

WHL ENERGY LIMITED
ACN 113 326 524

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by those Shareholders registered at the Record Date at an issue price of \$0.001 per Share together with one (1) New Option (exercisable at \$0.002 each on or before 30 June 2018) for every four (4) Shares issued at an issue price of \$0.001 per New Option to raise up to approximately \$3,040,017 (based on the number of Shares on issue as at the date of this Prospectus) (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Stuart Brown (Non-Executive Chairman)
Faldi Ismail (Non-Executive Director)
Graham Durtanovich (Non-Executive Director)

Company Secretary

Ian Hobson

ASX Code

WHN

Share Registry*

Link Market Services
Level 4, Central Park,
152 St Georges Terrace,
Perth, WA 6000

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Auditor*

HLB Mann Judd
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Perth, WA 6000

Registered Office

Level 2, 22 Delhi Street,
West Perth, WA 6005

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Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth , WA 6000

Lead Manager

Energy Capital Partners Pty Ltd
an authorised representative of
Australian Financial Services Licence
353435
Suite 2, 16 Ord Street
West Perth, WA 6005

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. TIMETABLE

Lodgement of Prospectus with the ASIC	13 August 2015
Lodgement of Prospectus & Appendix 3B with ASX	13 August 2015
Notice sent to Optionholders	14 August 2015
Notice sent to Shareholders	17 August 2015
Ex date	18 August 2015
Record Date for determining Entitlements (5:00pm WST)	20 August 2015
Prospectus sent to Shareholders & Company announces this has been completed	25 August 2015
Last day to give notice to extend the Closing Date	31 August 2015
Closing Date* (5:00pm WST)	3 September 2015
Securities quoted on a deferred settlement basis	4 September 2015
ASX notified of under subscriptions	8 September 2015
Issue date/Despatch of holding statements	10 September 2015
Quotation of Securities issued under the Offer*	11 September 2015

*The Directors may extend the Closing Date by giving at least 3 Business Days notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 13 August 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.2 Disclaimer

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

3.3 Applications

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

3.4 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

No assurance can be, or is, given, that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

There is no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by Shareholders registered at the Record Date at an issue price of \$0.001 per Share together with one (1) New Option (exercisable at \$0.002 each on or before 30 June 2018) for every four (4) Shares issued at an issue price of \$0.001 per New Option. Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 2,432,013,666 Shares and 608,003,416 New Options will be issued pursuant to this Offer to raise up to \$3,040,017.

As at the date of this Prospectus the Company has 372,938,715 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 5.4 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.2. All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5.1.

4.2 Minimum subscription

There is no minimum subscription.

4.3 Acceptance

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form and return to the Company's share registry so that is received by no later than 5:00 pm WST on the Closing Date; or
 - (ii) make your payment by BPAY® for the amount of your Entitlement indicated on the Entitlement and Acceptance Form; or

- (b) if you only wish to accept **part** of your Entitlement:
- (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form (you will be deemed to accept that number of Options which equates to 1 Option for every 4 Shares accepted subject to rounding) and attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.001 per Share and \$0.001 per New Option) and return to the Company's share registry so that is received by no later than 5:00 pm WST on the Closing Date; or
 - (ii) make your payment by BPAY® for the amount of your Entitlement that you wish to accept calculated on the basis of \$0.001 per Share and \$0.001 per New Option; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Where the application monies required to be paid for the amount of Securities being accepted results in a fraction of a cent the amount to be paid is required to be rounded up to the nearest whole cent.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "WHL Energy Limited In Trust For Options" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm WST on the Closing Date.

4.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the unique customer reference number (**CRN**) specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your Shareholdings

(with the result that any application in respect of your remaining Shareholdings will not be valid).

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 3:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. The Company shall not be responsible for any delays in the receipt of the BPAY® payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.6 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form with a cheque or paying any application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

4.7 Underwriting

The Offer is not underwritten.

4.8 Lead manager

Energy Capital Partners Pty Ltd (**Lead Manager**) has been appointed as lead manager to the Offer.

The fee payable by the Company to the Lead Manager is 6% (excluding GST) of the amount raised under the Prospectus.

Graham Durtanovich, a director of the Company, is an employee of Energy Capital Partners Pty Ltd but will not be paid any commission or other form of additional remuneration by Energy Capital Partners Pty Ltd in relation to the fees payable by the Company to Energy Capital Partners Pty Ltd in their engagement as lead manager to the Offer.

4.9 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.001 being the price at which Shares have been offered under the Offer, and for each New Option the issue price will be \$0.001 being the price at which the New Options have been offered under the Offer and the New Options issued under the Shortfall Offer will be issued with the New Shares in the same ratio as under the Offer.

The Directors reserve the right to issue Shortfall Securities at their absolute discretion. Accordingly, do not apply for Shortfall Securities unless instructed to do so by the Directors.

No action has been taken to register or qualify the Securities or otherwise permit a public offering of the Securities the subject of the Shortfall Offer in any jurisdiction outside Australia (other than in respect of Eligible Shareholders in New Zealand). Applicants with a registered address in countries other than Australia (and who are not an Eligible Shareholder in New Zealand) should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. If you are an Applicant with a registered address in countries other than Australia (and are not an Eligible Shareholder in New Zealand) it is your responsibility to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Shortfall Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

No issue will be made under the Shortfall Offer if this would result in a person acquiring a relevant interest in more than 20% of the voting Shares immediately following that issue.

Applications for Securities under the Shortfall Offer must be made using the Shortfall Application Form, in multiples that do not result in a fraction of a cent or alternatively the application monies must be rounded up to the nearest whole cent and payment for the Securities applied for must be made in full.

Completed Shortfall Application Forms and accompanying cheques, made payable to "WHL Energy Limited In Trust For Options" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Shortfall Application Form by no later than the Closing Date of the Offer (unless extended by the Company with such extension being no more than three months following the Closing Date (or such period as varied by ASX and the ASIC). The Company shall not be responsible for any delivery delays in the receipt of your cheque and completed Shortfall Application Form.

4.10 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue those Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.11 Issue

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities issued is less than the number applied for,

or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

4.12 Jurisdictions in which Offer will be made

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

New Zealand

The Offer is being made in New Zealand pursuant to the Securities act (Overseas Companies) Exemption Notice 2013.

Nominee holders

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.13 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, on +61 8 6500 0271.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to raise up to approximately \$3,040,017.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Current Projects – Ongoing operations		
	Seychelles ¹	330,000	10.85
	VIC/P67 ²	1,500,000	49.34
2.	Acquisition costs for potential new investments/projects ³	110,999	3.65
3.	Working capital ⁴	531,860	17.50
4.	Repayment of short term liabilities	325,000	10.69
5.	Expenses of the Offer ⁵	242,158	7.97
	Total	\$3,040,017	100

Notes:

1. The current phase of the Seychelles Project is nearing completion following acquisition of the 1,528 km² Junon 3D seismic survey. The operator, Ophir Energy plc (**Ophir**), is finalising the interpretation of this data and evaluating the prospectivity of the acreage with a view to making a decision by 31 December 2015 on whether to enter the next phase of the project and commit to the drilling of one well. The estimated joint venture budget for the remainder of 2015 is US\$900,000 of which WHL's share (25%) is approximately A\$330,000. This expenditure does not include any costs associated with drilling should Ophir elect to continue into the drilling phase. It is also noted that expenditure is required to be paid in US dollars. In the event the foreign exchange rate results in a different amount in Australian dollars than is estimated in the use of funds table, any additional funding required will be reallocated from working capital or where less funds are required the surplus funds will be reallocated to working capital. In the event the drilling phase is entered into the Company will consider the funding options available at that time noting that Ophir will be required to pay the Company US\$2,000,000 if it elects to enter the drilling phase. Additional funding options include using any existing cash reserves available at the time or undertaking a further raising by way of debt or equity or a combination or both.
2. The Company has applied to the National Offshore Petroleum Titles Administrator (**NOPTA**) for a further suspension and extension to the term of the VIC/P67 exploration permit to provide time to mature potential drilling locations. Extensive interpretation of the La Bella 3D seismic in 2014/15 highlighted the need for additional advanced 3D seismic re-processing (PreSDM) to mature the most prospective potential within the licence. Subject to the award of the suspension and extension application the expenditure detailed in the table above represents the anticipated costs of PreSDM re-processing, prospect generation and evaluation and the planning of 2 exploration wells. Funds would also cover the cost of the Year 3 2D seismic acquisition and processing commitment. If the suspension and extension of the term is not granted the Company could forfeit its interest in this permit and these funds would be diverted to working capital.
3. As detailed in the Company's recent quarterly report the Company will continue to seek new business development opportunities in an attempt to strengthen and diversify its portfolio of growth options. The review of new opportunities will require the use of various consultants to carry out essential due diligence and evaluate specific risks and commercial issues. The Company is specifically seeking opportunities, which

have the potential to generate sustainable cashflow, and may include producing oil and/or gas asset(s) or revenue generation from other areas of business.

4. The funds allocated to the 'working capital' detailed above are sufficient to ensure that the Company can maintain operations until 31 March 2016.
5. Refer to Section 8.7 for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. 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 funds are applied on this basis.

In the event the Company does not raise the full subscription amount, after the applicable reduction in expenses of the Offer, the Company will postpone expenditure of \$110,999 to acquire new investments/projects and further scale back working capital costs (up to \$93,750). Where the funds raised remain insufficient for the remaining expenditure categories the Company will reduce costs in the following order of priority:

1. assuming the suspension and extension application on VIC/P67 has been granted, defer 2D seismic acquisition and processing on VIC/P67 (\$1,000,000);
2. assuming the suspension and extension application on VIC/P67 has been granted, defer preSDM re-processing to be completed to mature potential drilling locations on VIC/P67 (\$500,000);
3. joint venture expenditure on the Seychelles project through to the 31 December 2015 decision date by Ophir (\$330,000);
4. working capital by up to the remaining \$438,110 which would reduce the time period the Company has funds sufficient to maintain its budgeted operations;
5. repayment of short term liabilities by up to \$325,000.

Where project expenditure is reduced this could jeopardise the status of the VIC/P67 permit and result in the Company being in default of its farm out agreement with Ophir and the Company could lose its interest in that permit if it is unable to obtain funding from alternative sources by the date the commitments are due. Further details of these risks are set out in Sections 7.2(a) and 7.2(b). In addition where the funds raised are insufficient to allow the Company to repay short term liabilities it would need to negotiate with the creditor to seek an extension of time for the payment of those liabilities until such time as the Company was able to obtain funding from alternative sources.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$2,797,859 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 2,432,013,666 as at the date of this Prospectus to 4,864,027,332 Shares following complete of the Offer; and

- (c) increase the number of Options on issue from 372,938,715 as at the date of this Prospectus to 980,942,131 Options following completion of the Offer.

5.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 June 2015 and the unaudited pro-forma balance sheet on completion of the Offer shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Notes	Unaudited Consolidated 30 June 2015 \$	Adjusted \$	Pro forma after Offer \$
Current Assets				
Cash and cash equivalents	3,5,6,7,8,9,10,12	1,230,069	303,162	3,101,021
Trade and other receivables	6	355,833	33,472	33,472
Total Current Assets		1,585,902	336,634	3,134,493
Non-current assets				
Plant and Equipment	11	146,426	141,826	141,826
Deferred exploration expenditure	9	27,757,099	27,818,529	27,818,529
Total non-current assets		27,903,525	27,960,355	27,960,355
Total Assets		29,489,427	28,296,989	31,094,848
Current Liabilities				
Trade and other payables	1,5,7,8,9	1,254,602	310,350	310,350
Borrowings	2	2,009,367	9,367	9,367
Current Tax Liabilities		303,376	303,376	303,376
Provisions	7,10	83,976	-	-
Total Current Liabilities		3,651,321	623,093	623,093
Total Liabilities		3,651,321	623,093	623,093
Net Assets		25,838,106	27,673,896	30,471,755
Equity				
Issued Capital	1,2,3,4,12	63,178,063	64,541,652	67,339,511
Reserves	4	5,486,111	6,582,463	6,582,463
Accumulated losses	6,7,8,11	-42,826,068	-43,450,219	-43,450,219
Total Equity		25,838,106	27,673,896	30,471,755

The unaudited balance sheet as at 30 June 2015 has been adjusted for the following events occurring after 30 June 2015 (Notes 1 to 11) and the effect of the Offer assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer (Note 12).

- Note 1 Conversion of debt (\$382,160) following shareholder approval at the general meeting on 31 July 2015.
- Note 2 Conversion of \$2m in converting loans following shareholder approval at the general meeting on 31 July 2015.
- Note 3 Placement of 18,384,572 Shares @ \$0.0042 on 23 July 2015 (\$77,781)
- Note 4 Unlisted options (350,000,000) issued to Energy Capital Partners Pty Ltd (or nominees) as part of the recapitalisation fees (\$1,096,352) following shareholder approval at the general meeting 31 July 2015
- Note 5 Repayment of over subscription for convertible note 30 June 2015
- Note 6 Prepayment of Energy Capital Partners Pty Ltd fees expensed in July (\$219,776) over period of convertible note in terms of the Accounting standard
- Note 7 Payments made in terms of deed of settlements (\$209,252)
- Note 8 Working capital requirements from 1 July 2015 to 31 August 2015 (\$190,523)
- Note 9 Cash call paid to Ophir for May and June (\$273,300)
- Note 10 Payment of leave pay following termination of staff (\$30,193)
- Note 11 Depreciation (\$4,600)
- Note 12 Net proceeds from proposed Offer (\$2,797,859)

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	2,432,013,666
Shares offered pursuant to the Offer	2,432,013,666
Total Shares on issue after completion of the Offer¹	4,864,027,332

¹ The Company proposes to issue a further approximately 6,000,000 Shares in satisfaction of debt of approximately \$6,000 (i.e. a deemed issue price per Share of \$0.001 being the same price as the issue price under the Offer). This issue will occur after the Record Date and therefore not result in any additional Entitlements. The exact number of Shares and the debt that is being satisfied will be confirmed at the time of the issue. The issue of these Shares will be made out of the Company's existing placement capacity under the ASX Listing Rules and therefore does not require prior Shareholder approval.

Options

	Number
Options currently on issue:	
(Quoted exercisable at \$0.18 on or before 30 November 2016)	3,638,715
(Unquoted exercisable at \$0.14 on or before 3 December 2017) ¹	19,300,000
(Unquoted exercisable at \$0.004 on or before 31 July 2018)	350,000,000

New Options offered pursuant to the Offer (Quoted exercisable at \$0.002 on or before 30 June 2018)	608,003,416
Total Options on issue after completion of the Offer	980,942,131

¹ Pursuant to the terms and conditions of this class of Options, the exercise price of these Options shall be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2 as a result of undertaking the Offer. The new exercise price for these Options is not known as at the date of this Prospectus as the formula requires the volume weighted average price of Shares on the 5 trading days preceding the ex date of the Offer. The Company will issue a revised Appendix 3B once the new exercise prices have been determined.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Potential dilution from the Offer

The capital structure on a fully diluted basis as at the date of this Prospectus would be 2,804,952,381 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 5,844,969,463 Shares (an increase of approximately 65%).

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 50% (as compared to their holdings and total number of Shares on issue as at the date of the Prospectus) if all the Securities offered under this Prospectus are issued.

5.6 Details of substantial holders

Those Shareholder holding 5% or more of the Shares on issue as at 3 August 2015 are set out in the table below.

Substantial holder	Shares	%
Chifley Portfolios Pty Ltd	200,000,000	8.22
Mr Robert Richter	171,519,364	7.05
Barclely Wells Ltd	130,000,000	5.35

In the event all Entitlements are accepted there will be no change to these substantial holders on completion of the Offer.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the

sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6.2 New Options

Set out below are the terms and conditions attaching to New Options being offered pursuant to this Prospectus.

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each New Option will be \$0.002 (**Exercise Price**)

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on 30 June 2018 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. Where the Exercise Price for the aggregate number of New Options being exercised as specified on a Notice of Exercise is a fraction of a cent the payment must be rounded up the nearest whole cent.

(f) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) 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
- (iii) 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 New Options.

If a notice delivered under (g)(ii) 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) **Shares issued on exercise**

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

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(l) **Change in exercise price**

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

(m) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Additional Requirements for Funding

There is no minimum subscription nor is the Offer underwritten. Therefore, the funds raised under this Prospectus may be insufficient to meet all of the objectives stated in Section 5.1 and in particular to fund costs of the activities proposed to be conducted on the Company's existing projects and repay short term liabilities. In the event this occurs, the Company would be in default of its farm out agreement with Ophir Energy plc with respect to the Seychelles project and the Company could lose its interest in that permit if it is unable to obtain funding from alternative sources by the date the commitments are due. In addition activities proposed for VIC/P67, which are subject to the suspension and extension application being approved, may need to be deferred unless the Company is able to obtain funding from alternative sources by the date those activities need to be completed to comply with the permit conditions. This could jeopardise the status of the permit. The Company would also need to negotiate with the relevant creditors to seek an extension of time for the payment of those liabilities which if not agreed could adversely affect the Company.

The Company's funding requirements depend on numerous factors including access to external capital sources, the Company's ability to further farm down its interests in its existing projects, the results of joint venture operations, future exploration activities and work programs and the acquisition of new projects. The Company expects, in the future, that it will require further funding to continue its activities.

The Company's funding requirements in respect to its existing projects are dependent upon the Company's ability to further farm down its interests and, in the case of the Seychelles, the determinations of the Company's joint venture partner as to whether they will continue to participate in and contribute to funding of, the Company's project. If the Company does identify and acquire interests in other suitable new investments or projects, it will be required to undertake further fundraising in order to proceed to earn-in or acquire an interest in any such projects.

Additional equity financing, if available, may be dilutive to Shareholders and at lower prices than the current market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or expansion. There is also no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(b) **Joint Venture Risk**

The current operations of the Company are focussed on assets that are subject to either farm out/joint venture agreements and/or obligations to the relevant regulatory authorities. Issues arising with these third parties could have a material impact on the assets and financial position of the Company. This impact could include the potential withdrawal of the Company's permits to operate certain assets if the work commitments are not performed within the current agreed timetables associated with the agreed work programs. The specific risks for each of the Company's key projects are as follows:

(i) *Seychelles Project*

The Company has farmed out a 75% interest in the Seychelles Project to Ophir, a UK listed entity. The farm out agreement with Ophir, approved by the Seychelles Government, includes the following key terms:

- (A) In order to acquire a 75% interest, Ophir was required to complete a 1,500 km² seismic acquisition programme up to a value of US\$17.0 million. This obligation has been completed. Subject to the interpretation of that data, Ophir has the ability, prior to 31 December 2015, to elect to either proceed to the drilling phase or exit the Seychelles Project. Should Ophir elect to not proceed to undertake drilling in respect to the Seychelles Project, the underlying permit will terminate and the acreage will revert to the regulator; and
- (B) If Ophir proceeds to drilling, there is an additional commitment to a further 1,000 km² seismic acquisition programme up to a value of US\$10.0 million. The farm out agreement also requires Ophir to drill a well before 31 July 2016, carry up to 90% of the costs to a limit of US\$30.0 million and pay the Company a further US\$2.0 million for past cost recovery.

There are two major risks associated with the Seychelles Project:

- (A) Ophir may elect not to proceed, following which the Company would be forced to relinquish its interest in the Seychelles Project; and
- (B) the costs, and risk of cost over-runs, associated with both the additional seismic acquisition commitment and the drilling phase. In both cases any cost over-run will need to be funded by the Company up to 25% above the agreed "carry" values. Under the farm in

agreement with Ophir, if the Company is unable to fund its portion of the cost over-runs its equity in the Seychelles Project will transfer to Ophir.

(ii) *VIC/P67 Project*

The VIC/P67 Petroleum Exploration Permit was awarded to the Company (100%) on 4 May 2012, with a commitment to reprocess 1000km of 2D seismic, acquire and process 811 km² of 3D seismic and drill two exploration wells during the primary three year permit term.

Peedamullah Petroleum (**AWE**) and Tap Oil Ltd (**Tap**) individually entered into agreements in September 2013 to fund a portion of the costs of the 3D seismic commitment to potentially earn a combined interest of up to 75% equity in the block. The 928 km² La Bella 3D seismic survey was acquired in late 2013, however, under a right of withdrawal in their farm-in agreement, AWE elected to withdraw from the block in December 2014. TAP also elected not to exercise the option to farm-in in February 2015. The Company therefore continues to hold 100% equity in VIC/P67.

A three month Suspension and Extension was provided on 16 April 2014, to allow sufficient time for the full PreSTM processing of the La Bella 3D seismic survey, which also extended Year 3 of the permit to 3 August 2015.

Detailed interpretation of the La Bella 3D seismic data, including additional processing efforts has been undertaken. This work has defined a number of technically mature low risk prospects, however, their modest size and constrained resource potential, limit their commercial attractiveness as standalone exploration opportunities. One further, potentially large, prospect has also been identified although further re-processing is required to improve the seismic imaging of the structure and mature a possible drilling location.

In order to undertake a PreSDM and targeted de-multiple reprocessing of the La Bella 3D seismic data and mature the key prospect for drilling, an application for an 'Above Work-Commitment Work Program Variation' and an 18 month Suspension and Extension to Year 3 was submitted to the Authorities on 9 June 2015.

The Company currently has a number major risks associated with the VIC/P67 Project, including the following:

- (A) The ability to mature a commercially robust exploration drilling location will depend on the successful award of the 'Above Work-Commitment Work Program Variation' and Suspension and Extension application. Failure to secure the Suspension and Extension would result in the early termination of the permit.
- (B) The authorities could approve a Suspension and Extension period shorter than the 18 months sought. This could limit the Company's ability to mature

prospects and conduct the necessary preparation for drilling before the end of the current permit year and risk the Company being deemed in bad standing for completing the work program late.

- (C) While the proposed 'Above Work-Commitment Work Program Variation' has been designed to improve the subsurface definition of the most attractive drilling candidate, this further work may fail to sufficiently de-risk and mature a commercially attractive exploration drilling candidate.

The withdrawal of AWE and Tap has left the Company with 100% equity in the permit and the obligation to operate and fund 100% of all future expenditure. While the Company will continue to seek to farm down its interest and operatorship of VIC/P67 this carries a number of associated risks including:

- (A) failure to attract a new joint venture partner would result in the Company being required to fund the full commitment for the VIC/P67 Project; and
- (B) transfer of operatorship is considered essential to proceed to the exploration drilling phase given the financial requirement to be issued the necessary permits for drilling operations. Without a substantial partner the Company may be unable to obtain a drilling permit.

(c) **New Projects and Acquisitions**

The Company is assessing other new acquisition and investment opportunities. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits and/or direct equity participation.

The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and/or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess, at that time, the funding allocated to current projects, which may result in the company reallocating funds from those projects and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, associated risks will remain.

Additionally, any new project or business acquisition may change the risk profile of the company, particularly if the new project is located in another jurisdiction or industry.

Should the Company propose or complete the acquisition of a new project, investors should re-assess their investment in the Company in light of the new project.

Additional risk associated with acquisition plans will include but are not limited to:

- (i) geopolitical risks associated with the entry to a new country including local requirements and political environment and fiscal stability risks;
- (ii) operations potentially in a non-English speaking countries;
- (iii) unclear requirements in terms of taxation or environmental obligations as local laws may be incomplete or have alternative outcomes;
- (iv) title risk over whether existing partners are eligible to have clear title for a permit, including matters of sovereign territorial claims;
- (v) the risks associated with a new geological area that might have limited information regarding prospectivity in terms of resources; and
- (vi) early entry into business opportunities outside the Company's current areas of capability.

(d) **Extraterritorial Risks**

The Company has interests in assets overseas and in that respect such assets are subject to risks particular to their extraterritoriality such as changes in laws, practices and policies in the relevant jurisdictions, including laws that deal with overseas investors. In particular, logistical difficulties may arise due to the assets being located overseas including incurring additional costs with respect to overseeing and managing these assets, costs associated with taking advice in relation to the application of local laws as well as the cost of establishing a local presence in that jurisdiction and/or infrastructure as necessary. Fluctuations in the currency of the relevant jurisdiction may also affect the dealings and operations of the Company in such jurisdiction.

(e) **Foreign Exchange Risk**

The current operations of the Company are in Australia and the Seychelles and some of the costs of operations will be in Seychelles rupee while the majority of costs and revenues will be in United States Dollars. As the Company's financial reports will be presented in Australian dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between the Seychelles rupee, United States dollars and the Australian dollar.

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

(f) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 2,432,013,666 currently on issue to 4,864,027,332. This means that each Share will represent a significantly lower proportion of the ownership of the Company. However, it is noted that if a Shareholder accepts their Entitlement in full there will be no change to their percentage ownership in the Company if all other Shares under the Offer are issued.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters. The last trading price of Shares on ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

7.3 Industry specific

(a) **Exploration and Development Risks**

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continued success of these activities is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable reserves;
- (ii) access to adequate capital for project development;
- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to interests;
- (v) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and
- (vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, reservoir properties, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk, and as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(b) **Oil and gas price fluctuations**

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

(c) **Environmental Risk**

The Company's activities are subject to the environmental risks inherent in the oil and gas industry. The Company is subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry, which operations are currently in the Seychelles and Australia. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

The Company's operational risks include environmental hazards such as accidental spills or leaks of petroleum liquids or gas, ruptures and the

discharge of toxic gases. The occurrence of any such incident could result in substantial costs to the Company for environmental rehabilitation, damage control and losses.

(d) **Competition**

The Company will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(e) **Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project, its development or operation. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(f) **Risk of international operations generally**

International sales and operations are subject to a number of risks, including:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) increases in costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

7.4 General risks

(a) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its ability to attract and retain senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if it is not able to attract and retain suitable senior management and key personnel as and when required.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company other than as set out below.

Quattro Capital Group Pty Ltd (**Quattro**) has initiated proceedings against the Company in the Magistrates Court of Western Australia claiming a total of \$33,269 (inclusive of GST). Quattro was previously engaged as a corporate adviser to the Company. The Company has filed an intention to defend the claim.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as with all listed companies, the Company is required to continuously disclose to the market, any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the

Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
07/08/2015	Becoming a substantial holder
31/07/2015	Appendix 3B and cleansing statement
31/07/2015	Results of Meeting
24/07/2015	Appendix 3B and Cleansing Statement
16/07/2015	Quarterly Cashflow Report
16/07/2015	Quarterly Activities Report
02/07/2015	Appendix 3B and Cleansing Notice
30/06/2015	Appendix 3B
29/06/2015	Response to ASX Aware Query
25/06/2015	Proposed Rights Issue
24/06/2015	Notice of General Meeting/Proxy Form
09/06/2015	Final Director's Interest Notice
05/06/2015	Change of Director Interest Notices x 3
05/06/2015	Initial Director's Interest Notice
03/06/2015	Reinstatement to Official Quotation
03/06/2015	Financing & Management Update
29/05/2015	Voluntary Suspension Extension
27/05/2015	Suspension from Official Quotation

Date	Description of Announcement
25/05/2015	Trading Halt
19/05/2015	S708A Notice
19/05/2015	Appendix 3B
14/05/2015	WA460P Update
13/05/2015	Additional Funding Agreement
30/04/2015	Quarterly Activities Report
30/04/2015	Quarterly Cashflow Report
13/04/2015	S708A Notice
09/04/2015	Appendix 3B
08/04/2015	Repayment of Argonaut Debt
31/03/2015	Receipt of Payment Vic/P67
16/03/2015	Half Yearly Report and Accounts
10/03/2015	Presentation to Africa Oil & Gas Forum
05/03/2015	Seismic review confirms large scale prospectivity
12/02/2015	VIC/P67 Update
11/02/2015	TAP Elects not to proceed to farm-in to Offshore Otway Basin
02/02/2015	Quarterly Cashflow Report
02/02/2015	Quarterly Activities Report
29/12/2014	TAP:VICP/67, Otway Basin - Extension of Option Exercise Date
29/12/2014	VIC/P67 Update
19/12/2014	VIC/P67 Update
09/12/2014	Share Consolidation Complete
09/12/2014	Seychelles Seismic Interpretation Update
04/12/2014	Appendix 3B - Securities Consolidation
01/12/2014	Change of Director's Interest Notice
28/11/2014	Appendix 3B
28/11/2014	Temporary ASX Listing Codes
27/11/2014	Revised Constitution
26/11/2014	Results of Meeting
26/11/2014	AGM Presentation
21/11/2014	VIC/P67 Update
13/11/2014	Change of Director's Interest Notice
10/11/2014	Change of Director Interest Notices X 3
07/11/2014	Appendix 3B
05/11/2014	Non-Renounceable Rights Issue Closed

Date	Description of Announcement
31/10/2014	Lapse of listed options
23/10/2014	Revised Timetable for Share Consolidation
23/10/2014	Notice of Annual General Meeting/Proxy Form
21/10/2014	Quarterly Cashflow Report
21/10/2014	Quarterly Activities Report
16/10/2014	Revised Timetable for Non-Renounceable Entitlement Issue
16/10/2014	Extension to Non-Renounceable Entitlement Offer Closing Date
16/10/2014	Initial Seychelles Fast Track Seismic and VICP67 Farmout
07/10/2014	Despatch of Prospectus
24/09/2014	Letter to Shareholders
24/09/2014	Prospectus

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.whlenergy.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.030	13 and 22 May 2015
Lowest	\$0.001	3, 4, 5, 6, 7, 10, 11 and 12 August 2015
Last	\$0.001	12 August 2015

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options	Entitlement	\$
Stuart Brown	350,000	20,000	175,000 Shares 87,500 New Options	\$350 \$87.50
Faldi Ismail	350,000	20,000	175,000 Shares 87,500 New Options	\$350 \$87.50
Graham Durtanovich	Nil	Nil	Nil	Nil

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	FY2014	FY2015	FY2016*
Stuart Brown	\$69,163	\$37,877	\$72,750
Faldi Ismail	\$102,494	\$58,754	\$48,000

Graham Durtanovich	Nil	Nil	\$48,000
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* It is noted that the Board resolved to reduce Director's fees from January 2015 and suspend all payment of Director's fees from May 2015 and therefore the actual amount paid to Directors in the financial year ending 30 June 2016 will be reduced for the period Director's fees remain suspended during that financial year.

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$27,444 (excluding GST and disbursements) for legal services provided to the Company including costs associated with acting as solicitors to the Company in relation to the Offer.

Energy Capital Partners Pty Ltd will act as Lead Manager to the Offer. The Company will pay Energy Capital Partners Pty Ltd a fee of 6% (excluding GST) of the amount raised under the Prospectus (approximately \$182,401 based on the full subscription being raised). During the 24 months preceding lodgement of this Prospectus with the ASIC, Energy Capital Partners Pty Ltd has been paid fees totalling \$329,000 (excluding GST) by the Company and been issued 116,750,000

Options in relation to services provided in the recapitalisation of the Company as announced to ASX on 3 June 2015.

8.6 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Energy Capital Partners Pty Ltd has given its written consent to being named as Lead Manager to the Company in this Prospectus. Energy Capital Partners Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$242,158 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	16,039
Lead Manager fees	182,401
Legal fees	15,000
Miscellaneous	26,398
(including printing and distribution)	
Total	<u>242,158</u>

8.8 Electronic prospectus

The Corporations Act allows distribution of an electronic copy of this prospectus and an electronic application form on the basis of a paper prospectus lodged with the ASIC.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 6500 0271 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.whlenergy.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares or New Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Stuart Brown
Chairman
For and on behalf of
WHL Energy Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

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.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means WHL Energy Limited (ACN 113 326 524).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder who has a registered address at the Record Date that is in Australia or New Zealand.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

New Option means an Option issued on the terms set out in Section 6.2.

Offer means the non-renounceable entitlement issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Securities means Shares and New Options offered pursuant to this Prospectus or either 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.

Shortfall means the Securities not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.9.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

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