



ABN 33 087 741 571

30 April 2019

Dear Shareholder,

On behalf of the Directors of Po Valley Energy Limited (ACN 087 741 571) (**Po Valley**), I am pleased to invite you to attend the 2019 Annual General Meeting (**AGM**) of Po Valley. Enclosed is the Notice of Meeting setting out the business of the AGM.

Po Valley's 2019 AGM will be held on Thursday 30 May 2019 commencing at 11.00am (AEST) at Port Jackson Partners Limited, Level 20, 88 Phillip Street, Sydney NSW Australia.

If you are attending the AGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to attend the AGM, I encourage you to complete and return the enclosed Proxy Form no later than 11.00am (AEST) on Tuesday, 28 May 2019 in one of the ways specified in the Notice of Meeting and Proxy Form.

I also encourage you to read the enclosed Notice of Meeting (including the Explanatory Memorandum) and the Proxy Form and consider directing your proxy how to vote in each resolution by marking either the "for" box, the "against" box or the "abstain" box on the Proxy Form.

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of Po Valley unanimously recommend that shareholders vote in favour of all resolutions.

Following the conclusion of the AGM, you are welcome to join the Board and Management for light refreshments.

Thank you for your continued support of Po Valley and I look forward to your attendance and the opportunity to meet with you.

Yours faithfully,

A handwritten signature in black ink that reads "Michael Masterman".

**Michael Masterman**  
Chairman

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of Po Valley Energy Limited (**Po Valley** or **Company**) will be held:

Date: Thursday, 30 May 2019

Time: 11.00am (AEST)

Venue: Port Jackson Partners Limited, Level 20, 88 Phillip Street, Sydney NSW Australia

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Memorandum, Entitlement to Attend and Vote section and Proxy Form are part of this Notice of Meeting.

### **A. CONSIDERATION OF REPORTS**

To receive and consider the Financial Report, the Directors' Report, and the Independent Auditor's Report of the Company for the financial year ended 31 December 2018.

All shareholders can view the Annual Report which contains the Financial Report for the year ended 31 December 2018 on the Company's website at <https://www.povalley.com/en/investors/financial-reports>.

### **B. QUESTIONS AND COMMENTS**

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about, or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Independent Auditor's Report;
- c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of relevant written questions submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the Meeting.

## C. ITEMS FOR APPROVAL

### **Resolution 1. Re-election of Director – Byron Pirola**

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*“That Byron Pirola who retires in accordance with clause 13.2 of the Company’s Constitution and being eligible for election, is re-elected as a Director of the Company.”*

### **Resolution 2. Adoption of Remuneration Report**

To consider and if thought fit, pass the following as a non-binding ordinary resolution of the Company:

*“That, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Company’s Remuneration Report for the financial year ended 31 December 2018, as set out in the Directors’ Report, is adopted.”*

Please note that, in accordance with section 250R(3) of the *Corporations Act 2001* (Cth), the vote on this resolution is advisory only and does not bind the Directors or the Company.

**Voting Prohibition Statement:** A vote on Resolution 2 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration details are included in the 2018 Remuneration Report; or
- b. a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolution 2 as a proxy if the vote is not cast on behalf of a person described above and either:

- a. the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- b. the vote is cast by the chair of the Meeting and the appointment of the chair as proxy:
  - i. does not specify the way the proxy is to vote on this Resolution; and
  - ii. expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

“Key management personnel” and “closely related party” have the same meaning as set out in the *Corporations Act 2001* (Cth).

### **Resolution 3. Adoption of New Constitution**

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

*“That, pursuant to Section 136(2) of the Corporations Act and for all other purposes, the Company adopts a new constitution in the form as signed by the chair of the meeting for identification purposes, in lieu of the existing constitution of the Company.”*

### **Resolution 4. Approval of 10% Placement Facility**

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** *The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

BY ORDER OF THE BOARD

**Kevin Hart**  
**Company Secretary**  
30 April 2019

## **ENTITLEMENT TO ATTEND AND VOTE**

In accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 11.00am (AEST) on Tuesday, 28 May 2019 will be entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### *Appointment of Proxy*

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act 2001 (Cth) (the **Act**) to exercise its powers as proxy at the AGM.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 11.00am (AEST) on Tuesday, 28 May 2019. Proxies must be received before that time by one of the following methods:

- |                        |  |
|------------------------|--|
| By post:               | Po Valley Energy Limited<br>C/- Link Market Services Limited<br>Locked Bag A14<br>Sydney South NSW 1235<br>Australia |
| By facsimile:          | (02) 9287 0309 (within Australia)<br>+61 2 9287 0309 (from outside Australia)  |
| By delivery in person: | Link Market Services Limited<br>1A Homebush Bay Drive<br>Rhodes NSW 2138   |
| Online:                | <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>                                     |

To be valid, a proxy form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

### *Power of Attorney*

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 11.00am (AEST) on Tuesday, 28 May 2019, being 48 hours before the AGM.

### *Corporate Representatives*

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IMPORTANT:** If you appoint the Chairman of the Meeting as your proxy, or the Chairman becomes your proxy by default, and you do not direct your proxy how to vote on Resolution 2, then by submitting the proxy form you will be expressly authorising the Chairman to exercise your proxy on the relevant resolution, even though the resolutions are connected, directly or indirectly, with the remuneration of the KMP.

### **SHAREHOLDER QUESTIONS**

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please log onto [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), select Voting then click 'Ask a Question'.

To allow time to collate questions and prepare answers, please submit any questions by 5.00pm (AEST) on Thursday, 23 May 2019. Questions will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders.

### **ENCLOSURES**

Enclosed is the proxy form to be completed if you would like to be represented at the AGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Po Valley Energy Limited's share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to ensure the timely and cost effective receipt of your proxy.

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in relation to the business to be conducted at the Company's AGM to be held on Thursday, 30 May 2019.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolution 1 is an ordinary resolution, which requires a simple majority of votes cast by Shareholders present and entitled to vote on that resolution. Resolution 2, relating to the Remuneration Report, is advisory and does not bind the Directors or the Company. Resolutions 3 and 4 are special resolutions, which require a special majority of votes cast by Shareholders present and entitled to vote on those resolutions.

### **Resolution 1. Re-Election of Director – Byron Pirola**

In accordance with clause 13.2 of the Constitution, Dr Pirola retires from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

#### **Dr Byron Pirola BSc, PhD**

Byron is a co-founder of PVE and is based in Sydney. He is currently a Director and Managing Director of Port Jackson Partners Limited, a Sydney based strategic management consulting firm. Prior to joining Port Jackson Partners in 1992, Byron spent six years with McKinsey & Company working out of the Sydney, New York and London offices and across the Asian region. He has extensive experience in advising CEOs and boards of both large public and small developing companies across a wide range of industries and geographies.

*Recommendation of the Board: The Directors, with Byron Pirola abstaining, unanimously recommend Shareholders vote in favour of Resolution 1.*

### **Resolution 2. Adoption of Remuneration Report**

#### **General**

Section 250R(2) of the Corporations Act 2001 (Cth) (the **Corporations Act**) requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (**KMP**) of the Company (**Remuneration Report**) be put to the vote of shareholders for adoption by way of a non-binding vote.

Broadly, the Remuneration Report details the remuneration policy for the Company and:

- explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- discusses the relationship between the policy and Company performance.

Shareholders can view the full Remuneration Report in the Annual Report which is available on Po Valley Energy Limited's website at <https://www.povalley.com/en/investors/news-asx-releases>.

The Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

### **Voting Consequences**

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

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

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company

### **Previous voting results**

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

The vote on this resolution is advisory only and does not bind the Directors or the Company.

*Recommendation of the Board: The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to Resolution 2.*

### **Resolution 3. Adoption of new constitution**

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

The Constitution, being the rules by which the Company operates, should continue to evolve in line with the regulatory environment in which the Company operates.

Resolution 3 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted at the time of the Company's incorporation in 2004.

Additionally, the Company is currently considering pursuing a listing on the London Stock Exchange's Alternative Investment Market (**AIM**) and if successful will become dual listed on ASX and AIM. Therefore, the Proposed Constitution contains necessary provisions to ensure that the Company's constitution is compliant with being dual listed on AIM.

The Proposed Constitution is broadly consistent with the provisions of the existing constitution. Many of the proposed changes are administrative or minor in nature. The Directors believe the changes are not material nor will it have any significant impact on shareholders.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website <http://www.pvalley.com> and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9316 9100). Shareholders are invited to contact the Company if they have any queries or concerns.

### ***Summary of material proposed changes***

#### ***Restricted Securities (clause 2.12)***

Clause 2.12 of the Proposed Constitution outlines how the Company and Shareholders shall comply with the requirements of all applicable exchange rules relating to restricted securities.

Amendments to the ASX Listing Rules (which come into effect in July 2019) allow the Company to include in its Constitution a statement that relevant holders of restricted securities will be taken to have agreed in writing that the restricted securities shall have a holding lock applied for the duration of the escrow period.

#### ***Minimum Shareholding (clause 3)***

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

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

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

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

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

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers. Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

#### ***Dividends (clause 22)***

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

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

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

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

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to

allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

***Partial (proportional) takeover provisions (new clause 36)***

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

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act. This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

***Information required by section 648G of the Corporations Act***

***Effect of proposed proportional takeover provisions***

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

***Reasons for proportional takeover provisions***

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

***Knowledge of any acquisition proposals***

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

***Potential advantages and disadvantages of proportional takeover provisions***

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

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

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

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

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

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

### **Summary of material proposed changes as a result of proposed AIM listing**

The Company's current Constitution contains provisions which are specific to the Company being listed on ASX and the applicable rules of that exchange. Therefore, in contemplation of the proposed listing or dual listing of the Company on AIM and to maintain flexibility for the Company, the new Constitution to be adopted contains a number of provisions which refer to a "recognised exchange" rather than limiting the exchange to ASX thereby allowing the exchange on which the Company is listed (or dual listed) to be ASX and/or AIM (or any other exchange the Company may consider in the future).

*Recommendation of the Board:* *The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.*

#### **Resolution 4. Approval of 10% Placement Facility**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

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

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

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$22.63m (based on the number of Shares on issue and the closing price of Shares on the ASX on 23 April 2019).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: PVE).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

#### **Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

##### **Minimum Price**

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

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 ASX trading days of the date in section [insert], the date on which the Equity Securities are issued.

### Date of Issue

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

- 12 months after the date of this Meeting; and
- the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

### Risk of voting dilution

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

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 23 April 2019.

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

| Number of Shares on Issue<br>(Variable 'A' in ASX Listing<br>Rule 7.1A2) | Dilution                                     |  |                        |  |
|--|--|--|------------------------|--|
|  | Issue Price<br>(per Share)                   | \$0.0185<br>50% decrease<br>in Issue Price | \$0.037<br>Issue Price | 0.0555<br>50% increase<br>in Issue Price |
| 611,736,319<br>(Current Variable A)                                      | Shares<br>issued - 10%<br>voting<br>dilution | 61,173,631<br>Shares                       | 61,173,631<br>Shares   | 61,173,631<br>Shares                     |
|  | Funds raised                                 | \$1,131,712                                | \$2,263,424            | \$3,395,137                              |
| 917,604,479<br>(50% increase in Variable A)                              | Shares<br>issued - 10%<br>voting<br>dilution | 91,760,447<br>Shares                       | 91,760,447<br>Shares   | 91,760,447<br>Shares                     |
|  | Funds raised                                 | \$1,697,568                                | \$3,395,167            | \$5,095,705                              |
| 1,223,472,638<br>(100% increase in Variable A)                           | Shares<br>issued - 10%<br>voting<br>dilution | 122,347,263<br>Shares                      | 122,347,263<br>Shares  | 122,347,263<br>Shares                    |
|  | Funds raised                                 | \$2,263,424                                | \$4,526,849            | \$6,790,273                              |

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

### The table above uses the following assumptions:

- There are currently 611,736,319 Shares on issue;
- The issue price set out above is the closing price of the Shares on the ASX on 23 April 2019;
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.

- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

#### **Purpose of Issue under 10% Placement Capacity**

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

- as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and projects (funds would then be used for project, feasibility studies and ongoing project administration), general working capital; or
- as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

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

#### **Allocation policy under the 10% Placement Capacity**

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

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

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

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

#### **Previous approval under ASX Listing Rule 7.1A**

The Company did not previously obtain approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 30 May 2018.

During the 12 month period preceding the date of the Meeting, being on and from 30 May 2018, the Company otherwise issued a total of 18,476,191 Shares and 2,500,000 Convertible Notes which represents approximately 3.53% of the total diluted number of Equity Securities on issue in the Company on 30 May 2018, which was 593,260,128.

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

**Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- the information required by Listing Rule 3.10.5A for release to the market.

**Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

*Recommendation of the Board: The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.*

## **DEFINITIONS**

In this Notice and Explanatory Memorandum:

**10% Placement Capacity** has the meaning given on page 13.

**2018 Annual Report** means the Company's annual report for the year ended 31 December 2018.

**AEST** means Australian eastern standard time as observed in Sydney, New South Wales.

**ANNUAL GENERAL MEETING** or **AGM** means the annual general meeting of the Company to be held at 11:00 am on 30 May 2019 (AEST).

**ASX** means ASX Limited ACN 008 624 691.

**Auditor** means the Company's auditor from time to time being, at the date of this Notice, Bentleys NSW Audit Pty Ltd.

**Board** means the current board of directors of the Company

**Closely Related Parties** of a member of the KMP means:

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

**Company** means Po Valley Energy Limited (ABN 33 087 741 571).

**Constitution** means the constitution of the Company.

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

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

**Directors' Report** means the director report of the Company for the year ended 31 December 2018, as set out in the 2018 Annual Report.

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

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

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

**Explanatory Notes** means the explanatory notes which accompany and are incorporated as part of this Notice.

**Financial Report** means the financial report of the Company for the year ended 31 December 2018, as set out in the 2018 Annual Report.

**Independent Auditor's Report** means the independent auditor's report of the Company for the year ended 31 December 2018, as set out in the 2018 Annual Report.

**Key Management Personnel** or **KMP** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** and **Notice of Meeting** means this Notice of AGM.

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

**Remuneration Report** means the remuneration report of the Company for the year ended 31 December 2018, as set out in the 2018 Annual Report.

**Resolution** means a resolution set out in this Notice.

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

**Shareholder** means holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**Schedule 1 – issues of equity securities since 30 May 2018**

| Date   | Quantity   | Class                                   | Recipients  | Issue Price              | Form of consideration   |
|--|------------|---|---|--------------------------|---|
| Issue – 10 May 2018 and 26 June 2018<br><br>Appendix 3B – 26 June 2018 | 2,500,000  | Unquoted Convertible Notes <sup>2</sup> | Institutional and Sophisticated Investors and Directors Kevin Bailey and Michael Masterman, as approved by Shareholders on 26 June 2018 | \$1 per Convertible Note | Amount raised = \$2,500,000<br>Amount spent = \$2,500,00<br><br>Use of funds: the development of the Company's Selva and Teodorico assets and for general working capital<br><br>Amount remaining = \$Nil   |
| Issue – 21 December 2018<br><br>Appendix 3B – 21 December 2018         | 18,476,191 | Ordinary Fully Paid Shares <sup>1</sup> | Institutional and Sophisticated Investors, including some shareholders  | \$0.042 per Share        | Amount raised = \$776,000<br><br>Amount spent = \$750,000<br><br>Use of funds: the development of the Company's Selva and Teodorico assets and for general working capital<br><br>Amount remaining = \$26,000<br>Proposed use of remaining funds: <sup>3</sup><br>General Working Capital |

**Notes:**

1. Fully paid ordinary shares in the capital of the Company, ASX Code: PVE (terms are set out in the Constitution).
2. Unquoted Convertible Notes with a three (3) year term, convertible at \$0.042 each, bearing 8% interest per annum payable in cash every six (6) months in arrears, and are redeemable by PVE with 30 days written notice. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 30 May 2018.
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

**LODGE YOUR VOTE**

**ONLINE**  
www.linkmarketservices.com.au

**BY MAIL**  
Po Valley Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

**ALL ENQUIRIES TO**  
Telephone: 1300 554 474 Overseas: +61 1300 554 474



**X99999999999**

**PROXY FORM**

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

**APPOINT A PROXY**

**the Chairman of the Meeting (mark box)** **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (AEST) on Thursday, 30 May 2019 at Port Jackson Partners Limited, Level 20, 88 Phillip Street, Sydney NSW Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolution 2:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 2, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

**VOTING DIRECTIONS**

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

**Resolutions**

|  | For                      | Against                  | Abstain*                 |
|--|--------------------------|--------------------------|--------------------------|
| 1 Re-election of Director – Byron Pirola | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Adoption of Remuneration Report        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Adoption of New Constitution           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Approval of 10% Placement Facility     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)  Joint Shareholder 2 (Individual)  Joint Shareholder 3 (Individual)   
Sole Director and Sole Company Secretary  Director/Company Secretary (Delete one)  Director

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



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

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

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

### SIGNING INSTRUCTIONS

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

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

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

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

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

### CORPORATE REPRESENTATIVES

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

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (AEST) on Tuesday, 28 May 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

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



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* During business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**