



**WINCHESTER ENERGY LIMITED**

**ACN 168 586 445**

---

**NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at Level 3,  
18 Richardson Street, West Perth, Western Australia on  
Wednesday 12 April 2017 at 11:00am (WST)**

*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 any of the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 1300 133 921.*

---

## CONTENTS

---

Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	7
Glossary	11
Schedule 1 – Terms of Options	15
Schedule 2 – Valuation of Options	18
Proxy Form	19

---

## IMPORTANT INFORMATION

---

### Time and place of Meeting

---

Notice is given that the Meeting will be held at Level 3, 18 Richardson Street, West Perth, Western Australia on Wednesday 12 April 2017 at 11:00am (WST).

### Your vote is important

---

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

### Voting eligibility

---

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on Monday 10 April 2017.

### Voting in person

---

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

### Voting by proxy

---

To vote by proxy, please complete and sign the 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, Shareholders are advised that:

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 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 of the meeting, 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 two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, 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; or
  - the proxy does not vote on the resolution,

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

---

## BUSINESS OF THE MEETING

---

### AGENDA

---

#### 1. RESOLUTION 1 – ISSUE OF OPTIONS TO DIRECTOR – NEVILLE HENRY

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

*"That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Neville Henry (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Neville Henry (or his nominee) 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 the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

#### 2. RESOLUTION 2 – ISSUE OF OPTIONS TO DIRECTOR – PETER ALLCHURCH

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

*"That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Options to Peter Allchurch (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Peter Allchurch (or his nominee) 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 the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

### 3. RESOLUTION 3 – ISSUE OF OPTIONS TO DIRECTOR – JOHN KENNY

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

*“That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to John Kenny (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by John Kenny (or his nominee) 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 the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

### 4. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR – JAMES HODGES

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

*“That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Options to James Hodges (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by James Hodges (or his nominee) 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 the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

**5. RESOLUTION 5 – ISSUE OF OPTIONS TO DIRECTOR – LARRY LIU**

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

*“That, for the purposes of Section 195(4) and Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Options to Larry Liu (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Larry Liu (or his nominee) 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:

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

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

**6. RESOLUTION 6 – ISSUE OF OPTIONS TO SENIOR EXECUTIVES**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the recent issue of a total of 5,000,000 Options to three senior executives of the*

*Company on the terms and conditions set out in the Explanatory Statement, be ratified".*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Hugh Idstein, Austin Gard or Eldar Hasanov (or any nominees of them) 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:

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

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

**Dated: 10 March 2017**

**By order of the Board**

**Nicholas Calder  
Company Secretary**

---

## EXPLANATORY STATEMENT

---

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

---

### 1. RESOLUTIONS 1 TO 5 – ISSUE OF OPTIONS TO DIRECTORS

#### 1.1 General

The Company has agreed, subject to obtaining Shareholder approval, to grant a total of 9,000,000 Options (**Director Options**) to the Directors of the Company, Neville Henry, Peter Allchurch, John Kenny, James Hodges and Larry Liu (the **Related Parties**), on the terms and conditions set out below.

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 grant of the Director Options constitutes the giving of a financial benefit, and Messrs Henry, Allchurch, Kenny, Hodges and Liu are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

#### 1.2 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Director Options:

- (a) the related parties are Messrs Henry, Allchurch, Kenny, Hodges and Liu and they are related parties by virtue of being directors of the Company;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 5,000,000 Director Options to Neville Henry (**Resolution 1**);



- (ii) 500,000 Director Options to Peter Allchurch (**Resolution 2**);
  - (iii) 2,500,000 Director Options to John Kenny (**Resolution 3**);
  - (iv) 500,000 Director Options to James Hodges (**Resolution 4**); and
  - (v) 500,000 Director Options to Larry Liu (**Resolution 5**).
- (c) the Director Options will be granted to the Related Parties no later than one (1) month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 1;
- (f) the value of the Director Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Options <sup>1</sup>	Class A Convertible Milestone Notes <sup>2</sup>	Class B Convertible Milestone Notes <sup>2</sup>	Class B Convertible Milestone Notes <sup>2</sup>
Neville Henry	5,321,787	3,777,759	1,959	3,918	5,877
Peter Allchurch	12,278,994	4,076,828	1,981	3,962	5,943
John D. Kenny	11,718,994	3,516,828	1,666	3,332	4,998
James Hodges	900,000	Nil	Nil	Nil	Nil
Larry Liu	55,192,837	4,628,099	330	660	990

<sup>1</sup> Options are exercisable at \$0.25 on or before 30 April 2019.

<sup>2</sup> Refer to Note 16 on page 37 of the Company's Annual Report for the Year Ending 31 December 2015 released to ASX on 29 April 2016 for the full terms and conditions of all the Class A, B and C Convertible Milestone Notes on issue.

- (h) the remuneration and emoluments from the Company for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year (12 months Ending on 31 December 2017)	Previous Financial Year (12 months Ending on 31 December 2016)
Neville Henry	A\$300,000	A\$300,000
Peter Allchurch	A\$78,000	A\$78,000
John D. Kenny	A\$78,000	A\$78,000
James Hodges	A\$36,000	A\$36,000
Larry Liu	A\$36,000	A\$36,000

- (i) if the Director Options to be granted to the Related Parties are exercised, a total of 9,000,000 Shares would be issued. This will increase the number of Shares on issue from 215,416,672 to 224,416,672 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.01%, comprising 2.23% by Neville Henry; 0.22% by Peter Allchurch; 1.12% by John Kenny and 0.22% by both James Hodges and Larry Liu.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	11 cents	3 January 2017
Lowest	5.3 cents	21 March 2016
Last	8.1 cents	7 March 2017

- (j) the primary purpose of the grant of the Director Options to the Related Parties is to provide an incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (k) Neville Henry declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 2, 3, 4 and 5, Neville Henry recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the Director Options will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Director Options 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 the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Options upon the terms proposed;
- (l) Peter Allchurch declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 1, 3, 4 and 5, Peter Allchurch recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (k);

- (m) John Kenny declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 1, 2, 4 and 5, John Kenny recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (k);
- (n) James Hodges declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 1, 2, 3 and 5, James Hodges recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (k);
- (o) Larry Liu declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 1, 2, 3 and 4, Larry Liu recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (k);
- (p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Director Options to be granted as well as the exercise price and expiry date of those Director Options; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 1 to 5.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

---

## 2. RESOLUTION 6 – ISSUE OF OPTIONS TO SENIOR EXECUTIVES

### 2.1 General

The Company has recently granted 5,000,000 Options to three senior executives of the Company (**Executive Options**) on the terms and conditions set out below.

The three senior executives and the number of Executive Options each of them were recently granted is as follows:

Executive	Executive Options
Hugh Idstein	3,500,000
Austin Gard	1,000,000
Eldar Hasanov	500,000

### 2.2 Terms and Conditions of Issue

The Executive Options were granted for nil consideration and accordingly no funds were raised from their grant. The terms and conditions of the Executive Options are the same as those for the Director Options, and these terms and

conditions are set out in Schedule 1, except however for the vesting conditions set out in Section 2.3 below which apply to the Executive Options. The value of each of the Executive Options is the same as for each of the Director Options and the pricing methodology for the Executive Options is set out in Schedule 2.

## 2.3 Vesting Periods

The relevant vesting periods for the grant of the Executive Options are as follows:

Executive	Vesting Period
Hugh Idstein	<ul style="list-style-type: none"> <li>2,500,000 Executive Options were fully vested from the date of their grant.</li> <li>500,000 Executive Options will vest (and therefore be capable of exercise) after a period of 12 months of continued further service to the Company from the date of grant of the Executive Options.</li> <li>500,000 Executive Options will vest (and therefore be capable of exercise) after a period of 24 months of continued further service to the Company from the date of grant of the Executive Options.</li> </ul>
Austin Gard	<ul style="list-style-type: none"> <li>500,000 Executive Options were fully vested from the date of their grant.</li> <li>500,000 Executive Options will vest (and therefore be capable of exercise) after a period of 12 months of continued further service to the Company from the date of grant of the Executive Options.</li> </ul>
Eldar Hasanov	<ul style="list-style-type: none"> <li>250,000 Executive Options were fully vested from the date of their grant.</li> <li>250,000 Executive Options will vest (and therefore be capable of exercise) after a period of 12 months of continued further service to the Company from the date of grant of the Executive Options.</li> </ul>

## 2.4 Purpose of the Grant

The primary purpose of the grant of the Executive Options to the three Executives is to provide an incentive component in the remuneration package for the Executives to motivate and reward the performance of the Executives.

## 2.5 Shareholder Approval pursuant to ASX Listing Rule 7.4

The Executive Options were issued pursuant to the Company's 15% placement capacity under Listing Rule 7.1. Subject to certain exceptions, Listing Rule 7.1 restricts a Company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the Company's fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval. An exception to this rule contained in ASX Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders, thereby 'refreshing' the Company's ability to issue equity securities within the 15% limit, and restoring the Company's ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

While the Executive Options described in this Resolution 6 have been issued within the Company's available capacity under ASX Listing Rules 7.1, the Company seeks Shareholder ratification of the issue of those Executive Options for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities under Listing Rule 7.1 will be 'refreshed' and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Executive Options the subject of this Resolution 6:

- (a) the number of Executive Options issued and allotted by the Company pursuant to Listing Rule 7.1 was 5,000,000 as per Section 2.1 above;
- (b) the Executive Options were issued for nil cash consideration to the three Executives and for the purpose set out in Section 2.4 above;
- (c) the Executive Options were granted with terms and conditions as set out in Sections 2.2 and 2.3 and Schedule 1;
- (d) if the Executive Options are exercised, the Shares that will be issued will be fully paid ordinary shares in the capital of the Company and rank pari passu with the Company's existing Shares; and
- (e) a voting exclusion statement is included in the Notice.

## **2.6 Directors' Recommendation**

All five Directors unanimously recommend to Shareholders that they vote to ratify the grant of the Executive Options to the three Executives.

---

## GLOSSARY

---

**\$** means Australian dollars.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, 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.

**Chair** means the chair of the Meeting.

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

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

**Company** means Winchester Energy Limited (ACN 168 586 445).

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

**Director Options** means the 9,000,000 Options proposed to be issued to the Directors, subject to Shareholder approval, pursuant to Resolutions 1 to 5.

**Executive Options** means the 5,000,000 Options that have been granted to three executives of the Company and whose issue is subject to ratification by Shareholders pursuant to Resolution 6.

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

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

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

**Option** means an option to acquire a Share and includes the Director Options and the Executive Options.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Parties** means Neville Henry, Peter Allchurch, John Kenny, James Hodges and Larry Liu, the Directors of the Company.

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

**Section** means a section of this Explanatory Statement.

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

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

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

---

## SCHEDULE 1 – TERMS OF OPTIONS

---

Each Option entitles the holder to subscribe for a Share on the following terms and conditions:

**1. Exercise Price**

The exercise price of each Option is twelve cents (A\$0.12) (**Exercise Price**).

**2. Expiry Date**

Each Option expires at 5.00pm WST on 31 January 2022 (**Expiry Date**).

**3. Exercise Period**

Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

**4. Exercise of Options**

The Options may only be exercised during the Exercise Period.

**5. No Official Quotation of Options**

The Company will not apply for official quotation of the Options.

**6. Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

**7. Notice of Exercise**

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Options or a nominee; and
- (c) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

**8. Shares Issued on Exercise**

Shares issued on exercise of the Options rank equally with the then Shares currently on issue.

**9. Official Quotation of Shares on Exercise**

Application will be made by the Company to the ASX for official quotation of the Shares issued upon the exercise of the Options.



## **10. Timing of issue of Shares**

- (a) Within 3 Business Days after the receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will (subject to paragraph (ii) below), at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.
- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
  - (i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 10 Business Days after the receipt of the Notice of Exercise, to allow the Company time to prepare that prospectus); or
  - (ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

## **11. Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

## **12. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

### 13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = average market price (as defined in the ASX Listing Rules) per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

### 14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

### 15. Options Transferable

The Options are transferable provided that the transfer of Options complies with section 707(3) of the Corporations Act.

### 16. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

---

## SCHEDULE 2 – VALUATION OF OPTIONS

---

The Options to be issued to the Related Parties pursuant to Resolutions 1 to 5 and the Options that have already been granted to the three senior executives and are the subject of ratification by Shareholders in accordance with Resolution 6, have been valued by internal management.

Using the Black & Scholes option valuation model and based on the assumptions set out below, the Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	20 February 2017
Market price of Shares	9 cents
Exercise price	12 cents
Expiry date (length of time from issue)	58 months
Risk free interest rate	1.00%
Volatility (discount)	40%
<b>Indicative value per Option</b>	2.4 cents
<b>Total Value of Director Options</b>	A\$216,000
Neville Henry	A\$120,000
Peter Allchurch	A\$12,000
John Kenny	A\$60,000
James Hodges	A\$12,000
Larry Liu	A\$12,000
<b>Total Value of Executive Options</b>	A\$120,000
Hugh Idstein	A\$84,000
Austin Gard	A\$24,000
Eldar Hasanov	A\$12,000

Note: The valuation of each Option noted above is not necessarily the market price that an Option could be traded at and is not the market price for taxation purposes.

## APPOINTMENT OF PROXY FORM

WINCHESTER ENERGY LIMITED  
ACN 168 586 445

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Level 3, 18 Richardson Street, West Perth, Western Australia on Wednesday 12 April 2017 at 11:00am (WST) and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 to 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 to 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Issue of Options to Director – Neville Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Options to Director – Peter Allchurch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to Director – John Kenny	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to Director – James Hodges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Options to Director – Larry Liu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Options to Senior Executives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

##### Individual or Shareholder 1

Sole Director/Company Secretary

##### Shareholder 2

Director

##### Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail  
in relation to this Proxy Form:

YES ☐ NO ☐

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Automic Registry Services, PO Box 223, West Perth, WA, 6872, Australia; or
  - (b) hand delivery to Automic Registry Services, Level 2, 267 St Georges Terrace, Perth, WA 6000, Australia; or
  - (c) facsimile to the Company on facsimile number: +61 (8) 6298 6191so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**