

Notice of Annual General Meeting 2016

Pawnee Energy Limited ABN 73 122 948 805

Notice is hereby given that the Annual General Meeting of the shareholders of Pawnee Energy Limited (**Company**) will be held at Minter Ellison, Level 10, 25 Grenfell Street, Adelaide SA 5000 on **Tuesday 31st May 2016**, at **12.00 pm**, for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

The Explanatory Notes that accompany and form a part of this Notice of Annual General Meeting describe in more detail the matters to be considered.

ORDINARY BUSINESS

1. FINANCIAL REPORT

To receive and consider the Company's Financial Report for the year ended 31 December 2015 and the accompanying Directors' and Auditor's Report.

An electronic copy of the Company's Financial Report is available on our website at:

<http://www.pawneeenergy.com.au/>

2. ORDINARY RESOLUTION 1: REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the period ended 31 December 2015 as set out in the Directors' Report in the 2015 Annual Report."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion: In accordance with the Corporations Act, a vote must not be cast on this resolution in any capacity (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report, and any closely related party of such a member. However, such a member or any closely related party of such a member may cast a vote as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution;
- (b) the person is the Chair of the meeting at which the resolution is voted on and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

3. ORDINARY RESOLUTION 2: RE-ELECTION OF MR NEVILLE MARTIN AS A DIRECTOR

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

"That Mr Neville Wayne Martin, a Director who retires by rotation in accordance with clause 59.1 of the Company's Constitution and being eligible, is re-elected as a Director of the Company."

4. ORDINARY RESOLUTION 3: ELECTION OF MR MARCUS BOLAND AS A DIRECTOR

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

"That Mr Marcus Stephen Boland, having been appointed as an additional Director on 23 February 2016, retires in accordance with clause 58.2 of the Company's Constitution and being eligible, is elected as a Director of the Company."

5. ORDINARY RESOLUTION 4: ELECTION OF MR BRUCE HOCKING AS A DIRECTOR

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

"That Mr Bruce Percy Hocking, having been appointed as an additional Director on 18 March 2016, retires in accordance with clause 58.2 of the Company's Constitution and being eligible, is elected as a director of the Company."

OTHER BUSINESS

To deal with any other business that may legally be brought forward in accordance with the Constitution and the Corporations Act.

EXPLANATORY NOTES

Explanatory Notes for this Notice appear on the following pages.

By order of the Board



Jonathan W. Lindh
Company Secretary
Dated: 26 April 2016

VOTING ENTITLEMENTS

The Company has determined that, in accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company's shares quoted on ASX at 7.00 pm (Adelaide Time) on Sunday 29th May 2016 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote at the meeting.

PROXIES

A shareholder who is entitled to attend and vote at the Annual General Meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. A proxy form is included with this Notice of Annual General Meeting. If you require an additional proxy form, please contact the Company.

If a shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.

A proxy need not be a shareholder of the Company. Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.

To be effective, the Company must receive the completed proxy form and, if the form is signed by the shareholder's attorney or authorised officer, the authority under which the proxy form is signed (or a certified copy of the authority) by no later than 12 pm (Adelaide time) on Sunday 29th May 2016, by post or fax to:

To be effective, proxy forms (duly completed) must be received by the Company at Computershare Investor Services Pty Ltd, by mail at GPO Box 242, Melbourne, Victoria 3001 or be delivered in person at Level 5, 115 Grenfell Street, Adelaide SA 5000, no later than 48 hours before the time, in Adelaide, of the commencement of the meeting.

Proxy forms (duly completed) may be sent by facsimile to (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555 and must be received no later than 48 hours before the time, in Adelaide, of the commencement of the meeting.

For Intermediary Online subscribers only (Custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Appointment of company representative

A body corporate may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act. Where a body corporate appoints a representative, the Company requires written proof of the representative's appointment to be lodged with or presented to the Company before the meeting.

Voting by proxies

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit. If a proxy abstains from voting and the directions on the proxy require that person to vote, the votes not exercised by the proxy will be given to the Chair to vote in accordance with the directions on the proxy form.

Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands.

Please read the directions on the proxy form carefully.

Annual General Meeting – Explanatory Notes

Pawnee Energy Limited ABN 73 122 948 805

These Explanatory Notes have been prepared for the information of shareholders in connection with the Annual General Meeting of shareholders to be held at Minter Ellison, Level 10, 25 Grenfell Street, Adelaide SA 5000 on Tuesday 31st May 2016 at 12.00 pm.

These Explanatory Notes should be read in conjunction with the accompanying Notice, and are a brief explanation of the agenda items in the Notice. For your convenience key terms used in these Notes are defined in the Glossary below.

ORDINARY RESOLUTION 1: REMUNERATION REPORT

In accordance with section 250R of the Corporations Act, the Company submits to shareholders for consideration and adoption by the way of non-binding resolution its Remuneration Report for the year ended 31 December 2015. At the Annual General Meeting, shareholders will have a reasonable opportunity to discuss the report.

The Remuneration Report sets out the remuneration arrangements of the Company and can be located in the Directors Report of the Company's 2015 Annual Report.

The Remuneration Report includes:

- (a) an explanation of the Board's policies in relation to the nature and level of remuneration of the non-executive and executive directors; and
- (b) details of the total remuneration (as well as categorised break down of its components) of each Director of the Company.

Although the vote on this resolution is advisory only, and does not bind the Directors or the Company, the discussion on this resolution and the outcome of the vote will be taken into consideration by the Directors when considering the remuneration arrangements of the Company.

If more than 25% of the votes cast on a resolution to adopt the Remuneration Report are against the adoption of the Remuneration Report for two consecutive Annual General Meetings, shareholders will be required to vote at the second of those Annual General Meetings on a resolution ("Spill Resolution") that another meeting be held within 90 days, at which all of the Company's Directors must go up for re-election.

There was less than 25% no votes at the 2015 Annual General Meeting.

Voting Exclusions

In accordance with section 250R(4) and (5) of the Corporations Act, a vote must not be cast in respect of Resolution 1 in any capacity (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report, and any closely related party of such a member. However, such a member or any closely related party of such a member may cast a vote as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution;
- (b) the person is the Chair of the meeting at which the resolution is voted on and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

If you elect to appoint a member of the key management personnel (other than the Chairman) or a closely related party of such a person as a proxy, then you must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be included in any vote on Resolution 1. If you elect to appoint the Chairman as your proxy, you do not need to direct the Chairman how you wish the Chairman to exercise your vote on this resolution. However please carefully read the proxy form enclosed with this Notice before completing it.

In completing the proxy form, if you appoint the Chairman as your proxy and do not direct the Chairman how to vote and provide the relevant authorisation to the Chairman, this will allow the Chairman to exercise his discretion in exercising

your proxy, even though this resolution is connected directly or indirectly with the remuneration of the key management personnel, which includes the Chairman.

Alternatively, shareholders can nominate as their proxy for the purpose of Resolution 1 a proxy who is not a member of the Company's key management personnel or a closely related party of that member. That person would be permitted to vote undirected proxies.

Directors' Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 1. The Chairman intends to vote undirected proxies in favour of Resolution 1.

ORDINARY RESOLUTION 2: RE-ELECTION OF MR NEVILLE MARTIN AS A DIRECTOR

Under the Company's Constitution, at the close of each Annual General Meeting, one-third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire from office.

ASX Listing Rule 14.4 requires that Director's must not hold office (without re-election) past the third annual general meeting following the appointment or 3 years, whichever is longer.

Mr Martin was re-elected as a director of the Company's Board at its Annual General Meeting held on 4 July 2014.

Neville Wayne Martin – LLB (University of Adelaide)

Mr Martin is a consultant with law firm Minter Ellison and has over 40 years' experience in corporate and commercial law. He is a former director of Stuart Petroleum Limited and Austin Exploration Limited (both listed at the time on the ASX), and was also Chairman of Adelaide Energy Limited (was ASX listed) from September 2005 to November 2011. He is currently a non-executive director of ASX listed company Sundance Energy Australia Limited and he is also a director of several unlisted public companies.

Directors' Recommendation

The Directors (excluding Mr Martin who abstains) unanimously recommend that shareholders vote in favour of Resolution 2. The Chairman intends to vote undirected proxies in favour of Resolution 2.

ORDINARY RESOLUTION 3: ELECTION OF MR MARCUS BOLAND AS A DIRECTOR

Under clause 58.2 of the Company's Constitution, the Directors may at any time appoint a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified in the Company's Constitution, that number being 10.

Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election.

Mr Boland was appointed as a Director on 23 February 2016, and being eligible, offers himself for election as a Director of the Company. Details of his qualifications and experience are set out immediately below.

Marcus Stephen Boland – B.Com LLB (UNSW)

Mr Boland has a background in commerce, law and finance, with more than 20 years' experience in corporate advisory and public market listing transactions in the mining and energy, medical and IT sectors, and including both IPOs and back-door listings.

Mr Boland is a director of Sydney based investment firm, Resource Capital Ltd, as well as a number of private energy and infrastructure-related development and investment companies in Australia and overseas. In particular, Mr Boland has held both board and executive positions encompassing specific responsibility for deal origination and the identification of appropriate assets and acquisitions as a Director of Corporate Development and Strategy.

Directors' Recommendation

The Directors (excluding Mr Boland who abstains) unanimously recommend that shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

ORDINARY RESOLUTION 4: ELECTION OF MR BRUCE HOCKING AS A DIRECTOR

Under clause 58.2 of the Company's Constitution, the Directors may at any time appoint a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified in the Company's Constitution, that number being 10.

Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election.

Mr Hocking was appointed as a Director on 18 March 2016, and being eligible, offers himself for election as a Director of the Company. Details of his qualifications and experience are set out immediately below.

Bruce Percy Hocking – LLB (Sydney University)

Mr Hocking is a Sydney-based solicitor with wide-ranging business experience in several sectors in both Australia and the US, previously holding senior executive positions in pharmaceutical, health and energy-related businesses. For 10 years, Mr Hocking was the Managing Director of the Australasian arm of a large health-related company based in New York and listed on the American Stock Exchange. Mr Hocking is also the founder and a Director and Secretary of the Australian Medical Co-operative Ltd of general practitioners.

Directors' Recommendation

The Directors (excluding Mr Hocking who abstains) unanimously recommend that shareholders vote in favour of Resolution 4. The Chairman intends to vote undirected proxies in favour of Resolution 4.

GLOSSARY

"**ASX**" means ASX Limited;

"**ASX Listing Rules**" means the Listing Rules of ASX;

"**Board**" means the board of directors of the Company;

"**Company**" means Pawnee Energy Limited ACN 122 948 805;

"**Corporations Act**" means *Corporations Act 2001 (Cth)*;

"**Directors**" means the directors of the Company;

"**Notice**" means the notice of meeting which accompanies these Explanatory Notes;

"**shares**" means fully paid ordinary shares in the Company, where the context permits; and

"**shareholder**" means a shareholder of the Company.