



white energy company limited

# LETTER TO SHAREHOLDERS

23 September 2014

Dear Shareholder

## Annual General Meeting

On behalf of the Board, I am pleased to invite you to attend the Annual General Meeting ("the Meeting") of White Energy Company Limited. This will be held at 10.00am (AEDT) on 28 November 2014 at:

Portside Centre  
Level 5  
207 Kent Street  
Sydney NSW 2000

Enclosed are the following documents:

- ▶ Notice of Meeting ("Notice") and Explanatory Statement;
- ▶ Proxy Form for the Meeting; and
- ▶ Annual Report for the year ended 30 June 2014, for those Shareholders who have requested a printed copy.

If you are unable to attend the Meeting, I encourage you to appoint a proxy, by following the instructions on page 1 of the Notice. You may also provide questions or comments in writing in advance of the Meeting, by contacting the Company Secretary, using the details set out on page 10 of the Notice.

## Important Notice – 2014 Annual Report

Shareholders are reminded that the 2014 Annual Report is only mailed to those Shareholders who have elected to receive it in hard copy. The 2014 Annual Report can be viewed on the Company's website at [www.whiteenergyco.com](http://www.whiteenergyco.com).

We look forward to seeing you at the Meeting.

Yours faithfully

**Travers Duncan**  
Chairman



**white energy** company limited

ABN 62 071 527 083

# NOTICE OF ANNUAL GENERAL MEETING 2014

**TIME:** 10.00AM (AEDT)

**DATE:** FRIDAY, 28 NOVEMBER 2014

**PLACE:** PORTSIDE CENTRE,  
LEVEL 5, 207 KENT STREET  
SYDNEY NSW 2000



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, using the contact details on page 10.

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## YOUR VOTE IS IMPORTANT

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

## VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out on the front cover.

## APPOINTING A PROXY

A Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a Shareholder of White Energy Company Limited.

If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If the proxy form does not specify the percentage or number of the Shareholders' votes that each proxy may exercise, each proxy may exercise half of the Shareholders' votes on a poll. Fractions will be disregarded.

To appoint a proxy online, either log onto [www.investorvote.com.au](http://www.investorvote.com.au) using the control number shown on the front of the enclosed proxy form, or scan the QR code on the front of the proxy form.

Alternatively, you can appoint a proxy by completing and signing the enclosed proxy form and sending the form to:

- ▶ by post to Computershare Investor Services GPO Box 242, Melbourne VIC 3001; or
- ▶ by fax to Computershare Investor Services at (+61 3) 9473 2555.

The deadline for receipt of proxy appointments is 10.00am (AEDT) on 26 November 2014.

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

## POWER OF ATTORNEY

If the proxy form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to Computershare Investor Services.

## INTERMEDIARY ONLINE

Participating intermediaries can lodge their proxy appointments online through <http://www.intermediaryonline.com>.

## CORPORATE REPRESENTATIVES

If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to Computershare Investor Services. An appointment of corporate representative form may be obtained from Computershare Investor Services by calling (+61 3) 9415 4000 or online at <https://www-au.computershare.com/Investor/help/PrintableForms>.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (AGM) of Shareholders of White Energy Company Limited will be held at Portside Centre, Level 5, 207 Kent Street, Sydney, NSW, 2000, at 10.00am (AEDT) on 28 November 2014. Registration will open at 9.30am (AEDT).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Statement and the proxy form are part of this Notice of Meeting. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

The Directors have determined under Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7.00pm (AEDT) on 26 November 2014.

## AGENDA

### Adoption of annual report

To receive and consider the Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2014.

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolutions below, which will be proposed as **Ordinary Resolutions** (Resolutions 1, 2, 4 and 5) and a **non-binding Ordinary Resolution** (Resolution 3):

#### 1. Resolution 1 – Re-election of Director – Mr Vincent O'Rourke

*"That Mr Vincent O'Rourke be re-elected as a Director of the Company."*

#### 2. Resolution 2 – Re-election of Director – Mr Graham Cubbin

*"That Mr Graham Cubbin be re-elected as a Director of the Company."*

#### 3. Resolution 3 – Adoption of The Remuneration Report

*"To adopt the White Energy Remuneration Report for the year ended 30 June 2014."*

#### 4. Resolution 4 – Approval of Long Term Incentive Plan

*"That the White Energy Company Long Term Incentive Plan (LTIP), the terms and conditions of which are summarised in the Explanatory Statement accompanying this Notice of Meeting, be approved for all purposes under the ASX Listing Rules."*

#### 5. Resolution 5 – Grant Of Options to Managing Director

*"That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of 6,000,000 Options to the Managing Director of the Company, Mr Brian Flannery, in accordance with the LTIP and on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."*

Shareholders will be asked to consider, and if thought fit, to pass the Resolutions below, which will be proposed as **Special Resolutions**:

#### 6. Resolution 6 – Adoption of New Constitution

*"That the Constitution of White Energy Company Limited (excluding Rule 6), tabled at the Meeting and signed by the Chairman of the Meeting for the purposes of identification, be adopted as the new Constitution of White Energy Company Limited in substitution for its current Constitution, with effect from the close of the meeting."*

#### 7. Resolution 7 – Adoption of Proportional Takeover Provisions

*"That the proportional takeover provisions in Rule 6 of the amended Constitution of White Energy Company Limited be adopted, with effect from the close of the meeting."*

DATED: 23 SEPTEMBER 2014

BY ORDER OF THE BOARD



White Energy Company Limited

**David Franks**

Company Secretary

## NOTICE OF ANNUAL GENERAL MEETING | CONTINUED

### Voting Exclusion Statement:

For the definitions of Key Management Personnel (**KMP**) and Closely Related Parties, please refer to the Glossary on page 10.

The Corporations Act restricts members of the KMP of the Company and their Closely Related Parties from voting in relation to remuneration related Resolutions (such as Resolutions 3, 4, 5 and 6).

In addition, separate voting restrictions apply in respect of Resolutions 4 and 5 under the ASX Listing Rules.

**What this means for Shareholders:** If you intend to appoint a member of the KMP (other than the Chairman of the Meeting) as your proxy, please ensure that you direct them how to vote on Resolutions 3, 4, 5 and 6. If you do not do so, your proxy will not be able to vote on your behalf on Resolutions 3, 4, 5 and 6.

If you intend to appoint the Chairman of the Meeting as your proxy, you are encouraged to direct him how to vote by marking the boxes for Resolutions 3, 4, 5 and 6 (for example if you wish to vote for or against or to abstain from voting). If you appoint the Chairman as your proxy without directing him how to vote, the proxy form authorises him to vote as he decides on Resolutions 3, 4, 5 and 6 (even though those Resolutions are connected with the remuneration of KMP). The Chairman of the Meeting intends to vote in favour of all Resolutions (where permissible).

The Company will disregard votes cast on Resolutions 3, 4, 5 and 6 by the persons detailed in the table below.

RESOLUTION	VOTING EXCLUSIONS
<b>Resolution 3</b> Adoption of Remuneration Report	<p>A vote must not be cast in any capacity by:</p> <ul style="list-style-type: none"> <li>▶ a current or former member of the KMP whose remuneration details are included in the remuneration report for the year ended 30 June 2014, and</li> <li>▶ any Closely Related Parties of such member of the KMP.</li> </ul> <p>In addition, no votes may be cast as a proxy by any other person who has become a member of the KMP by the time of the AGM, or their Closely Related Parties.</p> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 3 if:</p> <ul style="list-style-type: none"> <li>▶ the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>▶ the vote is cast by the Chairman of the Meeting and the proxy form authorises him to vote as he decides on the Resolution (even though it is connected with the remuneration of members of the KMP, including the Chairman).</li> </ul>
<b>Resolution 4</b> Approval of Long Term Incentive Plan	<p>The Company will disregard any votes cast on Resolution 4:</p> <ul style="list-style-type: none"> <li>▶ in any capacity by a Director of the Company (other than one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates;</li> <li>▶ as a proxy by a person who is a member of the KMP on the date of the Annual General Meeting or their Closely Related Parties.</li> </ul> <p>unless the vote is cast as proxy for a person who is entitled to vote:</p> <ul style="list-style-type: none"> <li>▶ in accordance with the directions on the proxy form; or</li> <li>▶ by the Chairman of the Meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though it is connected with the remuneration of members of the KMP.</li> </ul>
<b>Resolution 5</b> Grant of Options to Managing Director	<p>The Company will disregard any votes cast on Resolution 5:</p> <ul style="list-style-type: none"> <li>▶ by or on behalf of Mr Brian Flannery (being the only Director eligible to participate in the employee incentive scheme in respect of which shareholder approval is sought) and any of his associates (regardless of the capacity in which the vote is cast); and</li> <li>▶ as proxy by any person who is a member of the KMP on the date of the Annual General Meeting or their Closely Related Parties.</li> </ul> <p>unless the vote is cast as proxy for a person entitled to vote:</p> <ul style="list-style-type: none"> <li>▶ in accordance with the directions on the proxy form; or</li> <li>▶ by the Chairman of the Meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though it is connected with the remuneration of a member of the KMP.</li> </ul>
<b>Resolution 6</b> Adoption of New Constitution	<p>No votes may be cast as a proxy by any member of the KMP or by their Closely Related Parties.</p> <p>However, the Company need not disregard a vote cast as proxy for a person who is entitled to vote on Resolution 6 if:</p> <ul style="list-style-type: none"> <li>▶ the vote is cast in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>▶ the vote is cast by the Chairman of the Meeting and the proxy form authorises him to vote as he decides on the Resolution (even though it is connected with the remuneration of members of the KMP).</li> </ul>

# EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held on 28 November 2014 at 10.00am (AEDT).

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

## 1. ANNUAL REPORT

The business of the Meeting will include receipt and consideration of the Company's Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2014, which are included in White Energy's Annual Report.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Annual Report, and on the management of White Energy.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on:

- ▶ The conduct of the audit;
- ▶ The preparation and content of the Auditor's Report;
- ▶ The accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- ▶ The independence of the auditor in relation to the conduct of the audit.

### Written questions for the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report to the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Annual General Meeting.

Please note that all written questions must be received at least five business days before the Annual General Meeting, that is by 21 November 2014.

## 2. RE-ELECTION OF DIRECTORS

Clause 13.2 of the Constitution requires that one third of the Directors (or if their number is not a multiple of three, then the number nearest one third, rounded upwards) must retire at each annual general meeting. It also provides that a Director who retires under clause 13.2 is eligible for re-election.

### Resolution 1 – Mr Vincent O'Rourke

Mr O'Rourke will retire by rotation and seeks re-election in accordance with clause 13.2 of the Constitution.

#### Brief Curriculum Vitae of Mr Vincent O'Rourke – AM, B Econ

Independent Non-Executive Director.

#### Experience and expertise

Vincent O'Rourke joined the Board of White Energy on 29 September 2010. He holds a Bachelor of Economics from the University of New England. He is an Honorary Doctor of the Queensland University of Technology and Griffith University.

Vincent O'Rourke brings over 40 years of corporate and railway industry experience spanning operations, finance and business management. He was formerly Queensland Commissioner for Railways and the Chief Executive Officer of Queensland Rail.

#### Current directorships of other listed companies

Non-executive director of Yancoal Australia Limited.

#### Former directorships of other listed companies in the last three years

Non-executive director of Bradken Limited.

#### Special responsibilities

Chairman of the Remuneration Committee.

Member of the Audit & Risk Committee.

**Board recommendation:** The Directors unanimously recommend, with Mr O'Rourke abstaining, the re-election of Mr O'Rourke.

### Resolution 2 – Mr Graham Cubbin

Mr Cubbin will retire by rotation and now seeks re-election in accordance with Article 13.2 of the Constitution.

#### Brief Curriculum Vitae of Mr Graham Cubbin – B.Ec., FAICD

Independent Non-executive Director.

#### Experience and expertise

Graham Cubbin joined the Board of White Energy on 17 February 2010. He is the Chairman of the Audit and Risk Committee. He holds a Bachelor of Economics (Hons) from Monash University and is a Fellow of the Australian Institute of Company Directors.

Graham Cubbin was a senior executive with Consolidated Press Holdings Limited (CPH) from 1990 until September 2005, including Chief Financial Officer for 13 years. Prior to joining CPH, he held senior finance positions in a number of major companies including Capita Financial Group and Ford Motor Company. He has over 20 years experience as a Director and Audit Committee member of public companies in Australia and the United States.

#### Current directorships of other listed companies

Non-executive Director of four other listed companies: Challenger Limited, STW Communications Group Limited, Bell Financial Group Limited and McPherson's Limited.

#### Former directorships of other listed companies in the last three years

None.

#### Special responsibilities

Chairman of the Audit & Risk Committee.

**Board recommendation:** The Directors unanimously recommend, with Mr Cubbin abstaining, the re-election of Mr Cubbin.



## EXPLANATORY STATEMENT | CONTINUED

### 3. RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is set out in the Annual Report. The Remuneration Report details the Company's remuneration arrangements for the Directors and senior management of the Company.

S250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 3 is advisory only and not binding on the Company or its Directors.

However, under the Corporations Act, if at least 25% of the votes cast on Resolution 3 are against the adoption of the Remuneration Report then:

- ▶ if comments are made on the Remuneration Report at the Meeting, White Energy's 2015 Remuneration Report will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- ▶ if, at next year's AGM, at least 25% of the votes cast on the resolution for adoption of the 2015 Remuneration Report are against it, White Energy will be required to put to Shareholders a resolution proposing that an Extraordinary General Meeting (EGM) be called to consider the election of Directors (Spill Resolution). If the Spill Resolution is passed (i.e. more than 50% of the votes cast are in favour of it), all of the Directors (other than the Managing Director) will cease to hold office at the subsequent EGM, unless re-elected at that Meeting.

Last year, a resolution was passed by poll to adopt the 2013 Remuneration Report, with 99.13% of votes in favour of that Remuneration Report.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Remuneration Report.

**Board recommendation:** *The Remuneration Report forms part of the Directors' Report, which was approved in accordance with a unanimous resolution of the Board. Each Director recommends that Shareholders vote in favour of adopting the Remuneration Report.*

### 4. RESOLUTION 4 – APPROVAL OF THE LONG TERM INCENTIVE PLAN

The Company is seeking approval for its Long Term Incentive Plan (LTIP) as the basis of the Company's long term incentive arrangements for the key employees of the Group.

#### **Reasons for seeking approval**

Shareholder approval is sought for all purposes under the Corporations Act and the ASX Listing Rules, including but not limited to ASX Listing Rule 7.1 (exception 9), so that any shares under the LTIP will be excluded from the calculation of the maximum number of new shares that can be issued by the Company in any 12 month period (currently 15% of fully paid ordinary shares on issue) for a period of three years from the date of this approval.

#### **Summary of LTIP rules**

The LTIP rules set out the general terms of the LTIP. A grant of Incentive Securities under the LTIP is subject to both the LTIP rules and the terms of the specific grant. The Board is responsible for administering the LTIP in accordance with the LTIP rules and determines the specific terms and conditions of each grant to eligible employees.

A summary of the key terms of the LTIP is set out below:

- ▶ the LTIP provides for the grant of Performance Rights or Options to eligible employees (**Incentive Securities**), which may vest subject to the satisfaction of performance, service or other vesting conditions imposed at the time of grant. This provides the Company with broad flexibility so that it can effectively incentivise employees using the most appropriate instrument (which may vary depending on the seniority of the executive, the jurisdiction in which they are issued, or prevailing market and regulatory conditions);
- ▶ the Board may in its absolute discretion determine which eligible employees will be invited to participate in a grant of Incentive Securities under the LTIP;
- ▶ the Board may impose performance, service or other vesting conditions on any grant of Incentive Securities under the LTIP. Incentive Securities will vest to the extent these performance, service or other vesting conditions are satisfied;
- ▶ on vesting (and exercise, in the case of Options), participants will become entitled to fully paid ordinary shares in the Company. The Board can decide whether to purchase Shares on-market or issue new Shares for the purposes of the LTIP or, where a cash alternative has been provided for under the terms of a grant, to provide the cash equivalent value of one Share in the Company to the participant;
- ▶ if the Board determines that the cash equivalent value of Shares in the Company will be provided on vesting, the applicable amount will be based on the volume-weighted average price of a Share in the Company for the 20 trading day period ending on the trading day before the date the Incentive Securities vest, or any other calculation determined by the Board;
- ▶ where a participant ceases employment due to termination for cause, gross misconduct or other reason determined by the Board, any unvested Incentive Securities will lapse, unless the Board determines otherwise;
- ▶ where a participant ceases employment in other circumstances, the Incentive Securities will remain 'on foot', subject to the Board's discretion to determine that some or all of the unvested Incentive Securities lapse or vest on cessation;
- ▶ Incentive Securities may lapse in certain circumstances, including if they act fraudulently or dishonestly, engage in gross misconduct, or are in breach of their obligations to the Company;
- ▶ further, if in the Board's opinion, Incentive Securities vest as a result of the fraud, dishonesty or breach of obligations by the participant or another person, or if there is a material misstatement or omission in the financial statements of a Group company, the Board may determine any treatment in relation to the Incentive Securities (or Shares received on vesting) to ensure no unfair benefit is obtained by the participant;
- ▶ Incentive Securities may not be traded or hedged, and the Board may impose restrictions on dealing of Shares allocated on vesting of Incentive Securities;
- ▶ any Shares issued under the LTIP will rank equally with those traded on the ASX at the time of issue;
- ▶ in the event of a takeover bid, scheme of arrangement or similar transaction, the Board may determine whether any or all unvested Incentive Securities vest, having regard to such factors as the Board considers relevant, including performance against the applicable performance conditions; and
- ▶ in the event of any capital reorganisation, Incentive Securities may be adjusted having regard to the ASX Listing Rules and on the basis that participants do not receive any advantage or disadvantage from such an adjustment.

A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

**Board recommendation:** *The Directors (with Mr Flannery abstaining) unanimously recommend that Shareholders vote in favour of approving the Long Term Incentive Plan.*

## 5. RESOLUTION 5 – GRANT OF OPTIONS TO MANAGING DIRECTOR

Resolution 5 seeks Shareholder approval for the grant of performance options (“Options”) to the Company’s Managing Director, Mr Brian Flannery, under the LTIP and otherwise on the terms and conditions set out in this Explanatory Statement.

The Company is seeking approval for the grant of Options to Mr Flannery in accordance with the ASX Listing Rules, both as a matter of good, transparent corporate governance and to preserve flexibility as to how it sources any Shares allocated upon vesting and exercise of the Options (i.e. whether the Shares are purchased on market or are newly issued).

Shareholder approval is sought for the grant to Mr Flannery of 6,000,000 Options.

Each Option granted in respect of the LTIP entitles Mr Flannery to one Share in the Company on payment of an exercise price, which will be set at the higher of \$0.50 or 170% of the Share price on the date the Options are granted, subject to satisfaction of the prescribed vesting and performance conditions described below. If the vesting and performance conditions are satisfied, the Options will vest and Mr Flannery can elect to exercise the Options to acquire Shares in the Company ranking equally with Shares in the same class upon payment of the exercise price.

The Board is satisfied that the terms of the Options are consistent with the Company’s remuneration policies which reflect the need to ensure that remuneration offered is competitive in the market and will attract, motivate and retain key staff who will make a significant contribution to execution of the Company’s business strategy. The highly active market for senior executives and professionals in the resource sector increases the risk to the Company of losing key senior executives with a direct impact on business performance.

The key objectives of granting the Options to Mr Flannery are to:

- ▶ retain Mr Flannery’s services for the three-year period to June 2017;
- ▶ provide an incentive to Mr Flannery to increase Shareholder returns through delivery of the Company’s business strategy by linking a significant proportion of his remuneration to growth in the Company’s Share price and earnings performance.

### Vesting and performance conditions

The following vesting and performance conditions apply to the grant of Options to Mr Flannery:

1. Mr Flannery is required to remain an employee of the Company or its subsidiaries for a continuous three year period starting on 1 July 2014 (and ending on 30 June 2017) inclusive (Service Period);
2. The Company’s financial performance must improve over the three-year performance period such that underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) must be positive in each of 2015/16 Financial Year and 2016/17 Financial Year. The Board will determine following finalisation of the full-year results for 2016/17 Financial Year whether the EBITDA performance condition has been met; and

3. In addition, given the exercise price of the Options will be set as the higher of \$0.50 and 170% of the Company’s share price on the date the Options are granted, the Company’s share price will need to increase significantly for Mr Flannery to receive any value from the Options (even where Service Period and EBITDA performance condition are met).

If the above vesting and performance conditions are satisfied, the Options granted to Mr Flannery will vest in full (subject to adjustment for any leave taken without pay). Mr Flannery will then be able to exercise the vested Options at any time from the date the Options vest (following determination by the Board that the EBITDA performance condition has been met) until the expiry date for the Options which will occur six years after the Options were granted.

To the extent that the vesting and performance conditions are not met at the end of the Service Period, the Options will not vest and will lapse.

### Cessation of Employment

If Mr Flannery ceases to be an employee of the Group before his Options vest due to termination for cause, gross misconduct or for any other reason determined by the Board (which may include, for example, where Mr Flannery resigns), all Options held by Mr Flannery will lapse.

If Mr Flannery ceases to be an employee of the Group during the Service Period for any other reason, the Options will remain ‘on foot’ and subject to the original performance condition until the end of the Service Period (although the service condition would no longer apply). However, the Board retains a discretion to determine that some or all of the Options lapse or vest upon cessation of employment (for example, by allowing only a pro rata portion of Options to vest or remain on foot to reflect the proportion of the Service Period during which Mr Flannery was a Group employee).

### Forfeiture/Lapse

Mr Flannery may forfeit his Options in certain circumstances.

In particular, if, in the Board’s opinion, Mr Flannery acts fraudulently or dishonestly, engages in gross misconduct, is in breach of his material obligations to the Company or a subsidiary, or if there is a material financial misstatement or omission in the financial statements of a Group Company, the Board may:

- ▶ determine to lapse any of his unvested Options;
- ▶ forfeit all or any Shares allocated to him following exercise of his Options; and/or
- ▶ where he has sold any Shares allocated to him following exercise of his Options, require him to pay all or part of the net proceeds of that sale to the Company.



## EXPLANATORY STATEMENT | CONTINUED

### General provisions applying to Options

Mr Flannery is not required to pay any amount at the time of grant of the Options. Should he choose to exercise any Options that vest, Mr Flannery will be required to pay an exercise price to acquire each Share equivalent to the higher of \$0.50 or 170% of the Company's share price on the date the Options are granted.

Once vested and exercised, on payment of the exercise price one Share per exercised Option will be allocated to Mr Flannery. The Board retains a discretion to determine whether the Options will be satisfied by the issue of Shares, or purchase of Shares on market.

Options may not be traded or otherwise dealt with. In particular, Mr Flannery may not enter into any hedging or similar arrangement (including any dealing with a derivative instrument intended to "lock in" a profit relating to Options, and any other transactions in financial products that operate to limit the economic risk associated with holding Options) in relation to his Options.

In the event Shares are allocated to Mr Flannery following vesting and exercise of Options, any dealing by Mr Flannery in relation to those Shares must be in accordance with the Company's securities dealing policy.

Only once Options have vested, are exercised and Shares have been allocated does Mr Flannery have a right to receive dividends and to vote at meetings of Shareholders of the Company on those Shares.

The rules of the LTIP and the terms of the grant contain provisions relating to the treatment of Options in the event of a takeover or change in control and in the event of a bonus issue or capital reorganisation. Generally, in the event of a bonus issue or capital reorganisation, the Board may adjust the number of Options, so as to ensure no advantage or disadvantage to Mr Flannery. The Options carry no other entitlement to participate in new Share issues made by the Company. In the event of a takeover, merger or other corporate action affecting the control of the Company, the Options will vest in full.

### Other information

Mr Flannery is the only Director entitled to participate in the LTIP.

Mr Flannery is not required to pay any amount at the time of grant of the options under the LTIP.

The LTIP is a new scheme and therefore under Listing Rule 10.15.4, no securities have been granted previously under this scheme.

It is intended that the grant of 6,000,000 Options will be made to Mr Flannery shortly after the AGM. No Options will be issued under this approval later than one year after the date of the AGM.

No loan will be made to Mr Flannery in relation to the issue of Options.

A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

**Board recommendation:** *The Directors (with Mr Flannery abstaining) unanimously recommend that Shareholders vote in favour of approving the grant of Long Term Incentive Plan Options to Mr Flannery.*

### 6. RESOLUTION 6 – ADOPTION OF NEW CONSTITUTION

The Company's existing Constitution was last updated more than 10 years ago in 1999. Since then, there have been a number of changes to applicable regulatory requirements (including the Corporations Act and ASX Listing Rules), as well as developments in general corporate governance practice for ASX listed companies. In view of this, the Directors consider that it is appropriate to update the Constitution.

A copy of the proposed new Constitution is available on the Company's website, [www.whiteenergyco.com](http://www.whiteenergyco.com) or by contacting the Company Secretary and requesting a printed copy (free of charge). A copy of the new Constitution will also be available for inspection by Shareholders at the AGM.

Many of the changes to the Constitution are administrative in nature. The key differences between the existing Constitution and the proposed Constitution are summarised below. Unless otherwise stated, the clause numbers referred to in this Explanatory Statement are those in the proposed new Constitution.

#### Dividends and distributions

Following amendments to the Corporations Act, companies are no longer restricted to paying dividends out of profits. Rule 4.1 of the proposed Constitution will give the directors the flexibility to resolve to pay a dividend out of any available source permitted by law.

The proposed Constitution expressly provides for the payment of dividends to be made electronically directly to an account nominated in writing by the shareholder. It is increasingly common for listed companies to include the flexibility for mandatory crediting of dividends in their constitution. Accordingly, the proposed Constitution in rule 4.1(m) provides that the Company will have the ability to require bank account details before a dividend needs to be paid. If no bank account is nominated, the dividend can be withheld or paid into a separate account and held without interest (rules 4.1(n) and 4.1(o)). Rule 4.1(o) provides that the money can be used for the benefit of the Company until it is claimed. Finally, rule 4.1(p) provides that if a dividend amount is unclaimed for 11 calendar months or more, the directors may invest the amount into shares in the Company on the member's behalf and in their name.

In line with market practice, specific rules relating to dividend reinvestment plans and bonus share plans have not been included in the proposed Constitution.

#### Directors

Under the existing Constitution, one third of the directors are required to retire at each annual general meeting, and each director (other than the Managing Director) must be re-elected at least every three years. Under rule 8.1(c) of the proposed Constitution, directors (other than the Managing Director) will be required to retire no later than the third annual general meeting following the director's last election or appointment. The proposed new rule reflects common director rotation provisions among listed companies and is in line with the relevant ASX Listing Rules.

The proposed Constitution provides that the Company must in general accept nominations for directors up to 45 business days before the date of an annual general meeting (rule 8.1(k)) (rather than 30 business days before that date as under the current Constitution). The new timeframe is consistent with updates to the ASX Listing Rules and reflects current market practice.

Under the current Constitution, a director is automatically removed as a director if he or she is absent from meetings of Directors for more than six months (without receiving permission). Rule 8.2 of the proposed Constitution would reduce this period to three consecutive months (again, only where the director has not received permission).

The rules in the proposed Constitution relating to directors' remuneration are broadly in line with the rules in the existing Constitution. As with the existing Constitution, under the proposed Constitution the total annual fees of directors must not exceed the aggregate fixed by the Company in a general meeting. At the date of this notice of meeting, this amount is \$1,000,000 per annum, which was approved by shareholders at the 2009 annual general meeting (and will not be altered as a result of the proposed amendments). However, rule 8.3 of the proposed Constitution clarifies that:

- ▶ in calculating the maximum fees payable, superannuation contributions and fees for acting as a director of the Company or of any child entity of the Company are to be included in the aggregate fee cap;
- ▶ in calculating the maximum fees payable, amounts paid for any insurance premium, and any securities issued to directors (with the approval of shareholders), are excluded from the aggregate fee cap; and
- ▶ remuneration may be paid other than in cash (eg superannuation contributions).

Under Rule 10 of the proposed Constitution, the Company will indemnify directors and executive officers of the Company to the full extent permitted by law against all liabilities incurred as an officer of the Company or of a related body corporate. The proposed Constitution also expressly states that the Company may enter into a deed with a director or executive officer for the purposes of this indemnity (rule 10.6). The proposed indemnity provisions are clearer in their scope and effect than the equivalent provisions (rule 28) in the current Constitution and reflect current market practice.

The proposed Constitution also provides that the Directors will have a right to enforce the indemnity granted by the Company without first incurring any expense or make any payment (rule 10.3). The Company will also be able to enter into contracts with directors to provide continued access to board papers and other documents which relate to the term they were a director of the Company (rule 12). Both these provisions are consistent with current market practice.

### General meetings

By contrast with the existing Constitution, rule 7.8 of the proposed Constitution provides the Company with the flexibility to enable shareholders to vote directly on resolutions considered at a general meeting by providing their votes to the Company prior to the meeting (for instance, by voting via the internet). This means that shareholders' votes would be counted even if they do not personally attend the meeting and do not appoint a proxy or attorney. Shareholders will continue to be entitled to appoint proxies or attorneys if they wish to, even if the Company decides to introduce direct voting in the future.

The rules relating to the appointment of proxies, attorneys and representatives have been updated in line with market practice, as set out in rule 7.10 of the proposed Constitution. Among other things, the new rule codifies the general law powers of the Company to complete or amend incomplete or unclear proxy appointments on the basis of shareholders' instructions.

Rule 7.2(c)(2) limits the circumstances in which amendments can be made to a proposed resolution set out in the notice of meeting or to a document which relates to the resolution. This is intended to protect the interests of members who have lodged proxies and directed their proxy to vote for or against a motion and who would not have the benefit of making a decision on any amended motion proposed at the meeting.

The proposed Constitution incorporates in rules 7.6 and 7.7 a number of changes proposed to assist with the orderly conduct of general meetings of the Company.

### Proportional takeover provision

Rule 6 of the proposed Constitution contains proportional takeover approval provision for shareholders. The resolution to adopt the new Constitution does not include the approval of the proposed new rule 6. Instead, new rule 6 will require a separate approval which is contained in Resolution 7. The explanatory notes associated with that Resolution are set out below.

### Sale of non-marketable parcels

Rule 5.4 of the proposed Constitution has been updated, consistent with the ASX Listing Rules, to clarify the ability of the Company to sell non-marketable parcels of shares, being parcels valued at under \$500, by notifying relevant shareholders and following a specified process. The existing Constitution has a similar procedure in place.

### Other proposed changes

**Share transfers and registration:** Rule 5 of the proposed Constitution has been updated to provide further detail on the circumstances where the Company may suspend or decline to register share transfers.

**Service of notices:** Rule 14 of the proposed Constitution has been amended to provide more up-to-date requirements for the time of service, in particular, to reflect current corporate practice with sending notices by electronic means.

**Definitions and interpretation:** The proposed Constitution updates the definitions to reflect current terminology and where possible, relies on terms defined in the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules.

**Transitional provisions:** Rule 1.5 has been included to deal with any issues in transitioning to the proposed Constitution.

**Further clarifications and changes in terminology:** In proposing a new Constitution, the Company has taken the opportunity to modernise and clarify the terminology employed throughout the entire Constitution.

**Board recommendation:** *The Directors unanimously recommend that Shareholders vote in favour of adopting the new Constitution.*

## EXPLANATORY STATEMENT | CONTINUED

### 7. RESOLUTION 7 – ADOPTION OF PROPORTIONAL TAKEOVER PROVISIONS

The Corporations Act permits a company's Constitution to include a provision that enables it to refuse to register shares acquired under a 'proportional takeover bid' (i.e. a bid whereby the bidder offers to buy only a proportion of each shareholder's shares, being less than 100%) unless shareholders have approved the bid. This rule is referred to as a 'proportional takeover provision' and is not contained in the current Constitution.

As part of the proposal to adopt a new Constitution in Resolution 6 above, it is intended to insert rule 6 which contains proportional takeover approval provisions. The Corporations Act requires provisions of this kind to be re-approved by shareholders every three years in order for them to remain effective.

The Corporations Act sets out the terms of the relevant provisions to be included in the constitution. The Corporations Act also requires that shareholders be provided with sufficient information to make an informed decision on whether to support or oppose the resolution.

#### Why do we need the proportional takeover approval provisions?

In a proportional takeover bid, the bidder offers to buy a proportion only of each shareholder's shares in the target company.

This means that control of the company may pass without shareholders having the chance to sell all their shares to the bidder. The bidder may take control of the company without paying an adequate amount for gaining control.

To deal with this possibility, a company may provide in its constitution that if a proportional takeover bid is made for shares in the company, shareholders must vote on whether to accept or reject the offer and that decision will be binding on all the shareholders.

The benefit of the provision is that shareholders are able to decide collectively whether the proportional offer is acceptable in principle. This may ensure that any partial offer is appropriately priced.

#### What is the effect of the proportional takeover approval provisions?

If a proportional takeover bid is made, the directors must ensure that shareholders vote on a resolution to approve the bid by the 14th day before the bid period closes.

The vote is decided on a **simple majority**.

Each person who, as at the end of the day on which the first offer under the bid was made, holds bid class securities is entitled to vote, but the bidder and its associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn.

If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the company's Constitution.

The directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if the resolution is not voted on, the bid will be taken to have been approved.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for 3 years after the date that they are adopted. The provisions may be renewed, but only by a special resolution of shareholders.

#### No person to acquire or increase its substantial interest

At the date this statement was prepared, no director is aware of a proposal by a person to acquire, or to increase, a substantial interest in the company.

#### Potential advantages and disadvantages

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

The potential advantages of the proportional takeover approval provisions for shareholders of the company include the following:

- ▶ shareholders will have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- ▶ the provisions may help shareholders avoid being locked in as a minority;
- ▶ increase in the bargaining power of shareholders may ensure that any partial offer is adequately priced; and
- ▶ knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to accept or reject that offer.

The potential disadvantages for shareholders of the company include the following:

- ▶ proportional takeover bids for shares in the company may be discouraged;
- ▶ shareholders may lose an opportunity of selling some of their shares at a premium; and
- ▶ the chance of a proportional takeover bid being successful may be reduced.

**Board recommendation:** *The Board recommends that shareholders vote in favour of Resolution 7.*

## 8. ENQUIRIES

Shareholders may contact the Company Secretary if they have any queries in respect of the matters set out in these documents.

David Franks  
Company Secretary  
Franks & Associates Pty Limited  
GPO Box 4325,  
Sydney, NSW 2001

Tel: (+61 2) 9299 9690  
Fax: (+61 2) 9299 9629  
Email: dfranks@fa.com.au

## GLOSSARY

**AEDT** means Australian Eastern Daylight Time, Sydney, New South Wales.

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

**ASX** means ASX Limited (ABN 98 008 624 691).

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

**Board** means the board of Directors of the Company as constituted from time to time.

**Closely Related Parties**, in relation to a member of KMP, means the member's spouse, child or dependant (or a child or dependant of the member's spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealings with White Energy (or the White Energy Group), and any company the member controls.

**Company or White Energy** means White Energy Company Limited (ABN 62 071 527 083).

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

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

**Directors** mean the directors of the Company.

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

**Key Management Personnel or KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of White Energy or the White Energy Group, whether directly or indirectly. Members of the KMP include Directors and certain senior executives.

**Notice** means the notice of meeting, which forms part of this document.

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

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

**Shareholder** means a holder of a Share.

**White Energy Group** means White Energy and its controlled entities.



**white energy** company limited

ABN 62 071 527 083

LEVEL 9, 20 HUNTER STREET SYDNEY NSW 2000 | TEL: +61 2 9959 0000 | FAX: +61 2 9959 0099  
EMAIL: [info@whiteenergyco.com](mailto:info@whiteenergyco.com) | WEB: [www.whiteenergyco.com](http://www.whiteenergyco.com) | ABN 62 071 527 083





# White Energy Company Limited

ABN 62 071 527 083

## Lodge your vote:



Online:

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



By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

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

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

## Proxy Form



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

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



For your vote to be effective it must be received by 10:00am (AEDT) on Wednesday, 26 November 2014

## 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 for Postal Forms

**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.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

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 White Energy Company Limited 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 White Energy Company Limited to be held at Portside Centre, Level 5, 207 Kent Street, Sydney NSW 2000 on Friday, 28 November 2014 at 10:00am (AEDT) 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 Items 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Items 3, 4, 5 and 6 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 Items 3, 4, 5 and 6 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.

### ORDINARY RESOLUTIONS

	For	Against	Abstain
1 Re-election of Director - Mr Vincent O'Rourke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director - Mr Graham Cubbin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Options to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL RESOLUTIONS

6 Adoption of new Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Adoption of proportional takeover provisions	<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 / /