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**BPH ENERGY LTD**

**ACN 095 912 002**

**NOTICE OF GENERAL MEETING**

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**TIME:** 11:00am WST

**DATE:** Monday, 20 April 2015

**PLACE:** 14 View Street  
NORTH PERTH WA 6006

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Ms Deborah Ambrosini on +61 8 6467 9505.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:00am WST on Monday, 20 April 2015 at:

14 View Street  
NORTH PERTH WA 6006

### Your vote is important

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

### Voting eligibility

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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 11:00am WST on Saturday, 18 April 2015.

### Voting in person

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

### Voting by proxy

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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, Shareholder are advised that:

- each Shareholder has a right to appoint a proxy;
  - the proxy need not be a Shareholder; 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 Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.
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Shareholders and their proxies should be aware of sections 250BB and 250BC of the Corporations Act, as they will apply to the Meeting. Broadly, these sections 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 proxy voting rules are set out below.

#### ***Proxy vote if appointment specifies way to vote***

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

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- 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;
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy *must* vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is *not* the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy *must* vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

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

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

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – ISSUE OF DIRECTOR SHARES – MR DAVID BREEZE

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

*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 11,435,832 Director Shares to Mr David Breeze (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by David Breeze (or his nominee) and any of David Breeze's associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 2. RESOLUTION 2 – ISSUE OF RELATED PARTY OPTIONS – MS DEBORAH AMBROSINI

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

*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Related Party Options to Ms Deborah Ambrosini (or her nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Deborah Ambrosini (or her nominee) and any of Deborah Ambrosini's associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or,

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it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**3. RESOLUTION 3 – ISSUE OF RELATED PARTY OPTIONS – MR BRUCE WHAN**

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

*"That, for the purposes of Sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,000,000 Related Party Options to Mr Bruce Whan (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Bruce Whan (or his nominee) and any of Bruce Whan's associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
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- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 4. RESOLUTION 4 – ISSUE OF RELATED PARTY OPTIONS – MR GOH HOCK

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

*"That, for the purposes of Sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,000,000 Related Party Options to Mr Goh Hock (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Goh Hock (or his nominee) and any of Goh Hock's associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**Dated: 20 March 2015**

**By order of the Board**



**Deborah Ambrosini**  
**Company Secretary**

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## EXPLANATORY STATEMENT

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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 which are the subject of the business of the Meeting.

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### 1. RESOLUTIONS 1– 4 – ISSUE OF DIRECTOR SHARES AND RELATED PARTY OPTIONS

#### 1.1 General

The Company has agreed, subject to Shareholder approval, to allot and issue:

- (a) 11,435,832 Shares to Mr David Breeze (**Director Shares**);
- (b) 5,000,000 Options to Ms Deborah Ambrosini;
- (c) 2,000,000 Options to Mr Bruce Whan; and
- (d) 2,000,000 Options to Mr Goh Hock,

(together, the **Related Party Options**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Director Shares and Related Party Options to the parties listed above (**Related Parties**) requires the Company to obtain Shareholder approval because the grant of Director Shares and Related Party Options constitutes giving a financial benefit. As Directors, Mr David Breeze, Mr Bruce Whan and Mr Goh Hock are related parties of the Company and, as a person who was a Director of the Company in the past 6 months, Ms Deborah Ambrosini is also a related party of the Company.

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

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

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

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

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- (a) the related parties are Mr David Breeze, Ms Deborah Ambrosini, Mr Bruce Whan and Mr Goh Hock. Messrs Breeze, Whan and Hock are related parties by virtue of being Directors. Ms Ambrosini is a related party by virtue of having been a Director of the Company in the past 6 months;
- (b) the maximum number of Director Shares and Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
- (i) 11,435,832 Director Shares to David Breeze
  - (ii) 5,000,000 Related Party Options to Deborah Ambrosini;
  - (iii) 2,000,000 Related Party Options to Bruce Whan; and
  - (iv) 2,000,000 Related Party Options to Goh Hock.
- (c) The Director Shares and Related Party Options will be granted to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the deemed issue price of the Director Shares will be \$0.003935 each (being the price at which Shares were recently issued to Shareholders under the Company's Share Purchase Plan announced on 10 February 2015) and they will be issued in satisfaction of a portion of David Breeze's accrued Director fees totalling \$45,000 (leaving \$502,279 in accrued Director fees still outstanding and payable to David Breeze);
- (e) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (f) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (g) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (h) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice of Meeting are set out below:

| <b>Related Party</b> | <b>Shares</b> | <b>Options</b> |
|----------------------|---------------|----------------|
| David Breeze         | 6,509,811     | Nil            |
| Deborah Ambrosini    | Nil           | Nil            |
| Bruce Whan           | Nil           | Nil            |
| Goh Hock             | 480,769       | Nil            |



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

| Related Party     | Current Financial Year | Previous Financial Year |
|-------------------|------------------------|-------------------------|
| David Breeze      | \$148,000 per annum    | \$148,000               |
| Deborah Ambrosini | \$25,000 per annum     | \$25,000                |
| Bruce Whan        | \$25,000 per annum     | Nil                     |
| Goh Hock          | \$25,000 per annum     | \$25,000                |

- (j) if the Director Shares are issued, a total of 11,435,832 Shares would be issued. If the Related Party Options are exercised, a further 9,000,000 Shares in total would be allotted and issued (assuming no other Shares are issued to third parties and no Options currently on issue are exercised or cancelled). This will increase the number of Shares on issue as at the date of this Notice from 224,330,895 to 244,766,727 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

| Related Party     | Issued Shares as at the date of this Notice of Meeting | Shares to be issued | Related Party Options to be issued | Total Shares held upon exercise of all Related Party Options | Dilutionary effect upon issue of Director Shares and exercise of Related Party Options |
|-------------------|--|---------------------|------------------------------------|--|--|
| David Breeze      | 6,509,811  | 11,435,832          | Nil                                | 17,945,643   | 4.67%  |
| Deborah Ambrosini | Nil  | Nil                 | 5,000,000                          | 5,000,000  | 2.04%  |
| Bruce Whan        | Nil  | Nil                 | 2,000,000                          | 2,000,000  | 0.82%  |
| Goh Hock          | 480,769  | Nil                 | 2,000,000                          | 2,480,769  | 0.82%  |
| <b>TOTAL</b>      | <b>6,990,580</b>                                       | <b>11,435,832</b>   | <b>9,000,000</b>                   | <b>27,426,412</b>  | <b>8.35%</b>   |

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

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

|         | Price   | Date             |
|---------|---------|------------------|
| Highest | \$0.014 | 25 March 2014    |
| Lowest  | \$0.003 | 17 February 2015 |
| Last    | \$0.005 | 16 March 2015    |

- (l) the Board acknowledges the grant of Director Shares and Related Party Options is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Director Shares and Related Party Options is reasonable in the circumstances for the reasons set out in paragraphs (n), (o), (p) and (q) below;
  - (m) the primary purpose of the grant of Director Shares and Related Party Options to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company in their respective roles and a performance linked incentive component in their remuneration packages to motivate and reward their performance in their respective roles. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Shares and Related Party Options upon the terms proposed;
  - (n) Mr David Breeze declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of that Resolution. However, in respect of Resolutions 2, 3 and 4, David Breeze recommends that Shareholders vote in favour of those Resolutions for the following reasons:
    - (i) the grant of the Related Party Options to Deborah Ambrosini, Bruce Whan and Goh Hock will align their interests with those of Shareholders;
    - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
    - (iii) it is unlikely that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Related Party Options upon the terms proposed;
  - (o) Mr Bruce Whan declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 1, 2 and 4, Bruce Whan recommends that Shareholders vote in favour of those Resolutions for the following reasons:
    - (i) the grant of the Related Party Options to Deborah Ambrosini and Goh Hock will align their interests with those of Shareholders;
    - (ii) the grant of the Director Shares and Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
    - (iii) it is unlikely that there are any significant opportunity costs to the Company or opportunities foregone by the Company in
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granting the Director Shares and the Related Party Options upon the terms proposed; and

- (p) Mr Goh Hock declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 1, 2 and 3, Goh Hock recommends that Shareholders vote in favour of those Resolutions for the following reasons:
  - (i) the grant of the Related Party Options to Deborah Ambrosini and Bruce Whan will align their interests with those of Shareholders;
  - (ii) the grant of the Director Shares and Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is unlikely that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Director Shares and the Related Party Options upon the terms proposed;
- (q) in forming their recommendations, each Director considered the experience of each Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 1 to 4.

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

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities and 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 BPH Energy Ltd ACN 095 912 002.

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

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

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

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

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

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**Option** means an option to acquire a Share on the terms and conditions set out in Schedule 1.

**Optionholder** means a holder of an Option.

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

**Related Parties** means Messrs David Breeze, Bruce Whan and Goh Hock and Ms Deborah Ambrosini.

**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 holder of a Share.

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

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The Related Party Options entitle the holder or their nominee to subscribe for Shares on the following terms and conditions:

- (a) Each Related Party Option gives the optionholder the right to subscribe for one (1) Share. To obtain the right given by each Related Party Option, the optionholder must exercise the Related Party Options in accordance with the terms and conditions of the Related Party Options.
  - (b) The Related Party Options are exercisable at any time on or prior to 5:00pm (WST) on 31 March 2020 (**Expiry Date**). Any Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) Subject to paragraph (j), the amount payable upon exercise of each Related Party Option will be \$0.02 (**Exercise Price**).
  - (d) The Related Party Options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An optionholder may exercise their Related Party Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Related Party Options specifying the number of Related Party Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Related Party Options being exercised,

**(Exercise Notice).**
  - (f) An Exercise Notice is only effective on and from the later of the date of receipt of the Exercise Notice and the date of receipt of the payment of the Exercise Price for each Related Party Option being exercised in cleared funds (**Exercise Date**)..
  - (g) Within 15 Business Days after the later of the following:
    - (i) the Exercise Date; and
    - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

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

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

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

- (h) The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
  - (i) All Shares allotted upon the exercise of Related Party Options will upon allotment rank equally in all respects with other Shares.
  - (j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (k) The Company will not apply for quotation of the Related Party Options on ASX, however if admitted to the official list of ASX at the time, the Company will apply to ASX for quotation of the Shares issued upon the exercise of the Related Party Options.
  - (l) There are no participating rights or entitlements inherent in the Related Party Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give optionholders the opportunity to exercise their Related Party Options prior to the date for determining entitlements to participate in any such issue.
  - (m) A Related Party Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Related Party Option can be exercised.
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## SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

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The Related Party Options to be issued to the Related Parties pursuant to Resolutions 2-4 have been valued by internal management.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed a value range, as follows:

**Assumptions:**

|  |                 |
|--|-----------------|
| Valuation date                                   | 9 March 2015    |
| Market price of Shares                           | \$0.005         |
| Exercise price of Related Party Options          | \$0.02 each     |
| Expiry date (length of time from issue)          | 31 March 2020   |
| Risk free interest rate                          | 5.00%           |
| Volatility (discount)                            | 50%             |
| <b>Indicative value per Related Party Option</b> | <b>\$0.0007</b> |
| <b>Total Value of Related Party Options</b>      | <b>\$6,300</b>  |
| <i>Deborah Ambrosini</i>                         | <i>\$3,500</i>  |
| <i>Bruce Whan</i>                                | <i>\$1,400</i>  |
| <i>Goh Hock</i>                                  | <i>\$1,400</i>  |

Note: The valuation ranges noted above are not necessarily the market prices that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.

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**BPH ENERGY LTD**  
**ACN 095 912 002**

## General Meeting

**STEP 1**  **Appoint a proxy to vote on your behalf:**

I/We: Insert name

of:  Insert member's address

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint as my/our proxy:

Name of proxy:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to act on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting to be held at 11:00am WST on Monday, 20 April 2015 at 14 View Street North Perth, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

## STEP 2 Items of Business

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

### Voting on business of the Meeting

| Voting on business of the Meeting |   | FOR                      | AGAINST                  | ABSTAIN*                 |
|-----------------------------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1                      | Issue of Director Shares – Mr David Breeze            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2                      | Issue of Related Party Options – Ms Deborah Ambrosini | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3                      | Issue of Related Party Options – Mr Bruce Whan        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4                      | Issue of Related Party Options – Mr Goh Hock          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

**SIGN** **Signature of Securityholder(s)** *This section must be completed*

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

Individual or Shareholder 1

### Shareholder 2

### Shareholder 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Date: 2015

Contact name:

**Contact ph (daytime):**

**E-mail address:**

Consent for contact by e-mail: YES ☐ NO ☐

## Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - post to BPH Energy Ltd, 14 View Street, North Perth, Western Australia, 6006; or
  - facsimile to the Company on facsimile number +61 8 9328 8733; or
  - email to the Company at [deborah@grandbridge.com.au](mailto:deborah@grandbridge.com.au),

so that it is received not less than 48 hours prior to commencement of the Meeting.

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

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