
GRAND GULF ENERGY LIMITED

ACN 073 653 175

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am

DATE: 27 November 2019

PLACE: 1A/1 Alvan Street, Subiaco WA 6008

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

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10am on 25 November 2019.

CONTENTS

Business of the Meeting (setting out the proposed Resolutions)	2
Explanatory Statement (explaining the proposed Resolutions)	4
Glossary	11
Proxy Form	Enclosed

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00am on 27 November 2019 at 1A/1 Alvan Street, Subiaco WA 6008

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am on 25 November 2019.

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form. In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

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

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2019."

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

Voting Prohibition Statement:

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

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

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

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – CRAIG BURTON

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

"That, for the purpose of clauses 12.1.3 and 12.4.2 and of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Craig Burton, Director, retires, and being eligible, is re-elected as Director."

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – CHRISTOPHER BATH

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

"That, for the purpose of clauses 12.1.3 and 12.4.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Christopher Bath, Director, retires, and being eligible, is re-elected as Director."

5. RESOLUTION 4 – 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 in this Notice 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 2 Shares be consolidated into 1 Share; and
- (b) every 2 Options be consolidated into 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 to the nearest whole Share or Option (as the case may be), on the terms and conditions set out in the Explanatory Statement."

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES

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

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

Voting Exclusion: The Company will disregard any votes cast in favour of the resolution 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.

7. RESOLUTION 6 – AMENDMENT TO CONSTITUTION

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

“That, for the purposes of section 136(2) of the Corporations Act, the Constitution of the Company be modified by making the amendment contained in the document tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from 1 December 2019..”

Dated: 25 October 2019

By order of the Board

**MARK FREEMAN
MANAGING DIRECTOR**

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://grandgulfenergy.com/>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

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

2.2 Voting consequences

Under the Corporations Act, 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.

2.3 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 Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – CRAIG BURTON

3.1 General

ASX Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting. The Constitution sets out the requirements for determining which Directors are to retire at an annual general meeting, including that at each annual general meeting one third of the Directors (or the number nearest to one third), and any Director not in such one third who has held office for 3 years or more (except the Managing Director), must retire from office and is eligible for re-election. The Constitution also provides that the Board may at any time appoint any person to be a Director, subject to the requirements in the Constitution, and any such Director appointed must retire at the next general meeting of the Company and is eligible for re-election.

Mr Craig Burton, who has served as a director since 5 March 2019, retires pursuant to clauses 12.1.3 and 12.4.2 of the Constitution and seeks re-election.

3.2 Qualifications and other material directorships

Mr Burton is an experienced investor in emerging companies, projects and businesses. He has a track record of providing financial backing and strategic advice to successful technical teams and business managers. He is an active investor in the oil and gas sector with an in-house technical and project generation team.

Mr Burton is currently Chairman of Cradle Resources and a Director of Hutton Energy Limited. In the past three years Mr Burton has been a Non-Executive Director of Capital Drilling Limited (resigned 31 August 2018).

3.3 Independence

If elected the board does not consider Mr Burton will be an independent director.

3.4 Board recommendation

The Board supports the re-election of Mr Burton and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – CHRISTOPHER BATH

4.1 General

Section 3.1 sets out the requirements of the Constitution and ASX Listing Rule 14.5 in relation to the retirement and re-election of Directors. Mr Christopher Bath, who has served as a director since 5 March 2019, retires pursuant to clauses 12.1.3 and 12.4.2 of the Constitution and seeks re-election., and seeks re-election.

4.2 Qualifications and other material directorships

Mr Bath is a Chartered Accountant with significant experience in the energy and resource sectors in both Australia and Asia. Previous positions include CFO and General Manager for Tap Oil Limited, CFO for Oilex Limited and prior to that CFO for Buru Energy Limited

4.3 Independence

If elected the board does, consider Mr Bath will be an independent director.

4.4 Board recommendation

The Board supports the re-election of Mr Bath and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – CONSOLIDATION OF CAPITAL

5.1 Background

Resolution 4 seeks Shareholder approval to consolidate the number of Shares and Options on issue on a 1 for 2 basis (Consolidation).

The purpose of the Consolidation is to reduce the number of Shares on issue, to correspondingly increase the imputed value of each Share, to make investment in the Company's securities more attractive to institutional and other investors and to position the Company for long term growth.

5.2 Legal requirements

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

The Company has Options on issue. ASX Listing Rule 7.22 also requires that in a consolidation of capital the number of options on issue be consolidated in the same ratio as the ordinary capital and the exercise prices amended in inverse proportion to that ratio.

5.3 Fractional entitlements and taxation

Not all Shareholders and Optionholders will hold that number of Shares and Options which can be evenly consolidated on a 1 for 2 basis. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share or Option.

It is not considered that any taxation consequences will exist for Shareholders or Optionholders arising from the Consolidation. However, Shareholders and Optionholders are advised to seek their own tax advice on the effect of the Consolidation, and neither the Company, nor the Directors (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.

5.4 Holding statements

From the date of the Consolidation all holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and Options on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares and Options to be issued to holders of those Shares and Options.

It is the responsibility of each Shareholder and Optionholder to check the number of Shares and Options held prior to any disposal or exercise (as the case may be).

5.5 Effect on capital structure

The effect which the Consolidation will have on the capital structure of the Company is set out below:

	Pre-Consolidation		Post-Consolidation	
	Shares	Options	Shares	Options
Capital Structure	767,498,870	65,000,000 ⁽ⁱ⁾	383,749,435	32,500,000 ⁽ⁱⁱ⁾

⁽ⁱ⁾ On a pre-Consolidation basis, this consists of 65,000,000 listed options exercisable at 0.8 cents each expiring on 30 June 2020

⁽ⁱⁱ⁾ On a post-Consolidation basis, this consists of 32,500,000 listed options exercisable at 6.25 cents each expiring on 30 June 2020.

5.6 Indicative Timetable

If Resolution 4 passes, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

Action	Date
Notice of Meeting Despatched	25 October 2019
Company informs ASX that Shareholders have approved the Consolidation	27 November 2019
Last day for pre-Consolidation trading	28 November 2019
Post-Consolidation trading starts on a deferred settlement basis	2 December 2019
Last day for Company to register transfers on a pre-Consolidation basis	3 December 2019
First day of Company to send notice to each holder of the change in their details of holdings	4 December 2019
First day for company to register Securities on a post-Consolidation basis and first day of issue of holding statements	
Despatch date, Deferred settlement market ends	10 December 2019
Last day for Securities to be entered into holders' Security holdings	
Last day for the Company to send notice to each holder of the change in their details of holdings	

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES

6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**). The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 6.2 below).

The effect of Resolution 5 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

6.2 ASX Listing Rule 7.1A

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

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

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

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 \$2.3 million as at 18 October 2019 (based on the closing price of the Company's Shares on ASX on 18 October 2019, being \$0.003 per Share). Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of Equity Securities on issue. The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

6.3 Technical information required by ASX Listing Rule 7.1A

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

(a) Minimum Price

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 6.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

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

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),
(10% Placement Capacity Period).

(c) Risk of voting dilution

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

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

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

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.3A2)	Dilution			
	Issue Price (per Share)	0.0015 50% decrease in Issue Price	0.003	0.0045 50% increase in Issue Price
767,498,870* (Current Variable A)	Shares issued - 10% voting dilution	76,749,887	76,749,887	76,749,887
	Funds raised	\$115,125	\$230,250	\$345,374
1,151,248,305 (50% increase in Variable A)	Shares issued - 10% voting dilution	115,124,831	115,124,831	115,124,831
	Funds raised	\$172,687	\$345,374	\$518,062
1,534,997,740 (100% increase in Variable A)	Shares issued - 10% voting dilution	153,499,774	153,499,774	153,499,774
	Funds raised	\$230,250	\$460,499	\$690,749

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

The table above uses the following assumptions:

1. There are currently 767,498,870 Shares on issue;
2. The issue price set out above is the closing price of the Shares on the ASX on 18 October 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
6. 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.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

8. 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%.
9. 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.

The table below is based on Shareholder Approval of the Consolidation in Resolution 4:

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.3A2)	Dilution			
	Issue Price (per Share)	0.003 50% decrease in Issue Price	0.006	0.009 50% increase in Issue Price
383,749,435* (Current Variable A)	Shares issued - 10% voting dilution	38,374,944	38,374,944	38,374,944
	Funds raised	\$115,125	\$230,250	\$345,374
575,624,153 (50% increase in Variable A)	Shares issued - 10% voting dilution	57,562,415	57,562,415	57,562,415
	Funds raised	\$172,687	\$345,374	\$518,062
767,498,870 (100% increase in Variable A)	Shares issued - 10% voting dilution	76,749,887	76,749,887	76,749,887
	Funds raised	\$230,250	\$460,499	\$690,749

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

The table above uses the following assumptions:

1. There will be 383,749,435 Shares after the Consolidation, on issue.
2. The issue price set out above is calculated based on the closing price of the Shares on the ASX on 18 October 2019 and following the Consolidation.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
6. 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.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. 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%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

(d) Purpose of Issue under 10% Placement Capacity

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

- (i) 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 (funds would then be used for project, feasibility studies and ongoing project administration), general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments including previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

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

(e) Allocation under the 10% Placement Capacity

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

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

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

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

(f) Previous Approval under ASX Listing Rule 7.1A

The Company previously obtained approval under ASX Listing Rule 7.1A at the Company's 2018 annual general meeting held on 29 November 2018.

In the 12 months preceding the date of the Meeting the Company has not issued any Equity Securities.

(g) 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 will give to ASX:

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

6.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

7. RESOLUTION 6 – AMENDMENT TO CONSTITUTION

7.1 General

The Company is currently governed by its existing Constitution.

Under section 136(2) of the Corporations Act, a Company can modify its constitution or a provision of its constitution by special resolution. Accordingly, the Company seeks Shareholder approval to amend its Constitution by a special resolution of Shareholders as set out below.

A copy of the amended Constitution will be sent to Shareholders on request and will also be available for inspection at the registered office of the Company during normal business hours prior to the Meeting.

7.2 Background

Changes to the ASX Listing Rules will commence on 1 December 2019 which will require a listed entity's constitution to contain certain provisions regarding Restricted Securities (as that term is defined in the ASX Listing Rules) if the entity has any Restricted Securities on issue. Although the Company does not presently have any Restricted Securities on issue and does not have any present intentions to undertake a transaction which would result in the issue of Restricted Securities, the Board considers it prudent to take this opportunity to update the Constitution to ensure it complies with these new escrow requirements.

With effect from 1 December 2019, the ASX intends to apply a two-tier escrow regime where ASX can require certain more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A of the ASX Listing Rules, as is currently the case. However, for less significant holders of Restricted Securities, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of Restricted Securities and to simply give a notice to such holders in the form to be set out in an Appendix to the ASX Listing Rules, advising them of those restrictions.

To facilitate the operation of the new two-tier escrow regime to be implemented by the ASX, certain changes are required to the customary provisions of constitutions of ASX-listed entities regarding Restricted Securities.

7.3 Proposed amendment

Clause 3.9 of the Constitution currently provides as follows:

Restricted Securities 3.9.1

- 3.9.1 The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities, without limiting the generality of the foregoing:
- (a) Restricted Securities cannot be disposed of during the escrow period except as permitted by the Listing Rules of the ASX;
 - (b) the Company will refuse to acknowledge a disposal (including registering a transfer) of Restricted Securities during the escrow period except as permitted by the Listing Rules of the ASX;
 - (c) during a breach of the Listing Rules relating to Restricted Securities, or a breach of a restriction agreement, the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

Pursuant to Resolution 6, the Company seeks Shareholder approval to delete clause 3.9 of the Constitution in its entirety and replace it with the following:

Restricted Securities 3.9.1

- 3.9.1 While the Company is on the official list of the ASX, the Company must recognise and comply with the Listing Rules with respect to Restricted Securities. Without limiting the obligation to comply with the Listing Rules:
- (a) a holder of Restricted Securities must not Dispose of, or agree to offer to Dispose of, the Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or the ASX;
 - (b) if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities;
 - (c) the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer), of Restricted Securities during the escrow period except as permitted by the Listing Rules or the ASX;
 - (d) a holder of Restricted Securities will not be entitled to participate in any return of capital on those Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or the ASX; and
 - (e) if a holder of Restricted Securities breaches a restriction agreement or a provision of this Constitution restricting a Disposal of those Restricted Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Restricted Securities for so long as the breach continues.

For the purposes of this clause 3.9.1, "Dispose" has the meaning given to that term in the Listing Rules and Disposal has a corresponding meaning.

7.4 Additional information

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the cast of a corporate Shareholder, by a corporate representative). The Chair intends to exercise all available proxies in favour of Resolution 6.

8. Enquiries

Shareholders are invited to contact the Company Secretary on (+61 8) 6102 4826 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

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

Company means Grand Gulf Energy Limited (ACN 073 653 175).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Option means an option to acquire shares in the capital of the Company.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

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

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

Shareholder means a registered holder of a Share.

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