

# Notice of Annual General Meeting

For an Annual General Meeting to be held at 10:00am on Wednesday, 11 November 2015 at Theatrette, QV1 Conference Centre, QV1, Level 2, 250 St Georges Terrace, Perth, Western Australia

*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 on +61 8 9226 2011.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

Notice is given that a meeting of Shareholders to which this Notice of Meeting relates will be held at 10.00am on Wednesday, 11 November 2015 at Theatrette, QV1 Conference Centre, QV1, Level 2, 250 St Georges Terrace, Perth, Western Australia.

### YOUR VOTE IS IMPORTANT

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

### VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on Monday, 9 November 2015.

### VOTING IN PERSON

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

### VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out in the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

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

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## CHAIRMAN'S LETTER

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Dear Shareholder,

Whilst the events of the past year have brought about significant change at Pura Vida, the Company's Board and management remain committed to the Company's strategy.

The deep water MZ-1 well was completed in August of this year and the deepest objective of that well was reached without finding hydrocarbons in commercial quantities. This result reminds us of the risks involved in exploration, however, I believe the Company effectively managed its exposure, and in doing so, has ensured that the Company is well placed to continue to pursue high impact exploration opportunities within its portfolio.

Most importantly, the Company bore no financial risk in relation to the MZ-1 well and has built a diversified portfolio of future exploration opportunities. Nevertheless, the results of the MZ-1 well caused a significant revaluation from where the Company was trading prior to that well. The drilling of the Company's first well was an important milestone, but our objective is to find oil and maximise the chance of success by ensuring that the Company participates in a number of exploration wells. That is the focus of the Board and management as we look to reinvigorate the Company's activities to build value through exploration success.

As noted above, there have been some significant changes at Pura Vida. In particular as part of the cost reduction program outlined in section 5.1 of the Explanatory Statement accompanying this Notice, this included a reduction in staff levels (decrease in head count by 50%), closure of the Melbourne office and other changes to the Company's resourcing and cost structure to minimise non-operational expenditure designed to achieve significant ongoing cost savings. Notwithstanding these cuts, the Company retains a core management team led by the Company's Managing Director, who are dedicated to generating value through the achievement of the Company's key objectives. These are:

1. evaluating the results of the MZ-1 exploration well and further testing the potential of the Mazagan permit;
2. drilling within the Company's acreage in Gabon and Madagascar; and
3. strengthening the Company's balance sheet through capital management and cost control.

As part of the performance reviews undertaken for the 2015 financial year, on 9 September 2015 the Board determined to make incentive awards for all employees in the form of Performance Rights and Retention Rights. Both awards are made under, and in accordance with the terms of, the Company's existing Performance Rights Plan approved by Shareholders. The grant of Performance Rights and Retention Rights to employees, other than the Managing Director, was made on 9 September 2015. Pursuant to the ASX Listing Rules, the Company is required to obtain the approval of Shareholders for the issue of securities to the Managing Director. Accordingly, Resolutions 3 and 4 contained in this Notice of Meeting seek Shareholder approval for the issue of Performance Rights and Retention Rights to the Managing Director.

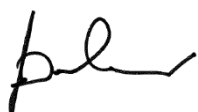
The recent reduction in staff has created increased demands on retained staff and heightened the importance of the core team in reaching the Company's key objectives described above.

Further, despite the efforts of management and staff in positioning the Company in a free-carried deep water well, the results of the MZ-1 well as well as a significant fall in the oil price have caused a significant revaluation of the Company, pricing current incentives and retention arrangements well out of the money.

The grant of the incentives pursuant to Resolutions 3 and 4 are seen as beneficial both from the perspective of incentivising and retaining employees as well as from a governance point of view for investors looking to ensure staff and management are adequately incentivised to achieve performance outcomes.

I recommend Shareholders pass each of the Resolutions contained in this Notice of Meeting. I look forward to seeing you at the AGM.

Yours sincerely



**Jeff Dowling**  
**Non-Executive Chairman**

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## AGENDA

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### ADOPTION OF FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report of the Company for the financial year ended 30 June 2015 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

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### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to shareholders.

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

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2015."*

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

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

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

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

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

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### RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JEFF DOWLING (NON-EXECUTIVE CHAIRMAN)

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

*"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Jeff Dowling, a Director and Chairman of the Board, retires by rotation, and being eligible, is re-elected as a Director of the Company."*

Details of the qualifications and experience of Mr Dowling and the recommendation of the Board in relation to his re-election are set out in the accompanying Explanatory Notes.

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### RESOLUTION 3 – GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR

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

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant to Mr Damon Neaves a total of 1,631,356 Performance Rights under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Neaves and any of his 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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#### RESOLUTION 4 – GRANT OF RETENTION RIGHTS TO MANAGING DIRECTOR

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant to Mr Damon Neaves a total of 1,250,000 Retention Rights under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Neaves and any of his 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:

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

However, the above prohibition does not apply if:

- (g) the proxy is the Chair; and
- (H) 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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#### RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

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

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

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

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will 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.

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#### RESOLUTION 6 – PROPORTIONAL TAKEOVER PROVISIONS RENEWAL

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

*“That the Company renew the proportional takeover approval provisions for a period of three (3) years from the date of this resolution in the form contained in clauses 35.1 to 35.6 of the Constitution, a copy of which is tabled at the Annual General Meeting, for the purposes of sections 136(2) and 648G of the Corporations Act.”*

**DATED: 29 SEPTEMBER 2015**

**BY ORDER OF THE BOARD**



**DENNAE LONT  
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 ADOPTION OF FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2015 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's Annual Financial Report is available on its website at [www.puravidaenergy.com.au](http://www.puravidaenergy.com.au)

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### 2 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and Key Management Personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for a financial year.

The Chair of the Meeting must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

During 2014, the Company undertook a comprehensive review of its remuneration policies and practices and approved the engagement of Ernst & Young to undertake an independent review of its current remuneration framework. The recommendations arising from this review were implemented by the Company for the 2015 financial year and are reflected in the remuneration and practices described in the Remuneration Report.

#### 2.1 Voting consequences

Pursuant to the Corporations Act, if at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**). If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

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

All of the Directors of the Company who were in office when the Directors' Report (as included in the Company's Financial Report for the previous financial year) was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved will be the Directors of the Company.

#### 2.2 Previous voting results

At the Company's previous annual general meeting, the votes cast against the Remuneration Report considered at that annual general meeting, were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## 2.3 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:***

***You must direct your proxy how to vote on this Resolution.*** Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):***

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you will be expressly authorising the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

***If you appoint any other person as your proxy:***

You ***do not*** need to direct your proxy how to vote on this Resolution.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JEFF DOWLING (NON-EXECUTIVE CHAIRMAN)

In accordance with clause 13.2 of the Company's Constitution, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of three years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A retiring Director is eligible for re-election. An election of Directors shall take place each year.

The Company has two Directors and one Managing Director. Accordingly, one Director must retire. Mr Jeff Dowling retires by rotation and seeks re-election.

Mr Jeff Dowling joined the Board of the Company as Non-Executive Chairman on 13 January 2014.

Mr Dowling is a highly experienced corporate leader with over 36 years' experience in professional services with Ernst & Young. He has held numerous leadership roles within Ernst & Young which focused on the mining, oil and gas and other industries. Mr Dowling's professional expertise centres around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. His career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of five years. Mr Dowling also led Ernst & Young's Oceania China Business Group, responsible for building Ernst & Young's Oceania relationships with Chinese Corporations.

Mr Dowling currently serves as Non-Executive Chairman of S2 Resources NL and is also a Non-Executive Director for Atlas Iron Limited and NRW Holdings Ltd.

Mr Dowling's extensive experience and depth of understanding of the resources sector is a considerable asset to the Company and highly valued by the Board. Accordingly, all of the other Directors fully support his election, and recommend that Shareholders vote in favour of this Resolution.

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## 4. RESOLUTION 3 – GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR

Resolutions 3 and 4 relate to the grant of performance rights (**Performance Rights**) and retention rights (**Retention Rights**) to the Managing Director under the terms and conditions of the Company's Performance Rights Plan and as otherwise set out below. On 9 September 2015, the Board resolved to award Performance Rights and Retention Rights to all employees of the Company, including the Managing Director, as part of the annual performance review process for 2015.

Resolution 3 seeks Shareholder approval for the grant of Performance Rights to the Managing Director in accordance with the Corporations Act and the ASX Listing Rules.

Subject to obtaining Shareholder approval, the Company will grant Performance Rights under the Performance Rights Plan approved by Shareholders on 2 September 2011 and 31 October 2014 (**Plan**) to the Managing Director of the Company on the terms and conditions set out below.

A summary of the terms and conditions of the Plan is set out in the Company's 2014 notice of annual general meeting, which can be downloaded from ASX's website [asx.com.au](http://asx.com.au) or the Company's website at [www.puravidaenergy.com.au](http://www.puravidaenergy.com.au). A copy of the Plan is available on request.

#### **4.1 General**

Following the independent review undertaken by Ernst & Young of the Company's remuneration policies and practices in May 2014, the Board implemented the new remuneration structure for the year ended 30 June 2015 for Pura Vida employees and Directors (exclusive of Non-Executive Directors). The new policies and practices recognise the need to motivate, attract and retain employees to deliver sustainable and superior business performance.

#### **4.2 Remuneration Policy**

The Company's revised remuneration policy was implemented in May 2014 which contains a mechanism to provide long term incentives to be granted to executives. Detail of the Company's revised remuneration policy is contained in the Company's annual financial report for the financial year ending 30 June 2015.

In summary, as part of the remuneration policy and framework for executives, the Board approved the following principles, which will apply to grants of long term incentives:

- (a) they are to be granted annually and the quantum is expressed as a set percentage of base salary;
- (b) the performance period will commence on 1 July and will be measured based on the Company's relative total shareholder return (**TSR**) over a three year period;
- (c) the vesting of the performance rights will be measured using the Company's TSR compared to the S&P/ASX 300 Energy (industry group) index with:
  - 25% vesting if TSR is equal to 100% of the Index;
  - a further 75% vesting if TSR is 115% of the Index or greater; and
  - straight line pro-rata in between.

At the Company's 2014 annual general meeting, the Company sought and obtained Shareholder approval to grant performance rights to Mr Neaves as a long term incentive. These previous performance rights were granted by the Company in November 2014. The Company has now agreed, subject to obtaining Shareholder approval, to issue further Performance Rights to Mr Neaves (or his nominee/s) on the terms and conditions outlined in section 4.5 below.

#### **4.3 Chapter 2E of the Corporations Act**

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 Performance Rights to Mr Neaves constitutes the giving of a financial benefit. Mr Neaves is also a related party of the Company by virtue of the fact that he is a Director of the Company.

The current Directors (other than Mr Neaves) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Performance Rights to Mr Neaves because of the exception in section 211 of the Corporations Act. The exception provides for a benefit that is remuneration to an officer of a public company where to give the remuneration is reasonable in the circumstances of the company and the officer (including the responsibilities involved in such office).

#### 4.4 ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a director under an employee incentive scheme. If approval is given under ASX Listing Rule 10.14, approval is not required under Listing Rule 7.1.

As the grant of Performance Rights under this Resolution involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required, unless an exception applies.

#### 4.5 Technical information required by ASX Listing Rule 10.14

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolution 3:

- (a) The Director who is entitled to participate in the Plan is Mr Damon Neaves. The Board may also, from time to time, at its absolute discretion, declare that any other executive Director of the Company is eligible to receive Performance Rights under the Plan.
- (b) The maximum number of Performance Rights to be granted is 1,631,356. If the vesting conditions described in 4.5(d) below are met, the maximum number of Shares that may be issued to Mr Neaves is 1,631,356.
- (c) The Performance Rights will be granted for nil cash consideration as incentive based remuneration for services to the Company and accordingly no funds will be raised. No consideration is payable in the event the Performance Rights meet the vesting conditions described in 4.5(d) below.
- (d) The Performance Rights are proposed to be 100% “at risk”. The Performance Rights issued to Mr Neaves will have a vesting date of 30 June 2018. The number of rights that will vest will be measured based on the Company’s relative total shareholder return (**TSR**) over a three-year period, measured from 1 July 2015 to 30 June 2018 (**Performance Period**).

The vesting of the Performance Rights will be measured using the Company’s TSR compared to the S&P/ASX 300 Energy (industry group) index (**Index**), with:

- 25% of the Performance Rights vesting if TSR is equal to 100% of the Index;
- a further 75% of the Performance Rights vesting if TSR is 115% of the Index or greater; and
- straight line pro-rata in between.

The TSR for the Company against the Index over the three-year Performance Period will be calculated as follows:

- TSR and Index measured over a three-year Performance Period;
- for the purpose of this measurement, the Company’s share price / Index will be measured using the average closing price over the one month period up to (but excluding) the first day of the Performance Period, and the average closing price over the three month period up to and including the last day of the Performance Period;
- if dividends are paid, dividends will be assumed to have been reinvested on the ex-dividend date; and
- tax and any franking credits will be ignored.

Following the end of the Performance Period, the Company’s TSR will be calculated. If the Company’s TSR is less than 100% of the Index, the Performance Rights will automatically lapse. There will be no retesting.

- (e) Following approval by Shareholders of the Plan on 2 September 2011 and 31 October 2014 the following Performance Rights have been issued to Director(s) of the Company:

Name	No. Performance Rights	Acquisition Price
Mr Damon Neaves, Managing Director	5,275,000	Nil cash consideration

- (f) No loans will be made by the Company in connection with the acquisition of the Performance Rights by Mr Neaves.
- (g) Eligible participants under the Plan include any full-time or part-time employee (including a Director or Company Secretary who holds salaried employment with the Company on a full-time or part-time basis) who is determined by the Board to be eligible to receive grants of Performance Rights under the Plan. On 9 September 2015, the Board determined to award Performance Rights and Retention Rights to all employees of the Company, including the Managing Director, as part of the annual performance review process for 2015.



- (h) The Performance Rights will be granted no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on one date.

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## **5. RESOLUTION 4 – GRANT OF RETENTION RIGHTS TO MANAGING DIRECTOR**

On 9 September 2015, the Board resolved to award Retention Rights to all employees, including the Managing Director, as part of the annual performance review process for 2015.

Resolution 4 seeks Shareholder approval for the grant of Retention Rights to the Managing Director in accordance with the Corporations Act and the ASX Listing Rules. The Retention Rights will be issued under and in accordance with the Plan) on the terms and conditions set out below. The Retention Rights are a form of performance rights issued under the Plan.

A summary of the terms and conditions of the Plan is set out in the Company's 2014 notice of annual general meeting, which can be downloaded from ASX's website [asx.com.au](http://asx.com.au) or the Company's website at [www.puravidaenergy.com.au](http://www.puravidaenergy.com.au). A copy of the Plan is available on request.

### **5.1 General**

In response to changing market conditions in the oil and gas sector, the Company has implemented a significant cost reduction program. This program has primarily been focused on non-technical corporate expenses in order to ensure expenditure is focused on operational activities. The cost reduction initiatives include the following:

- reduction in staff levels (decrease in head count by 50%) and associated cost savings;
- cost sharing arrangements to reduce financial and administrative staff costs;
- downsizing the Perth office allowing office space to be sub-let;
- closure of Melbourne office and relocation of remaining staff to Perth office; and
- minimisation of external service providers, travel, compliance and other costs.

The cost reduction measures outlined above, as well as initiatives undertaken earlier in the year, are targeting to significantly reduce non-operational expenditure and achieve a cost saving of \$1.2 to \$1.5 million during the 2016 financial year.

Notwithstanding these cuts, the Company retains a core management team, led by the Company's Managing Director, who is dedicated to generating value through the achievement of the Company's key objectives. These are:

- evaluating the results of the MZ-1 exploration well and further testing the potential of the Mazagan permit;
- drilling within the Company's acreage in Gabon and Madagascar; and
- strengthening the Company's balance sheet through capital management and cost control.

The recent reduction in staff numbers has created increased demands on retained employees and heightened the importance of the core team in reaching the Company's key objectives.

Further, despite the efforts of management and employees in positioning the Company in a free-carried deep water well, the results of the MZ-1 well as well as a significant fall in the oil price have caused a significant revaluation of the Company, pricing current incentive and retention arrangements well out of the money.

This one-off issue of Retention Rights is seen as beneficial both from the perspective of incentivising and retaining employees as well as from a governance point of view for investors looking to ensure employees and management are adequately incentivised to achieve performance outcomes.

### **5.2 Chapter 2E of the Corporations Act**

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 Retention Rights to Mr Neaves constitutes the giving of a financial benefit. Mr Neaves is also a related party of the Company by virtue of the fact that he is a Director of the Company.

The current Directors (other than Mr Neaves) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Retention Rights to Mr Neaves because of the exception in section 211 of the Corporations Act. The exception provides for a benefit that is remuneration to an officer of a public company where to give the remuneration is reasonable in the circumstances of the company and the officer (including the responsibilities involved in such office).

### **5.3 ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a director under an employee incentive scheme. If approval is given under ASX Listing Rule 10.14, approval is not required under Listing Rule 7.1.

As the grant of Retention Rights under this Resolution involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required, unless an exception applies.

### **5.4 Technical information required by ASX Listing Rule 10.14**

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolution 4:

- (a) The Director who is entitled to participate in the Plan is Mr Damon Neaves. The Board may also, from time to time, at its absolute discretion, declare that any other executive Director of the Company is eligible to receive Performance Rights under the Plan.
- (b) The maximum number of Retention Rights to be granted is 1,250,000. If the vesting conditions described in 5.4(d) are met, the maximum number of Shares that may be issued to Mr Neaves is 1,250,000.
- (c) The Retention Rights will be granted for nil cash consideration as incentive based remuneration for services to the Company and accordingly no funds will be raised. No consideration is payable in the event the Retention Rights meet the vesting conditions described in 5.4(d) below.
- (d) The Retention Rights are proposed to be 100% "at risk". 625,000 (50%) of the maximum number of Retention Rights granted to Mr Neaves will vest on 30 June 2016, with the remaining 625,000 (50%) to vest on 30 June 2017, subject to Mr Neaves being in employment of the Company on those vesting dates.
- (e) Following approval by Shareholders of the Plan on 2 September 2011 and 31 October 2014 the following Performance Rights have been issued to Director(s) of the Company:

Name	No. Performance Rights	Acquisition Price
Mr Damon Neaves, Managing Director	5,275,000	Nil cash consideration

- (f) No loans will be made by the Company in connection with the acquisition of the Retention Rights by Mr Neaves.
- (g) Eligible participants under the Plan include any full-time or part-time employee (including a Director or Company Secretary who holds salaried employment with the Company on a full-time or part-time basis) who is determined by the Board to be eligible to receive grants of Performance Rights under the Plan. On 9 September 2015, the Board determined to award Performance Rights and Retention Rights to all employees of the Company, including the Managing Director, as part of the annual performance review process for 2015.
- (h) The Retention Rights will be granted no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on one date.

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

### 6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

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

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

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

### 6.2 ASX Listing Rule 7.1A

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

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

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

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation (undiluted) of \$10.5 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: PVD).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

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

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

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

#### (a) Listing Rule 7.1 and Listing Rule 7.4

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 152,690,185 Shares and therefore has a capacity to issue:

- (i) 21,403,630 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 5, 15,138,593 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2 above).

#### (b) Minimum price

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

- (iii) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (iv) if the Equity Securities are not issued within five ASX trading days of the date in section 8.3(a)(i), the date on which the Equity Securities are issued.

#### (c) Date of issue

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

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

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

#### (d) Risk of voting dilution

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

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

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

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

Number of Shares on Issue*	Dilution			
	Issue Price (per Share)	\$0.034 50% decrease in Issue Price	\$0.069 Current Issue Price	\$0.103 50% increase in Issue Price
<b>152,690,185 (Current)</b>	Shares Issued - 10% voting dilution	15,269,019 Shares	15,269,019 Shares	15,269,019 Shares
	Funds raised	\$526,781	\$1,053,562	\$1,580,343
<b>229,035,278 (50% increase)</b>	Shares Issued - 10% voting dilution	22,903,528 Shares	22,903,528 Shares	22,903,528 Shares
	Funds raised	\$790,172	\$1,580,343	\$2,370,515
<b>305,380,370 (100% increase)</b>	Shares Issued - 10% voting dilution	30,538,037 Shares	30,538,037 Shares	30,538,037 Shares
	Funds raised	\$1,053,562	\$2,107,125	\$3,160,687

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

**The table above uses the following assumptions:**

1. The current shares on issue are the Shares on issue as at 25 September 2015.
2. The issue price set out above is the closing price of the Shares on ASX on 25 September 2015.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

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

**(e) Purpose of issue under 10% Placement Capacity**

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

- (i) as cash consideration in which case the Company intends to use funds raised towards the ongoing costs associated with the exploration of its existing projects and to investigate and capture additional assets consistent with the Company's strategy and which complement these projects. Funds raised will be used to meet cash payments for these additional acquisitions, while also being used to fund subsequent exploration activities associated with the new acquisitions; or
- (ii) as non-cash consideration for the acquisition of new projects or otherwise as consideration for services rendered by non-related third parties to the Company, where it is considered appropriate by the Board to do so. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

**(f) Allocation under the 10% Placement Capacity**

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

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

- (i) the purpose of the issue;

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

(g) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2014 Annual General Meeting. The Company has not issued any Equity Securities pursuant to that Listing Rule 7.1A approval.

The total net amount of Equity Securities issued in the 12 month period was 29,533,381 representing approximately 15.32% of the total diluted number of Equity Securities on issue in the Company on 11 November 2014, being 163,191,874.

Information relating to issues of Equity Securities by the Company in the 12 months prior to 11 November 2015 are as follows:

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price <sup>1</sup> on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds  If issued for non-cash consideration – a description of the consideration and the current value of the consideration
17 December 2014	1,500,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.25	Exercise of 1,500,000 options exercisable at \$0.25 each, being a total of \$375,000 received by the Company. The funds received were used for general working capital.
	100,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 100,000 partly paid shares, being a total of \$19,000 received by the Company. The funds received were used for general working capital. Current value: \$6,000.
	451,786	Employee performance rights subject to vesting conditions expiring 30 June 2017	Employee	Nil	Performance rights are granted for nil consideration. Value is received if vesting conditions are met.
16 January 2015	500,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 500,000 partly paid shares, being a total of \$95,000 received by the Company. The funds received were used for general working capital. Current value: \$30,000.
19 January 2015	500,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 500,000 partly paid shares, being a total of \$95,000 received by the Company. The funds received were used for general working capital. Current value: \$30,000.
29 January 2015	673,685	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 673,685 partly paid shares, being a total of \$128,000.15 received by the Company. The funds received were used for general working capital. Current value: \$40,421.
6 February 2015	1,000,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 1,000,000 partly paid shares, being a total of \$190,000 received by the Company. The funds received were used for general working capital. Current value: \$60,000.
10 February 2015	1,000,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 1,000,000 partly paid shares, being a total of \$190,000 received by the Company. The funds received were used for general working capital. Current value: \$60,000.
25 February 2015	11,165,000	Fully paid ordinary shares <sup>2</sup>	Institutional and sophisticated investors	\$0.36 per share (discount of 14%)	\$4 million. Funds were used to progress the Nkembe block toward a farmout and preparation for 3D seismic acquisition.
	812,500	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 812,500 partly paid shares, being a total of \$154,375 received by the Company. The funds received were used for general working capital. Current value: \$48,750.
13 March 2015	275,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 275,000 partly paid shares, being a total of \$52,250 received by the Company. The funds received were used for general working capital. Current value: \$16,500.

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price <sup>1</sup> on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds  If issued for non-cash consideration – a description of the consideration and the current value of the consideration
1 May 2015	600,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.35	Conversion of 600,000 options exercisable at \$0.35 each, being a total of \$210,000 received by the Company. The funds received were used for general working capital.
8 May 2015	650,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 650,000 partly paid shares, being a total of \$123,500 received by the Company. The funds received were used for general working capital. Current value: \$36,000.
29 May 2015	150,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 150,000 partly paid shares, being a total of \$28,500 received by the Company. The funds received were used for general working capital. Current value: \$9,000.
4 June 2015	1,000,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 1,000,000 partly paid shares, being a total of \$190,000 received by the Company. The funds received were used for general working capital. Current value: \$60,000.
8 June 2015	98,931	Fully paid ordinary shares <sup>2</sup>	Employee	Nil	Conversion of performance rights. Current value: \$5,936.
23 June 2015	28,237	Fully paid ordinary shares <sup>2</sup>	Employee	Nil	Conversion of performance rights. Current value: \$1,694.
	500,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 500,000 partly paid shares, being a total of \$95,000 received by the Company. The funds received were used for general working capital. Current value: \$30,000.
1 July 2015	250,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 250,000 partly paid shares, being a total of \$47,500 received by the Company. The funds received were used for general working capital. Current value: \$15,000.
14 July 2015	250,000	Fully paid ordinary shares <sup>2</sup>	Existing Shareholder	\$0.19 (\$0.01 already paid up)	Conversion of 250,000 partly paid shares, being a total of \$47,500 received by the Company. The funds received were used for general working capital. Current value: \$15,000.
21 August 2015	201,875	Fully paid ordinary shares <sup>2</sup>	Employees	Nil	Conversion of performance rights. Current value: \$12,113.
18 September 2015	1,304,259	Fully paid ordinary shares <sup>2</sup>	Employees	Nil	Issue of fully paid ordinary shares to employees as a short term incentive for the 2015 financial year
	2,972,108	Employee performance rights subject to vesting conditions expiring 30 June 2018	Employees	Nil	Performance rights are granted for nil consideration. Value is received if vesting conditions are met.
	3,550,000	Employee retention rights subject to vesting conditions expiring 30 June 2016 and 30 June 2017	Employees	Nil	Retention rights are granted for nil consideration. Value is received if vesting conditions are met.

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises).
2. Fully paid ordinary shares in the capital of the Company, ASX Code: PVD (terms are set out in the Constitution).

## 6.4 Voting Exclusion

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

## 7. RESOLUTION 6 – PROPORTIONAL TAKEOVER PROVISION RENEWAL

Resolution 6 seeks Shareholder approval for the renewal and re-instatement of the proportional takeover provisions in the form set out in clauses 35.1 to 35.6 of the Company's constitution (**Proportional Takeover Provisions**). A copy of the Company's Constitution is available on request from the Company.

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's Shares. The Company's existing Constitution (adopted on 26 November 2012) includes provisions which prohibit the registration of a transfer of Shares under a proportional takeover bid, unless and until a resolution to approve the bid is passed by the relevant Shareholders.

It is a requirement of section 648G of the Corporations Act that such provisions in a company's constitution apply for a maximum of three years, unless renewed. The Proportional Takeover Provisions were included in the Company's existing Constitution when it was adopted at the 2012 annual general meeting on 26 November 2012.

The existing Proportional Takeover Provisions will cease to have effect on 26 November 2015 unless renewed by special resolution of Shareholders.

#### **7.1 Section 136(2) of the Corporations Act**

Section 136(2) of the Corporations Act provides that a company may modify a provision in its constitution by special resolution. Accordingly, Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### **7.2 Information required by Section 648G of the Corporations Act**

The information required by section 648G of the Corporations Act is set out in sections 7.3 to 7.8 below.

#### **7.3 Effect of Proportional Takeover Provisions proposed to be renewed**

This Resolution proposes to renew existing Proportional Takeover Provisions of the Constitution which have the effect that transfers of shares acquired under a proportional takeover bid will not be registered unless a resolution approving the bid is passed by holders of bid class securities.

The Proportional Takeover Provisions will only apply to proportional offers, that is, to takeover offers for less than 100% of each Shareholder's holding.

The Proportional Takeover Provisions will have no application to those takeover bids under which an offer is made for all of the securities in a class of securities.

If the Proportional Takeover Provisions are renewed and a proportional takeover bid is made for securities of the Company, the Directors will call a meeting of holders of bid class securities to vote on a resolution to approve that bid. Each security holder affected will be entitled to vote (except for the bidder and persons associated with the bidder, who may not vote). Approval of the bid will require a simple majority of the votes cast.

The meeting must be held at least 14 days before offers close under the bid, so that holders should know the result of the voting before they have to make up their minds whether or not to accept for their own securities.

The provisions will contain a "sunset clause". They will cease to operate after three years of adoption unless members resolve by special resolution to further renew them in accordance with the statutory procedure.

The Proportional Takeover Provisions do not apply to full takeover bids and will only apply until 11 November 2018 unless again renewed.

#### **7.4 Current acquisition proposals**

As at the day on which this statement is prepared, none of the Directors of the Company are aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

#### **7.5 Advantages of the proposal to Shareholders**

- (a) The proposal would enable Shareholders to act in a cohesive manner and thereby avoid the coercion of Shareholders that arises where they believe the offer to be inadequate, but nevertheless accept through fear that other Shareholders will accept.
- (b) The proposal would enable Shareholders, by combining together, to veto a change of control that would lock them into a minority position.
- (c) The existence of the approval machinery in the Constitution would make it more probable that any takeover bid will be a full bid for the whole shareholding of each member, so that Shareholders may have the opportunity of disposing of all their shares rather than of a proportion only.
- (d) If a proportional takeover bid should be made, the existence of the approval machinery will make it more probable that a bidder will set its offer price at a level that will be attractive to the Shareholders who vote.

#### **7.6 Disadvantage of the proposal to Shareholders**

- (a) By placing obstacles in the way of proportional takeover bids, the proposal may tend to discourage proportional takeover bids, thus reducing the opportunity for Shareholders to sell a portion of their holding.



- (b) It is possible (though, in the opinion of the Board, unlikely) that the existence of the Proportional Takeover Provisions might have an adverse effect on the market value of the Company's Shares by making a proportional takeover bid less likely and thereby reducing any takeover speculation element in the share price.
- (c) An individual Shareholder who wishes to accept a proportional takeover bid will be unable to sell to the bidder unless a majority of Shareholders favour the proportional takeover bid.

#### **7.7 Advantages and disadvantages of the proposal for the Directors**

If the Directors consider that a proportional takeover bid should be opposed, they will be assisted in preventing the bidder from securing control of the Company if the bidder needs a majority of the votes cast by the independent Shareholders before it can succeed.

On the other hand, under the proposal, if a proportional takeover bid is commenced, the Directors must call a meeting to seek the Shareholders' views. They must do so even though the Directors believe that the bid should be accepted.

At present it is only the Directors who express on behalf of the Company any formal view on the adequacy or otherwise of a takeover bid. Under the approval machinery, the most effective view on a proportional takeover bid will become the view expressed by the vote of the Shareholders themselves at the meeting.

#### **7.8 Reasons for proposing the resolution and recommendation of the Board**

The reasons why the Board has proposed that the Constitution should continue to provide for Shareholder approval on proportional takeover bids are set out above as the advantages of the proposal.

Your Directors consider that the advantages associated with the Proportional Takeover Provisions outweigh the disadvantages. They consider that the Shareholders should have the power to prevent the control of the Company from passing to a bidder without it making a bid for all the bid class shares. They believe that the approval procedure is the best procedure available to Shareholders to ensure that they are not forced to accept a proportional offer even though they do not wish the bidder to obtain control of the Company.

The Board therefore considers the Resolution to be in the interests of the Shareholders, and recommend that Shareholders adopt it by voting in favour of this Resolution.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in section 6.1 of the Explanatory Statement of this Notice.

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

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Auditor's Report** means the auditor's report set out in the Directors' Report section of the Company's Annual Financial Report for the year ended 30 June 2015.

**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).

**Company** or **Pura Vida** means Pura Vida Energy NL (ACN 150 624 169).

**Constitution** means the Company's constitution.

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

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

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

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

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

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

**Non-Executive Director** means a member of the Company's Board of Directors who is not part of the executive team.

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

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

**Performance Rights** means the performance rights described in section 4.

**Plan** means the Company's Performance Rights Plan described in section 4.

**Proportional Takeover Provisions** means the proportional takeover approval provisions set out in clauses 35.1 to 35.6 of the Company's Constitution.

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

**Remuneration Report** means the remuneration report set out in the Directors' Report section of the Company's Annual Financial Report for the year ended 30 June 2015.

**Retention Rights** means the retention rights described in section 4 and 5.

**Resolutions** means the resolutions set out in the Notice of Meeting, 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.

## Lodge your vote:



### By Mail:

Pura Vida Energy NL  
PO Box Z5187  
Perth 6831 Western Australia

Alternatively you can fax your form to  
(within Australia) 08 9226 2099  
(outside Australia) +61 8 9226 2099

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

└ 000001 000 PVD  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

XX

For your vote to be effective it must be received by 10.00am (WST) Monday, 9 November 2015

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View the annual report, 24 hours a day, 7 days a week:

**[www.puravidaenergy.com.au](http://www.puravidaenergy.com.au)**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

#### Your secure access information is:

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

#### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Pura Vida Energy NL hereby appoint

☐

the Chairman  
of the Meeting OR



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting 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 Annual General Meeting of Pura Vida Energy NL to be held at the Theatre, QV1 Conference Centre, QV1, Level 2, 250 St Georges Terrace, Perth, Western Australia on Wednesday, 11 November 2015 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 and 4 by marking the appropriate box in step 2 below.

### STEP 2

#### Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Jeff Dowling (Non-Executive Chairman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Performance Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Retention Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Proportional Takeover Provisions Renewal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date

/ /

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