

17 May 2017

Company Announcements Platform
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam,

NOTICE OF GENERAL MEETING

Please find attached a Notice of General Meeting of the Company to be held on 3 July 2017, despatched to shareholders today.

Yours faithfully
Transerv Energy Limited

Kevin Hart
Company Secretary



ABN 68 079 432 796

(to be renamed Whitebark Energy Limited)

NOTICE OF GENERAL MEETING

**A General Meeting of the Company
will be held at Level 2, 6 Thelma Street, West Perth
on 3 July 2017 at 9:00 am (WST).**

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

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.

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 9:00 am on 1 July 2017.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – REPLACEMENT OF CONSTITUTION

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

2. RESOLUTION 2 – CHANGE OF COMPANY NAME

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

*“That, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to **Whitebark Energy Limited**.”*

3. RESOLUTION 3 – ISSUE OF OPTIONS TO RELATED PARTY – MTANI PTY LTD AS TRUSTEE FOR THE DAVID MESSINA TRUST

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 52,000,000 Options to Mtani Pty Ltd as trustee for the David Messina Trust (or their nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mtani Pty Ltd as trustee for the David Messina Trust (or their 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:

- (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.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – STEPHEN KEENIHAN

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 28,000,000 Options to Stephen Keenihan (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Stephen Keenihan (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:

- (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.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – CHARLES MORGAN

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 20,000,000 Options to Charles Morgan (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Charles Morgan (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:

- (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.

6. RESOLUTION 6 – NON-EXECUTIVE DIRECTOR'S REMUNERATION

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

"That, for the purposes of clause 13.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors to \$500,000 per annum in accordance with 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 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: 12 May 2017

By order of the Board



**Kevin Hart
Company Secretary**

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 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.

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, 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 (ie 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 (ie 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 (ie 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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6555 6000.

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. BACKGROUND TO PROPOSED ACQUISITION OF INTEREST IN ASSETS OF POINT LOMA RESOURCES LTD

1.1 Background to the Company

Transerv Energy Limited (**Transerv** or the **Company**) is an Australian public company listed on the Official List of the ASX (ASX code: TSV).

Transerv is in the business of oil and gas exploration and development and utilises the corporate expertise of its Board and management team to identify and invest in quality oil and gas assets. Backed by a management team with substantial operational experience both in Australia and overseas, Transerv prides itself on its project identification ability, project management and operational expertise.

1.2 Proposed acquisition of assets of Point Loma Resources Ltd

As announced on 11 April 2017, Transerv has entered into a binding terms sheet (**Terms Sheet**) to invest CAD\$5,000,000 (AUD\$4,900,000) to acquire a 20% working interest in the assets of Point Loma Resources Ltd (**Point Loma**) (**Transaction**).

Funding Structure

A total of CAD\$5,000,000 will be invested by the Company to be paid in two tranches, as follows:

- (a) CAD\$1,500,000, which was paid by the Company within seven (7) days of the execution of the Terms Sheet; and
- (b) CAD\$3,500,000 to be paid upon satisfactory completion of due diligence and execution of final documentation.

The Assets

On completion of the Transaction, the Company will acquire a 20% working interest in the assets of Point Loma in Alberta, Canada, being:

- (a) 210,000 acres, with the Company obtaining an interest in 42,000 acres;
- (b) Existing production of 900 boe/d (25% liquids) up from 135 boe/d in July 2016 with the Company obtaining an interest in 180 boe/d;
- (c) 65 producing wells and approximately 70MMcf/d in gas plant capacity (50MMcf/d spare capacity), compressors, tank farms, production facilities, pipelines and associated infrastructure; and
- (d) 1P reserves of 3.9MMboe and 2P reserves of 4.98, with the Company obtaining an interest in 0.78MMboe and 0.996MMboe respectively.

1.3 Summary of Terms Sheet

Transerv Energy Limited, through its wholly owned subsidiary Salt Bush Energy Limited (**Salt Bush**), will acquire a 20% working interest in all of the oil and gas assets (**Assets**) owned by Point Loma Resources Ltd (**PLX**) subject to the following terms and conditions:

- (a) Assets include all petroleum and natural gas rights, title and interest (including all leases, fee
- (b) simple lands and royalty interests), tangibles (including facilities, gas plants, pipelines and wells (including all shut in and abandoned wells), equipment and inventory and miscellaneous interests (including all related contractual rights, geological, geophysical, seismic (where owned and transferable), engineering and interpretative data and all files records, title opinions and environmental audits and reports.
- (c) The purchase price will be CDN\$5,000,000, subject to customary adjustments and encumbrances, payable as follows:
 - (i) CDN \$1,500,000 million as a loan (**Loan Amount**);
 - (ii) Should the Transaction not close by June 9th, 2017, the Loan Amount will be treated as a six month secured loan with a 10% interest rate; and
 - (iii) CDN \$3,500,000 on the close of the Transaction
- (d) The purchase price will be deployed to increase production from existing wells and facilities and to acquire pertinent assets proximal to the existing Assets.
- (e) PLX and Salt Bush will enter into an area of mutual interest agreement whereby the parties will work together to identify and acquire addition assets in the province of Alberta.
- (f) The effective date of the Transaction is April 1st 2017.

1.4 Directors' interests in the Transaction

None of the Company's existing Directors have any material interest in the proposed Transaction, however as announced to ASX on 11 April 2017 Charles Morgan holds 812,739 ordinary shares in PLX, being an interest of approximately 3%.

2. RESOLUTION 1 – REPLACEMENT OF CONSTITUTION

2.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 1 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2003.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.transerv.com.au and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6555 6000). Shareholders are invited to contact the Company if they have any queries or concerns.

2.2 Summary of material proposed changes

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not a pay a dividend unless:

- (a) the company’s assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company’s shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company’s ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder’s shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

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

Potential advantages and disadvantages of proportional takeover provisions

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

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

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

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

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (e) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 2 seeks the approval of Shareholders for the Company to change its name to Whitebark Energy Limited.

If Resolution 2 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 2 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

4. RESOLUTIONS 3, 4 AND 5 – ISSUE OF OPTIONS TO RELATED PARTIES – MTANI PTY LTD AS TRUSTEE FOR THE DAVID MESSINA TRUST, CHARLES MORGAN AND STEPHEN KEENIHAN

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 100,000,000 Options (**Related Party Options**) to Mtani Pty Ltd as trustee for the David Messina Trust, Mr Keenihan and Mr Morgan (**Related Parties**) on the terms and conditions set out below.

4.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

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 Related Party Options constitutes giving a financial benefit and Messrs Morgan and Keenihan are related parties of the Company by virtue of being Directors. Mtani Pty Ltd is a related party by virtue of the fact that it is controlled by David Messina and that Mr Messina is the beneficiary of the David Messina Trust.

ASX Listing Rule 10.11 also 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 Company 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 Related Party Options to the Related Parties.

4.3 Technical information required by Chapter 2E of the Corporations Act and 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 Related Party Options:

- (a) the related parties are:
- (i) Mtani Pty Ltd as trustee for the David Messina Trust, which is a related party by virtue of the fact that it is controlled by David Messina and that Mr Messina is the beneficiary of the David Messina Trust;
 - (ii) Mr Morgan is a related party by virtue of being a Director; and
 - (iii) Mr Keenihan is a related party by virtue of being a Director;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
- (i) 52,000,000 Related Party Options to Mtani Pty Ltd as trustee for the David Messina Trust;
 - (ii) 28,000,000 Related Party Options to Stephen Keenihan; and
 - (iii) 20,000,000 Related Party Options to Charles Morgan
- (c) the Related Party Options will be granted to the Related Parties no later than 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 Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Mtani Pty Ltd as trustee for the David Messina Trust	10,362,000 ¹	Nil
S.L.Keenihan & S.J.Keenihan ATF the SL and SJ Keenihan Superannuation Fund	72,947,334 ²	Nil
Charles Morgan	62,100,293 ³	Nil

Notes:

¹ Held indirectly by Mtani Pty Ltd as trustee for the David Messina Trust.

² Held indirectly by Stephen Leslie Keenihan & Sheridan Jay Keenihan as trustee for the SL & SJ Keenihan S/Fund A/C.

³ Held indirectly by Seaspin Pty Ltd, of which Mr Morgan is a director and sole shareholder.

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

Related Party	2017 Financial Year (\$)	2016 Financial Year ¹ (\$)
David Messina ²	350,000	97,800
Stephen Keenihan	300,000	394,226
Charles Morgan ³	75,000	54,605

Notes:

¹ Comprising fees, salary and superannuation.

² Mr Messina was appointed 20 April 2016.

³ Mr Morgan was appointed 9 October 2015.

- (i) if the Related Party Options granted to the Related Parties are exercised, a total of 100,000,000 Shares would be issued. This will increase the number of Shares on issue from 835,264,337 to 935,264,337 (assuming that no other Options are exercised and no Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 11.97%, comprising 6.23% by Mtani Pty Ltd as trustee for the David Messina Trust, 3.35% by Mr. Keenihan and 2.39% by Mr Morgan.

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

- (j) 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	1.9 cents	14,17 June 2016 and 8 July 2016
Lowest	0.6 cents	14,15, 22 and 23 December 2016
Last	0.8 cents	4 May 2017

- (k) the Board acknowledges the grant of Related Party Options to Charles Morgan is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Mr Morgan reasonable in the circumstances for the reason set out in paragraph (m);
- (l) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked 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;
- (m) Mr Messina declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 3 be passed. However, in respect of Resolutions 4 and 5, Mr Messina recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
 - (ii) the grant of the Related Party 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 Related Party Options upon the terms proposed;
- (n) Mr Keenihan declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 3 and 5, Mr Keenihan recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);

- (o) Mr Morgan declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 3 and 4, Mr Morgan recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (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 Related Party Options to be granted as well as the exercise price, vesting conditions and expiry date of those Related Party 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 3 to 5.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party 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.

5. RESOLUTION 6 – NON-EXECUTIVE DIRECTORS' REMUNERATION

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 13.7 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increase by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$100,000. Resolution 6 seeks Shareholder approval to increase this figure by \$400,000 to \$500,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) has the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

In the past three years, the Company has not issued non-executive Directors any Options or Shares.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX Listing Rules means the Listing Rules of ASX.

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

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.

Company means Transerv Energy Limited (ABN 68 079 432 796).

Constitution means the Company's constitution.

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

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.

Market Value means, in respect of a Share, the volume weighted average price for Shares traded on the ASX over the 10 most recent trading days on which the Shares were traded prior to the day on which the cash payment is made.

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.

Optionholder means a holder of an Option or Related Party Option as the context requires.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolutions 3, 4 and 5 with the terms and conditions set out in Schedule 1.

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

Section means a section of the 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 AND CONDITIONS OF RELATED PARTY OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (l), the amount payable upon exercise of each Option will be \$0.015 (**Exercise Price**)

(c) **Vesting Conditions**

The Options have the following vesting conditions:

(i) **Mtani Pty Ltd as trustee for the David Messina Trust**

- (A) 17,333,333 Options vest immediately upon issue;
- (B) 17,333,333 Options vest upon Mr David Messina being continuously employed for a period of one year from the date of issue of the Options; and
- (C) 17,333,334 Options vest upon Mr David Messina being continuously employed for a period of two years from the date of issue of the Options;

(ii) **Stephen Keenihan**

- (A) 14,000,000 Options vest immediately upon issue; and
- (B) 14,000,000 Options vest upon Mr Stephen Keenihan being continuously employed for a period of one year from the date of issue of the Options;

(iii) **Charles Morgan**

- (A) 10,000,000 Options vest immediately upon issue; and
- (B) 10,000,000 Options vest upon Mr Charles Morgan being continuously employed for a period of one year from the date of issue of the Options.

(d) **Waiver of Vesting Conditions**

The board of the Company may in its absolute discretion (except in respect of a Change of Control occurring where Vesting Conditions are deemed to be automatically waived, as set out in paragraph (e) below) by written notice to an Optionholder, resolve to waive any of the Vesting Conditions applying to Options.

(e) **Automatic Vesting**

Each Option will automatically vest upon the occurrence of a Change of Control of the Company.

For these purposes, **Change of Control** means:

- (i) the occurrence of:
 - (A) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (B) that takeover bid has become unconditional; or
- (ii) the announcement by the Company that:
 - (A) shareholders of the Company have a Court convened meeting of shareholders voted in favour, by necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (I) cancelled; or
 - (II) transferred to a third party; and
 - (B) the Court, by order, approves the proposed scheme of arrangement.

(f) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 May 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(g) **Exercise Period**

The Options are exercisable at any time on and from the date that the relevant Option vests in accordance with (c), until the Expiry Date (**Exercise Period**).

(h) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(i) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(j) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (j)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(k) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(l) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(m) **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 without exercising the Options.

(n) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(o) **Transferability**

Subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws, unless otherwise determined by the Board the Options may not be transferred or assigned by an Optionholder, except that the Optionholder may at any time transfer all or any of the Options to a spouse, family trust, or to a proprietary limited company all of the issued shares of which are beneficially owned by the Optionholder or the spouse of the Optionholder.

(p) **Cashless Exercise Facility**

- (i) If the Optionholder wishes to exercise some or all of their vested Options it may, subject to Board approval, elect to pay the Option Exercise Price by using the cashless exercise facility (**Cashless Exercise Facility**).
- (ii) The Cashless Exercise Facility entitles an Optionholder to set-off the Option Exercise Price against the number of Shares which the Optionholder is entitled to receive upon exercise of the Optionholder's Options. By using the Cashless Exercise Facility, the Optionholder will receive Shares to the value of the surplus after the Option Exercise Price has been set-off.
- (iii) If the Optionholder elects to use the Cashless Exercise Facility, and its use is approved by the Board, the Optionholder will be issued or transferred that number of Shares (rounded up to the nearest whole number) equal to:
 - (A) the aggregate total Option Exercise Price otherwise payable in respect of all vested Options exercised, less the aggregate total Market Value of Shares that would otherwise be issued on exercise of the vested Options,
 - (B) divided by the Market Value of a Share.
- (iv) If the difference between the Option Exercise Price otherwise payable on the Options being exercised and the Market Value of Shares at the time of exercise is zero or negative, then an Optionholder will not be entitled to use the Cashless Exercise Facility.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 3, 4 and 5 have been independently valued by HLB Mann Judd Corporate (WA) Pty Ltd using the Black and Scholes Option Pricing Model.

The Black and Scholes option pricing model assumes that the Related Party Options the subject of the valuation can be sold on a secondary market. The terms and conditions of the proposed Related Party Options state that the Incentive Options shall not be listed for official quotation on ASX. In addition, the Incentive Options are not transferable, subject to the permitted transfers set out in Schedule 1 paragraph (o). Accordingly, in determining the indicative value of the Related Party Options, HLB Mann Judd Corporate (WA) Pty Ltd has applied a 30% discount to the theoretical value (0.4 cents) of attributed to the Black and Scholes option pricing model.

The Related Party Options were ascribed the following value:

Assumptions:	
Option holder does not elect cashless exercise	
Valuation date	28 April 2017
Underlying share price being the closing price on 28 April 2017	0.9 cents
Exercise price in accordance with the Option terms set out in schedule 1	1.5 cents
Expiry date in accordance with the Option terms set out in schedule 1	31 May 2021
Risk free interest rate	1.955% based on the Commonwealth Treasury Bond expiring on the closest date to the expiry of the options
Volatility)	75% being an expected future volatility of the Company's shares
Theoretical Value per Related Party Option	0.40 cents
Indicative value per Related Party Option	0.28 cents
Total Indicative Value of Related Party Options	\$280,000
- Mtani Pty Ltd as Trustee for the <i>David Messina Trust</i>	\$145,600
- <i>Stephen Keenihan</i>	\$78,400
- <i>Charles Morgan</i>	\$56,000

Note:

The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purpose.