ANTARES ENERGY LIMITED
(Subject to Deed of Company Arrangement)

ACN 009 230 835

NOTICE OF EXTRAORDINARY GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME:	2:00pm (Sydney time)
DATE:	Tuesday, 23 January 2018
PLACE:	FTI Consulting Level 15, 50 Pitt Street Sydney NSW 2000

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.

Stantons International Securities Pty Ltd (ACN 128 908 289) trading as Stantons International Securities (**Stantons**) has prepared the Independent Expert's Report and has provided an opinion that it believes the proposals as outlined in Resolutions 3-6 of this Notice of Meeting are fair and reasonable to the non-associated Shareholders of the Company.

A copy of the Independent Expert's Report is contained in Annexure A of this Notice of Meeting. It is recommended that all Shareholders read the Independent Expert's Report in full.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Deed Administrators on +61 2 8247 8000.

CONTENTS PAGE

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be at 2:00pm (Sydney time) on Tuesday, 23 January 2018 at: FTI Consulting, Level 15, 50 Pitt Street, Sydney NSW 2000.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and either deliver it:

(1) by email to ryan@pagerpartners.com.au;

(2) deliver the Proxy Form:

  (a) by hand to:

    Suite 115, 3 Male Street, Brighton VIC 3186; or

  (b) by post to:

    Antares Energy Limited (Subject to Deed of Company Arrangement) , c/- PO Box 231, Brighton VIC 3186; or

(3) by facsimile to +61 2 8072 1440.

Your Proxy Form must be received not later than 48 hours before the commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

LETTER TO SHAREHOLDERS

Dear Shareholder,

As you are aware, on 11 May 2016, Quentin Olde and Michael Ryan of FTI Consulting were appointed as replacement joint and several administrators of Antares (**Administrators** and **Deed Administrators**), following the appointment of Bryan Hughes and Daniel Bredenkamp of Pitcher Partners on 28 April 2016, of Antares Energy Limited (ACN 009 230 835) (subject to Deed of Company Arrangement) (**Company** or **AZZ**) and assumed control of the Company and its business, property and affairs.

On 2 December 2016, creditors of the Company (**Creditors**) voted in favour of a deed of company arrangement (**DOCA**) submitted by Pager Partners Corporate Advisory Pty Ltd (**Syndicate**), which dealt with the restructure and recapitalisation of the Company including the settlement of Creditor claims (**Proposal**). If completed, the Proposal will result in sufficient capital being injected into the Company to enable it to seek to continue its business and apply for the reinstatement of its Securities to the Official List on the Australian Securities Exchange Limited (**ASX**). The DOCA was entered into by the Deed Administrators on 21 December 2016.

The Proposal requires, and is subject to, various approvals being obtained from the Shareholders of the Company. Accordingly, the Deed Administrators have called an Extraordinary General Meeting of the Company to obtain the necessary Shareholder approvals. The Extraordinary General Meeting will be held at 2:00pm (Sydney time) on 23 January 2018 at FTI Consulting, Level 15, 50 Pitt Street, Sydney NSW 2000 (**Meeting**). Enclosed with this letter are the Notice of the Extraordinary General Meeting (**Notice**), the Explanatory Statement and the Independent Expert's Report prepared by Stantons International Securities Pty Ltd (ACN 128 908 289) trading as Stantons International Securities (**Stantons**).

A summary of the Proposal, conditions of the Proposal, the pro-forma capital structure, the proposed use of funds and the conditions to reinstatement of the Company's Securities to the Official List of the ASX can be found at the beginning of the Explanatory Statement on page 13 of this Notice.

Shareholders are urged to give careful consideration to this Notice, the Explanatory Statement and the Independent Expert's Report prepared by Stantons, as the Resolutions contained in this Notice are important and affect the future of the Company.

In considering the Resolutions, Shareholders must bear in mind the Company's current financial circumstances. In this regard, Shareholders should note that the Securities of the Company have been suspended from trading since 11 September 2015 and the Company requires recapitalisation to continue its operations and seek re-quotation of its Securities on ASX. The Resolutions contained in this Notice are therefore important and affect the future of the Company. Shareholders are urged to give careful consideration to this Notice and the contents of this Explanatory Statement.

The Deed Administrators considered in the Administrators' Report Pursuant to section 439A of the *Corporations Act 2001* (Cth) (**Corporations Act**) dated 24 November 2016 that the Proposal would result in a greater return to Creditors than the Company being placed in liquidation. The New Board also believe this to be a realistic option to enable the Company to continue operating. The Deed Administrators will need to investigate other options for the Company if this restructure and recapitalisation is not approved by Shareholders, which will

include liquidation (unless otherwise agreed between the Syndicate and the Deed Administrators), in which case it is expected there will be no return to Shareholders.

Yours faithfully

Quentin Olde
On behalf of the Deed Administrators
Antares Energy Limited
(Subject to Deed of Company Arrangement)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of Shareholders of Antares Energy Limited (ACN 009 230 835) (subject to Deed of Company Arrangement) will be held at 2:00pm (Sydney time) on 23 January 2018 at FTI Consulting, Level 15, 50 Pitt Street, Sydney NSW 2000 (**Meeting**).

For the purpose of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) (**Corporations Regulations**), the Company has determined that the Shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's Share Register at 2:00pm (Sydney time) on 21 January 2018 (**Entitlement Time**). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

The Explanatory Statement that accompanies and forms part of this Notice of Extraordinary General Meeting (**Notice**) describes in more detail the matters to be considered at the Meeting. In addition, the Explanatory Statement should be read in conjunction with the Independent Expert's Report prepared by Stantons International Securities Pty Ltd (ACN 128 908 289) trading as Stantons International Securities (**Stantons**) contained in Annexure A of this Notice of Meeting.

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

RESOLUTIONS

1. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

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

"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

a. every fifteen (15) Shares be consolidated into one (1) Share; and

b. every fifteen (15) Options be consolidated into one (1) Option,

and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up or down (as the case may be) to the nearest whole Share or Option (as the case may be), further details of which are described in the Explanatory Statement."

2. RESOLUTION 2 – ISSUE OF SECOND PLACEMENT SHARES

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

*"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, the Shareholders of the Company approve the issue of up to 150,000,000 Shares to general investors (that may include members of the Syndicate (or its nominees)) (**Second Placement Shares**) at an issue price of $0.01 per Second Placement Share (post-Consolidation) to raise up to $1,500,000, on terms and conditions all of which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting."*

Voting exclusion statement: The Company will disregard any votes cast on Resolution 2 by:

(a) a person who is proposing to participate in the issue;
(b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed; and
(c) an associate of any person described in (a) or (b).

However, the Company need not disregard a vote if:

(i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
(ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. RESOLUTION 3 – ACQUISITION OF A RELEVANT INTEREST

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

"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, for the purpose of section 611 (item 7) of the Corporations Act and for all other purposes, the Shareholders of the Company approve:

a. the issue of:

i. 150,000,000 First Placement Shares;

ii. 75,000,000 First Placement Options; and

iii. up to 10,000,000 Second Placement Shares;

to the Syndicate (or its nominees); and

b. the acquisition of a relevant interest in the issued voting Shares of the Company by the Syndicate (or its nominees) in excess of the threshold prescribed by section 606(1) of the Corporations Act,

on terms and conditions all of which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting."

Voting power of the Syndicate (or its nominees): As set out in Table 5 in the Explanatory Statement, the proposed maximum voting power of the Syndicate (or its nominees) on a fully diluted basis is 60.1%.

Independent Expert's Report (IER): Shareholders should carefully consider the IER prepared by Stantons for the purpose of seeking Shareholder approval required under section 611 (item 7) of the Corporations Act. The IER comments on the fairness and reasonableness of the transaction to the non-associated Shareholders of the Company and concludes that the transaction is fair and reasonable.

Voting exclusion statement: The Company will disregard any votes cast on Resolution 3 by:

(a) a person who is proposing to participate in the issue;
(b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed; and
(c) an associate of any person described in (a) or (b).

However, the Company need not disregard a vote if:

(i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
(ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. RESOLUTION 4 – RELATED PARTY APPROVAL – JOANNE KENDRICK

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

"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue of:

a. 33,750,000 First Placement Shares;

b. 16,875,000 First Placement Options; and

c. up to 2,000,000 Second Placement Shares;

to Joanne Kendrick (or her nominee), a proposed Director of the Company, on the terms and conditions all of which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting."

Voting exclusion statement: The Company will disregard any votes cast on Resolution 4 by:

(a) Ms Kendrick or her nominee; and
(b) an associate of the person described in (a) above.

However, the Company need not disregard a vote if:

(i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
(ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. RESOLUTION 5 – RELATED PARTY APPROVAL – ROSS WARNER

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

"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue of:

a. 33,750,000 First Placement Shares;

b. 16,875,000 First Placement Options; and

c. up to 2,000,000 Second Placement Shares;

to Ross Warner (or his nominee), a proposed Director of the Company, on the terms and conditions all of which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting."

Voting exclusion statement: The Company will disregard any votes cast on Resolution 5 by:

(a) Mr Warner or his nominee; and
(b) an associate of the person described in (a) above.

However, the Company need not disregard a vote if:

(i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
(ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. RESOLUTION 6 – RELATED PARTY APPROVAL – MICHAEL POLLAK

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

"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue of:

a. 25,000,000 First Placement Shares;

b. 12,500,000 First Placement Options; and

c. up to 2,000,000 Second Placement Shares;

to Michael Pollak (or his nominee), a proposed Director of the Company, on the terms and conditions all of which are described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting."

Voting exclusion statement: The Company will disregard any votes cast on Resolution 6 by:

(a) Mr Pollak or his nominee; and
(b) an associate of the person described in (a) above.

However, the Company need not disregard a vote if:

(i) it is cast by a person acting as a proxy for another person entitled to vote, in accordance with the direction on the proxy form; or
(ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. RESOLUTION 7 – ELECTION OF MS JOANNE KENDRICK AS A DIRECTOR

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

"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, pursuant to rule 45(a) of the Company's constitution, Ms Joanne Kendrick, being eligible and having consented to act, be elected as a Director of the Company, effective immediately after the removal and/or resignation of the current Board of Directors."

8. RESOLUTION 8 – ELECTION OF MR ROSS WARNER AS A DIRECTOR

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

"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, pursuant to rule 45(a) of the Company's constitution, Mr Ross Warner, being eligible and having consented to act, be elected as a Director of the Company, effective immediately after the removal and/or resignation of the current Board of Directors."

9. RESOLUTION 9 – ELECTION OF MR MICHAEL POLLAK AS A DIRECTOR

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

"That, subject to all other Resolutions (other than Resolutions 10 and 11) being passed, pursuant to rule 45(a) of the Company's constitution, Mr Michael Pollak, being eligible and having consented to act, be elected as a Director of the Company, effective immediately after the removal and/or resignation of the current Board of Directors."

10. RESOLUTION 10 – REPEAL AND ADOPTION OF A CONSTITUTION

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

"That, subject to all other Resolutions (other than Resolution 11) being passed, in accordance with section 136 of the Corporations Act, the constitution of the Company be repealed and replaced with a constitution in the form of the document entitled "Constitution of Big Star Energy Ltd" tabled at this Meeting, and signed by the Deed Administrators for the purposes of identification, effective immediately."

11. RESOLUTION 11 – CHANGE OF COMPANY NAME

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

"That, subject to all other Resolutions (other than Resolution 10) being passed, pursuant to section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to "Big Star Energy Ltd", effective immediately."

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 2:00pm (Sydney time) on 23 January 2018 at FTI Consulting, Level 15, 50 Pitt Street, Sydney NSW 2000 .

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions. In addition, this Explanatory Statement should be read in conjunction with the accompanying Notice and the Independent Expert's Report prepared by Stantons International Securities Pty Ltd (ACN 128 908 289) trading as Stantons International Securities (**Stantons**) contained in Annexure A of this Notice of Meeting.

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

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Extraordinary General Meeting are set out below.

Background to the Recapitalisation

1. Summary of the terms of the Proposal

The Proposal involves:

(a) The Syndicate arranging for the injection of approximately $1,876,875 of cash into the Company in return for an issue of Shares in the Company representing an interest of approximately 94.9% of the total issued capital of the Company (on an undiluted basis).

(b) All of the remaining assets of the Company (excluding the Northern Star Project) including but not limited to those of its wholly owned subsidiary Antares Energy Company (**AEC**) including the Big Star Project (oil and gas exploration/production interests in the Permian Basin, Texas, USA) and all assets/intellectual property relating to the Big Star Project, operational infrastructure, plant and equipment, registered business names, intellectual property, goodwill, domain names (including www.antaresenergy.com), websites, customer and supplier lists, contracts, business processes and procedures, and all other assets to operate the business (**Antares Business**) being retained by AZZ, or transferred to AZZ (or a newly created subsidiary) from its subsidiaries. The Antares Business must remain as an unencumbered asset of the Company to enable the Company to be reinstated to trading on the Australian Securities Exchange Limited (**ASX**). In addition, all other liabilities and obligations of the Company are to be released pursuant to the terms of the DOCA.

(c) The Company retaining and exploiting its interest in the Antares Business in the ordinary course and exploiting complementary and any other business

opportunities. All other liabilities and obligations of AZZ are to be released pursuant to the terms of the DOCA.

(d) The Company making a payment of $500,000 (which the Syndicate will forward to AZZ as a loan that will subsequently be repaid via funds raised by the Company) to the Deed Administrators for the benefit of the Creditors Trust (**Cash Consideration**) for control of AZZ and 100% of the Antares Business. All other liabilities and obligations of the Company up until the appointment of the Administrators will be compromised under the DOCA. The Syndicate has (as of the date of this Notice of Meeting) already made a deposit of $10,000 upon execution of the DOCA towards the Cash Consideration amount.

(e) In addition to the Cash Consideration referred to above in paragraph (d), under the DOCA, the Company transferring to the Creditors Trust for the benefit of the Creditors any cash at bank, its rights in its sundry debtors, the Northern Star Project (or any net realisations from the sale of that project by the Deed Administrator and also all present and future claims against the Directors and former Directors of AEC, Santa and AZZ, including claims that have recently been lodged and where proceedings have commenced against James Cruickshank and Greg Shoemaker by the Administrators in the USA) and any other assets not required by the Syndicate as part of the Antares Business.

(f) The Company's wholly owned Australian subsidiary, Santa Pty Ltd (**Santa**), and AEC, Santa's wholly owned subsidiary in the USA, remaining within the Antares Group at the point of effectuating the DOCA on a "cash-free and debt-free basis", with the Big Star Project remaining within AEC (and therefore, the Antares Group which is controlled by the Company) at effectuation of the DOCA.

(g) The consolidation of the existing capital of the Company on a fifteen (15) for one (1) basis (**Consolidation**), **prior to any other Securities being issued in connection with the Proposal and pursuant to the Resolutions as set out in this Notice of Meeting**.

(h) The Company raising new equity by way of the following placements (which will be made pursuant to a prospectus (**Prospectus**) and as noted in paragraph (g) above, on a post-Consolidation basis):

(i) a first placement of:

(A) 150,000,000 Shares in the Company (**First Placement Shares**) at an issue price of $0.0025 per First Placement Share to raise $375,000 to the Syndicate (or its nominees) and other investors that are invited by the Company as part of the Proposal; and

(B) 75,000,000 unlisted Options (**First Placement Options**), each to acquire 1 fully paid ordinary share in the Company at an issue price of $0.000025 per First Placement Option to raise $1,875 with each First Placement Option exercisable at $0.01 on or before 30 June 2020 to the Syndicate (or its nominees); and

(issue of First Placement Shares and First Placement Options collectively referred to as the **First Placement**)

(ii) a second placement of up to 150,000,000 Shares in the Company (**Second Placement Shares**) at an issue price of $0.01 per Second Placement Share

to raise up to $1,500,000 to general investors, that may include members of the Syndicate (or its nominees) (**Second Placement**).

A total of 92,500,000 First Placement Shares, 46,250,000 First Placement Options and up to 6,000,000 Second Placement Shares (collectively referred to as the **Related Party Securities**) are proposed to be placed to the proposed Directors (or their nominees) referred to in Resolutions 4, 5, and 6 (inclusive) in this Notice of Meeting.

Note: completion of the Proposal is not conditional on the capital raising.

(i) Subject to Shareholder approval being obtained for the Proposal under this Notice of Meeting, all existing Directors and officers of the Company being either removed by the Deed Administrators or resigning from the Company.

(j) Subject to Shareholder approval being obtained for the Proposal under this Notice of Meeting, the proposed Directors, Joanne Kendrick, Ross Warner and Michael Pollak being appointed to the Board of the Company (collectively known as the **Related Parties** and the **New Board**). Resolutions 7, 8, and 9 (inclusive) in this Notice of Meeting seek Shareholder approval for these appointments. It is anticipated that the New Board will be appointed at the point of effectuating the DOCA.

(k) Immediately following the satisfaction or waiver of the general conditions set out under Section 2 below, the Deed Administrators facilitating all necessary and assignments to the Creditors Trust, including payments totalling $500,000 and the DOCA terminating thereafter by performance.

(l) In the event that the Proposal and the Resolutions under this Notice of Meeting are not approved by Shareholders of the Company, the DOCA terminating and the Company being placed into liquidation, or possibly pursuing other proposals.

(m) In the event that the Proposal and the Resolutions under this Notice of Meeting are approved by Shareholders of the Company, with all other conditions precedent being satisfied, after the termination of the DOCA, the Cash Consideration which was loaned by the Syndicate to the Company being repaid either in cash or through the issue of Shares in the Company (referred to above in paragraph (h)).

(n) The control of the Company remaining with the Deed Administrators until the termination of the DOCA.

(o) The prescribed provisions in schedule 8A of the Corporations Regulations being incorporated in the DOCA, save for regulations 3(c), 10 and 11.

(p) The Syndicate being entitled to change the name, constitution and auditors of the Company. Resolutions 10 and 11 in the Notice of Meeting seek Shareholder approval to adopt a new constitution and to change the Company's name. The Deed Administrators, at the request of the Syndicate, changed the Company's auditors on 17 October 2017.

2. Summary of the other general conditions precedent of the Proposal

In addition to the required Shareholder approvals (as detailed in this Notice), the Proposal is also subject to the satisfaction or waiver of the following general conditions precedent:

(a) All liabilities and long-term commitments of the Company being released and compromised via a DOCA. It is a term of the DOCA that it is wholly effectuated and the appointment of the Deed Administrators terminate contemporaneously with the payment by the Company of the Cash Consideration to the Deed Administrators.

(b) The secured Creditors, if any, agreeing to release all security over AZZ and the Antares Business, unless otherwise agreed by the Syndicate.

(c) All Creditors being bound by the DOCA. All Creditors will be required to prove in accordance with the terms of the DOCA and Creditors Trust and no Creditor shall have a right to claim payment against the Company (for the avoidance of doubt, the DOCA shall clearly state that the claims of all Creditors shall be released and that all Creditors shall only have an entitlement to prove in the Creditors Trust and not against the Company).

(d) All subsidiaries of the Company shall be excised from the Company and dealt with by the Deed Administrators in accordance with the DOCA (unless otherwise required by the Syndicate). It is the Syndicate's current intention that Santa and AEC will remain wholly-owned subsidiaries within the Antares Group post effectuation of the DOCA.

(e) Termination of the employment of all employees of the Company, if any, and termination of all leases and contracts of AZZ (except in relation to the Big Star Project) at no cost to the Company post effectuation of the DOCA, unless otherwise required by the Syndicate.

(f) ASX providing written confirmation to AZZ that it will lift the suspension on the trading of the securities of the Company without the need to re-comply with Chapters 1 and 2 of the ASX Listing Rules on finalising the DOCA.

(g) All secured Creditors, if any, voting in favour of the Proposal at a meeting of the Creditors convened for that purpose or otherwise agreeing to be bound by this Proposal.

(h) The Syndicate being satisfied that all convertible notes on issue, if any, are simply debt obligations and the holders of such convertible notes being required to prove as Creditors in accordance with the terms of the DOCA and Creditors Trust and no convertible noteholder shall have a right to claim payment against the Company or convert to equity after the termination of the DOCA.

(i) All employee options, if any, being cancelled or consolidated.

(j) The receipt of Shareholder approval of the Proposal (which is being considered under this Notice of Meeting), subject to the Deed Administrators having the power to extend the meeting date if the Syndicate makes a request for such an extension. The Syndicate shall bear its own costs in relation to the preparation of the Shareholder meeting materials which sums shall be reimbursed by the Company in the event that the Proposal is approved and the Company is reinstated to trading on the ASX.

General conditions (a) – (d) above will be satisfied at the point the DOCA is effectuated, which would be shortly after this Meeting takes place. The Deed Administrators have advised the Company that general condition (e) has been satisfied. With respect to general condition (f), the Syndicate has received written confirmation from the ASX that it can see no reason why

the securities of the Company should not be reinstated to official quotation, subject to certain conditions being satisfied, which are set out in further detail in Section 6 below. Conditions (g) and (h) are satisfied as convertible notes are due and payable, hence no longer represent equity securities that can be converted into shares and there are no secured creditors. The Company is not aware of any employee options subject to general condition (i). Satisfaction of general condition (j) above will depend on the outcome of the Meeting subject of this Notice.

3. Proposed pro-forma capital structure of the Company

The proposed capital structure of the Company following completion of the Proposal is summarised below:

Table 1 – Proposed pro-forma capital structure

Capital structure	Shares	Unlisted Options
Pre-Consolidation Securities	240,000,000	Nil
Post 15:1 Consolidation Securities (Resolution 1)	**16,000,000**	**Nil**
First Placement Securities[(a)]	150,000,000	75,000,000
Second Placement Securities (Resolution 2)[(b)]	150,000,000	Nil
Completion of all Resolutions	**316,000,000**	**75,000,000**

Notes:

[(a)] The First Placement Securities include the issue of the Securities to the Related Parties and Syndicate pursuant to Resolutions 3 – 6 of this Notice.

[(b)] Assumes that the Second Placement is fully subscribed. The Second Placement Securities include the issue of the Related Party Securities to the Directors pursuant to Resolutions 3 – 6 of this Notice and others.

4. Proposed pro-forma balance sheet of the Company

A statement of financial position of the Company as at 30 June 2017 (prior to effectuation of the DOCA) together with the pro-forma balance sheet (statement of financial position) if all Resolutions are passed and consummated and the DOCA is effectuated (all liabilities eliminated and transferred to the Creditors Trust and all current assets and other non-current assets transferred to the Creditors Trust or realised by the Administrators or the Deed Administrators), is set out in Annexure D of this Notice.

5. Proposed business strategy and use of funds raised by the Company

Business Strategy

The Company is currently an oil and gas producer and explorer and it intends to continue producing and exploring from within its existing wellbores and land holdings in what is known as the Big Star Area in the Midland Basin, Dawson County, Texas, USA as well as proactively seek new opportunities for investment within the oil and gas sector (**Big Star Project**).

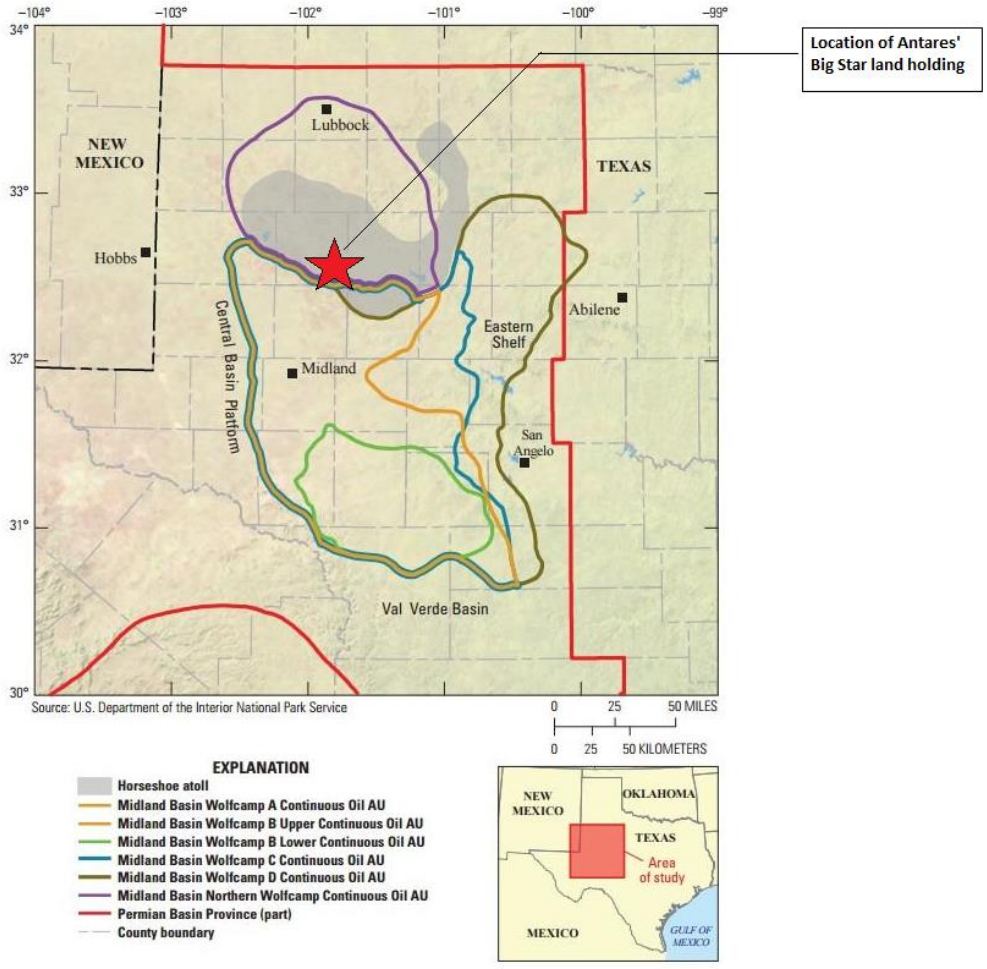
Post-completion of the Proposal, DOCA and recapitalisation of the Company, AZZ will own five wellbores (four of which are operated by the Company) on 240 acres of land held for production in what is known as the Big Star Area in Dawson County, Texas. Two of the Company's wells are currently producing circa 8 barrels of oil per day giving the Company gross revenue of USD$12,000 per month at USD$50/bbl. The Company intends to continue production; optimise the existing production and evaluate the commerciality of reinstating the other wellbores to service. Details of the five wellbores are set out in Table 2 below.

Table 2 – Details of the Big Star Project wellbores

Project	Well Name	Area	Operator	Comments
Big Star	Cline 46-1	Dawson County, TX	Antares	Out of service/landowner exception required
Big Star	Esmond 20-1	Dawson County, TX	Antares	Out of service
Big Star	Simmons 27-2	Dawson County, TX	Third party	Producing
Big Star	Stuart 12-1	Dawson County, TX	Antares	Producing
Big Star	Woodward 7-1	Dawson County, TX	Antares	Out of service/ abandonment required

The location of the Company's land holdings is set out in Figure 1 below.

Figure 1 – Location of the Company's land holdings[1]



The Midland Basin area has traditionally been developed using vertical wells that are completed and stimulated in multiple productive stratigraphic intervals that include the Wolfcamp Shale and overlying Spraberry Formation. These intervals are included in the Company's acreage. The Wolfcamp Shale is now being drilled by other parties, and production has commenced through the use of horizontal wells that are hydraulically fractured.

[1] This figure has been extracted from the USGS: "Assessment of Undiscovered Continuous Oil Resources in the Wolfcamp Shale of the Midland Basin, Permian Basin Province, Texas, 2016" United States Geological Survey (USGS), 2016.

Following recapitalisation and reinstatement to the Official List, the Company's current intention is to undertake the following work program:

1. Operations audit – review the current operations to identify risks and opportunities to optimise production and improve profitability;

2. Based on the findings of the operations audit, the possible reinstatement of the Company's out of service wellbores, with the potential for up to 2 wellbores to be made operational subject to landowner regulatory consent;

3. Technical studies including GG&E (geophysical, geological and engineering) analysis to evaluate the commercial potential for horizontal well development; and

4. Horizontal proof of concept well to confirm the GG&E studies ahead of possible full scale development.

Items 1, 2 and 3 of the work program are components of the Company's proposed use of funds of the initial recapitalisation of the Company (as outlined in Table 3). Item 4 of the work program will require further funding efforts by the Company, including for lease renewals, should the GG&E studies reach a favourable recommendation which is adopted by the Board at the time.

Directors of the proposed New Board of the Company have extensive experience in the oil and gas sector. Biographies of each of the Directors of the New Board are set out below in the Explanatory Statement for Resolutions 7 to 9.

In addition to the above work program, the Company intends to maintain an active program of identifying additional projects that complement the existing portfolio with a view to acquisition and development in the future.

Furthermore, as part of its on-going business objectives, the Company will also consider the acquisition and development of any other investments, both within its broader industry sector as well as in unrelated market segments, as identified by the Company and always subject to compliance with the ASX Listing Rules and the Corporations Act.

Use of Funds

If the full amount of **$1,876,875** is raised from the Capital Raising (assuming the Second Placement is fully subscribed), the Company intends to apply the funds raised as follows:

Table 3 – Proposed use of funds

Proposed use of funds	Year 1	Year 2	Total
Oil and gas exploration/production/renewal	220,000	240,000	460,000
Review of new projects	175,000	195,000	370,000
Total general working capital budget	395,000	435,000	830,000
Payment to the Creditors Trust[(a)]	500,000	-	500,000
Working capital[(b)]	300,000	246,875	546,875
Total	**1,195,000**	**681,875**	**1,876,875**

Notes:

[(a)] The Company will use the Cash Consideration of $500,000 as repayment of loan funds arranged by the Syndicate for payment to the Deed Administrators to satisfy obligations under the DOCA.

[(b)] This includes expenses associated with the Proposal to be repaid to the Syndicate, estimated at $140,000.

6. Reinstatement of Company's Securities to the Official List of the ASX

As noted above, subject to all the Resolutions (apart from Resolutions 10 and 11 (inclusive)) being passed at this Extraordinary General Meeting, the Company intends to seek reinstatement of its Securities to the Official List of the ASX. The Company will therefore need to satisfy ASX's requirements prior to reinstatement.

Under ASX Listing Rule 17.7, the ASX has the discretion to reinstate the Company's Securities to quotation on the Official List of the ASX. ASX has confirmed that it can see no reason why the Company's Securities should not be reinstated to the Official List of the ASX, provided certain conditions precedent are satisfied by the Company. These conditions include:

(a) Effectuation of the DOCA on terms as approved by the Creditors and as set out in this Notice;

(b) Shareholder approval being obtained for all the Resolutions (apart from Resolutions 10 and 11 (inclusive)) to effect the Proposal as set out in this Notice, and subsequent completion of each of the items contemplated by the passed Resolutions;

(c) The Company raising new equity via the Prospectus;

(d) The Company demonstrating compliance with the on-going requirements for listing (ASX Listing Rules 12.1 to 12.4), such as a sufficient level of operations, sufficient level of Shareholder spread and an adequate level of financial condition;

(e) The Company having a free float (as defined by the ASX Listing Rules) of not less than 20% at the time of reinstatement to the Official List of the ASX;

(f) The Company lodging with the ASX all outstanding reports (other than quarterly reports) required by the ASX Listing Rules;

(g) The Company lodging all required directors' interest notices with the ASX; and

(h) the payment of all outstanding fees to the ASX.

Full details of the business to be considered at the Extraordinary General Meeting are set out below.

RESOLUTION 1 – CONSOLIDATION OF CAPITAL

General

Resolution 1 seeks Shareholder approval to consolidate the existing issued capital of the Company (before any Securities are issued pursuant to this Notice of Meeting) on issue on a fifteen (15) to one (1) basis (**Consolidation**).

If Resolution 1 is passed, the existing issued capital of the Company will be reduced as follows:

- 240,000,000 Shares to 16,000,000 Shares (subject to rounding).

As of the date of this Notice, the Company does not have any other debt or equity Securities on issue (apart from the fully paid ordinary shares noted above).

Legal Requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its securities into a larger or smaller number.

Fractional entitlements

Not all Securityholders will hold that number of Securities which can be evenly divided by 15. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

Taxation

It is not considered that any taxation implications will exist for Securityholders arising from the Consolidation. However, Securityholders are advised to seek their own tax advice on the effect of the Consolidation. Neither the Company nor the Deed Administrators (nor the Company's or Deed Administrator's advisers) accept any responsibility for the individual taxation implications arising from the Consolidation.

Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

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

It is the responsibility of each Securityholder to check the number of Securities held prior to disposal or exercise (as the case may be).

Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in Table 1.

Indicative timetable

If all the Resolutions (apart from Resolutions 10 and 11) are passed, the Consolidation will take effect in accordance with the following indicative timetable (in which has been prepared

in accordance with Appendix 7A (paragraph 8) of the ASX Listing Rules). The timetable also provides indicative dates for the other steps of the Proposal, which includes the recapitalisation of the Company and reinstatement of the Company's Securities to the Official List of the ASX.

Action	Date*
Date of the EGM.	Tuesday, 23 January 2018
Resolution 1 (Consolidation) is passed by Shareholders of the Company.	
Lodgement of the Prospectus	Wednesday, 24 January 2018
Last day for trading in pre-reorganised Securities.	Wednesday, 24 January 2018
Effective date. Trading in the reorganised Securities commences on a deferred settlement basis.	Thursday, 25 January 2018
Record date for the Consolidation.	Monday, 29 January 2018
First day for the Company to send notice to each Securityholder of the change in number of Securities they hold.	Tuesday, 30 January 2018
First day for the Company to register Securities on a post-reorganised basis.	
Opening date of offers under Prospectus	Wednesday, 31 January 2018
Issue date. Deferred settlement market ends.	Monday, 5 February 2018
Last day for the Company to send notices to each Securityholder of the change in the number of Securities they hold.	
Last day for the Company to register Securities on a post-reorganised basis.	
Closing date of offers under Prospectus	February 2018
Reinstatement of Company's Securities to the Official List of the ASX	February 2018

* Please note that the dates set out above are indicative only and are subject to change, without further notice to the Shareholders of the Company.

RESOLUTION 2 – ISSUE OF SECOND PLACEMENT SHARES

General

Resolution 2 seeks Shareholder approval for the issue and allotment (on a post-Consolidation basis) of up to 150,000,000 Shares to general investors (that may include members of the Syndicate (or its nominees)) (**Second Placement Shares**) at an issue price of $0.01 per Share to raise up to $1,500,000.

A portion of this total may be subscribed by members of the Syndicate (or its nominees), which includes Related Parties. The portions are set out in Table 5 below. In total, the Syndicate (or its nominees) may acquire 10,000,000 Second Placement Shares, which will reduce the number of Second Placement Shares to be issued to general investors to 140,000,000. Related party approvals to issue Second Placement Shares to each of the proposed new directors are set out in Resolutions 4, 5 and 6 of this Notice of Meeting.

Other than the Related Parties, whose participation in the Second Share Placement (either directly or indirectly through their nominees) must be approved pursuant to Resolutions 3 to 6 (inclusive), none of the remaining subscribers pursuant to this issue will be related parties of the Company.

The Company intends to make the offers for the Second Placement Shares under the Prospectus, which will be lodged as part of the Proposal and recapitalisation of the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Second Placement Shares during the period of 3 months after the Extraordinary General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Second Placement Shares:

(a) Maximum of 150,000,000 Second Placement Shares are to be issued.

(b) Apart from those Second Placement Shares issued to Related Parties (or their nominees), the Second Placement Shares will be issued no later than 3 months after the date of the Extraordinary General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date.

(c) The issue price will be $0.01 per Second Placement Share.

(d) The allottees are investors, some of which are members of the Syndicate (that includes Related Parties) (or their nominees) of the Company and invited to invest by the Company.

(e) The Second Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (on a post-Consolidation basis).

(f) The Company intends to use the funds raised from the Second Share Placement in accordance with the plan as outlined in Table 3.

RESOLUTION 3 – ACQUISITION OF A RELEVANT INTEREST

Syndicate

As set out in the Letter to Shareholders (on page 3 of this Notice), the Creditors of the Company together with the Deed Administrators have agreed to the Proposal to progress the restructure and recapitalisation of the Company presented by the Syndicate, which is headed by Pager Partners.

The Syndicate consists of the proposed Directors, and parties that are otherwise not related parties of the Company. Further details of members of the Syndicate and their proposed role within the Company are set out in Table 4.

Table 4 – Details of the members of the Syndicate

Members	Proposed Role	Related Party?
Joanne Kendrick	Managing Director	Yes
Ross Warner	Executive Director and Chairman	Yes
Michael Pollak	Non-Executive Director	Yes
Hugh Warner	None.	No
Jonathan Pager	None.	No
Chris Hilbrands	None.	No

The relevant interest in the Company proposed to be acquired by the Syndicate (or their nominees) in the First Placement Securities and Second Placement Shares are the subject of this Resolution.

The individual interests to be acquired by each of the proposed Directors, being the Related Parties are the subject of further related party resolutions, as set out in Resolutions 4 – 6 (inclusive) in this Notice of Meeting.

Information Required pursuant to Chapter 6 of the Corporations Act

Section 606(1) of the Corporations Act states that a person must not acquire a relevant interest in the issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the Company increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a Company involves determining the voting shares in the Company in which the person and the person's associates have a relevant interest.

A person (**Second Person**) will be an 'associate' of the other person (**First Person**) if one or more of the following paragraphs applies:

(a) the First Person is a body corporate and the Second Person is:

  (i) a body corporate the First Person controls;

  (ii) a body corporate that controls the First Person; or

  (iii) a body corporate that is controlled by an entity that controls the First Person;

(b) the Second Person has entered or proposes to enter into a relevant agreement with the First Person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs;

(c) the Second Person is a person with whom the First Person is acting or proposed to act, in concert in relation to the Company's affairs.

A person has a relevant interest in securities if they:

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares with Shareholder approval.

The following information is required to be provided to shareholders pursuant to the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining Shareholder approval under the exception for the passing of this Resolution. Shareholders are also referred to the Independent Expert's Report (**IER**) contained in Annexure A of this Notice of Meeting.

<u>Why is approval under the exception in item 7 of section 611 of the Corporations Act needed?</u>

Shareholder approval under item 7 of section 611 of the Corporations Act is required because the members of the Syndicate (or their nominees) may be associated with one another, as they may arguably be acting in concert in relation to the implementation of the Proposal and recapitalisation of the Company.

Following effectuation of the DOCA and completion of the Proposal which will result in the Company being recapitalised and reinstated to the Official List of the ASX, the members of the Syndicate (or their nominees) will no longer be associates for the purposes of Chapter 6 of the Corporations Act.

However, for the purposes of the Proposal and until its completion, it is arguable that the interests of the Syndicate should be aggregated, thus triggering Chapter 6 of the Corporations Act. Accordingly, the relevant interest of the Syndicate in the Company after implementation of all Resolutions (when aggregated) will exceed 20% of the issued capital of the Company.

Relevant interests, voting power and proposed capital structure of the Company

As of the date of this Notice of Meeting, no member of the Syndicate has any Security holdings in the Company.

Annexure B of this Notice of Meeting outlines the dilutive effect and the maximum Securities that the Syndicate (or their nominees) will be entitled to subscribe for, and the following Table 5 outlines the voting power of members of the Syndicate (or their nominees) after implementation of all Resolutions under this Notice of Meeting.

Table 5 – Proposed Voting Power of the Syndicate

Syndicate	Existing Holding	Max. First Placement Shares	Max. First Placement Options	Max. Second Placement Shares	Max. Total Holding (Fully diluted)[(a)]	Max. Voting Power (Fully diluted)[(a)]
Ms Kendrick	Nil	33,750,000	16,875,000	2,000,000	52,625,000	13.5%
Mr R Warner	Nil	33,750,000	16,875,000	2,000,000	52,625,000	13.5%
Mr Pollak	Nil	25,000,000	12,500,000	2,000,000	39,500,000	10.1%
Mr H Warner	Nil	25,000,000	12,500,000	2,000,000	39,500,000	10.1%
Mr Pager	Nil	25,000,000	12,500,000	2,000,000	39,500,000	10.1%
Mr Hilbrands	Nil	7,500,000	3,750,000	Nil	11,250,000	2.9%
Total	**Nil**	**150,000,000**	**75,000,000**	**10,000,000**	**235,000,000**	**60.1%**
Total (related parties)[(b)]	**Nil**	**92,500,000**	**46,250,000**	**6,000,000**	**144,750,000**	**37.0%**

Notes:

[(a)] Following completion of the Proposal and reinstatement to the Official List of the ASX, assuming that all Options are exercised. These percentages are based on a total sum of 391,000,000 Shares (post-Consolidation), which has been calculated as follows: 16,000,000 (existing number of Shares on issue) + 150,000,000 (First Placement Shares) + 75,000,000 (First Placement Options, which are assumed to be exercised into Shares) + 150,000,000 (Second Placement Shares).

[(b)] The Related Parties of the Syndicate are Ms Joanne Kendrick, Mr Ross Warner and Mr Michael Pollak.

The maximum projected voting power of the Syndicate will range from 50.6% (on an undiluted basis) to 60.1% (on a fully diluted basis).

Summary of the background of the proposed Directors are set out in the Explanatory Statement of Resolutions 7 – 9 (inclusive) under this Notice of Meeting.

Intentions of the Syndicate (or their nominees)

The Company understands that, in the event that all the Resolutions under this Notice of Meeting are passed by Shareholders, the Company is successfully recapitalised and achieves reinstatement to the Official List of the ASX, it is the Syndicate's intention to implement each item of the Proposal, which amongst others, will result in the New Board taking over the responsibilities of the management of the Company. At this point in time, members of the Syndicate (or their nominees) will no longer be associates for the purposes of Chapter 6 of the Corporations Act.

However, as noted previously, certain members of the Syndicate will constitute the New Board. Accordingly, it would be relevant to identify the New Board's intentions for the Company.

It is the New Board's current intention to undertake the proposed business strategy of the Company, which is detailed in Section 4 of the Explanatory Statement at pages 18-20. As part of this strategy, the New Board will review the Company's existing operations to identify risks and opportunities to optimise production and improve profitability. Further capital may be required in the future if the Company's work program returns favourable outcomes and continues to be progressed. At present, the New Board does not have any intentions to transfer any property between the Company and any person associated with it, or change the Company's existing policies in relation to financial matters. The New Board's business strategy represents the best estimate for the Company at this time, and may change in line with emerging results, circumstances and opportunities in the future.

Advantages, disadvantages and risks of the Proposal

The Deed Administrators consider that the Proposal has the following advantages and disadvantages:

- *Advantage – improved financial condition*: Implementation of the Proposal and successful recapitalisation will result in the injection of an approximate net cash amount of $1.23 million into the Company after costs, and the Company will have minimal or no liabilities. Currently, the Company has negative net assets.

- *Advantage – greater potential return to Shareholders of the Company and the Creditors:* It is a condition of the DOCA that if Shareholders do not approve the Proposal by passing Resolutions 1 – 9 (inclusive) under this Notice of Meeting, the Company will likely go into liquidation, a position that has been endorsed by the Deed Administrators. Therefore, the alternative to this Proposal for Shareholders of the Company is liquidation, which may not result in a better potential return for Shareholders of the Company and the Creditors.

- *Disadvantage – Dilution of existing Shareholdings in the Company*: In the event that the Proposal is successfully implemented and the Company is recapitalised, the issue of First Placement Securities and Second Placement Shares under the Prospectus will have a significant dilutionary effect on the holdings of existing Shareholders of the Company.

- *Disadvantage – concentration of ownership within members of the Syndicate*: The Securities to be offered and issued to members of the Syndicate (or their nominees) pursuant to the Proposal will constitute up to approximately 60.1% of the Company's fully diluted capital (as set out in Table 5). There will therefore be a concentration of ownership of the Company among the members of the Syndicate (and their nominees). This may allow members of the Syndicate to exert significant influence over matters relating to the Company, including the election of future Directors or the approval of future transactions involving the Company. Also, given the size of the holdings, there may be an impact on the liquidity of the Company's securities.

  Following effectuation of the DOCA and completion of the Proposal which will result in the Company being recapitalised and reinstated to the Official List of the ASX, the members of the Syndicate (or their nominees) will no longer be associates for the purposes of Chapter 6 of the Corporations Act. Therefore, this disadvantage should not be taken as a representation that the members of the Syndicate (or their nominees) will be associates of one another, will likely exercise their voting rights as Shareholders in the same manner, post-completion of the Proposal.

- *Disadvantage – concentration of ownership within New Board:* As outlined in Table 5, the proposed maximum voting power of the proposed Directors of the Company is 37.0% of the Company's fully diluted capital (as set out in Table 5). Therefore, there will be a concentration of ownership of the Company with the New Board. This may allow the New Board to exert significant influence over matters relating to the Company.

- *Risk – inability to meet objectives and future capital requirements:* Despite the incoming New Board's intentions and the proposed business strategy, the Company may be unable to meet the objectives set out in this Notice of Meeting. The Company's ongoing activities will require substantial expenditure. There can be no guarantee that the funds raised under the Prospectus will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Proposal, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Securityholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

  The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Independent Expert's Report

The Corporations Act provides that an IER on the Proposal (which includes the acquisition of the relevant interest in the Company by the Syndicate (or their nominees) in excess of the threshold prescribed by section 606(1) of the Corporations Act) must be provided to Shareholders of the Company. The IER provides an opinion as to whether the acquisition of the voting power and interest referred to in this Explanatory Statement for Resolution 3 by the Syndicate (or their nominees) is fair and reasonable to the non-associated Shareholders of the Company.

Accordingly, the Syndicate has appointed Stantons (**Independent Expert**), a professional services firm based in Perth as an independent expert to produce the IER. The IER is contained in Annexure A of this Notice of Meeting.

The Independent Expert has concluded that the acquisition of the voting and interest by the Syndicate (or their nominees) may on balance collectively be considered to be fair and reasonable to the non-associated Shareholders of the Company, as of the date of the IER.

The advantages and disadvantages of the acquisition of the voting power and interest by Syndicate are outlined in the IER and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the acquisition of the voting power and interest proceeds as opposed to if it did not proceed.

Shareholders are urged to carefully read the IER before deciding how to vote on Resolution 3.

Deed Administrator's Recommendation

The Deed Administrators do not consider that it is appropriate to make a recommendation to the Shareholders of the Company, as its role is to ensure that the Company carries through the commitments set out in the DOCA. The Resolutions set out in this Notice represents the

Resolutions required to effect the Proposal submitted the Syndicate, which was accepted by the Creditors.

Professional Advice

If you have any doubt or do not understand this Resolution, it is strongly recommended that you seek advice from an accountant, solicitor or other professional advisor.

RESOLUTIONS 4, 5, and 6 – RELATED PARTY APPROVALS

Joanne Kendrick (**Ms Kendrick**), Ross Warner (**Mr Warner**), and Michael Pollak (**Mr Pollak**) are all proposed Directors of the Company (collectively referred to as the **Related Parties**). Under the terms of the Proposal, each of the Related Parties are members of the Syndicate and will be entitled to subscribe for Securities under the Prospectus, in the following amounts:

Table 6 – Issue of Securities to Related Parties

Resolution under this Notice of Meeting	Proposed Director	Max. First Placement Shares	Max. First Placement Options	Max. Second Placement Shares	Max. Total Holding (Fully diluted)
4	Ms Kendrick	33,750,000	16,875,000	2,000,000	52,625,000
5	Mr Warner	33,750,000	16,875,000	2,000,000	52,625,000
6	Mr Pollak	25,000,000	12,500,000	2,000,000	39,500,000
Total		92,500,000	46,250,000	6,000,000	144,750,000

The biographies of each of the Related Parties are set out below in the Explanatory Statements for Resolutions 7 to 9 (inclusive).

Related Party Approvals

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(b) prior Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Securities pursuant to the First Placement and the Second Placement constitute the giving of a financial benefit.

ASX Listing Rule 10.11 provides that a listed company must not issue equity securities to a related party without Shareholder approval. Each of the Securities pursuant to the First Placement and the Second Placement are classified as equity securities by the ASX Listing Rules.

A "related party" for the purposes of the Corporations Act and the ASX Listing Rules is widely defined and includes a proposed director of a public company or a spouse of a proposed director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

As Ms Kendrick, Mr Warner and Mr Pollak are each proposed Directors of the Company, they are all "related parties" of the Company for the purposes of the Corporations Act and the ASX Listing Rules, and the proposed issue of Securities pursuant to the First Placement and the Second Placement to each of them requires Shareholder approval under Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

The Deed Administrators considered that the issue of Second Placement Shares to the Related Parties could fall within the "arms-length terms" exception set out in section 210 of the Corporations Act. The Deed Administrators formed this view on the fact that the Second Placement will be a public offer available to general investors, some of whom are not related

parties to the Company. However, notwithstanding this, the Deed Administrators considered it prudent to seek related party approval for the issue of all Securities to the each of the Related Parties, including the Second Placement Shares.

Therefore, Resolutions 4, 5, and 6 seek Shareholder approval to issue Securities to the Related Parties in accordance with the portions set out in Table 6 above.

The specific number of Securities proposed to be issued to each of the Related Parties was agreed based on commercial negotiations between the members of the Syndicate and took into account each of their capacity and appetite to contribute to the fundraising and recapitalisation of the Company.

Information Required by ASX Listing Rule 10.13

The following information in relation to the Securities proposed to be issued to the Related Parties is provided to Shareholders for the purposes of ASX Listing Rule 10.13:

(a) The maximum number of First Placement Shares, First Placement Options and Second Placement Shares to be issued to each of the Related Parties is outlined in Table 6.

(b) The First Placement Shares, First Placement Options and Second Placement Shares will be offered under the Prospectus and issued within 1 month of Shareholder approval being obtained by the Company (or otherwise, as determined by the ASX in the exercise of their discretion).

(c) The issue price of each of the Securities will be as follows:

  (i) First Placement Share: $0.0025 per Share

  (ii) First Placement Option: $0.000025 per Option

  (iii) Second Placement Share: $0.01 per Share

(d) The First Placement Shares and Second Placement Shares will be fully paid on issue and rank equally in all aspects with all existing ordinary shares previously issued by the Company.

(e) The full terms of the First Placement Options are set out in Annexure C of this Notice of Meeting.

(f) The Company intends to use the funds raised from the Related Parties via the issue of Securities to each of them in accordance with Table 3.

Information Required by Chapter 2E of the Corporations Act

<u>The related party to whom the proposed Resolutions would permit the financial benefit to be given</u>

(a) Each of the Related Parties are a proposed Director of the Company.

<u>The nature of the financial benefit and other remuneration of the relevant directors</u>

(b) The nature of the financial benefit to be given to each of the Related Parties are the issue of Securities as outlined in Table 6.

(c) As of the date of this Notice of Meeting, none of the Related Parties have any existing holdings in the Securities of the Company.

(d) As of the date of this Notice of Meeting, because the Related Parties have not yet joined the Board of the Company, the Related Parties have not received any remuneration from the Company for both the current and previous financial years. However, subject to successful reinstatement of the Company's Securities to the Official List of the ASX, the Related Parties will be paid for their services from the time of appointment as follows:

Table 7 – Proposed Remuneration for Directors

Related Parties	Proposed Role	Proposed Remuneration
Joanne Kendrick	Managing Director	Up to $60,000
Ross Warner	Executive Director and Chairman	Up to $60,000
Michael Pollak	Non-Executive Director	Up to $60,000

(e) The First Placement Shares and Second Placement Shares will be fully paid on issue and rank equally in all aspects with all existing ordinary shares previously issued by the Company.

(f) The full terms of the First Placement Options are set out in Annexure C of this Notice of Meeting.

(g) Table 6 and Annexure B sets out the possible Shareholdings and voting power of each of the Related Parties on an undiluted and fully diluted basis. This assumes that all Options under the First Placement have been exercised in accordance with its terms.

Deed Administrator's recommendation and basis of financial benefit

(h) The Deed Administrators do not consider that it is appropriate to make a recommendation to the Shareholders of the Company, as its role is to ensure that the Company carries through the commitments set out in the DOCA. The Resolutions set out in this Notice represents the Resolutions required to effect the Proposal submitted the Syndicate, which was accepted by the Creditors.

(i) As consideration for the issue of Securities to the Related Parties under the First Placement and Second Placement, the Company will raise up to $292,406 in funds. The breakdown of these funds and the financial benefit that will be given to Related Parties is set out in the table below:

Table 8 – Funds Raised from Related Parties

Related Parties	Max. First Placement Shares	Max. First Placement Options	Max. Second Placement Shares	Funds Invested
Joanne Kendrick	33,750,000	16,875,000	2,000,000	$104,797
Ross Warner	33,750,000	16,875,000	2,000,000	$104,797
Michael Pollak	25,000,000	12,500,000	2,000,000	$82,813
Total	**92,500,000**	**46,250,000**	**6,000,000**	**$292,406**

(j) The Company intends to use the funds raised from the Related Parties via the issue of Securities to each of them in accordance with Table 3.

Capital Structure if Shareholder approval is obtained for all Resolutions

(k) The proposed capital structure of the Company at the time of reinstatement is outlined in Table 1.

(l) The dilutionary effect of the issue of Securities to each of the Related Parties are set out in Table 6 and Annexure B of this Notice of Meeting. On a fully diluted basis (assuming that all First Placement Options proposed to be issued under this Notice of Meeting are exercised):

(i) Ms Kendrick will hold a voting power of 13.5%;

(ii) Mr Warner will hold a voting power of 13.5%;

(iii) Mr Pollak will hold a voting power of 10.1%.

Existing and potential relevant interests

(m) As of the date of this Notice of Meeting, each of the Related Parties currently do not, either directly or indirectly, hold any Securities in the Company.

(n) The potential relevant security interest in the Company to be held by each of Related Parties is outlined in Table 6.

(o) The potential voting power to be held by each of the Related Parties is outlined in Table 6 and Annexure B of this Notice of Meeting. The fully diluted percentages have been calculated on the assumption that all of the First Placement Options in the Company are exercised, and therefore, should be treated with caution as there is no certainty that any of the First Placement Options will be exercised.

Trading history

(p) The Company's Shares were suspended from trading on the ASX on 11 September 2015. Therefore, on 10 September 2015, which was its final day of trading prior to suspension, the Company's share price closed at $0.500 (on a pre-Consolidation basis).

Valuation of the First Placement Options

(q) The First Placement Options will not be quoted on ASX. Stantons have valued the First Placement Options to be granted to the Related Parties using the Black and Scholes Option Pricing model. A summary of the valuation inputs are outlined in clause 8.9 of the IER. The discount of 25% arguably could be applied for the unlisted status of the options, and has been incorporated into the calculations. Based on the value ascribed in the IER, the First Placement Options to be granted to the Related Parties under Resolutions 4, 5 and 6 have been valued as follows:

Table 9 – First Placement Options Valuation

Description	Expiry Date	Exercise Price	Volatility	Value for one First Placement Option before discounting	Discount rate	Value for one First Placement Option after discounting
First Placement Options	30 June 2020	$0.01	75%	$0.00467	25%	$0.00350

(r) Based on the valuation in Table 9, the value of the First Placement Options to be issued to each of the Related Parties are as follows:

Table 10 – First Placement Option Holdings Value

Proposed Director	Max. First Placement Options	Value of First Placement Options
Joanne Kendrick	16,875,000	$59,108
Ross Warner	16,875,000	$59,108
Michael Pollak	12,500,000	$43,783

Valuation of the Shares

(s) Prior to the Proposal and the recapitalisation of the Company, section 5.6 of the IER states that the theoretical value of a Share in the Company is nil cents. If the Proposal is completed and the recapitalisation process if finalised, section 5.7 of the IER states that the net value of a Share (which would include First Placement Shares and Second Placement Shares) immediately after recapitalisation would be approximately 0.46 cents per Share.

Independent Expert's Report

Shareholders should carefully consider the IER prepared by Stantons for the purpose of seeking Shareholder approval required under Chapter 2E of the Corporations Act. The IER comments on the fairness and reasonableness of the transaction to the non-associated Shareholders of the Company and concludes that the transaction is fair and reasonable.

RESOLUTIONS 7, 8 and 9 – ELECTION OF DIRECTORS

Resolutions 7, 8, and 9 seek Shareholder approval for the election of Ms Joanne Kendrick and Messrs Ross Warner and Michael Pollak as Directors of the Company pursuant to rule 45(a) of the Company's Constitution and section 201E of the Corporations Act.

Set out below is a summary of the background for each of the proposed Directors who will comprise of the full New Board at the time of reinstatement to the Official List of the ASX.

Ms Joanne Kendrick, Managing Director – Resolution 7

Joanne is a seasoned industry professional with over 20 years of experience in technical and senior roles with Woodside Petroleum, Newfield Exploration, Gulf Australia and Nido Petroleum. She is a Petroleum/Reservoir Engineer by background and has been responsible for managing ongoing infield production operations and significant drilling and development projects for close to 15 years. With significant ASX experience as the Deputy Managing Director at Nido Petroleum for 7 years she is well placed to lead an ASX listed company operating oil and gas assets.

Mr Ross Warner, Executive Director and Chairman – Resolution 8

Ross is an experienced natural resources executive. He has held executive and non-executive director roles in several public companies listed on AIM and the ASX and a number of private companies. He has been involved in operated and non-operated oil and gas assets in Texas, Louisiana and Oklahoma and gas to power in Indonesia. He practiced as a corporate finance lawyer with Mallesons in Perth and Melbourne and Clifford Chance in London.

Mr Michael Pollak, Non-Executive Director – Resolution 9

Michael Pollak holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers over 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining, technology and manufacturing.

Michael is currently a director of MOQ Limited and was previously a director of various ASX listed entities including UCW Limited, Prospect Resources Limited, Metalicity Limited, Rhipe Limited and HJB Corporation Limited, being companies that he previously recapitalised. Michael was also involved in the recapitalisation of various other companies listed on the ASX (via a DOCA and Creditors Trust).

RESOLUTION 10 – REPEAL AND ADOPTION OF A CONSTITUTION

The Company's current constitution was adopted by the Company on 27 May 2010.

The Company intends to change its constitution (**New Constitution**) so that it is more appropriate for an ASX listed company as the constitution has not been updated for more than 7 years to reflect changes in the Corporations Act and ASX Listing Rules.

A complete signed copy of the New Constitution will be tabled at the Extraordinary General Meeting.

This Resolution is a special resolution, and as such, it can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on this Resolution are voted in its favour.

Professional Advice

If you have any doubt or do not understand this Resolution, it is strongly recommended that you seek advice from a solicitor or other professional advisor.

RESOLUTION 11 – CHANGE OF COMPANY NAME

The Proposal will change the Company in a number of different ways. Consistent with this new direction, the Company proposes to change its name from "Antares Energy Limited" to "Big Star Energy Ltd".

This change in name will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

Pursuant to section 157 of the Corporations Act, a change in company name can only be enacted by Shareholders via a special resolution. Therefore, Resolution 11 can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on this Resolution are voted in its favour.

ENQUIRIES

Shareholders are asked to contact Quentin Olde, Deed Administrator, on +61 2 8247 8000 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

AEC means Antares Energy Company, a wholly owned subsidiary of the Company based in the USA.

Antares Business means the existing unencumbered assets of the Company, in particular the assets held by the Company's wholly owned subsidiary, AEC.

Antares Group means the group of companies led by the Company that operates the Antares Business.

ASIC means Australian Securities and Investment Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules means the official listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Big Star Area means the area in the Midland Basin as marked in Figure 1 on page 19.

Big Star Project means the Company's oil and gas exploration and production interests within the Big Star Area, including the 5 wellbores listed in Table 2.

Board means the current board of Directors of the Company.

Business Day means a day as determined by the ASX pursuant to the Listing Rules.

Company or **AZZ** means Antares Energy Limited (ACN 009 230 835) (Subject to Deed of Company Arrangement) care of FTI Consulting, Level 15, 50 Pitt Street, Sydney NSW 2000.

Constitution means the Company's constitution.

Consolidation refers to the consolidation of the number of securities on issue in the Company on a fifteen (15) for one (1) basis.

Corporations Act means the *Corporations Act* 2001 (Cth) as amended or replaced from time to time.

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

Creditor means creditors of the Company.

Creditors Trust means the trust established pursuant to the Creditors' Trust Deed for the purposes of satisfying approved Creditor claims.

Creditors Trust Deed means the Creditors Trust Deed entered into by the Company.

Deed Administrators and **Administrator** means Quentin James Olde and Michael Joseph Ryan of FTI Consulting, Level 15, 50 Pitt Street, Sydney NSW 2000.

Director means a current or proposed director of the Company, as the context requires.

DOCA means the Deed of Company Arrangement entered into by the Company with the Syndicate led by Pager Partners on 21 December 2016.

Dollar or "**$**" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Extraordinary General Meeting or **Meeting** means the meeting of the Company's members convened by this Notice of Meeting.

First Placement means the issue of 150,000,000 First Placement Shares and 75,000,000 First Placement Options to the Syndicate (or their nominees) and other investors that are invited by the Company as part of the Proposal.

First Placement Options means an Option to subscribe for one (1) Share in the Company at an issue price of $0.000025 per Option that is being issued as part of the First Placement.

First Placement Securities means the First Placement Shares and the First Placement Options, which represents the Securities to be issued under the First Placement.

First Placement Shares means a Share in the Company at an issue price of $0.0025 per Share that is being issued as part of the First Placement.

Independent Expert or **Stantons** means Stantons International Securities Pty Ltd (ABN 42 128 908 289) of Level 2, 1 Walker Avenue, West Perth, WA 6005.

Independent Expert's Report or **IER** means the report by the Independent Expert annexed to this Notice of Extraordinary General Meeting as Annexure A.

Midland Basin means the sedimentary basin located at the area marked in Figure 1 on page 19.

New Board means the proposed Board of Directors of the Company constituting of Ms Joanne Kendrick, Mr Ross Warner and Mr Michael Pollak.

New Constitution means the constitution that will be tabled at this Notice of Meeting and proposed to be adopted by the Company as its constitution. A copy of the New Constitution can be viewed before the Extraordinary General Meeting by sending a written request to the Company.

Northern Star Project means the Company's oil and gas exploration and production interests located in southwest Dawson County, Texas USA.

Notice of Meeting or **Notice of Extraordinary General Meeting** means this Notice of Extraordinary General Meeting dated 19 December 2017 including the Explanatory Statement.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Pager Partners means Pager Partners Corporate Advisory Pty Ltd (ACN 123 845 401) as trustee for The Pager Partners Investment Trust.

Permian Basin means the sedimentary basin largely contained in the western part of Texas USA and the south-eastern part of New Mexico USA, which is partially represented in Figure 1 on page 19, and includes the Midland Basin.

Post-Consolidation refer to the numbers of Securities on issue in the Company after the Consolidation contemplated by Resolution 1 under this Notice of Meeting is approved by Shareholders.

Proposal means the proposal presented by the Syndicate for the restructure and recapitalisation of the Company that was accepted by the Creditors of the Company, together with the Deed Administrators on 2 December 2016.

Proxy Form means the proxy form attached to this Notice of Meeting.

Related Party or **Related Parties** means each Ms Joanne Kendrick, Mr Ross Warner and Mr Michael Pollak.

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

Santa means Santa Pty Ltd, a wholly owned subsidiary of the Company based in Australia.

Second Placement means the placement subject of Resolution 2, being the issue of up to 150,000,000 Second Placement Shares to general investors that may include members of the Syndicate (or their nominees).

Second Placement Shares means a Share in the Company at an issue price of $0.01 per Share that is being issued as part of the Second Placement

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

Shareholder means a holder of a Share.

Spraberry Formation means an oil field located within the Permian Basin having an area of approximately 6500 square kilometres.

Syndicate means the syndicate headed by Pager Partners that made the Proposal to the Company.

USA means United States of America.

USGS means United States Geological Survey.

VWAP means Volume Weighted Average Price.

Wolfcamp Shale means the oil shale located in the Midland Basin as marked in Figure 1 on page 19.

ANNEXURE A – INDEPENDENT EXPERT'S REPORT

Stantons International Securities

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
AFS Licence No: 448697
www.stantons.com.au

5 December 2017

The Deed Administrators
Antares Energy Limited (Subject to a Deed of Company Arrangement)
C/- FTI Consulting
Level 15
50 Pitt Street
SYDNEY NSW 2000

Summary of Opinion

For the purposes of section 611 (item 7) of TCA, in relation to the approval to issue 150,000,000 First Placement Shares and 75,000,000 First Placement Options and allowing the three proposed directors of the Company to subscribe for a collective total of 92,500,000 First Placement Shares, 46,250,000 First Placement Options and 6,000,000 Second Placement Shares, in our opinion taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 7 of this report, the proposals as outlined in paragraph 1.1 and Resolutions 3 to 6 are considered to be fair and reasonable at the date of this report.

Dear Sirs

RE: ANTARES ENERGY LIMITED ("ANTARES" OR "THE COMPANY") (ACN 009 230 835) ON THE PROPOSAL THAT SHAREHOLDERS APPROVE THE ISSUE OF UP TO 150,000,000 FIRST PLACEMENT SHARES AT 0.25 CENTS EACH AND UP TO 75,000,000 FIRST PLACEMENT OPTIONS AT AN EXERCISE PRICE OF 1 CENT PER OPTION AS NOTED BELOW AND IN RESOLUTION 3 TO CUMULATIVELY RAISE $476,875 (FROM A TOTAL CAPITAL RAISING OF $1,876,875). MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA"). THE ISSUE OF A TOTAL OF 92,500,000 FIRST PLACEMENT SHARES, 46,250,000 FIRST PLACEMENT OPTIONS AND UP TO 6,000,000 SECOND PLACEMENT SHARES COLLECTIVELY TO THE PROPOSED DIRECTORS OF THE COMPANY AS NOTED IN RESOLUTIONS 4 TO 6 RESPECTIVELY – MEETING PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE ('ASX") LISTING RULE 10.11.

1. Introduction

1.1 We have been requested by the Syndicate (refer to paragraph 1.4) to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposals as set out in Resolutions 3 to 6 of the Notice of Meeting ("the Notice") planned to be disseminated to shareholders of ANTARES in December 2017.

1.2 Resolution 3 relates to issue a total of 150,000,000 ordinary shares ("First Placement Shares") in ANTARES at an issue price of 0.25 cents each to raise a gross $375,000 and the proposal to issue 75,000,000 options in ANTARES ("First Placement Options") at an issue price of 0.0025 cents per option to raise $1,875 to be exercisable at 1 cent per First Placement Option with an expiry date on or before 30 June 2020 and up to 10,000,000 ordinary shares ("Second Placement Shares") in ANTARES at an issue price of 1.0 cent each to raise up to a gross $100,000. The up to 10,000,000 Second Placement Shares are part of the up to 150,000,000 Second Placement Shares to be issued at 1.0 cent each to raise up to $1,500,000 as noted in Resolution 2.

Resolution 4 refers to the issue of 33,750,000 First Placement Shares, 16,875,000 First Placement Options and up to 2,000,000 Second Placement Shares to the proposed Director of the Company, Joanne Kendrick.

Resolution 5 refers to the issue of 33,750,000 First Placement Shares, 16,875,000 First Placement Options and up to 2,000,000 Second Placement Shares to the proposed Director of the Company, Ross Warner.

Resolution 6 refers to the issue of 25,000,000 First Placement Shares, 12,500,000 First Placement Options and up to 2,000,000 Second Placement Shares to the proposed Director of the Company, Michael Pollak.

All of the Shares and Options being issued to the proposed Directors pursuant to Resolutions 4, 5 and 6 respectively are part of the 150,000,000 First Placement Shares, 75,000,000 First Placement Options and 150,000,000 Second Placement Shares as noted above and in Resolution 3.

1.3 The issue of the First Placement Shares includes the issues of 92,500,000 ordinary ANTARES shares to a consortium comprising of Joanne Kendrick (or nominee) ("Kendrick"), Ross Warner (or nominee) ("Warner") and Michael Pollak (or nominee) ("Pollak") (together "the Consortium" or "Related Parties") and a further 57,500,000 shares to other associates of the Consortium, including Messer's Jonathan Pager, Hugh Warner and Chris Hillbrand collectively (together "the Syndicate"). The Consortium is also to be issued a further 46,250,000 First Placement Options, a further 6,000,000 Second Placement Shares, whilst associates of the Consortium, will be issued up to a further 28,750,000 First Placement Options and up to 4,000,000 Second Placement Shares. Table 5 in the Explanatory Statement to Shareholders ("ES") attached to the Notice outlines all Shares and Options to be issued to each Syndicate member.

1.4 There are 240,000,000 shares on issue in ANTARES. Resolution 1 relates to the consolidation of capital on a 1 shares for 15 basis. Accordingly, should Resolution 1 be consummated, the potential shares on issue post 1 for 15 consolidation, would amount to 16,000,000 shares on issue.

1.5 The proposed issue of 92,500,000 First Placement Shares, 46,250,000 First Placement Options, and up to 6,000,000 Second Placement Shares to the Consortium, is referred to in this report as the "Consortium Subscription" as part of a maximum total $1,876,875 capital raising as noted below (before the potential exercise of First Placement Options).

In addition to the Consortium Subscription, the additional proposed issue of a further 57,500,000 First Placement Shares, the proposed issue of up to an additional 28,750,000 First Placement Options and up to a further proposed issue of 4,000,000 Second Placement Shares to the associates of the Consortium, is referred to as the "Syndicate Subscription".

The issue of First Placement Shares and Second Placement Shares to the Syndicate is referred to as "Syndicate Subscription Shares", whilst the issue of First Placement Options to the Syndicate is referred to as "Syndicate Subscription Options". The Syndicate Subscription, which is included as part of the proposal as set out in Resolution 3, is also individually voted upon by non-associated shareholders of ANTARES (that is shareholders not associated with the Consortium), for each proposed new related party. Accordingly, Resolutions 4, 5 and 6, which cumulatively form part of Resolution 3, also relate to the proposed issue of First Placement Shares, First Placement Options and Second Placement Shares to Messer's Kendrick, Warner and Pollak individually. Accordingly, the issue of the Company's Shares and Options to each of Kendrick, Warner and Pollak are being dealt with individually under Resolutions 4, 5 and 6 of the Notice as they are related parties to the Company.

1.6 The Resolutions pertaining to the maximum issue of First Placement Shares, First Placement Options and Second Placement Shares amongst the Syndicate is as follows:

Resolution	Related Party	Maximum First Placement Shares to be issued	Issue and Exercise of First Placement Options	Maximum Second Placement Shares to be issued	Total Potential Share Issue	Maximum Voting Power*
4	Kendrick	33,750,000	16,875,000	2,000,000	**52,625,000**	13.46%
5	Warner	33,750,000	16,875,000	2,000,000	**52,625,000**	13.46%
6	Pollak	25,000,000	12,500,000	2,000,000	**39,500,000**	10.10%
	Total Consortium Subscription	**92,500,000**	**46,250,000**	**6,000,000**	**144,750,000**	**37.02%**
	Other Associates (non- related parties)^	57,500,000	28,750,000	4,000,000	**90,250,000**	23.08%
3	**Total Syndicate Subscription**	**150,000,000**	**75,000,000**	**10,000,000**	**235,000,000**	**60.10%**
2 and 3**	**Total**	**150,000,000**	**75,000,000**	**150,000,000**	**375,000,000**	**95.91%**

**In an expanded share capital structure of ANTARES. That is should the maximum First Placement Shares, First Placement Options and Second Placement Shares be issued to the relevant holder and assuming the 1 for 15 share consolidation.*
^Represents issue of shares and options to associates of the Consortium
***This IER does not relate to the total of these Resolutions, rather Resolutions 3 to 6 as noted above.*

1.7 There would be 316,000,000 shares on issue prior to the exercise of the 75,000,000 First Placement Options and 391,000,000 shares on issue if all First Placement Options are exercised (that would raise $750,000). Prior to the exercise of the First Placement options, the Consortium Subscription members (the Related Parties) collective shareholding in ANTATES would approximate 31.17% and the Syndicate collective shareholding in ANTARES would approximate 50.63%.

1.8 On 11 May 2016, Quentin Olde and Michael Ryan of FTI Consulting were appointed as replacement joint and several administrators of Antares ("Administrators" and "Deed Administrators"), following the appointment of Bryan Hughes and Daniel Bredenkamp of Pitcher Partners on 28 April 2016, of Antares Energy Limited (ACN 009 230 835) (subject to Deed of Company Arrangement) and assumed control of the Company and its business, property and affairs.

On 2 December 2016, creditors of the Company ("Creditors") voted in favour of a deed of company arrangement ("DOCA") submitted by Pager Partners Corporate Advisory Pty Ltd ("Syndicate"), which dealt with the restructure and recapitalisation of the Company including the settlement of Creditor claims ("Proposal"). If completed, the Proposal will result in sufficient capital being injected into the Company to enable it to seek to continue its business and apply for the reinstatement of its Securities to the Official List on the ASX. The DOCA was entered into by the Deed Administrators on 21 December 2016.

1.9 As referred to in the ES attached to the Notice, it is proposed that the Company will be restructured (hereinafter referred to as the "Restructure"), subject to shareholder approval such that:

(a) All of the remaining assets of the Company (excluding the Northern Star Project) including but not limited to those of its wholly owned subsidiary Antares Energy Company ("AEC") including the Big Star Project (oil and gas exploration/production interests in the Permian Basin, Texas, USA) and all assets/intellectual property relating to the Big Star Project, operation infrastructure, plant and equipment, registered business names, intellectual property, goodwill, domain names (including www.antaresenergy.com), websites, customer and supplier lists, contracts, business processes and procedures, and all other assets to operate the business ("Antares Business") being retained by ANTARES, or transferred to ANTARES (or a newly created subsidiary) from its subsidiaries. The Antares Business must remain as an unencumbered asset of the

Company to enable the Company to be reinstated to trading on the ASX. In addition, all other liabilities and obligations of the Company are to be released pursuant to the terms of the DOCA.

(b) the Company retaining and exploiting its interest in the Antares Business in the ordinary course and exploiting complementary and any other business opportunities. All other liabilities and obligations of AZZ are to be released pursuant to the terms of the DOCA.

(c) the Company enters into a Creditors Trust Deed for the purpose of satisfying approved creditor claims;

(d) the Company making any rights in its sundry debtors and other assets not acquired by the Consortium for the purposes of satisfying the Company's Creditors;

(e) any chose in action the Company, Santa Energy Pty Limited and/or Antares Energy Company (a Delaware incorporated company) have against directors and former directors of the Company and the Subsidiaries including the existing proceedings against James Cruickshank and/or Greg Shoemaker;

(f) the payment of $500,000 in cash for the partial satisfaction of the Company's Creditor's claims – please note that the Syndicate has already transferred a deposit of $10,000 upon execution of the DOCA;

(g) the Consolidation of the Company's existing share capital subject to a 1 for 15 share consolidation (Resolution 1);

(h) a new Capital Raising be undertaken (refer to proposals put to existing ANTARES shareholders as part of Resolutions 2 to 6 of the Notice);

(i) new Directors, namely Messer's Kendrick, Warner and Pollak be appointed as Directors of ANTARES (Resolutions 7, 8 and 9 respectively); and

(j) other conditions as outlined in section 2 of the Explanatory Statement (ES) attached to the Notice of Meeting.

In addition, the Company proposes to adopt a new Constitution (Resolution 10) and change its name to Big Star Energy Limited (Resolution 11).

1.10 The above Restructure is subject to the Company obtaining necessary shareholder approvals and any ASX regulatory re-quotation approvals, as well as ANTARES being released from all liabilities and long-term commitments through the contemporaneous effectuation of the DOCA and payment of cash consideration. Inter alia, the Company's secured creditors (if any) must also vote to release security over assets, and all creditors will be required to be satisfied from the Creditors Trust. Furthermore, all subsidiaries of ANTARES shall be excised from ANTARES (unless required by the Consortium).

1.11 Under section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or
(b) from a starting point that is above 20% and below 90%.

Under section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a section 611 (Item 7) meeting.

1.12 Following completion of the Restructure and the other proposals noted in paragraph 1.2 above and in the Notice, the Syndicate who currently holds Nil shares in ANTARES would own a total of up to160,000,000 shares in ANTARES (not including the potential issue and exercise of First Placement Options)) representing approximately 50.63% of the then shares on issue (assuming no other shares are issued or options converted). There would be 316,000,000 ANTARES shares on issue.

Furthermore, should the First Placement Options be issued and exercised, the Syndicate could own approximately 235,000,000 shares in the expanded capital of ANTARES, and this would represent approximately 60.10% of the then expanded shares on issue in ANTARES (total shares on issue would increase to 391,000,000). As it is envisaged that the Consortium would collectively hold approximately 31.17% of the issued capital of ANTARES (post issuance of the First Placement Shares and Second Placement Shares, but before the issue and exercise of the First Placement Options), and hold approximately 37.02% of the expanded share capital of ANTARES (post issuance and exercise of First Placement Options), the Consortium will be deemed to have control of ANTARES and will have effective Board control post the effectuation of the Restructure.

1.13 Individually, members of the Consortium, namely Messer's Kendrick, Warner and Pollak, would own approximately 11.31%, 11.31% and 8.54% respectively of the issued capital of ANTARES (after the 1 for 15 share consolidation, but before the issue and potential exercise of First Placement Options). Should the First Placement Options be issued and fully exercised, Messer's Kendrick, Warner and Pollak would individually own approximately 13.46%, 13.46% and 10.10% of the Company respectively.

1.14 A notice prepared in relation to a meeting of shareholders convened for the purposes of section 611 (Item 7) of TCA should be accompanied by an independent expert's report stating whether it is fair and reasonable to approve the issue of 150,000,000 First Placement Shares, 75,000,000 First Placement Options and up to 10,000,000 Second Placement Shares to raise a gross $476,875 to the Syndicate. To assist shareholders in making a decision on the proposal outlined in Resolution 3 of the Notice, (and Resolutions 4 to 6 relating to individual members of the Consortium, namely Messer's Kendrick, Warner and Pollak respectively which also form part of Resolution 3 of the Notice), the proposed new directors have requested that Stantons International Securities prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the proposals under Resolutions 3 to 6 are fair and reasonable to the non-associated shareholders of ANTARES.

1.15 We are not reporting on the fairness and reasonableness of the other resolutions referred to in the Notice and Explanatory Statement, other than Resolutions 3 to 6 as outlined above. However, to report on the fairness and reasonableness of such resolutions, we have taken into account Resolution 3 that relate to the issue of all First Placement Shares, First Placement Options and Second Placement Shares. All such resolutions are inter-dependent on each other and all must be passed.

1.16 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals with the Consortium
- Corporate history and nature of business
- Future direction of ANTARES
- Basis of valuation of ANTARES shares
- Premium for control
- Consideration as to fairness and reasonableness
- Conclusion as to fairness and reasonableness
- Sources of information
- Appendix A and Financial Services Guide

1.17 In determining the fairness and reasonableness of the transactions pursuant to Resolutions 3 to 6 we have had regard to the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". The Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or

reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

An offer may also be reasonable, if despite not being" fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottees and whether a premium for potential control is being paid by the allottees. Regulatory Guide 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non- associated shareholders if the transactions proceed compared with if they do not.

1.18 Accordingly, our report in relation to Resolution 3 comprising the approval to issue 150,000,000 First Placement Shares, 75,000,000 First Placement Options and up to 10,000,000 Second Placement Shares to the Syndicate or their nominees (and the proposals under Resolutions 4 to 6) is concerned with the fairness and reasonableness of the proposals with respect to the existing non-associated shareholders of ANTARES and whether the Consortium is paying a premium for control.

Summary of Opinions

1.19 **For the purposes of section 611 (item 7) of TCA, the proposals in relation to the approval to issue up to 150,000,000 First Placement Shares, up to 10,000,000 Second Placement Shares and up to 75,000,000 First Placement Options to the Syndicate as set out in Resolution 3 and the proposals to issue:**

- 33,750,000 First Placement Shares, 16,875,000 First Placement Options and up to 2,000,000 Second Placement Shares to Kendrick individually (or her nominee) (Resolution 4);
- 33,750,000 First Placement Shares, 16,875,000 First Placement Options and up to 2,000,000 Second Placement Shares to Warner individually (or his nominee) (Resolution 5); and
- 25,000,000 First Placement Shares, 12,500,000 First Placement Options and up to 2,000,000 Second Placement Shares to Pollak individually (or his nominee) (Resolution 6)

are in our opinion taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 7 of this report, may on balance collectively be considered to be fair and reasonable to the non-associated shareholders of ANTARES at the date of this report.

1.20 Each shareholder needs to examine the share price of ANTARES, market conditions and announcements made by ANTARES up to the date of the shareholders meeting at the time of exercise of vote to ascertain the impact, if any, on Resolutions 3 to 6 (and all other resolutions). The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

2.1 As at 30 November 2017, there are 240,000,000 pre-consolidated ordinary fully paid shares on issue in ANTARES. Post the implementation of all of the recapitalisation proposals, the number of shares may be:

Number of Pre-consolidated shares on issue	240,000,000
1 for 15 Consolidation of capital (subject to rounding)	16,000,000
Issue of First Placement Shares	150,000,000
Issue of Second Placement Shares	150,000,000
Shares on issue prior to exercise of share options	**316,000,000**
Exercise of the First Placement Options	75,000,000
Potential shares on issue	**391,000,000**

Further details on the shares that could be on issue and the shareholding interests of the Syndicate and other parties are noted in Table 5 of the ES attached to the Notice and Appendix B attached to the Notice and ES.

2.2 Following completion of the capital raising and the other proposals noted in paragraph 1.2 above and in the Notice, the Syndicate who currently holds Nil shares in ANTARES would own a total of up to 235,000,000 shares in ANTARES representing approximately 60.10% of the then shares on issue (assuming all other shares are issued as envisaged and all options issued have been made and the full exercise of options completed by the option holders as described in the ES). There would be 391,000,000 ANTARES shares on issue.

The Company will raise $1,876,875 from the issue of First Placement Shares, Second Placement Shares and First Placement Options, (but before the exercise of First Placement Options) of which $476,875 will come from the Syndicate or their nominees. Should the Syndicate receive its full allotment of First Placement Options and exercise all the aforementioned options, a further $750,000 would be raised upon exercise of these options at a future point in time from the Syndicate.

Should the Syndicate exercise its allotment of First Placement Options, the amount raised from the Syndicate would increase by $750,000 to a total amount raised of $1,226,875 out of a total of $2,626,875.

2.3 We understand that the Subscription monies raised will be used for working capital, development of the existing Antares Business, payment to the Deed Administrator under the DOCA and identifying new opportunities for ANTARES shareholders. The Use of Funds Section of the ES notes the planned expenditure of the funds raised from the placement of the First Placement Shares, First Placement Options and Second Placement Shares.

2.4 The Board of ANTARES, should all Resolutions as part of the Notice be consummated and the DOCA be effectuated (that is post potential shareholder approval), would consist of Messer's Kendrick, Warner and Pollak. Further new directors may be appointed in the future as the needs arise and subject to the Consortium nominating any new directors.

2.5 Following completion of the Restructure and the other proposals noted in paragraph 1.2 above and in the Notice, the Syndicate who currently holds Nil shares in ANTARES would own a total of 160,000,000 shares in ANTARES (not including the potential issue and exercise of First Placement Options)) representing approximately 50.63% of the then shares on issue (assuming no other shares are issued or options converted). The Consortium (part of the Syndicate) would own approximately 31.17%. There would be 316,000,000 ANTARES shares on issue.

Furthermore, should the First Placement Options be issued and exercised, the Syndicate could own approximately 235,000,000 shares in the expanded capital of ANTARES, and this would represent approximately 60.10% of the then expanded shares on issue in ANTARES (total shares on issue would increase to 391,000,000). As it is envisaged that the Consortium would collectively hold approximately 31.17% of the issued capital of ANTARES (post issuance of the First Placement Shares and Second Placement Shares, but before the issue and exercise of the First Placement Options), and hold approximately 50.63% of the expanded share capital of ANTARES (post issuance and exercise of First Placement Options), the Consortium will be deemed to have control of ANTARES and will have effective Board control post the effectuation of the Restructure.

Individually, members of the Consortium, namely Messer's Kendrick, Warner and Pollak, would own approximately 11.31%, 11.31% and 8.54% respectively of the issued capital of ANTARES (after the 1 for 15 share consolidation, but before the issue and potential exercise of First Placement Options). Should the First Placement Options be issued and fully exercised, Messer's Kendrick, Warner and Pollak would individually own approximately 13.46%, 13.46% and 10.10% of the Company respectively. Annexure B to the Notice and ES refers to possible shareholdings in ANTARES.

2.6 The estimated costs of the Notice for the meeting of shareholders and other costs including corporate and advisory fees, GST, ASX listing fees and other costs will be around $140,000. Under the Recapitalisation Proposal the Company will also pay a further $490,000 to the Creditors Trust ($10,000 has already been paid as a deposit).

2.7 Set out below is a statement of financial position of the Company as at 30 June 2017 (prior to effectuation of the DOCA) together with the pro-forma balance sheet (statement of financial position) if all resolutions are passed and consummated and the DOCA is effectuated (all liabilities eliminated and transferred to the Creditors Trust and all current assets and other non-current assets transferred to the Creditors Trust or realised by the Administrators or the Deed Administrators).

	Statement of Financial Position* $	**Statement of Financial Position after all Resolutions passed $**
Current Assets		
Cash Assets	454,000	1,376,875
Other current assets	68,000	-
	522,000	1,376,875
Non-Current Assets		
ANTARES Energy Asset (see paragraph 3.3 below)	387,000	387,000
	387,000	387,000
Total assets	909,000	1,763,875
Liabilities		
Trade Creditors and Accruals	822,000	140,000^
Interest bearing liabilities	47,500,000	-
Provisions	162,000	162,000
Total Liabilities	48,484,000	302,000
Net Deficiency/Surplus	(47,575,000)	1,461,875

**Based on 30 June 2017 audited accounts which were qualified due to the Company being in administration.*

^ Costs of the Notice, Listing fees and other costs of the recapitalisation.

	Estimated Statement of Financial Position $	Statement of Financial Position after Resolutions passed $
Equity		
Issued Capital	84,436,000	86,311,000
Reserves	32,532,000	32,533,875
Accumulated Losses	(164,543,000)	(117,383,000)
Total Equity	(47,575,000)	1,461,875

Note 1
The movement in the cash assets is reconciled as follows:

Cash Assets:	
Opening Balance after transfer of cash to the Deed Administrators	-
Option Issue	1,875
Placement of Shares at approximately $0.0025 each	375,000
Placement of Shares at approximately $0.01 each	1,500,000
Payment to the Creditors Trust	(500,000)
Net cash on hand	1,376,875

Thus, estimated net cash after the capital raisings and payment for costs of the Notice and other costs and the payment to the Creditors Trust will be $1,236,875 and no other material liabilities (after adjustment of $140,000 of trade creditors and accruals).

All other assets and liabilities (as disclosed at 30 June 2015) have been dealt with by the Administrators and/or Deed Administrators (except for the Big Star oil and gas project that includes gas exploration acreage in the Midland Basin in Texas, USA)") ("Big Star Project") as well as some Overriding Royalty Interests (ORRI's) and via the DOCA are no longer assets or liabilities of the ANTARES Group. A report to the creditors of the Company by the Administrators of November 2016, indicated estimated realisability of the group's assets (some had been sold and certain creditors repaid since 20 June 2015) at approximately $999,000. Administrators fees and costs were estimated at $923,000 resulting in a surplus of $76,000. However, pre-administration creditors were estimated at approximately $48,110,000 (now estimated at 30 June 2017 of around $48,322,000) indicating a massive shortfall payable to the creditors of ANTERAS. On such a basis, the value of ANTARES is NIL and the shares in ANTATRES prior to the recapitalisation proposal have no value.

2.8 Pending detailed review of the value of the Big Star Project post the Company's recapitalisation and re-listing, the value of the Company's retained assets in the Midland Basin, Texas, USA (known as the Big Star Project is estimated by the Company to be approximately AU$225,000 (net of abandonment liabilities estimated at $162,000) on the basis of the proposed sale value of US$150/acre for acres expiring after 31/3/2018 at the nearby Northern Star asset. The valuation workpaper disclosed post 31 March 2018 acreage at approximately 1,747 acres. The US$150/acre was based on actual realisable values for the Northern Star acreage/project which was significantly lower than prior estimates before the Company went into Administration. In view of the relatively small acreage compared with the Northern Star acreage (was the main asset of the Company and has been sold by the Administrators), we have accepted the US$150/acre as reasonable in the circumstances. Any increase in value (if at all) may well be dependent on future oil prices, costs of production and discovering more recoverable oil (that cannot be assured). The Administrators tried to sell the Big Star Project but with little interest. Without cash (that currently Antares does not have) and even after the recapitalisation further funds may be needed to assess the full potential of Big Star. We believe ascribing US$150 per acre to Big Star in assessing the current value of a share in Antares is more than reasonable. As noted elsewhere in this report, the current value of a share in Antares is nil (creditors materially exceed assets).

Post restructure and recapitalisation, the Company will own 5 wellbores (4 of which are operated by the Company) on 240 acres of land held for production in what is known as the Big Star area in Dawson County, Texas. Two of the Company's wells are currently producing 8 barrels of oil per day giving the Company gross revenue of $12,000 per month at US$50/bbl. The Company intends to continue production; optimise the existing production and evaluate the commerciality of reinstating the other wellbores to service subject to regulatory and landowner consents.

Further information on the Big Star Project is outlined in Section 4 of the ES.

3. Corporate History and Nature of Business

3.1 ANTARES is currently suspended from its listing on the ASX and concentrated its efforts on oil and gas exploration/production in the USA. The Company will evaluate the economic viability of continuing this business, the value of the Big Star Project and may possibly look to acquire new projects/businesses in the future.

3.2 A summarised audit reviewed consolidated balance sheet (statement of financial position) of ANTARES post ratification of all Resolutions is outlined in paragraph 2.7 of this report.

3.3 The pro-forma statement of financial position has included the $225,000 (net of abandonment liabilities of $162,000) (gross $387,000) attributable to the Big Star Project and Midland Basin acreage. Notwithstanding, the net asset position prior to the Restructure of the Company is estimated to be negative and is therefore valued at nil.

4. Future Directions of ANTARES

4.1 We have been advised by the proposed new directors and management of ANTARES that:

- The immediate short-term plan is to reapply for trading on the ASX so that the shares are freely tradable on the ASX;
- To complete all the Resolutions in the Notice to raise $1,876,875 (not including the effect of any further funds from the exercise of First Placement Options) and such funds will be used for working capital, development of the existing Antares Business (effectively the Big Star Project and the Midland Basin acreage), payment to the Deed Administrator under the DOCA and identifying new opportunities for ANTARES shareholders;
- Composition of the Board of directors of ANTARES may change in the near future as outlined in paragraph 2.4;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company may seek to raise further capital if required but no further capital raisings are expected in late 2017/early 2018 (other than the $1,876,875 monies raised as noted in this report).

5. Basis of Valuation of ANTARES

5.1 Shares

5.1.1 In considering the proposals as outlined in Resolution 3 (and individually Resolutions 4 to 6), we have sought to determine whether the issue price of the Consortium Subscription Shares to the Consortium (or their nominees) is in excess of the current fair value of the shares in ANTARES on issue and whether the proposed Consortium Subscription is at a price that ANTARES could make to unrelated third parties and then conclude whether the proposal is fair and reasonable to the existing non associated shareholders of ANTARES.

5.1.2 The valuation methodologies we have considered in determining a theoretical value of a ANTARES share are:

- capitalised maintainable earnings/discounted cash flow;
- takeover bid - the price at which an alternative acquirer might be willing to offer;
- adjusted net asset backing and windup value; and
- the recent market prices of ANTARES shares.

5.2 Capitalised maintainable earnings and discounted cash flows

5.2.1 ANTARES currently does not have a reliable cash flow or profit history from a business undertaking and therefore this methodology is not considered to be appropriate, particularly given the fact that the Company entered into voluntary administration in April 2016.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for ANTARES could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. Currently the Company is in voluntary administration, and the Company has entered into a Deed of Company Arrangement with Pager Partners Corporate Advisory Pty Ltd (an entity associated to Jonathan Pager), for the Company to emerge from administration. To our knowledge, there was other rival bids to recapitalise the company but the Administrators considered the Proposal by Pager Partners Corporate Pty Ltd to be the more superior offer to recapitalise the Company. However, if all of the Syndicate Subscription Shares (First Placement Shares) are issued, the Second Placement Shares are issued and the Syndicate Subscription Options (First Placement Options) are issued and exercised, the Syndicate (either individually or via nominees) would control approximately 60.10% of the expanded ordinary issued capital of ANTARES, but before any other further share issues as referred to in this report and the Notice and ES.

5.4 **Adjusted Net Asset Backing**

5.4.1 Net asset backing and windup value

5.4.1 As noted above prior to the recapitalisation process, ANTARES has no available cash, or other assets (under the control of the Deed Administrators) (apart from the Big Star Project in the Midland Basin Texas, USA) with an ascribed net value of approximately $225,000 (net of abandonment liabilities of approximately $162,000) (gross value of approximately$387,000) put to the existing Antares Business by the proposed incoming Directors of ANTARES, which may be a lower or greater value upon further evaluation) and the Deed Administrators consider that on a windup basis, the return to shareholders would be nil (refer paragraph 2.7 of this report).

5.4.2 Purely based on the net cash value of a recapitalised ANTARES, the net assets would be disclosed at approximately $1,461,875 (assuming the Company raises $1,876,875 as noted above) which would be equivalent to approximately 0.46 cents per share, assuming 316,000,000 shares would be on issue after the recapitalisation process (but before the exercise of First Placement Options). This compares with the estimated current net value of an ANTARES share of nil cents. Should the First Placement Options be exercised to raise a further $750,000, the total number of shares on issue would increase to 391,000,000 shares on issue or approximately 0.56 cents per share (assuming no further share are issued and $140,000 liabilities have been adjusted against the cash balance) and receipt of $750,000 from the exercise of the First Placement Options.

5.5 **Market price of ANTARES shares**

5.5.1 As the Company is suspended from the ASX, we do not believe it is appropriate to value the ANTARES share based on prior quoted prices of ANTARES shares on the ASX.

Summary conclusion on value of a share in ANTARES

5.6 After taking into account the matters referred to in the preceding paragraphs, we are of the view that the current theoretical value of an ANTARES share (prior to the recapitalisation

process) is Nil cents. As disclosed above the Company has limited assets with the exception of the Big Star Project, where its value is difficult to determine. In effect, the shares being issued to the various parties as part of the recapitalisation of Antares have nil value but post recapitalisation and effectuation of the DOCA, the shares are considered to have a value of approximately 0.46 cents as noted below). This compares with the issue price of the First Placement Shares at 0.25 cents and the Second Placement Shares at 1.0 cents (but noting that all Shares must be issued under the recapitalisation).

5.7 If the recapitalisation process is finalised, the net value of an ANTARES share, immediately post recapitalisation would approximate 0.46 cents per share (assuming the $1,876,875 is raised as noted in the Resolutions in the Notice, but before the exercise of First Placement Options) and accepting the value of approximately $225,000 (net of abandonment liabilities of approximately $162,000) (gross value approximately $387,000) to the Antares Business (effectively the Big Star Project) and after adjusting for payment of liabilities of $140,000.

6. Premium for Control

6.1 Premium for control for the purposes of this report has been defined as the difference between the price per share that a buyer would be prepared to pay to obtain a controlling interest in the Company and the price per share at which the same person would be required to pay per share which does not carry with it control of the Company.

6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders' control more than 20% of the issued capital. In this case, the Syndicate could hold approximately 60.10% of the expanded issued capital of ANTARES (the related parties individually namely, Kendrick, Warner and Pollak would individually own up to 13.46%, 13.46% and 10.10% of the Company respectively). In take-over offers, it is often the case that a premium for control falls in the normal range of 15% to 40% and it is often accepted that a 20% premium for control should be payable. The actual premium may be more or less. In this case, we assume a reasonable premium for control should be 20%.

6.3 The ANTARES shares that are proposed to be issued to the Syndicate (the subject of Resolution 4), are deemed to be theoretically worth Nil cents. Before certain transaction costs (assuming to amount to $140,000), a net cash balance of approximately $1,236,875 will remain in the Company (assuming the raising of the $1,876,875 referred to above). In effect, the shares being issued to the various parties as part of the recapitalisation of Antares have nil value but post recapitalisation and effectuation of the DOCA, the shares are considered to have a value of approximately 0.46 cents as noted below). This compares with the issue price of the First Placement Shares at 0.25 cents and the Second Placement Shares at 1.0 cents (but noting that all Shares must be issued under the recapitalisation).

In our opinion, it is possible that the Syndicate are paying a premium for control, however, the non-associated shareholders of ANTARES are benefiting in that the theoretical value of an ANTARES share rises from Nil cents (with approximately $225,000 of net Business Assets, being the Big Star Project) to a company with a theoretical cash backed value of approximately 0.391 cents per share (ignoring the $162,000 provision for abandonment costs liability).

If the recapitalisation proposal is completed the Company may be in a position to seek new funds and new businesses in the future and depending on whether it is required to comply with Chapters 1 and 2 of the ASX Listing Rules may seek re-quotation of the Company's shares on the ASX. No major fund raising or new business acquisitions have yet been identified.

6.4 Our preferred methodology is to value ANTARES and an ANTARES share on a technical net asset basis which assumes a 100% interest in the Company. Therefore, no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.2 as this already represents the fair value of the Company or a share in the Company on a pre the Proposed Transaction control basis.

6.5 We set out below the comparison of the low, preferred and high values of an ANTARES share compared to the issue price for the Subscription Shares.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of an ANTARES Share	5.6	0.00	0.00	0.00
Issue price of the First and Second Placement Shares (average rate)		0.625	0.625	0.625
Excess between Subscription Price and fair value		0.625	0.625	0.625

The 0.625 cent is a blended rate of the issue of 150,000,000 First Placement Shares at 0.25 cents each and 150,000,000 Second Placement Shares at 1.0 cent each. The total amount raised from the First and Second Placement Shares will be $1,875,000 and as 300,000,000 shares will be issued the average issue price is 0.625 cents. The issue of the First Placement shares is at a lower figure (to raise $375,00) but such First Placement Shares will only be issued on the successful raising of $1,500,000 from the issue of the Second Placement Shares.

6.6 On a pre-Proposed Transaction control basis, the value of an ANTARES share is Nil cents per share. The recapitalisation is expected to raise $1,876,875 post consummation of all Resolutions. Based on the preferred value of Nil cents per share, a premium for control is being paid by the Syndicate.

6.7 We note that the Syndicate does not have Board control of ANTARES, and has a nil interest in ANTARES at the date of this report.

7. Fairness of the Proposals

7.1 The concept of “fairness” is to be taken to be the value of the offer price, or the consideration being equal to or greater than the value of the securities in the above-mentioned offer. As noted above the ANTARES shares that are proposed to be issued to the Syndicate, (the subject of Resolution 4) are deemed to be theoretically worth Nil cents. Assuming a 20% premium for control, the deemed theoretical value is still Nil.

7.2 If the recapitalisation proposal is completed, the theoretical value of an ANTARES share increases to approximately 0.46 cents before the potential exercise of any First Placement Options. The theoretical value of a ANTARES share post recapitalisation from a non-associated shareholder’s perspective, based on the estimated net assets of $1,461,875 is approximately 0.46 cents per share (prior to the potential exercise of any First Placement Options) which is in excess of the theoretical value pre-recapitalisation of Nil cents per share.

Based on a fully diluted basis (after the exercise of the 75,000,000 First Placement Options to the Syndicate at 1 cent per option each), the potential cash on hand increases by $750,000, the net assets increase to $2,211,875, and the theoretical value of a ANTARES share increases from Nil to approximately 0.56 cents based on the potential shares on issue of 391,000,000 shares. The theoretical value of a ANTARES share post recapitalisation from a non-associated shareholder’s perspective on a fully diluted basis, based on the estimated net assets of $2,211,875 is 0.56 cents which is in excess of the theoretical value pre - recapitalisation of Nil cents per share.

7.3 In arriving at our conclusion on fairness, we considered whether the transaction is "fair" by comparing:

(a) the fair market value of an ANTARES share, pre-transaction on a control basis; versus
(b) the fair market value of an ANTARES share, post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transaction.

7.4 The low, preferred and high values of an ANTARES share pre the Proposed Transactions on a control basis is:

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of an ANTARES Share	5.6	Nil	Nil	Nil

7.5 The preferred fair market value of a ANTARES share has been estimated at Nil cents on a pre-Proposed Transaction control basis. The Syndicate Subscription yields to an adjusted value of approximately 0.46 cents per ANTARES share (refer below). As the preferred fair market value of an ANTARES share is greater on a post transaction basis, the proposed Syndicate Subscription is considered to be fair to the non-associated shareholders of ANTARES.

7.6 We set out below the range of estimated technical net asset values of ANTARES based on the Pro- Forma Balance Sheet as detailed in paragraph 2.8 (after adjusting for the following transactions):

Option Issue	$1,875
Placement of First Placement Shares	$375,000
Placement of Second Placement Shares	$1,500,000
Costs of recapitalisation	$140,000

	$
ANTARES Business Asset (see paragraph 2.8 above) (net of abandonment costs))	225,000
Cash (after paying $500,000 to creditors trust)	1,376,875
Other current assets	-
Other current liabilities	(140,000)
Total net assets	1,461,875

Number of shares on issue	316,000,000
Net asset value per share (cents)	0.46
Minority interest discount	16.67%
Minority value per share (cents)	0.38
Issue Price (Blended Rate) (see paragraph 6.5 above) (cents)	0.625

The 0.38 cents as noted above is after raising $1,400,000 from non-associated shareholders (not associated with the Syndicate). It is noted that all share issues (150,000,000 First Placement and Second Placement shares as well as the issue of the Options) are all required to be completed so we consider assessing the minority value per share must take into account all funds to be raised.

7.7 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 6.2. This is calculated at 100% less (100% of 120% (incudes the 20% premium)) = 16.67%.

7.8 As noted above the fair market value of an ANTARES share Post-Transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transaction has a preferred fair value of approximately 0.3855 cents (rounded to 0.38 cents).

7.9 We set out below a comparison of:

(a) the fair market value of an ANTARES share pre-transaction on a control basis; versus
(b) the fair market value of an ANTARES share post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transaction.

	Para.	Low (Cents)	Preferred (Cents)	High (Cents)
Estimated fair value of a ANTARES Share Pre - Transaction on a control basis	5.6	Nil	Nil	Nil
Estimated fair value of a ANTARES Share Post Transaction on a minority basis	7.6	0.38	0.38	0.38
Excess/(shortfall) between Pre - Transaction Price and Post transaction Price		0.38	0.38	0.38

Using the preferred net asset fair values, the estimated fair value of a ANTARES share Pre - Transaction on a control basis is less than the estimated fair value of a ANTARES share Post Transaction on a minority basis and on this basis the Syndicate Subscription is considered fair to the non-associated shareholders of ANTARES.

7.10 Conclusion as to fairness

After taking into account the matters referred to in section 7 above and elsewhere in this report, we are of the opinion that the proposals as outlined in Resolution 3 (and Resolutions 4 ,5 and 6 for related parties, Kendrick, Warner and Pollak respectively) are on balance fair to the non-associated shareholders of ANTARES as at the date of this report.

8. Reasonableness of the Conversion Proposal

Advantages

8.1 conjunction with the completion of the recapitalisation process would result in a net cash injection of approximately $1236,875 (assuming the capital raising of the $1,876,875 referred to above and payment of $140,000 in creditors and $500,000 to the creditor's trust) into the Company and having a company with minimal or no liabilities, compared with the current position whereby the Company has net assets of approximately $Nil.

8.2 If the proposals per Resolution 4 (and collectively Resolutions 5 to 7) are consummated along with the completion of the recapitalisation process, the net cash asset backing of an ANTARES share rises from nil cents to approximately 0.391 cents (assumes $1,876,875 worth of shares and options are issued).

8.3 If Resolution 4 (and collectively Resolutions 5 to 7) are passed together with the completion of the recapitalisation process (and other Resolutions not reported upon in this Report), the Company's chances to seek re-quotation of its shares on the ASX are enhanced in that without the recapitalisation, it is likely that the Company would be dissolved and struck off. By obtaining re-quotation of the Company's shares, the existing shareholders are offered liquidity to sell their shares on the ASX.

8.4 The proposed directors bring expertise to the Company in that Messer's Kendrick, Warner and Pollak have financial, accounting, marketing and corporate experience and/or experience as directors or managers of public listed companies or other trading entities. The ES discloses the background of the proposed directors.

Disadvantages

8.5 A significant shareholding in the Company is being given to the Syndicate, and in particular Messer's Kendrick, Warner and Pollak and the other members of the Syndicate in general combined could own approximately 60.10% (approximately 50.63% before the exercise of the First Placement Options) of the expanded issued capital of the Company However, we note that ANTARES will be partly recapitalised with approximately $1,236,875 in net cash (assuming the $1,876,875 capital raising and payment of $140,000 in recapitalisation costs and $500,000 to the Creditor's Trust), will have no debt (other than $162,000 in abandonment costs) and will have the opportunity to grow the existing business and consider the acquisition of other assets or businesses. The existing shareholders are diluted to approximately 5.06% and approximately 4.09% if all First Placement Options are exercised). It is assumed that all Syndicate investors will obtain a benefit particularly if the Company's shares can be re-quoted on ASX.

8.6 ANTARES would only have approximately net cash of $1,236,875 (assuming the raising of $1,876,875 as noted above and payment of $140,000 of creditors and $500,000 to the creditors trust) after the consummation of the recapitalisation process is complete. Further fundraisings may be required to be undertaken in the future. If further shares are issued, the percentage shareholding of the existing shareholders of ANTARES may be diluted down even further. However as noted above, the shares in ANTARES prior to the recapitalisation process is considered to be of Nil value with the possibility of the Company being placed into liquidation in the absence of the Proposals with the Syndicate (or any other commercial proposal). The Report to the Creditors indicated that on a liquidation basis, the creditors would not receive payment in full and thus shareholder value on a liquidation basis (and prior to the proposal with the Syndicate) would be nil. As noted above, the Administrators sold the Company's major asset (Northern Star) at a figure significantly below prior estimates and achieved around $150/acre. Thus, we consider the internal valuation as noted above is reasonable and it would be unlikely to receive more at this point of time. In view of the relatively small acreage compared with the Northern Star acreage (was the main asset of the Company and has been sold by the Administrators), we have accepted the $150/acre as reasonable in the circumstances. Any increase in value (if at all) may well be dependent on future oil prices, costs of production and discovering more recoverable oil (that cannot be assured). The Company cannot raise new funds until a re-capitalisation takes place such as envisaged with the Syndicate.

8.7 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable. Refer to the ES accompanying the Notice on the proposed expenditure post the recapitalisation process.

Other

8.8 The 75,000,000 First Placement Options, if exercised, would result in a further inflow of funds to ANTARES of $750,000. The exercise price of the 75,000,000 First Placement Options is 1 cent each. The trading price of a ANTARES share (after re-quotation of the Company's shares on the ASX that is dependent upon completion of the recapitalisation process) at the date of exercise of the share options could be in excess of 1 cent before option holders exercised the share options.

8.9 The 75,000,000 First Placement Options to be issued for a total of $1,875 have been valued using the Black Scholes option valuation methodology with the key assumptions of an exercise price of 1.0 cents, a share price of 1.0 cents, an expiry date of 30 June 2020, an interest rate of 1.94%, an issue date of 30 November 2017 and a volatility factor of 75%. The value ascribed is 0.467 cents per share option for a total value of approximately $350,250, but against which a discount of 25% arguably could be applied for the unlisted status of the

options to an adjusted value of $262,875. The final value will be determined for accounting purposes after the Options have been issued.

9. Conclusion as to Reasonableness

9.1 After taking into account the matters referred to in 8 above and elsewhere in this report, we are of the opinion that the proposals as outlined in Resolution 3 (and collectively Resolutions 4 to 6 are reasonable to the non-associated shareholders of ANTARES as at the date of this report.

10. Shareholder Decision

10.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the proposals outline in Resolutions 3 to 6 are fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 3 to 6 but we have been requested to determine whether the proposals pursuant to Resolutions 3 to 6 are fair and/or reasonable to those shareholders not associated with the Syndicate. The responsibility for such a voting recommendation lies with the directors of ANTARES.

10.2 In any event, the decision whether to accept or reject Resolutions 3 to 6 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the proposals under Resolutions 3 to 6 (and all other Resolutions), shareholders should consult their own professional adviser.

10.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in ANTARES. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolutions 3 to 6 (and all other Resolutions). Shareholders should consult their own professional adviser in this regard.

11. Sources of Information

11.1 In making our assessment as to whether the proposals pursuant to Resolutions 3 to 6 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of ANTARES which is relevant in the current circumstances. In addition, we have held discussions with members of the Syndicate about the present state of affairs of ANTARES. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the Syndicate members and publicly filed information on the financial position of the Company lodged via the ASX website.

11.2 Information we have received includes, but is not limited to:

- drafts of the Notice of General Meeting of Shareholders of ANTARES (and draft of the ES attached) to 31 October 2017;
- discussions with a member of the Syndicate;
- shareholding details of ANTARES;
- announcements, if any, made by ANTARES to the ASX from January 2015 to 4 December 2017;
- Letter to ASX on the recapitalisation proposal involving the Syndicate;
- the reviewed financial report of ANTARES for the 6 months ended 30 June 2015;
- qualified audited financial reports of ANTARES for the years ended 31 December 2015 and 31 December 2016;
- qualified reviewed financial reports of ANTARES for the 6 months ended 30 June 2016 and 30 June 2017;

- the Report to Creditors by the Administrators of November 2016; and
- the November 2016 Deed of Deed of Company Arrangement.

11.3 Our report includes Appendix A and Financial Services Guide, attached to this report.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

John Van Dieren
Director

APPENDIX A

AUTHOR INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 5 December 2017, relating to Resolutions 3 to 6 outlined in the Notice of Meeting of Shareholders and the accompanying ES planned to be distributed to shareholders of ANTARES in December 2017.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with ANTARES other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed $8,500 (excluding GST). The fee is payable regardless of the outcome.

With the exception of that fee, neither Stantons International Securities nor John Van Dieren or Martin Michalik have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd or any directors of Stantons International Securities and Stantons International Audit and Consulting Pty Ltd do not hold any securities in ANTARES. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities, John Van Dieren and Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities has prepared other independent expert reports for parties associated with the Promoter or its Nominees. Stantons International Audit and Consulting Pty Ltd recently became the auditors of Antares and signed qualified audit reports for the years ended 30 June 2017 and 2016 and the six months ended 31 December 2016 and 2015.

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Investment Advisers Licence (No 448697) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John Van Dieren (FCA) and Martin Michalik (CA) the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuations and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of the proposed Directors and the Promoter in order to assist the shareholders of ANTARES to assess the merits of the proposals (Resolutions 3 to 6) to which this report relates. This report has been prepared for the benefit of the ANTARES shareholders and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act 2001 and ASX Listing Rule 10.11 and does not provide a general expression of Stantons International Securities opinion as to the longer term value of ANTARES.

Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of ANTARES or any of its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be `included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in Resolutions 3 to 6 of the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 3 to 6.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by the proposed directors of the Company, its proposed officers and other parties (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), the Company has agreed:

(a) to make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which ANTARES may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by the Company; and
(b) to indemnify Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from the Company or any of its proposed officers providing Stantons International Securities any false or misleading information or in the failure of the Company and their proposed officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to the proposed Directors and the Promoter for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

Stantons International Securities

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 42 128 908 289
AFS Licence No: 448697
www.stantons.com.au

FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 5 December 2017

1. Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated entities receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options, rights and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Telephone: 08 9481 3188
Facsimile: 09 9321 1204

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

ANNEXURE B – DILUTIONARY EFFECT OF ISSUE OF RELATED PARTY SECURITIES

Syndicate (Related Parties)	Issued Shares as at the date of this Notice of Meeting	Following completion of Consolidation	First Placement Shares to be issued[1]	Second Placement Shares to be issued[1]	Total Shares issued[1]	Dilutionary effect upon issue of First and Second Placement Shares (undiluted)[2]	First Placement Options to be granted[1]	Maximum projected number of Securities (fully diluted)[1]	Dilutionary effect upon maximum projected number of Securities (fully diluted)[3]
Joanne Kendrick	0	0	33,750,000	2,000,000	35,750,000	11.3%	16,875,000	52,625,000	13.5%
Ross Warner	0	0	33,750,000	2,000,000	35,750,000	11.3%	16,875,000	52,625,000	13.5%
Michael Pollak	0	0	25,000,000	2,000,000	27,000,000	8.5%	12,500,000	39,500,000	10.1%
Syndicate (Related Parties) Total	0	0	92,500,000	6,000,000	98,500,000	31.2%	46,250,000	144,750,000	37.0%
Syndicate (Non-Related Parties)									
Jonathan Pager	0	0	25,000,000	2,000,000	27,000,000	8.5%	12,500,000	39,500,000	10.1%
Hugh Warner	0	0	25,000,000	2,000,000	27,000,000	8.5%	12,500,000	39,500,000	10.1%
Chris Hilbrands	0	0	7,500,000	0	7,500,000	2.4%	3,750,000	11,250,000	2.9%
Syndicate (Non-Related Parties) Total	0	0	57,500,000	4,000,000	61,500,000	19.5%	28,750,000	90,250,000	23.1%
Syndicate Total	**0**	**0**	**150,000,000**	**10,000,000**	**160,000,000**	**50.6%**	**75,000,000**	**235,000,000**	**60.1%**
Public offer under Second Placement	0	0	0	140,000,000	140,000,000	44.3%	0	140,000,000	35.8%
Existing Shareholders	240,000,000	16,000,000	0	0	16,000,000	5.1%	0	16,000,000	4.1%
Final Total	**240,000,000**	**16,000,000**	**150,000,000**	**150,000,000**	**316,000,000**	**100%**	**75,000,000**	**391,000,000**	**100%**

Notes

1 On a post-Consolidation basis.

2 On a post-Consolidation basis, assuming all 150,000,000 First Placement Shares and 150,000,000 Second Placement Shares are issued.

3 Assumes a total of 316,000,000 Shares are on issue (post-Consolidation and including maximum number of First Placement Shares and Second Placement Shares) and all 75,000,000 First Placement Options are exercised, resulting in a total maximum projected issued Share capital of 391,000,000 Shares.

ANNEXURE C – TERMS OF FIRST PLACEMENT OPTIONS

1. Each Option gives the Optionholder the right to subscribe for 1 Share for every Option they own in the Company. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.

2. The Options will expire at 5:00pm (AEST) on 30 June 2020 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

3. The amount payable upon the exercise of each Option will be 1 cent ($0.01) (**Exercise Price**).

4. The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.

5. Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:

   (a) a written notice of exercise of Options specifying the number of Options being exercised; and

   (b) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,

   (**Exercise Notice**).

6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

8. The Options are freely transferrable.

9. All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

10. The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX immediately after the allotment of those Shares.

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

12. There are no participating rights or entitlements inherent in the Options and the Optionholder 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 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.

13. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

14. In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

15. In the event the Options are exercised by the Optionholders, the Company intends to use the funds raised for working capital purposes.

ANNEXURE D – PRO-FORMA BALANCE SHEET

	Statement of Financial Position[a] $	Statement of Financial Position after all Resolutions passed $
Current Assets		
Cash Assets	454,000	1,376,875
Other current assets	68,000	-
	522,000	1,376,875
Non-Current Assets		
ANTARES Energy Asset[c]		
	387,000	387,000
	387,000	387,000
Total assets	909,000	1,763,875
Liabilities		
Trade Creditors and Accruals	822,000	140,000[b]
Interest bearing liabilities	47,500,000	-
Provisions	162,000	162,000
Total Liabilities	48,484,000	302,000
Net Deficiency/Surplus	(47,575,000)	1,461,875

[a] Based on 30 June 2017 reviewed, but unaudited, accounts which were disclaimed against due to the Company being in administration.
[b] Costs of the Notice, Listing fees and other costs of the recapitalisation.
[c] The pro-forma statement of financial position has included the $225,000 (net of abandonment liabilities of $162,000) (gross $387,000) attributable to the Big Star Project and Midland Basin acreage. Notwithstanding, the net asset position prior to the Restructure of the Company is estimated to be negative and is therefore valued at nil.

	Estimated Statement of Financial Position	Statement of Financial Position after Resolutions passed
	$	$
Equity		
Issued Capital	84,436,000	86,311,000
Reserves	32,532,000	32,533,875
Accumulated Losses	(164,543,000)	(117,383,000)
Total Equity	(47,575,000)	1,461,875

Note 1

The movement in the cash assets is reconciled as follows:

Cash Assets:	
Opening Balance after transfer of cash to the Deed Administrators	-
Option Issue	1,875
Placement of Shares at approximately $0.0025 each	375,000
Placement of Shares at approximately $0.01 each	1,500,000
Payment to the Creditors Trust	(500,000)
Net cash on hand	1,376,875

Thus, estimated net cash after the capital raisings and payment for costs of the Notice and other costs and the payment to the Creditors Trust will be $1,236,875 and no other material liabilities (after adjustment of $140,000 of trade creditors and accruals).

Antares Energy Limited

(Subject to Deed of Company Arrangement)

ACN 009 230 835

Proxy Form

STEP 1: APPOINT A PROXY TO VOTE ON YOUR BEHALF

Full name of security holder(s):……
Address:……...

I/We being a member/s of Antares Energy Limited (Subject to Deed of Company Arrangement) (ACN 009 230 835) (**Company**) and entitled to attend and vote at the Extraordinary General Meeting of the Company to be held at 2:00pm (Sydney time) on Tuesday, 23 January 2018, and at any adjournment thereof, hereby appoint:

☐ (mark box) the Chairman of the meeting. **OR**

☐ (mark box) …… (*Full name of proxy or the office of the proxy*)

or if the person or body corporate named above fails to attend the meeting, or if no person/body corporate is named, the Chairman of the meeting as my/our proxy to attend that meeting and vote on my/our behalf at that meeting and any adjournment or postponement of that meeting in accordance with the following directions (or if no directions have been given, as the proxy sees fit).

STEP 2: VOTING DIRECTIONS ON ALL RESOLUTIONS

You may direct your proxy (which may be the Chairman, if so appointed) on how to vote on Resolutions 1 to 11 (inclusive) by marking one of the boxes with an "**X**" for each Resolution. If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that particular 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.

The Chairman of this Extraordinary General Meeting intends to vote undirected proxies IN FAVOUR ("FOR") of all Resolutions.

☐ (mark box)

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of all the relevant resolutions, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has interest in the outcome of all the Resolution/s (**Relevant Resolutions**) and that votes cast by the Chairman of this Extraordinary General Meeting for those Relevant Resolutions other than as proxy holder will be disregarded because of that interest.

As proxy holder for all undirected proxies, the Chair of the meeting intends to vote in favour of ("For") all the relevant resolutions.

If you do not mark this box, and you have not directed your proxy how to vote, **the Chairman will not cast your votes on all the Relevant Resolutions** and your votes will not be counted in calculating the required majority if a poll is called on all the relevant resolutions.

I/We direct that my proxy vote in the following manner (please mark relevant boxes with (✘) to indicate your directions):

Resolution		For	Against	Abstain*
1	Consolidation of Capital	☐	☐	☐
2	Issue of Second Placement Shares	☐	☐	☐
3	Acquisition of a Relevant Interest	☐	☐	☐
4	Related Party Approval – Joanne Kendrick	☐	☐	☐
5	Related Party Approval – Ross Warner	☐	☐	☐
6	Related Party Approval – Michael Pollak	☐	☐	☐
7	Election of Joanne Kendrick as a Director	☐	☐	☐
8	Election of Ross Warner as a Director	☐	☐	☐
9	Election of Michael Pollak as a Director	☐	☐	☐
10	Repeal and Adoption of a Constitution	☐	☐	☐
11	Change of Company Name	☐	☐	☐

* Please note if you mark **abstain**, you are directing your proxy not to vote on that Resolution.

STEP 3: SIGNATURE OF SECURITYHOLDER(S)

	Individual or Securityholder 1	Securityholder 2	Securityholder 3
	.....	.....	.....
	Sole Director and Sole Company Secretary	Director	Director/Company Secretary
Date:	/ /	/ /	/ /

In addition to signing this Proxy Form, please provide the following information in case we need to contact you:

Contact name	.....	Contact daytime telephone	.....

STEP 4: LODGING YOUR PROXY FORM

You must lodge your Proxy Form at least 48 hours before the commencement of the Meeting.

Please read carefully and follow the instructions overleaf.

How to complete this Proxy Form

For your proxy vote to be effective, your completed Proxy Form must be received at least 48 hours before the commencement of the Meeting.

Step 1: Appointing a proxy

If you are entitled to attend and vote at the meeting, you may appoint a proxy to attend the meeting and vote on your behalf. A proxy can be an individual or a body corporate and need not be a securityholder. You may select the Chairman of the meeting as your proxy.

Appointing a second proxy: You can appoint up to two proxies. If you appoint two proxies, you must specify the proportion or number of votes each proxy may exercise. If no percentage is specified, each proxy may exercise half of your votes. Fractions of votes will be disregarded. A separate Proxy Form must be used for each proxy.

Default to the Chairman of the meeting*:* Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the meeting, who is required to vote those proxies as directed.

Additional Proxy Forms: You can obtain additional Proxy Forms by telephoning the Company or you may copy this Form. Please lodge both Proxy Forms together.

Step 2: Voting directions

You may direct your proxy how to vote by placing a mark (**×**) in one of the boxes opposite each item of business. All your securities will be voted in accordance with your directions. If you mark the "Abstain" box for an item, you are directing your proxy not to vote on that item. If you mark more than one box for an item, your vote on that item will be invalid.

Voting a portion of your holding: You may indicate that only a portion of your voting rights are to be voted on any item by inserting a percentage or the number of securities you wish to vote in the appropriate box or boxes. The total of votes cast, or the percentage for or against, an item must not exceed your voting entitlement or 100%.

No directions: If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses.

Step 3: Signing instructions

Individual: The Proxy Form must be signed by the securityholder personally or by Power of Attorney (see below).

Joint holding: The Proxy Form must be signed by each of the joint securityholders personally or by Power of Attorney (see below).

Power of Attorney: To sign under Power of Attorney, you must have already lodged the Power of Attorney with the Company. If you have not previously lodged that document, please attach a certified copy of the Power of Attorney to this Proxy Form when you return it.

Companies: For a corporate securityholder, if the company has a sole director who is also the sole company secretary, that person must sign this Proxy Form. If the company does not have a company secretary (under section 204A of the Corporations Act 2001 (**Act**)), its sole director must sign this Proxy Form. Otherwise, a director must sign jointly with either another director or a company secretary in accordance with section 127 of Act. Please indicate the office held by signing in the appropriate place.

Corporate representative: If a representative of a corporate securityholder or proxy is to attend the meeting, the appropriate *Certificate of appointment of Corporate Representative* must be produced before the meeting. A form of the certificate may be obtained by telephoning the Company**.**

Step 4: Lodging your Proxy Form

This Proxy Form must be received by Antares Energy Limited by at least 48 hours before the meeting. Any Proxy Form received after that time will not be effective for the meeting. You can return this Proxy Form (and any Power of Attorney under which it is signed):

- **by post** to Antares Energy Limited (Subject to Deed of Company Arrangement) c/- PO Box 231, Brighton VIC 3186;
- **by facsimile** to (+61 2) 8072 1440;
- **by hand delivery** to Suite 115, 3 Male Street, Brighton VIC 3186; or
- **by email** to ryan@pagerpartners.com.au.