



ORPHEUS ENERGY LIMITED
(ACN 121 257 412)

EXPLANATORY MEMORANDUM

Incorporating Notice of Annual General Meeting and Proxy Form

to be held on

Thursday 3 November 2016 at 12 Noon AEDT

at

**Ground Floor Board Room
3 Spring Street
Sydney
New South Wales 2000
Australia**

This Explanatory Memorandum is dated 4 October 2016

This is an important document. If you are in any doubt as to how to act you should consult your financial or legal adviser.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Orpheus Energy Limited ("OEG or the Company") will be held in the Ground Floor Board Room at 3 Spring Street, Sydney, New South Wales 2000 Australia at 12:00 Noon AEDT on Thursday, 3 November 2016 (Sydney time).

The Explanatory Memorandum that accompanies and forms part of this Notice of AGM describes the various resolutions to be considered at the Meeting.

AGENDA – Ordinary Business

Financial Statements and Reports

To receive and consider the Annual Report and Financial Statements of the Company for the year end 30 June 2016 and the Reports of Directors and Auditors thereon.

Note: This item of business is for discussion only and is not a resolution.

Resolution 1 Adoption of Remuneration Report

To consider the Remuneration Report as it appears in the Annual Report of the Company for the year ended 30 June 2016 and, if thought fit, pass the resolution as an ordinary resolution in accordance with section 250R(3) of the Corporations Act 2001:

1. *"That the Remuneration Report for the year ended 30 June 2016 included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act be adopted by the Company."*

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by or on behalf of (in any capacity):

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

However, the Company need not disregard a vote if it is cast by:

- (i) a person described above as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Notes

- In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of this resolution are advisory only and do not bind the directors or the Company.
- The directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.
- If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director and CEO) must go up for re-election.

Resolution 2 Re-election of a director, Wesley Harder

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

2. *"That Wesley Harder, who retires by rotation in accordance with the Company's Constitution and the Listing Rules of the ASX and having offered himself for re-election and being eligible, is hereby re-elected as a director of the Company."*

PROXIES

A member entitled to attend and vote at the General Meeting may appoint a proxy and, if entitled to cast two or more votes is entitled to appoint two proxies in which case each proxy may be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the Company and a member may appoint an individual or a body corporate to act as its proxy.

Unless instructed to the contrary, the Chairman of the meeting intends to vote proxies in favour of the resolution at the meeting.

For an appointment of a proxy to be effective, Proxy Forms and, if applicable, the powers of attorney (or a certified copy of the powers of attorney) under which they are signed must be lodged at the Company's share registry, Computershare Investor Services Pty Limited:

Post: Computershare Investor Services Pty Limited
 GPO Box 242
 Melbourne VIC 3001

Facsimile: 1800 783 447 or +61 3 9473 2555

Online: www.investorvote.com.au

For Intermediary Online subscribers
only (custodians) www.intermediaryonline.com

at least 48 hours before the appointed time of the meeting.

A Proxy Form is provided with this notice. Please read the instructions on the Proxy Form. If you are entitled to vote and wish to appoint a proxy, you should be aware that your proxy's vote on your behalf will be valid only if you direct your proxy how to vote on the Proxy Form and the proxy votes as directed.

It has been determined that under the Corporations Regulations 7.11.37, for the purposes of the annual general meeting, shares will be taken to be held by the persons who are the registered holders at 7:00pm AEDT on Tuesday, 1 November, 2016. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

By order of the Board

David Smith
Company Secretary
Dated: 4 October 2016

ORPHEUS ENERGY LIMITED

(ACN 121 257 412)

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum accompanies and forms part of the Notice of Annual General Meeting ("AGM") of Orpheus Energy Limited ("the Company" or "OEG") and is intended to provide shareholders of the Company with information to assess the merits of the Resolutions contained in the business to be conducted at the AGM to be held on Thursday, 3 November 2016. A Notice of AGM accompanies this document.

The directors ("the Directors") of the Company recommend that shareholders read this Explanatory Memorandum before making any decisions in relation to the Resolution.

Shareholders should note that all Directors approved the proposals to put the Resolutions to shareholders as outlined in the Notice of AGM and the preparation of this Explanatory Memorandum.

Financial Statements and Reports

The Annual Report, Financial Statements and the reports of the Directors and the auditor for the year ended 30 June 2016 will be laid before the meeting. There is no requirement for Shareholders to approve those reports.

Resolution 1: Adoption of Remuneration Report

The Remuneration Report contained in the Directors' Report is set out in the Company's 2016 Annual Report. The vote is advisory only and the outcome will not be binding on the Directors or the Company. Shareholders will be given a reasonable opportunity to ask questions or make comments on the Remuneration Report at the Annual General Meeting.

The persons excluded from voting on this report are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly ("Key Management Personnel"). The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2016. In addition, closely related parties of Key Management Personnel are excluded from voting, and include certain of their family members, dependants and companies they control.

Any undirected proxies held by the Chairman of the meeting, other directors or other key management personnel or any of their closely related parties will not be voted on Item 1 (Remuneration Report).

The Board unanimously recommends that members vote in favour of this Resolution.

Resolution 2: Re-election of a director, Wesley Harder

Resolution 2 relates to the re-election of Wesley Harder as a director of the Company. Under the Constitution and the ASX Listing Rules, one-third of the Company's Directors must resign and, if eligible, may be re-elected. Wesley Harder retires by rotation and being eligible, offers himself for re-election as a Director.

Mr Harder (BSc, Dip SIA, MAus IMM) is a former coal analyst with Jackson Ltd, stockbrokers, and has also worked with a number of other stockbrokers, including Ord Minnett and Frank

Renouf. He has also worked as a field exploration geologist for fifteen years in Australia and its near neighbours including Sumatra and Irian Jaya in Indonesia, mainland Papua New Guinea and New Britain Island, many parts of the Solomon Islands and Fiji.

In Australia he worked in New South Wales, Queensland, The Northern Territory and Tasmania. He has worked in tropical and arid environments searching for a range of mineral commodities including coal, gold, copper and uranium for companies including Newmont Mining Inc., Placer Prospecting Ltd, Pancontinental Mining Limited and Gujarat NRE Coking Coal Ltd. Mr Harder was a Founding Director & CEO of Zinico Resources NL and its successors for 5 years and Mr Harder was a founding shareholder of Coalworks.

The Board unanimously recommends that members vote in favour of this Resolution.

Schedule 1 – Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect of the financial year ended 30 June 2016.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the Board of Directors.

Business Day means:

- (a) For determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) For any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney.

Chair or Chairman means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

- (a) A spouse or child of the member; or
- (b) Has the meaning given by Section 9 of the Corporations Act,

Company means Orpheus Energy Limited (ACN 121 257 412).

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to this Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales. In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

Orpheus Energy Limited

ABN 67 121 257 412

Lodge your vote:



Online:

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

For all enquiries call:

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

OEG

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 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 12.00 Noon (Sydney time) on Tuesday 1 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 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

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I/We being a member/s of Orpheus Energy 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 Orpheus Energy Limited to be held in in the Ground Floor Board Room at 3 Spring Street, Sydney, New South Wales 2000 Australia at 12:00 Noon AEDT on Thursday, 3 November 2016 (Sydney time) 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 Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is 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 Resolution 1 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
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of a director, Wesley Harder	<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 / /

OEG

999999A

Computershare +