

# ELK PETROLEUM

ELK PETROLEUM LIMITED ABN 38 112 566 499

## NOTICE OF ANNUAL GENERAL MEETING

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**TIME:** 9.30 am (AEDT)

**DATE:** Monday, 28 November 2016

**PLACE:** Portside Centre  
Symantec House  
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 27.

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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 page 2.

## 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 Elk.

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 Shareholder's votes that each proxy may exercise, each proxy may exercise half of the Shareholder's 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:

- a. By post to Computershare Investor Services GPO Box 242, Melbourne, Victoria, 3001, Australia; or
- b. By fax to Computershare Investor Services at (+61 3) 9473 2555.

The deadline for receipt of proxy appointments is 9.30 am (AEDT) on Saturday, 26 November 2016, being no later than 48 hours prior to the start of the scheduled meeting.

*Proxy appointments received later than this time will not be valid.*

## 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 the Share Registry.

## 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 the Share Registry.

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>

# LETTER TO SHAREHOLDERS

17 October 2016

Dear Shareholder

## ANNUAL GENERAL MEETING

On behalf of the Board, I am pleased to invite you to attend the Annual General Meeting ("AGM") of Elk Petroleum Limited. This meeting will be held at 9.30 am (AEDT) on Monday 28 November 2016 at:

Portside Centre  
Symantec House  
Level 5  
207 Kent Street  
Sydney, NSW 2000

Enclosed are the following documents:

- Notice of Meeting and Explanatory Statement;
- Proxy Form for the Annual General Meeting; and
- Shareholder Review and Annual Report for the year ended 30 June 2016 – for those Shareholders who have requested a printed copy.

This Notice of AGM contains resolutions relating to:

- Remuneration Report (Resolution 1);
- Re-election of Directors (Resolution 2);
- Prior issues of securities under ASX LR 7.1 (Resolutions 3, 4, 5, 6, 7, 8 and 9);
- Prior issues of shares under ASX LR 7.1A (Resolutions 10 and 11);
- Approval of 10% Placement Capacity (Resolution 12)
- Adoption of New Constitution (Resolution 13); and
- Approval of Employee Performance Incentive Plan and proposed allotment to Mr Lingo, Managing Director (Resolutions 14 and 15).

## IMPORTANT NOTICE – 2016 ANNUAL REPORT

Shareholders are reminded that the Annual Report is only mailed to those Shareholders who have elected to receive it in hard copy. The 2016 Annual Report can be viewed on the Company's website at <http://www.elkpet.com/>

We look forward to seeing you at the Annual General Meeting.

Yours faithfully,



**Dr Neale Taylor**  
Chairman



# NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (AGM) of Shareholders of Elk Petroleum Limited will be held at Portside Centre, Symantec House, Level 5, 207 Kent Street Sydney, NSW 2000 at 9.30 am (AEDT) on Monday, 28 November 2016. Registration will open at 9.00am (AEDT).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the AGM. 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 Meeting are those who are registered Shareholders of the Company at 7.00pm (AEDT) on Saturday, 26 November 2016.

## 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 2016.

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolution below, which will be proposed as a Non-Binding Ordinary Resolution:

#### 1. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

*"To adopt the Elk Remuneration Report for the year ended 30 June 2016."*

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:

#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR NEALE TAYLOR

*"That Dr Neale Taylor, being a Director of the Company who retires by rotation in accordance with clauses 11.3, 11.5 and 11.10 of the Constitution and, being eligible for re-election, is re-elected as a Director of the Company."*

#### 3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EXEMPT, SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 17,721,979 ordinary shares to certain exempt, sophisticated and professional investors at \$0.063 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

#### 4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ABBEY WEST CAPITAL PTY LTD ("ABBNEY") AND CATALAN INVESTMENTS PTY LTD ("CATALAN") UNDER ASX LISTING RULE 7.1

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 416,842 ordinary shares to Abbey and 473,682 ordinary shares to Catalan at \$0.095 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying the Notice."*

#### 5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SECURITIES TO CAIRNGLEN INVESTMENTS PTY LTD UNDER ASX LISTING RULE 7.1

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 13,333,333 ordinary shares and 1,333,333 unlisted options to Cairnglen Investments Pty Ltd <Woodford Super Fund A/C>, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

#### 6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CATALAN INVESTMENTS PTY LTD ("CATALAN") UNDER ASX LISTING RULE 7.1

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 592,105 ordinary shares to Catalan at \$0.095 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying the Notice."*

#### 7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EXEMPT, SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 14,617,596 ordinary shares to certain exempt, sophisticated and professional investors at \$0.075 per share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."*

**8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES TO DURHAM CAPITAL CORPORATION (“DURHAM”) UNDER ASX LISTING RULE 7.1**

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 4,000,000 ordinary shares to Durham at \$0.10 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CATALAN INVESTMENTS PTY LTD (“CATALAN”) UNDER ASX LISTING RULE 7.1**

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 29,262,354 ordinary shares to Catalan at \$0.095 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**10. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EXEMPT, SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1A**

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 22,278,005 ordinary shares to certain exempt, sophisticated and professional investors at \$0.063 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**11. RESOLUTION 11 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EXEMPT, SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1A**

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the prior issue of 10,714,575 ordinary shares to certain exempt, sophisticated and professional investors at \$0.075 per Share, for the purposes and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolution below, which will be proposed as **Special Resolutions**:

**12. RESOLUTION 12 – APPROVAL OF 10% EQUITIES CAPACITY**

*“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the issued capital in the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”*

**13. RESOLUTION 13 – APPROVAL OF NEW CONSTITUTION**

*“That, for the purposes of section 136(1)(b) of the Corporations Act 2001, the Constitution tabled at the Meeting be approved and adopted as the Constitution of the Company in substitution for and to the exclusion of the existing Constitution which is repealed in its entirety by this resolution, taking effect on and from the close of the Meeting.”*

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**:

**14. RESOLUTION 14 – APPROVAL OF EMPLOYEE PERFORMANCE INCENTIVE PLAN**

*“That the Employee Performance Incentive Plan (“EPI Plan”), a summary of the rules which are set out in the Explanatory Statement accompanying this Notice of Meeting and the issue of shares under the EPI Plan, be approved for all purposes including ASX Listing Rule 7.2 (Exception 9).”*

**15. RESOLUTION 15 – APPROVAL OF GRANT OF SHARES TO MR BRADLEY LINGO, MANAGING DIRECTOR**

*“That for the purposes of listing Rules 10.14 and 10.15A and for all other purposes, the grant to Mr Bradley Lingo, Managing Director of the Company, of up to 25,000,000 million shares under the Employee Performance Incentive Plan (“EPI Plan”) over the next three years and otherwise on the terms, which are set out in the Explanatory Statement, be approved.”*

DATED: 17 October 2016

BY ORDER OF THE BOARD



David Franks  
Elk Petroleum Limited  
Joint Company Secretary

# VOTING EXCLUSION STATEMENT

For the definitions of Key Management Personnel (KMP) and Closely Related Parties, please refer to the Glossary on page 28.

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 1, 14 and 15).

In addition, separate voting restrictions apply in respect of Resolutions 1, 3 to 12 (inclusive), 14 and 15 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 1, 14 and 15. If you do not do so, your proxy will not be able to vote on your behalf on Resolutions 1, 14 and 15.

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 1, 14 and 15 (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 1, 14 and 15 (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 1 and 3 to 12 (inclusive) and 14 and 15 by the persons detailed in the table below.

| Resolution  | Voting Exclusions  |
|---|--|
| Resolution 1<br>– Adoption of Remuneration Report   | <p>The Company will disregard any votes cast on Resolution 1 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 2016, 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 on Resolution 1 if it is cast by:</p> <ul style="list-style-type: none"> <li>A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li> <li>The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising 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> |
| Resolution 3<br>– Ratification of prior issue of shares to certain exempt, sophisticated and professional investors under ASX LR 7.1    | <p>The Company will disregard any votes cast on Resolution 3 by:</p> <ul style="list-style-type: none"> <li>The persons listed in the Resolution, being the persons that participated in the issues of the shares that are the subject of the Resolution; and</li> <li>Any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 3 if cast by:</p> <ul style="list-style-type: none"> <li>A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>The chairman of 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.</li> </ul>  |
| Resolution 4<br>– Ratification of prior issue of shares to Abbey West Capital Pty Ltd and Catalan Investments Pty Ltd                   | <p>The Company will disregard any votes cast on Resolution 4 by:</p> <ul style="list-style-type: none"> <li>Abbey West Capital Pty Ltd or Catalan Investments Pty Ltd; and</li> <li>Any associates of Abbey West Capital Pty Ltd or Catalan Investments Pty Ltd.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 4 if it is cast by:</p> <ul style="list-style-type: none"> <li>A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.</li> </ul>  |
| Resolution 5<br>– Ratification of prior issue of securities to Cairnglen Investments Pty Ltd <Woodford Super Fund A/C> under ASX LR 7.1 | <p>The Company will disregard any votes cast on Resolution 5 by:</p> <ul style="list-style-type: none"> <li>Cairnglen Investments Pty Ltd; and</li> <li>Any associates of Cairnglen Investments Pty Ltd.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 5 if it is cast by:</p> <ul style="list-style-type: none"> <li>A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.</li> </ul>  |

| Resolution   | Voting Exclusions   |
|--|---|
| Resolution 6<br>– Ratification of prior issue of shares to Catalan Investments Pty Ltd   | <p>The Company will disregard any votes cast on Resolution 6 by:</p> <ul style="list-style-type: none"> <li>• Catalan Investments Pty Ltd; and</li> <li>• Any associates of Catalan Investments Pty Ltd.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 6 if it is cast by:</p> <ul style="list-style-type: none"> <li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>• The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.</li> </ul>   |
| Resolution 7<br>– Ratification of prior issue of shares to certain exempt, sophisticated and professional investors under ASX LR 7.1   | <p>The Company will disregard any votes cast on Resolution 7 by:</p> <ul style="list-style-type: none"> <li>• The persons listed in the Resolution, being the persons that participated in the issues of the shares that are the subject of the Resolution; and</li> <li>• Any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 7 if cast by:</p> <ul style="list-style-type: none"> <li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>• The chairman of 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.</li> </ul>   |
| Resolution 8<br>– Approval of the allotment of shares to Durham Capital Corporation under ASX LR 7.1                                   | <p>The Company will disregard any votes cast on Resolution 8 by:</p> <ul style="list-style-type: none"> <li>• Durham Capital Corporation; and</li> <li>• Any associates of Durham Capital Corporation.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 8 if cast by:</p> <ul style="list-style-type: none"> <li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>• The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.</li> </ul>   |
| Resolution 9<br>– Approval of the allotment of shares to Catalan Investments Pty Ltd under ASX LR 7.1                                  | <p>The Company will disregard any votes cast on Resolution 9 by:</p> <ul style="list-style-type: none"> <li>• Catalan Investments Pty Ltd; and</li> <li>• Any associates of Catalan Investments Pty Ltd.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 9 if cast by:</p> <ul style="list-style-type: none"> <li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>• The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.</li> </ul>   |
| Resolution 10 – Ratification of prior issue of shares to certain exempt, sophisticated and professional investors under ASX LR 7.1A    | <p>The Company will disregard any votes cast on Resolution 10 by:</p> <ul style="list-style-type: none"> <li>• The persons listed in the Resolution, being the persons that participated in the issues of the shares that are the subject of the Resolution; and</li> <li>• Any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 10 if cast by:</p> <ul style="list-style-type: none"> <li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>• The chairman of 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.</li> </ul> |
| Resolution 11<br>– Ratification of prior issue of shares to certain exempt, sophisticated and professional investors under ASX LR 7.1A | <p>The Company will disregard any votes cast on Resolution 11 by:</p> <ul style="list-style-type: none"> <li>• The persons listed in the Resolution, being the persons that participated in the issues of the shares that are the subject of the Resolution; and</li> <li>• Any associates of those persons.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 11 if cast by:</p> <ul style="list-style-type: none"> <li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>• The chairman of 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.</li> </ul> |

| Resolution  | Voting Exclusions  |
|---|--|
| Resolution 12<br>– Approval of 10% Capacity to Issue Equity Securities                | <p>The Company will disregard any votes cast on Resolution 12 by:</p> <ul style="list-style-type: none"> <li>• Persons who may participate in the proposed issue of the securities, and any persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the resolution is passed; and</li> <li>• Any associates of those persons.</li> </ul> <p>However, the company need not disregard a vote cast as proxy for a person who is entitled to vote on resolution 12 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, in accordance with a direction on the proxy form, to vote as the proxy decides.</li> </ul>  |
| Resolution 14<br>– Approval of Employee Performance Incentive Plan                    | <p>The Company will disregard any votes cast on Resolution 14 by:</p> <ul style="list-style-type: none"> <li>• a Director of the Company (other than one who is ineligible to participate in any employee incentive scheme in relation to the Company),</li> <li>• any associates of such Director.</li> </ul> <p>In addition, 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 14 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>   |
| Resolution 15<br>– Approval of Grant of Shares to Mr Bradley Lingo, Managing Director | <p>The Company will disregard any votes cast on Resolution 15 by:</p> <ul style="list-style-type: none"> <li>• Mr Bradley Lingo and a Director of the Company (other than one who is ineligible to participate in any employee incentive scheme in relation to the Company);</li> <li>• Any associates of Mr Bradley Lingo or such Director.</li> </ul> <p>In addition, 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 15 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 a member 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 2016 at 9.30 am (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 2016, which are included in Elk's Annual Report.

In accordance with the Corporations Act 2001, 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 Elk.

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;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- 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 Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by 21 November 2016.

## 2. RESOLUTION 1 – 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.

### Corporations Act

S 250R(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 1 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 1 are against the adoption of the Remuneration Report then:

- If comments are made on the Remuneration Report at the Meeting, Elk's 2017 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 2017 Remuneration Report are against it, Elk 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 2015 Remuneration Report, with 97.90% of votes cast in favour of the resolution.

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 for Resolution 1:

*The Remuneration Report forms part of the Directors' Report, which was approved in accordance with a unanimous resolution of the Board. The Chairman will vote undirected proxies in favour of this Resolution.*

## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR

Clause 11.3 of the Constitution requires that one third of the Directors and any other Director not in such one third who has held office for three years or more (or if their number is not a multiple of three, then the number nearest to one third) must retire at each annual general meeting. The Managing Director is exempt from this requirement.

Clause 11.4 provides that a Director who retires is eligible for re-election.

Clause 11.5 provides that the Directors who retire at a general meeting must be those who have been longest in office since their last election.

Dr Neale Taylor will retire and now seeks re-election in accordance with clauses 11.3, 11.5 and 11.10 of the Constitution.

Clause 11.10 of the Constitution provides that a person over the age of 72 may not be re-appointed as a Director except pursuant to a resolution of the Company in accordance with the Corporations Act. Dr Taylor will be 74 in January 2017.

#### **Brief Curriculum Vitae of Dr Neale Taylor**

Non-executive Director and Chairman

#### **Experience and expertise**

Dr Taylor joined the Board of Elk on 6 September 2010.

Dr Taylor has extensive technical, operating and commercial experience in oil and gas exploration and production with Esso Australia, Nexus Energy, and Cambrian Oil & Gas Plc. He is a former non-executive director of Terra Gas Trader, former non-executive chairman of Tap Oil, a former managing director of Cambrian Oil & Gas Plc and director of various subsidiaries of Xtract Energy Plc. He is a member of the Society of Petroleum Engineers and a Fellow of the Australian Institute of Company Directors.

#### **Current directorships of other listed companies**

None

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

None

#### **Special responsibilities**

Member of the Audit Committee

#### **Undirected Proxies for Resolution 2:**

*The Chairman will vote undirected proxies in favour of this Resolution.*

### **4. RESOLUTIONS 3, 4, 5, 6, 7, 8 AND 9 – RATIFICATION OF PRIOR ISSUE OF SECURITIES TO EXEMPT, SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULES 7.1**

#### **ASX Listing Rules, Chapter 7**

ASX Listing Rule 7.1

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue or agree to issue a number of equity securities which is more than 15% of their fully paid ordinary shares on issue without shareholder approval (15% limit), unless an exception applies. The Company has not exceeded this 15% limit.

#### **ASX Listing Rule 7.4**

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1, and provided that the previous issue of securities did not breach 15% limit under ASX Listing Rule 7.1, those securities shall be deemed to have been issued with Shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder approval of the issue of Resolutions 3, 4, 5, 6, 7, 8 and 9 securities as set out below is sought pursuant to ASX Listing Rule 7.4, to partially reinstate the Company's capacity to issue up to 15% of its ordinary issued capital under ASX Listing Rule 7.1, if required, over a twelve month period without seeking further Shareholder approval.

#### **RESOLUTION 3**

Shareholder approval is being sought to ratify the 17,721,979 ordinary shares that were issued on 11 January 2016 to exempt, sophisticated and professional investors at \$0.063 per share ("Shares") under ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 3 Shares:

- The number of Shares issued were 17,721,979 shares;
- The Shares were issued at \$0.063 per share;
- The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;
- The Shares were allotted to the following exempt, sophisticated and professional investors:

| Issue Date | Name  | No. of Shares – Resolution 3 |
|------------|---|------------------------------|
| 11/01/2016 | Mr Craig Stephen Marshall   | 3,968,254                    |
| 11/01/2016 | Mr David James Franks + Mr Walter George Franks <Delphini Super Fund> | 873,016                      |
| 11/01/2016 | Mr Harold Munro Corbould  | 317,460                      |
| 11/01/2016 | Cypresswood Capital Pte Ltd   | 12,563,249                   |
|            |   | <b>17,721,979</b>            |

- e. The Company received \$1,116,484.68 from the issue of these Shares for continued exploration and feasibility study expenditure on the Company's current assets and general working capital; and
- f. A voting exclusion applies to this item of business, as set out in the Notice on page 4.

**Board recommendation for Resolution 3:**

*The Board recommends Shareholders vote in favour of Resolution 3 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**RESOLUTION 4**

Shareholder approval is being sought to ratify the 890,524 ordinary shares that were issued on 16 March 2016 to Company advisers and suppliers in lieu of cash payment for their services, valued at \$0.095 per share ("Shares") under ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 4 Shares:

- a. The number of Shares issued were 890,524 shares;
- b. The Shares were issued at \$0.095 per share;
- c. The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;
- d. The Shares were allotted to the following parties:

| Issue Date | Name  | No. of Shares – Resolution 4 |
|------------|---|------------------------------|
| 16/03/2016 | Abbey West Capital Pty Ltd (for services performed by Media + Capital Partners) | 416,842                      |
| 16/03/2016 | Catalan Investments Pty Ltd (for services performed by Miro Advisors Pty Ltd)   | 473,682                      |
|            |   | <b>890,524</b>               |

- e. The Company received Nil cash consideration from the issue of these Shares as they issue was for payments to advisers and suppliers further to their engagements; and
- f. A voting exclusion applies to this item of business, as set out in the Notice on page 4.

**Board recommendation for Resolution 4:**

*The Board recommends Shareholders vote in favour of Resolution 4 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**RESOLUTION 5**

Shareholder approval is being sought to ratify the 13,333,333 ordinary shares ("Shares") and 1,333,333 unlisted options ("Options") that were issued on 1 April 2016 to a sophisticated investor, Cairnglen Investments Pty Ltd <Woodford Super Fund A/C> ("Securities") under ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 5 Shares:

- a. The total number of Securities issued were 13,333,333 Shares and 1,333,333 Options;
- b. All 13,333,333 Shares were issued at \$0.075 per share and all 1,333,333 Options have an exercise price of \$0.075 and expiry date of 31 March 2018; the Options were free attaching options, issued on the basis of one Option for every ten Shares issued;
- c. The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue. The Options were unlisted options;
- d. The Shares and Options were allotted and issued Cairnglen Investments Pty Ltd <Woodford Super Fund A/C>;
- e. The Company received \$999,999.98 from the issue of the Shares for general working capital to fund initial development activities associated with the Grieve EOR Project and the restructuring of the Grieve Joint Venture as outlined in the ASX announcements of 21 December 2015 and 24 February 2016;
- f. The Options were issued for no additional cash consideration pursuant to the Company's share issue;
- g. A voting exclusion applies to this item of business, as set out in the Notice on page 4; and
- h. The terms and conditions of the Options are contained in Annexure A of this document.

**Board recommendation for Resolution 5:**

*The Board recommends Shareholders vote in favour of Resolution 5 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**RESOLUTION 6**

Shareholder approval is being sought to ratify the 592,105 ordinary shares that were issued on 21 April 2016 to Company advisers and suppliers in lieu of cash payment for their services, valued at \$0.095 per share ("Shares") under ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 6 Shares:

- a. The number of Shares issued were 592,105 shares;
- b. The Shares were issued at \$0.095 per share;
- c. The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;
- d. The Shares were allotted to Catalan Investments Pty Ltd (for services performed by Miro Advisors Pty Ltd);
- e. The Company received Nil cash consideration from the issue of these shares as they were allotted in lieu of payment for services provided by the supplier further to their engagement; and
- f. A voting exclusion applies to this item of business, as set out in the Notice on page 5.

**Board recommendation for Resolution 6:**

*The Board recommends Shareholders vote in favour of Resolution 6 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**RESOLUTION 7**

Shareholder approval is being sought to ratify the 14,617,596 ordinary shares that were issued on 24 May 2016 to exempt, sophisticated and professional investors at \$0.075 per share ("Shares") under ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 7 Shares:

- a. The number of Shares issued were 14,617,596 shares;
- b. The Shares were issued at \$0.075 per share;
- c. The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;
- d. The Shares were allotted to the following exempt, sophisticated and professional investors:

| Issue Date | Name  | No. of Shares – Resolution 7 |
|------------|---|------------------------------|
| 24/05/2016 | Teo Peng Kwang  | 10,080,000                   |
| 24/05/2016 | Cypresswood Capital Pte Ltd                           | 1,285,425                    |
| 24/05/2016 | EML Investments Pty Limited < Parkes Talbot Invt Cap> | 632,171                      |
| 24/05/2016 | Mr Peter Charles Talbot                               | 200,000                      |
| 24/05/2016 | Buk Mum Fatt  | 1,600,000                    |
| 24/05/2016 | Nicholas Dermott McDonald                             | 820,000                      |
|            |   | <b>14,617,596</b>            |

- e. The Company received \$1,096,319.70 from the issue of these shares for continued exploration and feasibility study expenditure on the Company's current assets and general working capital; and
- f. A voting exclusion applies to this item of business, as set out in the Notice on page 5.

**Board recommendation for Resolution 7:**

*The Board recommends Shareholders vote in favour of Resolution 7 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**RESOLUTION 8**

Shareholder approval is being sought to ratify the 4,000,000 ordinary shares that were issued on 12 September 2016 to Durham Capital Corporation at \$0.10 per share ("Shares") under ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 8 Shares:

- a. The number of Shares issued were 4,000,000 shares;
- b. The Shares were issued at \$0.10 per share;
- c. The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;
- d. The Shares were allotted to Durham Capital Corporation;



- e. The Company received Nil cash consideration from the issue of these shares as they were allotted in lieu of payment for advisory services provided by the supplier; and
- f. A voting exclusion applies to this item of business, as set out in the Notice on page 5.

**Board recommendation for Resolution 8:**

*The Board recommends Shareholders vote in favour of Resolution 8 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**RESOLUTION 9**

Shareholder approval is being sought to ratify the 29,262,354 ordinary shares that were issued on 7 October 2016 to Company advisers and suppliers in lieu of cash payment for their services, valued at \$0.095 per share ("Shares") under ASX Listing Rule 7.1.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 9 Shares:

- a. The number of Shares issued were 29,262,354 shares;
- b. The Shares were issued at \$0.095 per share;
- c. The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;
- d. The Shares were allotted to Catalan Investments Pty Ltd (for services performed by Miro Advisors Pty Ltd);
- e. The Company received Nil cash consideration from the issue of these shares as they were allotted in lieu of payment for services provided by the supplier; and
- f. A voting exclusion applies to this item of business, as set out in the Notice on page 5.

**Board recommendation for Resolution 9:**

*The Board recommends Shareholders vote in favour of Resolution 9 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**5. RESOLUTIONS 10 AND 11 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EXEMPT, SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1A**

**ASX Listing Rules, Chapter 7**

**ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of their issued capital through placements over a 12 month period after the date of an annual general meeting of shareholders at which the shareholders approved by special resolution the issue of securities under ASX Listing Rule 7.1A. This 10% placement capacity is in addition to the Company's 15% limit under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

**ASX Listing Rule 7.4**

ASX Listing Rule 7.4 permits an eligible entity to seek ratification from shareholders of the issue of securities that have previously been approved by special resolution of shareholders in accordance with ASX Listing Rule 7.1A. Ratification by shareholders under ASX Listing Rule 7.4 of previously approved issues of securities under ASX Listing Rule 7.1A has the effect of refreshing the eligible entity's 10% share placement capacity under ASX Listing Rule 7.1A.

Shareholder approval of the issue of Resolutions 10 and 11 securities as set out below is sought pursuant to ASX Listing Rule 7.4, to partially reinstate the Company's capacity to issue up to 10% of its ordinary issued capital under ASX Listing Rule 7.1A, if required, over a twelve month period without the need for seeking further Shareholder approval.

**RESOLUTION 10**

Shareholder approval is being sought to ratify the 22,278,005 ordinary shares that were issued on 11 January 2016 to exempt, sophisticated and professional investors at \$0.063 per share ("Shares") under ASX Listing Rule 7.1A.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 10 Shares:

- a. The number of Shares issued were 22,278,005 shares;
- b. The Shares were issued at \$0.063 per share;
- c. The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;

d. The Shares were allotted to the following exempt, sophisticated and professional investors:

| Issue Date | Name                        | No. of Shares – Resolution 10 |
|------------|-----------------------------|-------------------------------|
| 11/01/2016 | Taycol Nominees Pty Ltd     | 15,317,445                    |
| 11/01/2016 | Chng Seng Chye              | 4,523,809                     |
| 11/01/2016 | Cypresswood Capital Pte Ltd | 2,436,751                     |
|            |                             | <b>22,278,005</b>             |

e. The Company received \$1,403,514.32 from the issue of these shares for continued exploration and feasibility study expenditure on the Company's current assets and general working capital; and

f. A voting exclusion applies to this item of business, as set out in the Notice on page 5.

**Board recommendation for Resolution 10:**

*The Board recommends Shareholders vote in favour of Resolution 10 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further shares, representing an additional 10% of the Company's share capital under ASX Listing Rule 7.1A (in addition to the 15% of the Company's share capital under ASX Listing Rule 7.1) during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**RESOLUTION 11**

Shareholder approval is being sought to ratify the 10,714,575 ordinary shares that were issued on 24 May 2016 to exempt, sophisticated and professional investors at \$0.075 per share ("Shares") under ASX Listing Rule 7.1A.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders in relation to the Resolution 11 Shares:

- The number of Shares issued were 10,714,575 shares;
- The Shares were issued at \$0.075 per share;
- The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;
- The Shares were allotted to the following exempt, sophisticated and professional investors:

| Issue Date | Name                        | No. of Shares – Resolution 11 |
|------------|-----------------------------|-------------------------------|
| 24/05/2016 | East Timor Trading Lda      | 10,000,000                    |
| 24/05/2016 | Cypresswood Capital Pte Ltd | 714,575                       |
|            |                             | <b>10,714,575</b>             |

e. The Company received \$803,593.13 from the issue of these shares for continued exploration and feasibility study expenditure on the Company's current assets and general working capital; and

f. A voting exclusion applies to this item of business, as set out in the Notice on page 5.

**Board recommendation for Resolution 11:**

*The Board recommends Shareholders vote in favour of Resolution 11 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities, representing an additional 10% of the Company's share capital under ASX Listing Rule 7.1A (in addition to the 15% of the Company's share capital under ASX Listing Rule 7.1) during a twelve month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

## 6. RESOLUTION 12 – APPROVAL OF 10% PLACEMENT CAPACITY

**Background**

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued capital through placements over a 12 month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section (c) below).

**Listing Rule 7.1A****a. Shareholder approval**

The ability to issue Equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

**b. Equity Securities**

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice, the Company has two classes of Equity Securities quoted in the ASX being ordinary shares and 25 cent listed option, expiring on 22 July 2017. The Company presently has 854,046,208 ordinary shares and 22,675,000 listed options as at the date of this Notice of Meeting.

| Security Class   | Number on issue |
|--|-----------------|
| Listed Shares  | 854,046,208     |
| Listed Options, exercise price \$0.25, expiry date 22/07/2017    | 22,675,000      |
| Unlisted Options, exercise price \$0.075, expiry date 31/03/2018 | 1,333,333       |
| Unlisted Retention Rights  | 931,286         |
| Unlisted Performance Rights                                      | 8,643,119       |

**c. Formula for calculation 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

Where:

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- Plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- Plus the number of partly paid shares that became fully paid in the 12 months;
- Plus the number of fully paid shares issued in the 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 ordinary shares under the entity's 15% placement capacity without shareholder approval;
- Less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

**Listing Rule 7.1 and Listing Rule 7.1A**

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 854,046,208 shares of which 80,417,891 shares and 1,333,333 options were issued in the last 12 months under Listing Rule 7.1. Therefore the Company has a capacity to issue:

- 29,344,136 Equity Securities under Listing Rule 7.1.
- 41,070,993 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

**Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- The date on which the price at which the Equity Securities are to be issued is agreed; or
- If the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

### 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- The date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- The date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

### Listing Rule 7.1A

The effect of Resolution 12 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 12 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).

### Specific Information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - The date on which the price at which the Equity Securities are to be issued is agreed; or
  - If the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- If Resolution 12 is approved by Shareholders and the Company issues Equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - The market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - The Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of the consideration for the acquisition of a new asset;

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- Two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company currently has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

| Number of Shares on Issue<br>(Variable 'A' in<br>ASX Listing Rule 7.1A.2) | Dilution                            |   |                       |   |
|---|-------------------------------------|---|-----------------------|---|
|   | Issue Price (per Share)             | \$0.035<br>50% decrease<br>in Issue Price | \$0.07<br>Issue Price | \$0.14<br>100% increase<br>in Issue Price |
| 854,046,208   | Shares issued – 10% voting dilution | 85,404,621                                | 85,404,621            | 85,404,621                                |
| (Current Variable A)  | Funds raised \$                     | \$2,989,162                               | \$5,978,323           | \$11,956,647                              |
| 1,281,069,312   | Shares issued – 10% voting dilution | 128,106,931                               | 128,106,931           | 128,106,931                               |
| (50% increase in Variable A)  | Funds raised \$                     | \$4,483,743                               | \$8,967,485           | \$17,934,970                              |
| 1,708,092,417   | Shares issued – 10% voting dilution | 170,809,242                               | 170,809,242           | 170,809,242                               |
| (100% increase in Variable A)   | Funds raised                        | \$5,978,323                               | \$11,956,647          | \$23,913,294                              |

\* 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:

There are currently 854,046,208 Shares on issue as at the date of this Notice of Meeting assuming:

- i. No shares are issued as a result of Resolutions 14 and 15, noting that Resolutions 3, 4, 5, 6, 7, 8, 9, 10 and 11 are ratifications assumed under section (ii) immediately below; and
- ii. Shareholders approve under Listing Rule 7.4 the 80,417,891 shares and 1,333,333 options issued within the last 12 months under Listing Rule 7.1 (Resolutions 3, 4, 5, 6, 7, 8 and 9) and the 32,992,580 shares issued within the last 12 months under Listing Rule 7.1A (Resolutions 10 and 11).

In addition, the following assumptions apply:

- i. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - ii. No Options (including any Options issued under the 10% Placement Facility) or Right (including any Rights issued under the 10% Placement Facility) are vested into Shares before the date of the issue of Equity Securities;
  - iii. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. The is why the voting dilution is shown in each example as 10%;
  - iv. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting;
  - v. The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A not under the 15% placement capacity under Listing Rule 7.1;
  - vi. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders; and
  - vii. The issue price is \$0.07. The closing share price on the ASX on 7 October 2016 was \$0.067.
- c. The Company will only issue and allot the Equity Securities during the 10% Placement Period. Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:
- i. The date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
  - ii. The date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),
- d. The Company may seek to issue the Equity Securities for the following purposes:
- i. Non-cash consideration for the acquisition of assets such as oil and gas (including petroleum) exploration tenements, or a business or company holding oil and gas (including petroleum) exploration tenements. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - ii. Cash consideration. In such circumstances, the Company intends to use the funds raised towards screenings and assessments, feasibility studies, appraisal and testing activities, development and production expenditures on the Company's current assets or acquired assets or any aspects related to the financing thereof and/or general working capital.

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

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case by case basis having regard to the factors including but not limited to the following:

- i. The methods for raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- ii. The effect of the issue of the Equity Securities on the control of the Company;
- iii. The financial situation and solvency of the Company; and
- iv. Advice from corporate, financial and broking advisors (if available).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- e. The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at the Company's Annual General Meeting on 27 November 2015.

During the 12 months preceding the date of this Meeting, being from and including 28 November 2015 to and including 28 November 2016 (**preceding 12 month period**):

- the Company has issued in aggregate the following equity securities:
  - a. 652,932,815 Shares;
  - b. 195,000 Retention Rights;
  - c. 1,810,000 Performance Rights; and
  - d. 1,333,333 unlisted Options.
- those equity securities issued during the preceding 12 month period represent, on a fully diluted basis, 326.32% of the total number of equity securities that were issued on the first day of the preceding 12 month period.

Further details of the equity securities issued during the preceding 12 month period are set out in Annexure B.

- f. A voting exclusion statement is included in the Notice. At the date of the Notice as set out on page 6, the Company has not approached any particular existing Shareholder or security holder or an identifiable class or existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

**Board recommendation for Resolution 12:**

*The Directors unanimously recommend that Shareholders vote in favour of approving the 10% limit. This will enable the Company to have the flexibility to issue further equity securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 and an additional 10% of the Company's share capital under ASX Listing Rule 7.1A during a 12 month period without seeking further Shareholder approval. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

## 7. RESOLUTION 13 – ADOPTION OF NEW CONSTITUTION

### Background

Section 136 of the Corporations Act allows a company to replace its existing Constitution by passing a special resolution approving and adopting the new Constitution in place of the existing Constitution.

The Company's existing Constitution was adopted upon listing in 2005. Since that time, a number of changes have been made to the Corporations Act and the ASX Listing Rules that impact on, or are inconsistent with provisions in the existing Constitution. There have also been a number of significant developments in corporate governance principles and general commercial practice for ASX listed companies. Rather than make significant amendments to the existing Constitution, the Board proposes to adopt a new Constitution, which includes these changes and developments, and which is consistent with current market practice for ASX listed companies.

Many of the proposed changes are administrative, stylistic or minor in nature. An overview of the material changes included in the new Constitution is set out below.

Unless otherwise stated, references to rule numbers correspond to rules in the new Constitution.

Copies of the Company's existing Constitution and the new Constitution can be found on the Company's website at <http://www.elkpet.com/>. You can also request copies from the Company Secretary by emailing the Company Secretary on [dfranks@fa.com.au](mailto:dfranks@fa.com.au). A copy of the new Constitution will also be available at the Meeting for review.

| Rule                         | Changes   |
|------------------------------|---|
| <b>Definitions Rule 1</b>    | The new 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.   |
| <b>Interpretation Rule 4</b> | Rule 4 contains transitional provisions to ensure continuity, despite the change in Constitution. The transitional provisions ensure the continuity of director and officer appointments, continued validity of company registers and seals, and a smooth transition for other administrative matters.  |
| <b>Share Capital</b>         |   |
| <b>Rule 10</b>               | <i>Preference Shares</i><br>Rule 10 governs the Company's ability to issue preference shares and contains Preference Share provisions which are considered to be standard in the current market. As at the current date, the Company does not have any preference shares on issue.  |
| <b>Rule 15</b>               | <i>Small scale holdings</i><br>Rule 15 allows the Company to sell shareholdings valued at less than \$500 (referred to in the new Constitution as "unmarketable parcels") on behalf of a Shareholder subject to certain conditions, including giving Shareholders notice of any sale and allowing a Shareholder the opportunity to retain their holding.<br><br>The Board has no intention of exercising this right immediately but it will allow the Company to reduce the administrative burden of many small shareholdings, should this become a material cost to the Company in the future. This mechanism also gives Shareholders with very small shareholdings the ability to dispose of their shares without brokerage and other expenses.<br><br>The provisions in Rule 15 reflect the requirements of the ASX Listing Rules. |
| <b>Rule 30</b>               | <i>Holding locks</i><br>Rule 30 allows the Company to request ASX Settlement to apply a 'holding lock'. A holding lock is a facility which acts to prevent transactions being applied against specific holdings of shares. A holding lock may be used to prevent a transfer of shares in certain, restricted circumstances which comply with the ASX Listing Rules, for example in the case of shares issued under certain employee incentive schemes.  |
| <b>General Meetings</b>      |   |
| <b>Rule 65</b>               | <i>General meetings</i><br>The new Constitution incorporates a number of changes to assist with the organisation and orderly conduct of the Company's general meetings.<br><br><i>Direct voting</i><br>Rule 65 introduces the convenient concept of direct voting. Where direct voting is approved by the Board, this allows members entitled to attend and vote at a meeting to place their vote by post, facsimile transmission or other electronic means approved by the directors in place of attending the meeting in person. The Board will continue to monitor market usage and shareholder uptake of direct voting and may deploy it at future meetings of the Company if it believes that it will increase Shareholder participation.  |

| Rule                          | Changes  |
|-------------------------------|--|
| <b>Directors</b>              |  |
| <b>Rule 72</b>                | <p><i>Nomination of new directors</i></p> <p>Rule 72 sets out a new procedure for nominating directors for election to the Board, which reflects current corporate practice for ASX listed companies. A candidate for election as a director must be proposed by a member and seconded by another member, and no member may propose more than 1 person for election. A nomination must be in writing, and must be signed by the candidate for election, the proposer, and the seconder. A nomination must be received at the registered office of the Company at least 35 business days before the AGM where the election will take place, which is consistent with the ASX Listing Rules.</p> <p><i>Appointment of directors</i></p> <p>The new Constitution does not restrict the appointment of directors, other than to prescribe a minimum number (3) and a maximum number (10). This includes removal of the restriction in the current constitution for a person who is 72 years or over.</p>   |
| <b>Rule 69</b>                | <p><i>Retirement of directors</i></p> <p>The new Constitution adopts the current position under the ASX Listing Rules which provides that a director must retire (and may seek re-election) at the later of the 3rd annual general meeting following the director's appointment or the date which is 3 years after his or her appointment.</p> <p>Subject to this requirement, at each AGM, 1/3 of the directors for the time being, or if their number is not 3 or a multiple of 3 then the number nearest to but not exceeding 1/3, must retire from office.</p> <p>This approach to Board rotation is consistent with the approach now adopted by many large ASX-listed companies.</p>  |
| <b>Proportional Takeovers</b> |  |
| <b>Rule 37</b>                | <p>The new Constitution contains a rule relating to proportional takeovers. The Corporations Act requires the Company to provide you with sufficient information to make an informed decision on whether to support or oppose the Resolution. This information is set out below.</p> <p><i>The reason for the proportional takeover approval provisions</i></p> <p>In a proportional takeover bid, the bidder offers to buy only a proportion of each Shareholder's shares in the Company. This could result in control of the Company passing to a bidder without Shareholders having the chance to sell all their shares to the bidder, or a bidder may take control of the Company without paying a proper price.</p> <p>The Directors consider it in the best interests of the Shareholders to have a proportional takeover approval provision included in the new Constitution.</p> <p><i>The effect of the proportional takeover approval provisions</i></p> <p>Rule 37 of the new Constitution contains the proportional takeover approval provisions. It states that if a proportional takeover bid is made, the directors must ensure that a general meeting is convened at least 14 days before the last day of the bid period. The proportional takeover bid must be approved by Shareholders, with at least 50% of votes cast supporting the proportional takeover.</p> <p>Each person who holds bid class shares (as at the end of the day on which the first offer under the bid was made) is entitled to vote on the resolution. The bidder and its associates are excluded from voting.</p> <p>If the proportional takeover bid is not approved by the Shareholders, then no transfers of Shares under the bid will be registered and the proportional takeover offer will be taken to be withdrawn. If the Shareholders do not vote to approve the bid before the 14th day before the end of the offer period, then the bid will be taken to have been approved. If the Shareholders approve the bid, then all legally valid transfers must be registered.</p> <p>The proportional takeover approval provisions do not apply to full takeover bids – that is, they do not in any way restrict a bidder from making a bid for all of the shares in the Company.</p> <p><i>No person to acquire or increase its substantial interest</i></p> <p>As at the date this statement was 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.</p> <p><i>Potential advantages and disadvantages</i></p> <p>The Directors do not consider the proportional takeover approval provisions to have any potential advantages or disadvantages to them as directors of the Company.</p> <p>Some of the potential advantages and disadvantages of the proportional takeover approval provisions for Shareholders of the Company are set out in the table below.</p> |



| Rule   | Changes   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
|--|---|----------------------|-------------------------|---|--|---|---|---|---|---|--|------------------------------|--|--|--|---|--|
|  | <table> <tr> <th data-bbox="400 353 608 376">Potential advantages</th><th data-bbox="948 353 1182 376">Potential disadvantages</th></tr> <tr> <td data-bbox="400 398 911 477">Shareholders will have the right to decide by majority vote whether a proportional takeover bid should proceed.</td><td data-bbox="948 398 1492 454">It may discourage proportional takeover bids being made for shares in the Company.</td></tr> <tr> <td data-bbox="400 495 879 551">The provisions may help Shareholders avoid being locked in as a minority.</td><td data-bbox="948 495 1453 551">Shareholders may lose an opportunity to sell some of their shares at a premium.</td></tr> <tr> <td data-bbox="400 562 911 696">The provisions may prevent a bidder gaining control of the Company without paying a proper price and in fact increases Shareholder bargaining power which may ensure that any proportional takeover offer is properly priced.</td><td data-bbox="948 562 1492 618">The probability of a proportional takeover bid succeeding may be reduced.</td></tr> <tr> <td colspan="2" data-bbox="400 707 911 786">Knowing the view of the majority of Shareholders may assist individual Shareholders with deciding whether to accept or reject the offer, if it is approved.</td></tr> <tr> <td colspan="2" data-bbox="400 819 600 842"><i>Renewal every 3 years</i></td></tr> <tr> <td colspan="2" data-bbox="400 853 1453 943">The Corporations Act requires that the proportional takeover approval provisions of the new Constitution be renewed every 3 years. This 3 year period commences after the approval of the proportional takeover provision as part of the adoption of the new Constitution.</td></tr> <tr> <td colspan="2" data-bbox="400 954 1430 1014">The Board considers that the potential advantages for Shareholders of the inclusion of proportional takeover approval provisions in the new Constitution for the next 3 years outweigh any potential disadvantages.</td></tr> </table> | Potential advantages | Potential disadvantages | Shareholders will have the right to decide by majority vote whether a proportional takeover bid should proceed. | It may discourage proportional takeover bids being made for shares in the Company. | The provisions may help Shareholders avoid being locked in as a minority. | Shareholders may lose an opportunity to sell some of their shares at a premium. | The provisions may prevent a bidder gaining control of the Company without paying a proper price and in fact increases Shareholder bargaining power which may ensure that any proportional takeover offer is properly priced. | The probability of a proportional takeover bid succeeding may be reduced. | Knowing the view of the majority of Shareholders may assist individual Shareholders with deciding whether to accept or reject the offer, if it is approved. |  | <i>Renewal every 3 years</i> |  | The Corporations Act requires that the proportional takeover approval provisions of the new Constitution be renewed every 3 years. This 3 year period commences after the approval of the proportional takeover provision as part of the adoption of the new Constitution. |  | The Board considers that the potential advantages for Shareholders of the inclusion of proportional takeover approval provisions in the new Constitution for the next 3 years outweigh any potential disadvantages. |  |
| Potential advantages   | Potential disadvantages   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| Shareholders will have the right to decide by majority vote whether a proportional takeover bid should proceed.  | It may discourage proportional takeover bids being made for shares in the Company.  |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| The provisions may help Shareholders avoid being locked in as a minority.  | Shareholders may lose an opportunity to sell some of their shares at a premium.   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| The provisions may prevent a bidder gaining control of the Company without paying a proper price and in fact increases Shareholder bargaining power which may ensure that any proportional takeover offer is properly priced.  | The probability of a proportional takeover bid succeeding may be reduced.   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| Knowing the view of the majority of Shareholders may assist individual Shareholders with deciding whether to accept or reject the offer, if it is approved.  |   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| <i>Renewal every 3 years</i>   |   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| The Corporations Act requires that the proportional takeover approval provisions of the new Constitution be renewed every 3 years. This 3 year period commences after the approval of the proportional takeover provision as part of the adoption of the new Constitution. |   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| The Board considers that the potential advantages for Shareholders of the inclusion of proportional takeover approval provisions in the new Constitution for the next 3 years outweigh any potential disadvantages.  |   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| <b>Dividends Rule 128</b>  | Rule 128 provides greater flexibility for the payment of dividends to Shareholders in addition to the standard powers of the Company to pay dividends. The rule allows the Shareholders in general meeting or the directors to resolve to direct payment of a dividend wholly or partly by the distribution of specific assets, including paid up shares in, or debentures of, the Company or another body corporate.   |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |
| <b>Insurance Rule 136</b>  | Rule 135 allows the Company to pay a premium to insure directors and officers against liabilities incurred by them in their directorial or official capacity (except where the conduct involves wilful breach of a duty to the Company or an improper use of position or Company information).  |                      |                         |   |  |   |   |   |   |   |  |                              |  |  |  |   |  |

**Board recommendation for Resolution 13:**

*The Directors unanimously recommend that Shareholders vote in favour of adopting the new Constitution, including the approval of the proportional takeover provisions. The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.*

**8. RESOLUTION 14 – APPROVAL OF EMPLOYEE PERFORMANCE INCENTIVE PLAN****8.1 Background**

Shareholders originally approved the current **Employee Incentive Rights Plan (EIR Plan)** in 2014, as an incentive plan designed to increase the motivation of full-time and permanent part-time employees, including Executive Directors of the Company and its subsidiary companies (EIR Eligible Persons) and create a stronger link between increasing Shareholder value and employee reward. The Board has determined that this original plan while focussed on delivering shareholder value has had not succeeded in doing so. As such the Board has concluded it is timely to revise the Company's incentive or reward plan that applies to the Company's employees, including Executive Directors, to assure that the Company's incentive or reward plan more clearly and more directly aligns with the Company's strategy of focusing on building long-term shareholder value through delivering profitable reserves and production growth through low-risk enhanced oil recovery.

It is proposed to directly align the incentive plan and reward system with the Company's clear strategy to focus on delivering value to shareholders through enhanced oil recovery developments and production. The first step in acting on this clear strategy of focusing on enhanced oil recovery development and production was the recruitment of a new managing director with a proven track record of delivering growth in reserves, production and cash flow and the ability to raise the necessary debt and equity capital to deliver this growth. The outcome of this move has been to refocus the Company on delivering the completion of the Grieve CO2 EOR Project and first oil production and to deliver further growth through both organic development and acquisition of existing development projects and production.

The Company and shareholders are already beginning to realise the value of this refocussing of the Company's efforts in enhanced oil recovery. Over the last 15-months, there has been a substantial change and improvement in the Company's ability to deliver sustained shareholder value through this focus with first oil production and positive cash flow from its Grieve CO2 EOR project rapidly approaching. This focus is also driving initial development work at the Singleton properties and the search for new producing properties with EOR reserves and production with the ability to provide near-term cash flow prior to first oil production from the Grieve Project.

Based on the latest public commentary around designing appropriate incentive and reward plans the market place has clearly recognised that many plans are failing to deliver the intended results for shareholders because the incentives are either indirect from the company's management and employees ability to deliver positive outcomes or the overall incentives are designed around relative performance (or relative non-performance) and in many cases both. As such there is a growing recognition that in order to deliver shareholder value, incentive and reward plans need to be designed on the basis of concrete business and financial measures that a company's management and employees can directly and absolutely influence and deliver. Similarly, incentive and reward plans need to be based on measures that are directly correlated to the fundamental aspects of the particular business that drive shareholder value.

The Board is of the view that the clearest measurable and most direct proxies for creating and sustaining value as an oil and gas company is the delivery of growth in high quality reserves and production and the profitability of those reserves and production. The Board is also of the view that in terms of quality of reserves, the greatest amount of value is delivered through the addition and production of reserves which are classified as Proved Developed Producing (or "PDP") and by focusing on reserves and production with a significant profit margin. The Board is also of the view that the type of incentive and award plan that best aligns management and employees to shareholder value on a long-term basis is one that provides a mechanism for employees to build a direct ownership position in the Company through the delivery of growth in high quality reserves and production and the profitability of those reserves and production.

The Board believes Management and employee success in delivering on this strategy will be best measured and assessed by the Company's success in acquiring and/or redeveloping such mature oil fields as EOR projects that materially increase Proven Developed Producing Reserves ("PDP Reserves" or "PDPR") each year and annual oil or oil-equivalent production ("Annual Production") – by EOR techniques as well as ensuring the underlying profitability of these PDP Reserves and production.

In considering the measures of success that best reflect the Company's near-term performance as well as longer-term value creation, the Board selected increases in Annual Oil or Oil-Equivalent Production as a transparent measurement of near-term performance and annual increases PDP Reserves as a transparent measurement of long-term value creation. The Board is also keenly focussed on the overall profitability of the Company and as such has linked these two components of the EPI Plan to the overall profitability of the actual annual production for the applicable financial year and of the PDP Reserves through reference to the net operating margins delivered over the past year.

In considering the most appropriate basis for assessing the Company's progress in developing long term value, the Board has considered the primary drivers of shareholder value as they apply to companies operating in the oil and gas industry. 'Reserves' meet this need since "they are the quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward" (Reference: Society of Petroleum Engineers). All reserve estimates involve some degree of uncertainty and it is this degree of uncertainty that the World Petroleum Council and its partners sought to address some years ago when establishing the now globally recognised system developed by the Society of Petroleum Engineers – for the classification and sub-divisions based on different levels of certainty – the Petroleum Reserves Management System or "PRMS".

Under the PRMS, the highest quality and confidence levels of reserves are reserves that are classified as Proved Developed Producing Reserves ("PDP Reserves"). By definition reserves classified as PDP Reserves require no further capital investment to produce the estimated amount of reserves so classified. The Company has elected to use Proved Developed Producing Reserves ("PDP Reserves") as the most relevant performance measure for an oil production focused company. Much like the preparation of audited annual accounts for the Company, the Board will also oversee the Company undertaking an annual reserves audit by independent petroleum engineers of the highest standard and to this end has established a special sub-committee of the Board – the Technical Committee – chaired by a non-executive director – to oversee the conduct of this annual audit.

The Board believes that by adopting PDP Reserves as its long term performance measure it is tying the level of future value growth potential to an independently assessed measure with a high level of reserves certainty and as such is using a leading industry indicator of growth in the underlying value of oil and gas production companies. As such, the Board sees this type of measure as the most suitably robust and transparent long term measure to adopt under the EPI Plan and one that employees clearly understand and can respond to by directing their own activities and energy to achieve success.

The Board believes that by a continued focus of Management and employees on delivering not only replacement but growth in PDP Reserves and production as well as the profitability of these Reserves and production this will directly correlate to increasing shareholder value in terms of the overall market capitalisation of the Company and the underlying share price. The Board also believes that using these three criteria – Annual PDP Reserves growth, Annual Production growth and operating profit margin – the incentive plan is focussed on hard and absolute financial metrics (rather than soft, relative measures) which are readily determined and clearly transparent to all stakeholders – shareholders and employees alike.

Background of the proposed new plan, which will be known as the **Employee Performance Incentive Plan ("EPI Plan")** is provided below.

### Shareholder Approval

Shareholder approval of the EPI Plan is not required under the ASX Listing Rules because the number of equity securities proposed to be issued pursuant to the EPI Plan falls under the 15% Limit. However, in keeping with the Company's high standards of corporate governance, the Board seeks to ensure that Shareholders are fully informed on, and seeks their agreement to the Company's incentive and award arrangements.

Shareholder approval is being sought for adoption of this new plan and its related plan rules as a matter of good governance and to gain approval under Listing Rule 10.14 for the potential issue of Shares under this plan to Executive Directors, at this time to our current Managing Director, Mr Bradley Lingo, and to exempt Shares issued under this plan from ASX Listing Rule 7.1.

**ASX Listing Rule 7.1**

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12-month period, issue a number of equity securities which is more than 15% of their fully paid ordinary Shares on issue without shareholder approval (15% limit), unless an exception applies. The Company has not exceeded the 15% Limit restriction for the purposes of ASX Listing Rule 7.1.

**ASX Listing Rule 7.2**

ASX Listing Rule 7.2, Exception 9, provides that shareholder approval is not required for an issue under an employee incentive scheme if, within three years before the date of the issue, holders of ordinary Shares have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. Once approval is obtained, any securities issued under the scheme are exempted from the 15% limit. For the purposes of ASX Listing Rule 7.2, Exception 9, Shareholders last approved the issue of Performance Rights and Retention Rights under the EIR Plan in November 2014; this approval expires in November 2017.

**Prior Incentive Rights Plans**

For the purposes of ASX Listing Rule 7.2, Exception 9, Shareholders last approved the issue of performance and retention rights under both the EIR Plan and the **Non-Executive Directors and Advisors Plan ("NEDA Plan")** on 21 November 2014. It should be noted the existing employee and non-executive director and advisor share rights plans and employee option plan will remain in force at least through the periods over which outstanding rights and options exist. It is not the Company's intention to make any new rights awards to employees under the EIR Plan.

The Company will also maintain the existing NEDA Plan for the ongoing issue of retention and performance rights to Non-Executive Directors and Advisors. It is expected that shareholder approval to refresh the NEDA Plan will be sought at the 2017 AGM when the current three-year plan expires. The Board believes that it is appropriate for good governance reasons that performance incentives for its Non-Executive Directors and Advisors should be assessed on different and more relative market performance-linked measures than the direct fundamental business performance criteria applicable to management and employees, including Executive Directors.

Since Shareholders last approved the issue of securities under the EIR Plan and NEDA Plan, the following rights have been issued:

| Type of Rights    | EIR Plan         |                    |
|-------------------|------------------|--------------------|
|                   | Retention Rights | Performance Rights |
| 2011              | 590,000          | 1,350,000          |
| 2012              | 225,000          | 2,385,000          |
| 2013              | 0                | 2,896,827          |
| 2014              | 510,000          | 2,706,388          |
| 2015 <sup>1</sup> | 95,000           | 1,410,000          |
| 2016              | To be resolved   | To be resolved     |
| <b>Total</b>      | <b>1,420,000</b> | <b>10,748,215</b>  |

1. 2015 allocation issued on 30 June 2016.

In addition, the following performance rights were granted outside of the plan, but with approval of shareholders on 29 November 2013:

- a. Dr Taylor : 1,077,519; and
- b. Dr Hornafius : 6,500,000.

| Type of Rights    | NEDA Plan        |                    |
|-------------------|------------------|--------------------|
|                   | Retention Rights | Performance Rights |
| 2011              | 140,000          | 840,000            |
| 2012              | 107,000          | 73,000             |
| 2013              | 78,000           | 553,479            |
| 2014              | 280,000          | 126,731            |
| 2015 <sup>1</sup> | 100,000          | 400,000            |
| 2016              | To be determined | To be determined   |
| <b>Total</b>      | <b>705,000</b>   | <b>1,993,210</b>   |

1. 2015 allocation issued on 30 June 2016.

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

Of the 22,443,944 Retention and Performance rights issued under the above plans or outside the plans, as at 17 October 2016, there are currently on issue 9,574,405 Retention and Performance Rights on issue, including those issued originally outside the EIR or NEDA Plans. The difference predominately relates to lapsed and cancelled performance rights.

## 8.2 Role of the EPI Plan in the remuneration framework

To achieve its corporate objectives, the Company needs to attract and retain key persons who possess the necessary skills and experience to pursue the Company's uniquely focused strategy on development and production of oil from enhanced oil recovery ("EOR") projects. This strategy relies heavily on acquiring existing mature oil fields that are suitable for re-development as EOR projects and/or acquiring existing EOR projects with existing production and material additional oil recovery potential.

The Board also recognises that the Company has been financially constrained in a significant way over the immediate past and is likely to remain so in the very near-term until significant oil production comes online and positive cash flow is generated. The stark reality is that when compared to a similarly situated peer group, the Company is currently only able to provide a base remuneration to senior management at a level of 30-40% of the benchmarked base remuneration seen in the peer group. Hence, the new EPI Plan is designed to make awards in shares as well as cash.

In order to balance the limits of the Company's financial ability in the short-term versus providing a remuneration package to attract management and employees of the calibre necessary to deliver significant outcomes for shareholders, a large portion of the remuneration package must be incentive and reward-based aligned to the key metrics that the Board believes drive the creation and maintenance of value for shareholders – the sustained growth in reserves and production on a profitable basis.

As such, the focus of the re-alignment of the Company's incentive and reward will be to adopt a revised employee incentive and reward plan with awards linked to (1) delivering increases in Proved Developed Producing Reserves and increases in annual production with a direct linkage to the profitability of these reserves and production and (2) rewarding management and employees in such a way and on a level that a significant incentive is established to build a significant equity stake in the Company aligned with the interest of Shareholders.

The Board believes that now is the right time for the Company to implement a new performance based incentive plan for executive rewards for 2016-17 and following fiscal years. The Company expects to achieve its first such outcomes from late 2017 at its Grieve CO2 EOR Project and the objective to generate other successful producing projects before and after that time. Given announced funding commitments, it is important that forecast performance is achieved and future growth momentum continues with increasing PDP Reserves and Annual Production.

The Board believes employee performance based remuneration should be linked to these same strategic criteria. Remuneration incentives should be aligned to the entity's short and long term performance objectives and should be appropriate to its circumstances, goals and risk appetite. The Board also believes that the EPI Plan is based on distinct technical, operating and acquisition/development performance measures that directly align with the Company's objectives.

## 8.3 Outline of the EPI Plan

This section gives a brief outline of the EPI Plan and how the Board implements participation under the Rules of the EPI Plan. The EPI Plan Rules are further summarised in Section 8.4 below. Words or expressions with capitalised letters not defined in the glossary on page 28 are to be given their meaning as defined in the EPI Plan Rules. The EPI Plan is based on 2 basic components:

- **Annual Production Award** – a short-term component linked to growth in year-on-year increases in production; and
- **Annual Proved Developed Producing Reserves Award** – a long-term component linked to growth in year-on-year increases in reserves.

Both awards include a further performance element tied to related gross operating margins ("**Attributable Net Operating Margin**").

The table below summarises the essential elements of the EPI Plan.

### Employee Performance Incentive Plan (EPI Plan).

| Performance Measures & Incentive Calculation  | Award Delivery                              |
|---|---|
| <b>Short Term Component – Annual Production Award:</b><br>Net Annual Production Increase [x] Net Operating Margin [x] Participation Factor                                  | In Cash                                     |
| <b>Long Term Component – Annual Proved Developed Producing Reserves (PDPR) Award:</b><br>Net Annual PDP Reserves Increase [x] Net Operating Margin [x] Participation Factor | In Shares (Subject to Shareholder Approval) |
| <b>EPI Plan Overview</b>  |   |

#### Participants:

The participants of the plan include the MD/CEO, any other executive directors, senior management team and other employees at the discretion and invitation of the board (the "**Participants**").

#### Performance or Measurement Period:

Performance against both elements will be assessed over the 12-month financial year from 1 July to 30 June, commencing for the first year starting 1 July 2016 (the "**Measurement Period**").



## Employee Performance Incentive Plan (EPI Plan) continued

### EPI Plan Overview continued

#### Net Operating Margin:

Net Operating Margin is the average operating gross profit margin in Australian dollars per barrel of oil (or oil equivalent) produced over the Measurement Period. The Net Operating Margin will be determined only in relation to hydrocarbons produced from the PDP Reserves and shall reflect the net operating margin of gross revenue from such production less those operating costs (also known as "Lease Operating Expense" or "LOE") to produce such hydrocarbons to their point of sale and shall include any royalties or third party charges that are paid in cash rather than production. With respect to the Annual PDPR Award, the Net Operating Margin shall be determined on a long-term basis to reflect the projected net operating margin of gross revenue from production less LOE on a life-of-reserves basis applicable to the PDP Reserves.

#### Participation Factor:

On an annual basis, the total award pool for both the Annual Production Award and the Annual PDPR Award is calculated based on a group Participation Factor of 2.5% for all plan Participants ("Group Participation Factor"). The award pool is then allocated based on each Participant's individual Participation Factor. Each Participant in the plan has a predetermined individual Participation Factor ranging from 1% for the MD/CEO, 0.2% for each member of the senior executive team to 0.1% for other employees ("Individual Participation Factors"); Individual Participation Factors are subject to pro-rating if the Group Participation Factor exceeds 2.5% as and if additional Participants are invited to join the EIP Plan.

#### Award Quantum and Annual Award Cap:

Following the determination of the total amount of the award pool, the actual award quantum provided to any Participant in any year is linked to the Individual Participation Factor specific to that Participant based on an employee's position in the Group ("Individual Participation Factor"). The application of the Individual Participation Factor will determine the maximum amount of the aggregate Annual Production Award and the Annual PDP Reserve Award to be paid to a Participant and the maximum amount determined is also subject to an annual cap ("Annual Award Cap"). The Annual Award Cap applicable to a Participant is determined as a multiple of the fixed annual remuneration ("FAR") for such Participant. The Annual Award Cap ranges from four times FAR for MD/CEO, three times FAR for other senior executives and down to one times FAR for other employees.

#### At-Risk Carry Forward Award:

To the extent that the amount of the award to be provided to any Participant in any year exceeds the Annual Award Cap applicable to that Participant, the excess amount of the award is carried forward ("Carry Forward Award"). The amount of the Carry Forward Award will be paid out on an annual basis over the next 2 years in two instalments equal to 50% of the amount of the Carry Forward Award. The full amount of the Carry Forward Award will remain at-risk and be subject to a reduction or cancellation due to a downward or negative revision in the PDP Reserves applicable to the award (excluding any reductions in PDP Reserves attributable to annual production since the determination of the award).

#### Settlement & Adjustment:

The Short-term Incentive Component – the Annual Production Award – will be settled in cash with calculation and payment occurring immediately following the release of the audited financial accounts for the performance period.

In keeping with the principle adopted for the current long term incentive plans, for employees of the Australian parent company, the Long-term Incentive Component – the Annual PDPR Award – will be settled in Shares based on the above calculation and converted to a number of Shares through reference to the last 20 Trading Days Volume-Weighted Average Price immediately preceding the end of the Measurement Period. For employees of US-based or other foreign-based subsidiaries or associated companies, long term incentive component will be paid in cash.

The Board will also retain the discretion to defer settlement of up to 50% of the Annual Production Award in circumstances where full settlement would have an undesirable impact on the company's cash flow and/or based on the company's ability to pay. Any such deferral will be limited to an initial maximum 6-month period, following which further review by the Board may result in further deferral as required.

A summary of the EPI Plan Rules is provided in a later section.

## 8.4 Summary of the Rules of the EPI Plan

A summary of the EPI Plan Rules is set out below. A copy of the EPI Plan Rules is available at no cost on request to the Company Secretary.

The specific terms of a particular grant, including any retention or performance hurdle, will be contained in the Offer and associated documentation sent to the employee.

- a. **EPI Plan Rules** – the Employee Performance Incentive Plan Rules underpin the workings of the EPI Plan.
- b. **EPI Plan Eligible Persons** – under the EPI Plan, only executive directors and invited employees of the Company are eligible to participate.
- c. **Cash Payment of Annual Production Award** – pursuant to the EPI Plan, achievement of the Annual Production Award performance measures will entitle the Participant to receive a cash payment equal to the assessed monetary value of an Annual Production Award, according to the assessment algorithm set out above. Cash awards will be paid as soon as possible after the end of each plan year. A Participant will forfeit his or her entitlement to receive an Annual Production Award if (1) the Participant's employment ceases prior to final determination of the Annual Production Reserves Award at the end of the relevant plan year or (2) the Participant's employment has

been terminated for cause prior to the payment of a cash award to a Participant.

- d. **Share Payment of Annual Proved Developed Producing Reserves Award** – pursuant to the EPI Plan, achievement of the Annual Production Award performance measures will entitle the Participant to receive fully paid Shares in the Company of equivalent value to the assessed monetary value of an PDP Reserves Award according to the assessment algorithm set out above and where relevant assessed award values are converted to Shares at the last 20 Trading Days VWAP in June of the PDP Reserves Award year. The level of the annual award value and the number of Shares issued are subject to a number of conditions described below. If Shareholder approval is not obtained for the EPI Plan, then value of the entitlement to be paid to the employee will be paid in cash in substitution for the issue of Shares.
- e. **Annual Award Cap** – The combined aggregate value of the Annual Production Award plus the Annual PDP Reserves Award to be paid or granted according to the assessment algorithm set out above will be subject to an annual cap (“Annual Award Cap”) based on the fixed annual remuneration (“FAR”) of each Participant. The Annual Award Cap applicable to a Participant is determined as a multiple of the fixed annual remuneration (“FAR”) for such Participant. The Annual Award Cap ranges from four times FAR for MD/CEO, three times FAR for other senior executives and down to one times FAR for other employees. Note that the Annual Award Caps adopted under the EPI Plan have been set to bridge the large gap between the current FAR’s of the Company’s staff which are well below the average and median levels of the nominated peer group total annual remuneration of the nominated peer group as determined by the National Rewards Group of which the Company is a member and the Company’s target for total Remuneration Packages to be at the average P75 level of this same peer group. This approach allows the Company to keep the Company’s total cash obligations at what it sees as manageable levels over the next few years while providing total Remuneration Package potential at the same P75 level as the average of its nominated peer group. The role of the FAR cap is for the sole purpose of smoothing out peaks in total remuneration and is not being used for any benchmarking purposes. The Annual Award Cap is also subject to the cap on the total number of Shares that can be issued in any year and over any 3-year period set out in (g) below.
- The excess of any combined value amount of the calculated awards that exceeds the Annual Award Cap for a Participant in a given year will be carried forward on an at-risk basis as set out below. It is believed this cap will dampen any volatility in Awards from year-to-year and provide an at-risk component for subsequent negative adjustments in certified PDP Reserves as set out in (f) below; at the same time and given the awards are based on outcomes certified to a very high level of certainty, a material level of award is intended to be paid out in Shares quickly to provide active and ongoing motivation to receiving Participants.
- f. **At-Risk Carry Forward Award** – To the extent that the amount of the combined value of awards to be provided to any Participant in any year exceeds the Annual Award Cap applicable to that Participant, the excess amount of the award is carried forward (“Carry Forward Award”). The amount of the Carry Forward Award will be paid out on an annual basis over the next 2 years in two instalments equal to 50% of the amount of the Carry Forward Award. Where the Carry Forward Award goes beyond the initial three year plan, that amount of the Carry Forward Award will be either be settled in cash or carried over into a subsequent plan or plan extension at the choice of the Company. The full amount of the Carry Forward Award will remain at-risk and be subject to a reduction or cancellation due to a downward or negative revision in the PDP Reserves applicable to the award (excluding any reductions in PDP Reserves attributable to annual production since the determination of the award). The Carry Forward Awards will preserve their original value and be paid in cash or Shares at the discretion of the Board.
- g. **Annual and Aggregate Award Share Issuance Limit** – The number of Shares that can be issued in any given year is subject to the following over-riding limits. For all employees, including the MD/CEO, who is subject to the individual limits set out below in this section, in any given year the value of Awards to be paid through the grant of Shares cannot exceed 2.5% of total number of ordinary Shares in the Company on issue at the time of making such an award. Any award in excess of this over-riding limit will be treated as an At-Risk Carry Forward Award subject to the rules described in (f) above the rules under . The total number of Shares issued at the end of three years cannot exceed a total of 62.5 million Shares over the initial 3-year Measurement Period. In the case of capital reconstructions such as share consolidations and share splits, the Board shall make such adjustments to the Annual and Aggregate Award Share Issuance Limit in the manner contemplated by the Listing Rules.

With respect to the MD/CEO, in any given year the value of any Award to be paid through the grant of Shares cannot exceed 1% of the total number of ordinary Shares in the Company on issue at the time of making such an award. Any award in excess of this over-riding limit will be treated as an At-Risk Carry Forward Award subject to the rules described in (f) above. The total number of ordinary Shares in the Company issued at the end of three years cannot exceed a total of 25 million Shares over the initial 3-year Measurement Period (see Resolution 15).

These caps on the total number shares to be issued annually and over the initial 3-year period are provided as an additional comfort factor to Shareholders that, should some unconsidered outcomes occur at unconsidered levels that could produce unexpected or untested outcomes, these annual and total share number caps will temper the number of shares to be issued to be in line with ranges tested and considered by the Board.

Awards will be paid in cash if the EPI plan is not approved by Shareholders or Shareholders do not approve Resolution 15. In this circumstance, the Board will need to negotiate with the parties involved in terms of payment timing. The Board will also retain the discretion to defer settlement of up to 50% of the Annual Production Award in circumstances where full settlement would have an undesirable impact on the company’s cash flow and/or based on the company’s ability to pay. Any such deferral will be limited to an initial maximum 6-month period, following which further review by the Board may result in further deferral as required.

Shareholders are reminded that a set of similar commitments are included in the MD/CEO’s current 3-year employment contract as is the Company’s commitment to bring before shareholders an incentive plan with these types of incentives; a summary of these rules were included in the Explanatory Statement to the 2015 Notice of AGM in support of related resolutions then brought before shareholders, including the commitment to pay in cash if such a plan is not approved by Shareholders. Similar commitments are included in the

employment contracts of the Company's more recently employed CFO and COO.

- h. **Dealing restriction attached to Shares** – all Shares issued to Participants shall be subject to a dealing restriction, being that such Shares may not be sold until their sale would not breach either (1) the Company's share trading policy, or (2) Division 3 of Part 7.10 of the Corporations Act.
- i. **Awards under the EPI Plan are not transferable** – Awards granted to a Participant are not transferable and may not otherwise be dealt with, except with the Board's approval, or by operation of law on death or legal incapacity.
- j. **Lapsing of Awards** – if the performance criteria for the grant of an Award or any portion of the Carry Forward Award have not been met and there is no opportunity for those Award or the Carry Forward Award to be met at a later date then such Awards and any right to a cash payment or grant of Shares shall lapse.
- k. **Termination of Employment due to termination for cause** – if, in the opinion of the Board, employment by a Participant ceases because of termination for cause, any Annual Production Award, Annual PDP Reserves Award and Carry Forward Award shall be forfeited on termination.
- l. **Termination of Employment due to resignation or termination without cause** – if, in the opinion of the Board, employment ceases because of the Participant resigning or the Company initiated termination without cause, then the right to Any Annual Production Award or Annual PDP Reserves Award that otherwise would have been granted in the financial year of termination of employment without resignation or termination without cause are forfeited in the same proportion as the remainder of the financial year bears to the full financial year. The right to any Carry Forward Awards do not lapse at the termination of employment because of the Participant resigning or the Company initiated termination without cause and will continue to be held by Participants with a view to testing of the amount of the Carry Forward Award amount to be paid in accordance with the same proportion algorithm set out above.
- m. **Termination of Employment due to death, total permanent disablement or retirement with Board approval** – The right to any Annual Production Award or Annual PDP Reserves Award granted in the financial year of termination of employment due to death, total permanent disablement or retirement are forfeited in the same proportion as the remainder of the financial year bears to the full financial year. The right to any Carry Forward Awards do not lapse at the termination of employment due to death, total permanent disablement or retirement and will continue to be held by Participants with a view to testing of the amount of the Carry Forward Award amount to be paid in accordance with the same proportion algorithm set out above.
- n. **Change in control including takeover** – in the event of a change in control, including a takeover bid or scheme of arrangement, the full amount of any Annual Production Award, Annual PDP Reserves Award and Carry Forward Award up to the Annual and Aggregate Award Share Issuance Limit will become due and payable in cash within 30-days following the completion of the event of change in control or takeover. In determining the cash value of the Annual PDP Reserves Award and the Carry Forward Award, the share price applicable to determining the cash value to be paid to the Participant is the higher of (1) in the case of change of control the value of Shares in the Company based upon the last 20 Trading Days VWAP before the completion of the event of change in control or (2) in the case of a change of control resulting from a takeover bid or scheme of arrangement the offer price per share of the Company provided for in such takeover bid or scheme of arrangement.
- o. **Rights issues, bonus issues, reconstructions** – in the case of general rights issues to the Company shareholders, bonus issues or the issue of rights to parties other than the Company's shareholders, the calculated value in cash of any Annual PDP Reserves Award or Carry Forward Award shall be according to the assessment algorithm set out above and shall remain fixed and the number of Shares to be issued to the Participant pursuant to the EPI Plan shall be adjusted accordingly, but not exceeding the Annual and Aggregate Award Share Issuance Limit. In the case of capital reconstructions such as share consolidations and share splits, the Board shall make such adjustments to the Annual and Aggregate Award Share Issuance Limit in the manner contemplated by the Listing Rules.
- p. **Plan limits** – the number of Shares that may be issued under the EPI Plan must not exceed 5% of the issued Shares in that class of the Company at the time as prescribed in ASIC Class Order 14/1000.
- q. **Amendments to EPI Plan Rules** – subject to the provisions of the EPI Plan Rules and the Listing Rules, the Board may at any time by written instrument, or by resolution of the Board, amend or repeal all or any of the provisions of the EPI Plan Rules, including this rule. However, the Rules may not be amended if, broadly, in the Board's opinion the amendment would materially reduce the Rights of a Participant in respect of Rights already granted. Exceptions to this permit (1) amendment for the purpose of complying with State or Commonwealth legislation, the Company's constitution or the Listing Rules; and (2) amendments to address possible adverse tax implications for Participants generally or any Group Company.

**Board recommendation for Resolution 14:**

*Noting that Non-Executive Directors are unable to participate in the EPI Plan, the Directors (with Mr Lingo abstaining) unanimously recommend that Shareholders vote in favour of approving the EPI Plan. The Chairman will vote undirected proxies in favour of this Resolution.*

## 9. RESOLUTION 15 – APPROVAL OF GRANT OF SHARES TO MR BRADLEY LINGO, MANAGING DIRECTOR

### Background

It is proposed that a grant of Shares pursuant to the **Employee Performance Incentive Plan (EPI Plan)** as it is described in Resolution 14 be made to Mr Bradley Lingo as Managing Director and CEO of the Company over the next three years as set out below.

### ASX Listing Rule 10.11

ASX Listing Rule 10.11 restricts a director of a listed company from acquiring securities under an employee incentive scheme without first receiving Shareholder approval pursuant to ASX Listing 10.14.

### Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. Exceptions to this general prohibition include where the company first obtains the approval of its shareholders in general meeting, or the financial benefit being provided is on arm's length terms or better or is considered reasonable remuneration.

It is the view of the Directors that Shareholder approval of Resolution 15 is not required under Chapter 2E of the Corporations Act as the proposed issue of Shares are the subject of Resolution 15 is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### Shareholder approval

Shareholder approval is sought for the grant of ordinary Shares to Mr Bradley Lingo as Managing Director and CEO of the Company over the next three years, pursuant to the **Employee Performance Incentive Plan (EPI Plan)** as it is described in Resolution 14.

For the purposes of Listing Rule 10.15A, the following information is provided to Shareholders:

- a. Mr Lingo is the Managing Director of the Company;
- b. The maximum number of Shares that may be acquired by Mr Lingo under the EPI Plan over a 3-year period commencing on the date of this Meeting is 25,000,000 Shares. It should be noted that this is the maximum possible number of Shares that could be issued under the EPI Plan to Mr Lingo.

For the 3-year period, the Board has also benchmarked the total incentive remuneration potential payable to Mr. Lingo and other KMP under the EPI Plan against the average and median levels of the nominated peer group total annual remuneration of their peers in the nominated peer group; the benchmarking is based on information determined by the National Rewards Group of which the Company is a member. This review has indicated that Mr. Lingo's base fixed annual remuneration is less than half that of the average and median levels of the peer group companies; similar relativities apply to Elk's other KMP. The remuneration potential provided under the EPI Plan has been set to provide the opportunity for the MD/CEO and other KMP to still receive Total Remuneration Packages, including incentives at the Company's target level of at or above the P75 level of the Company's selected group of peer companies and where that P75 target is based on comparative data as determined by the National Rewards Group.

Modelling and testing over a number of scenarios of annual production and PDP reserves outlooks over the next three years was used to assess this maximum number of Shares and based on such modelling the Board has concluded that Mr. Lingo's total remuneration package potential with the maximum allowable issuance of Shares under the EPI Plan is reasonable and his resulting total remuneration package would be comparable to the average total remuneration paid by the nominated peer group at the same P75 level. In forming its judgement on this reasonableness test, the Board has also considered other factors such as possible growth in base FAR's, oil price increases as well as possible variations in the increases of Annual Production and PDP Reserves as well as the effect of such factors and other factors that could lead to variations in assumed profit margins for such production and reserves.

- c. There is no amount payable by Mr Lingo either on issue or exercise of the Shares. The Company will bear all costs associated therewith;
- d. As this is a new plan, no securities have been issued under the related Trust Deed or the EPI Plan Rules and the EPI Plan has not been previously approved. Securities issued under the current plans (EIR and NEDA Plans) of the Company are outlined in the Explanatory Statement in Resolution 14. Mr Lingo has not participated in those allotments;
- e. Pursuant to the terms of the EPI Plan Rules, all full-time and permanent part-time Employees including Executive Directors of the Company and its subsidiary companies determined by the Board are eligible to participate in the EPI Plan;
- f. A voting exclusion applies to this item of business, as set out in the Notice of Meeting as set out on page 6;
- g. The Company will not be providing any loan to Mr Lingo in connection with the acquisition of Shares;
- h. Details of any Shares granted under the EPI Plan will be published in each annual report of the entity relating to a period in which those Shares have been granted, and that approval for the grant of Shares was obtained under Listing Rule 10.14;
- i. Any additional related parties who become entitled to participate in the EPI Plan after the resolution was approved and who was not named in the Notice of Meeting will not be entitled awards of Shares under the EPI Plan until approval is obtained under Listing Rule 10.14; and
- j. The Shares approved under this Resolution will be granted no later than 3 years after the date of this Meeting (or such later date as date as permitted by any ASX waiver or modification of the Listing Rules).

**Board recommendation for Resolution 15:**

*The Directors unanimously (with Mr Brad Lingo abstaining) recommend that Shareholders vote in favour of the allotment of securities to Mr Lingo. The Chairman will vote undirected proxies in favour of this Resolution.*

**10. ENQUIRIES**

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

David James Franks  
Joint Company Secretary  
Elk Petroleum Limited

c/- Franks & Associates Pty Limited  
GPO Box 4325, Sydney, NSW 2001, Australia

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

# GLOSSARY

**Adviser** means a Non-executive Director and/or any independent person who is not an employee or an independent entity retained by the Company or a subsidiary company under a contract to provide services to the Company or the subsidiary company.

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

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

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to that term by section 12 of the Corporations Act.

**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 Elk (or the Elk Group), and any company the member controls.

**Company or Elk** means Elk Petroleum Limited (ABN 38 112 566 499).

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

**Control** has the meaning given in section 50AA of the Corporations Act.

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

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

**Documents** means each of the Notice, Explanatory Statement and the Proxy Form and all other documents that accompany each other when sent to each Shareholder.

**EIR Eligible Persons** means full-time and permanent part-time employees, including Executive Directors of the Company and its subsidiary companies, who are eligible to participate in the EIR Plan.

**EIR Plan** means the Employee Incentive Rights Plan.

**EPI Eligible Persons** means all employees of the Company and its subsidiaries, including Executive Directors of the Company and its subsidiary companies, who are eligible to participate in the EPI Plan.

**EPI Plan** means the Employee Performance Incentive Plan referred to in Resolution 14.

**Elk Group** means Elk and its controlled entities.

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

**Equity Securities** has the meaning given to that term in Listing Rule 19.

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

**NEDA Eligible Persons** means Non-executive Directors and Advisers, who are eligible to participate in the NEDA Plan.

**NEDA Plan** means the Non-executive Director and Adviser Rights Plan.

**Notice** means the notice of Meeting that accompanies and forms part of the Documents.

**Ordinary Resolution** means a resolution passed by more than 50 per cent of the votes at a general meeting of shareholders.

**P75** means the 75th percentile of the salary distribution of the nominated peer group

**Performance Right** means a right to be issued or transferred one Share upon satisfaction of a performance condition on a specified date.

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

**Retention Right** means a right to be issued or transferred to Shares, according to the formula applicable to the right, upon satisfaction of a retention condition on a specified date.

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

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

**Share Registry** means Computershare Investor Services.

**Special Resolution** means a resolution passed by more than 75 per cent of the votes at a general meeting of Shareholders.

**Trading Day** has the meaning given to that term in ASX Listing Rule 19.12.

**VWAP** means volume weighted average price



## INTERPRETATION

In these Documents, unless the context requires otherwise:

- a. a reference to a word includes the singular and the plural of the word and vice versa;
- b. a reference to a gender includes any gender;
- c. if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- d. a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- e. headings are included for convenience only and do not affect interpretation;
- f. a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- g. a reference to a thing includes a part of that thing and includes but is not limited to a right;
- h. the terms “included”, “including” and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- i. a reference to a statute or statutory provision includes but is not limited to:
  - i. a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - ii. a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - iii. subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- j. reference to “\$”, “A\$”, “Australian Dollars” or “dollars” is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- k. a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

# ANNEXURE A – TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a. Each Option gives the Optionholder the right to subscribe for one Share.
- b. An Option not exercised before the Expiry Date will automatically lapse on the expiry date (**Expiry Date**), as follows:
  - i. Each Option will expire at 5.00pm (AEST) on 31 March 2018
- c. Subject to paragraph (k), the amount payable upon exercise of each Option (**Exercise Price**) will be \$0.075.
- d. The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion unless the holding is less than 100,000 in which case the entire holding must be exercised.
- e. An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - i. a written notice of exercise of Options specifying the number of Options being exercised; and
  - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised; (**Exercise Notice**).
- f. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- g. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- h. Subject to the expiry of any applicable escrow period the Options shall be freely transferable.
- i. All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- j. The Company will not apply for quotation of the Options on ASX.
- k. If at any time the issued capital of the Company is reorganised, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- l. There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- m. An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

# ANNEXURE B – PARTICULARS OF ISSUES OF EQUITY SECURITIES IN PRECEDING 12 MONTH PERIOD

| Date            | Class of equity securities issued | Allottees of equity securities issued or basis of allotment   | Issue Price per equity security | Discount to market price (if any) | Total cash consideration raised | Amount of cash consideration spent, what it was spent on and proposed application of balance of funds raised  | Particulars of any non-cash consideration raised and its current value   | No. of Ordinary Shares | No. of Unlisted Options/ Rights |
|-----------------|-----------------------------------|---|---------------------------------|-----------------------------------|---------------------------------|---|--|------------------------|---------------------------------|
| 2 December 2015 | Ordinary shares                   | Placement of shares to exempt, sophisticated and professional investors approved by shareholders at 2015 AGM                        | \$0.03                          | \$0.035                           | \$400,000                       | \$400,000 spent on general working capital  | N/A  | 13,333,333             | N/A                             |
| 7 December 2015 | Ordinary shares                   | Placement of shares to exempt, sophisticated and professional investors approved by shareholders at 2015 AGM                        | \$0.03                          | \$0.042                           | \$250,000                       | \$250,000 spent on general working capital  | N/A  | 8,333,333              | N/A                             |
| 11 January 2016 | Ordinary shares                   | Placement of shares to exempt, sophisticated and professional investors including clients of Republic Investment Management Pte Ltd | \$0.063                         | \$0.014                           | \$2,520,000                     | \$2,520,000 spent on continued exploration and feasibility study expenditure on the Company's current assets and general working capital  | N/A  | 39,999,984             | N/A                             |
| 16 March 2016   | Ordinary shares                   | Catalan Investments Pty Ltd and Abbey West Capital Pty Ltd  | \$0.095                         | N/A                               | \$84,600                        | N/A   | Issue of shares to adviser and supplier allotted in lieu of payment for services provided by the supplier                          | 890,524                | N/A                             |
| 1 April 2016    | Ordinary shares                   | Placement of shares to exempt, sophisticated and professional investors who were clients of Republic Investment Management Pte Ltd  | \$0.075                         | N/A                               | \$1,000,000                     | \$1,000,000 spent on general working capital to fund initial development with the activities associated with the Grieve EOR Project and the restructuring of the Grieve Joint Venture | N/A  | 13,333,333             | N/A                             |
| 1 April 2016    | Unlisted Option                   | Placement of shares to exempt, sophisticated and professional investors who were clients of Republic Investment Management Pte Ltd  | N/A                             | N/A                               | N/A                             | N/A   | Placement of shares to exempt, sophisticated and professional investors who were clients of Republic Investment Management Pte Ltd | N/A                    | 1,333,333                       |
| 16 April 2016   | Ordinary shares                   | Conversion of Convertible Notes (including capitalised interest) as approved by shareholders at 2015 AGM                            | \$0.038                         | \$0.040                           | \$4,071,538                     | N/A   | Conversion of Convertible Notes (including capitalised interest) as approved by shareholders at 2015 AGM                           | 107,145,743            | N/A                             |

| Date          | Class of equity securities issued | Allottees of equity securities issued or basis of allotment   | Issue Price per equity security | Discount to market price (if any) | Total cash consideration raised | Amount of cash consideration spent, what it was spent on and proposed application of balance of funds raised                             | Particulars of any non-cash consideration raised and its current value                                    | No. of Ordinary Shares | No. of Unlisted Options/ Rights |
|---------------|-----------------------------------|---|---------------------------------|-----------------------------------|---------------------------------|--|---|------------------------|---------------------------------|
| 21 April 2016 | Ordinary shares                   | Catalan Investments Pty Ltd   | \$0.095                         | N/A                               | \$56,250                        | N/A  | Issue of shares to adviser and supplier allotted in lieu of payment for services provided by the supplier | 592,105                | N/A                             |
| 24 May 2016   | Ordinary shares                   | Placement of shares to exempt, sophisticated and professional investors who were clients of Republic Investment Management Pte Ltd            | \$0.075                         | \$0.008                           | \$1,899,913                     | \$1,899,913 spent on continued exploration and feasibility study expenditure on the Company's current assets and general working capital | N/A   | 25,332,171             | N/A                             |
| 28 June 2016  | Ordinary shares                   | Placement of entitlement shares under Rights Issue dated 3 June 2016 to shareholders  | \$0.075                         | N/A                               | \$8,494,539                     | \$8,494,539 spent on Grieve Project funding, corporate working capital and costs of the entitlement offer.                               | N/A   | 113,260,521            | N/A                             |
| 28 June 2016  | Ordinary shares                   | Placement of underwriter shares under Rights Issue dated 3 June 2016 to clients of Republic Investment Management Pte Ltd and Taylor Collison | \$0.075                         | N/A                               | \$6,331,322                     | \$6,331,322 spent on Grieve Project funding, corporate working capital and costs of the entitlement offer.                               | N/A   | 84,417,620             | N/A                             |
| 28 June 2016  | Ordinary shares                   | Placement of shortfall shares under Rights Issue dated 3 June 2016 to clients of Republic Investment Management Pte Ltd and Taylor Collison   | \$0.075                         | N/A                               | \$4,794,070                     | \$4,794,070 spent on Grieve Project funding, corporate working capital and costs of the entitlement offer.                               | N/A   | 63,920,938             | N/A                             |
| 30 June 2016  | Ordinary shares                   | Issue of shares to employees/directors and advisers under the Company's Incentive Plan (2013 Retention Rights)                                | N/A                             | N/A                               | N/A                             | Issue of shares to employees/directors and advisers under the Company's Incentive Plan (2013 Retention Rights)                           | N/A   | 25,750                 | N/A                             |
| 30 June 2016  | Retention Rights                  | Issue of rights to employees/directors and advisers under the Company's Incentive Plan (2015)   | \$0.082                         | N/A                               | N/A                             | Issue of rights to employees/directors and advisers under the Company's Incentive Plan (2015)  | N/A   | N/A                    | 195,000                         |
| 30 June 2016  | Performance Rights                | Issue of rights to employees/directors and advisers under the Company's Incentive Plan (2015)   | \$0.082                         | N/A                               | N/A                             | Issue of rights to employees/directors and advisers under the Company's Incentive Plan (2015)  | N/A   | N/A                    | 1,810,000                       |

| Date              | Class of equity securities issued | Allottees of equity securities issued or basis of allotment   | Issue Price per equity security | Discount to market price (if any) | Total cash consideration raised | Amount of cash consideration spent, what it was spent on and proposed application of balance of funds raised  | Particulars of any non-cash consideration raised and its current value                                    | No. of Ordinary Shares | No. of Unlisted Options/ Rights |
|-------------------|-----------------------------------|---|---------------------------------|-----------------------------------|---------------------------------|---|---|------------------------|---------------------------------|
| 30 June 2016      | Ordinary shares                   | Bradley Lingo   | \$0.082                         | N/A                               | \$50,235                        | N/A   | Class A & B Funding and Retention Award bonus, 50% net payment after tax paid in shares                   | 610,266                | N/A                             |
| 29 August 2016    | Ordinary shares                   | Placement of shortfall shares under Rights Issue dated 3 June 2016 to clients of Republic Investment Management Pte Ltd and Taylor Collison | \$0.075                         | \$0.010                           | \$2,468,050                     | \$2,468,050 spent on Grieve Project funding, corporate working capital and costs of the entitlement offer.  | N/A   | 32,907,335             | N/A                             |
| 1 September 2016  | Ordinary shares                   | Placement of shortfall shares under Rights Issue dated 3 June 2016 to clients of Republic Investment Management Pte Ltd and Taylor Collison | \$0.075                         | \$0.003                           | \$7,417,613                     | \$3,013,872 spent on Grieve Project funding, corporate working capital and costs of the entitlement offer.<br>\$4,403,740 Cash remains on hand as at 7 October 2016 | N/A   | 98,901,505             | N/A                             |
| 12 September 2016 | Ordinary shares                   | Placement of shortfall shares under Rights Issue dated 3 June 2016 to clients of Republic Investment Management Pte Ltd and Taylor Collison | \$0.075                         | N/A                               | \$1,100,250                     | Cash remains on hand  | N/A   | 14,670,000             | N/A                             |
| 12 September 2016 | Ordinary shares                   | Durham Capital Corporation  | \$0.10                          | N/A                               | \$400,000                       | N/A   | Issue of shares to adviser and supplier allotted in lieu of payment for services provided by the supplier | 4,000,000              | N/A                             |
| 20 September 2016 | Ordinary shares                   | Placement of shortfall shares under Rights Issue dated 3 June 2016 to clients of Republic Investment Management Pte Ltd and Taylor Collison | \$0.075                         | N/A                               | \$149,700                       | Cash remains on hand  | N/A   | 1,996,000              | N/A                             |
| 7 October 2016    | Ordinary shares                   | Catalan Investments Pty Ltd   | \$0.095                         | N/A                               | \$2,779,924                     | N/A   | Issue of shares to adviser and supplier allotted in lieu of payment for services provided by the supplier | 29,262,354             | N/A                             |

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**ELK PETROLEUM**





## 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

ELK

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

## Proxy Form

XX



### 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: 9999999****SRN/HIN: I9999999999****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 9:30 am (AEDT) Saturday 26 November 2016**

## 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 Elk Petroleum 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 Elk Petroleum Limited to be held at Portside Centre, Symantec House, Level 5, 207 Kent Street Sydney, NSW 2000 at 9.30 am (AEDT) on Monday, 28 November 2016 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 1, 14 and 15 (except where I/we have indicated a different voting intention below) even though Items 1, 14 and 15 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 1, 14 and 15 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                  |    |   | For                      | Against                  | Abstain                  |
|---|--|--------------------------|--------------------------|--------------------------|----|---|--------------------------|--------------------------|--------------------------|
| 1 | Adoption of the Remuneration Report  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8  | Ratification of prior issue of shares to Durham Capital Corporation ("Durham") under ASX Listing Rule 7.1             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Re-election of Director - Dr Neale Taylor  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 9  | Ratification of prior issue of shares to Catalan Investments Pty Ltd ("Catalan") under ASX Listing Rule 7.1           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Ratification of prior issue of shares to exempt, sophisticated and professional investors under ASX Listing Rule 7.1                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 10 | Ratification of prior issue of shares to exempt, sophisticated and professional investors under ASX Listing Rule 7.1A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Ratification of prior issue of shares to Abbey West Capital Pty Ltd ("Abbey") and Catalan Investments Pty Ltd ("Catalan") under ASX Listing Rule 7.1 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11 | Ratification of prior issue of shares to exempt, sophisticated and professional investors under ASX Listing Rule 7.1A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Ratification of prior issue of securities to Cairnglen Investments Pty Ltd under ASX Listing Rule 7.1  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 12 | Approval of 10% Equities Capacity   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Ratification of prior issue of shares to Catalan Investments Pty Ltd ("Catalan") under ASX Listing Rule 7.1  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 13 | Adoption of New Constitution  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 | Ratification of prior issues of shares to exempt sophisticated and professional investors under ASX Listing Rule 7.1                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 14 | Approval of Employee Performance Incentive Plan   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|   |  |                          |                          |                          | 15 | Approval of grant of shares to Mr Bradley Lingo, Managing Director  | <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 / /

ELK

999999A

Computershare +