer.

8. ASX LISTING

Plan Shares will be the subject of applications for listing for quotation on ASX as soon as practicable after the shares are allotted, subject to and in accordance with arrangements for the time being subsisting with ASX.

9. ADMINISTRATION OF THE PLAN BY THE BOARD

The Plan will be administered by the Board in accordance with these Terms and Conditions.

The Board has the power to:

- (a) determine appropriate procedures for administration of the Plan consistent with its terms;
- (b) resolve conclusively all questions of fact or interpretation in connection with the Plan;
- (c) delegate the exercise of any of its powers or discretions arising under the Plan to any one or more persons for such period and on such conditions as the board may determine; and
- (d) suspend or terminate the Plan by giving written advice to Eligible Participants.

10. ALTERATIONS TO THE PLAN

The Company may by special resolution (or by a resolution of the Board if permitted by the Listing Rules, or otherwise as permitted by the Listing Rules) amend or add to these Terms and Conditions.

11. COMMENCEMENT OF THE PLAN

The Plan will take effect from 28 November 2014, subject to shareholder approval.

12. GOVERNING LAW

The Terms and Conditions of this Plan shall be governed by and construed in accordance with the laws for the time being in force in Western Australia