
ZENITH ENERGY LIMITED

ACN 615 682 203

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 1:00pm (WST)
DATE: Tuesday, 25 June 2019
PLACE: Hay Room, BDO Perth,
38 Station St, Subiaco WA 6008

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

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.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 1:00pm (WST) on 23 June 2019.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF ISSUE OF SHARES - TRANCHE 1 PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 14,700,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL FOR ISSUE OF SHARES - TRANCHE 2 PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 28,403,448 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – PARTICIPATION OF DIRECTOR IN PLACEMENT – MR DOUG WALKER

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 913,793 Shares to Director, Mr Doug Walker (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Doug Walker (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – PARTICIPATION OF DIRECTOR IN PLACEMENT – MR HAMISH MOFFAT

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 647,785 Shares to Director, Mr Hamish Moffat (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Hamish Moffat (and his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ADOPTION OF SENIOR EXECUTIVE SHARE PLAN

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

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee share plan titled Senior Executive Share Plan and for the issue of securities under the Senior Executive Share Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF SHARES UNDER SENIOR EXECUTIVE SHARE PLAN - MR DOUG WALKER

In the event Shareholders do not approve the adoption of the Senior Executive Share Plan pursuant to Resolution 5, the Chair will withdraw Resolution 6.

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

"That, subject to the passing of Resolution 5, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 913,793 Shares to Director, Mr Doug Walker (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF SHARES UNDER SENIOR EXECUTIVE SHARE PLAN - MR HAMISH MOFFAT

In the event Shareholders do not approve the adoption of the Senior Executive Share Plan pursuant to Resolution 5, the Chair will withdraw Resolution 7.

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

“That, subject to the passing of Resolution 5, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 647,784 Shares to Director, Mr Hamish Moffat (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 7 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – APPROVAL FOR ISSUE OF SHARES - SHARE PURCHASE PLAN SHORTFALL PLACEMENT

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 8,620,689 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except

a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 23 May 2019

By order of the Board



**Rebecca Stringer-Krein
Company Secretary**

Voting in person

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

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9416 2000.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 General

As announced on 3 May 2019, the Company has received binding commitments for a placement of 43,103,448 Shares at an issue price of \$0.58 per Share to sophisticated, institutional and professional investors, to raise \$25,000,000 (**Placement**).

The Placement is to be carried out in two tranches, comprising:

- (a) the issue of 14,700,000 Shares which occurred on 09 May 2019, raising \$8,526,000 utilising the Company placement capacity under ASX Listing Rule 7.1 (**Tranche 1**); and
- (b) subject to obtaining shareholder approval, the issue of 28,403,448 Shares to raise an additional \$16,474,000 (**Tranche 2**).

Of the total 28,403,448 Shares to be issued under Tranche 2 of the Placement, the Company propose to issue the following Shares to Directors, Messrs Doug Walker and Hamish Moffat (or their respective nominee):

- (a) an aggregate 1,561,578 Shares (**Director Participation Shares**) for which separate Shareholder approval pursuant to ASX Listing Rule 10.11 is to be sought under Resolutions 3 and 4; and
- (b) subject to adoption of the Senior Executive Share Plan, an aggregate 1,561,577 Shares (**Senior Executive Shares**) for which separate Shareholder approval pursuant to ASX Listing Rule 10.14 is to be sought under Resolutions 6 and 7).

The Company has engaged the services of Euroz Securities Limited (ACN 089 314 983) (AFSL 243302) (**Euroz**), to manage the Placement.

1.2 Summary of Resolution

- (a) Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 14,700,000 Shares under Tranche 1 of the Placement;
- (b) Resolution 2 seeks Shareholder approval for the issue of 25,280,293 Shares under Tranche 2 of the Placement, being the full 28,403,448 Shares less 1,561,578 Director Participation Shares and 1,561,577 Senior Executive Shares.
- (c) Resolutions 3 and 4 seeks Shareholder approval for the issue of the Director Participation Shares, comprising:
 - (i) 913,793 Shares to Mr Doug Walker (or his nominee); and
 - (ii) 647,785 Shares to Mr Hamish Moffat (or his nominee);
- (d) Resolution 5 seeks Shareholder approval for adoption of the Senior Executive Share Plan; and
- (e) subject to adoption of the Senior Executive Share Plan, Resolutions 6 and 7 seek Shareholder approval for the issue of the Senior Executive Shares, comprising:

- (i) 913,793 Shares to Mr Doug Walker; and
- (ii) 647,784 Shares to Mr Hamish Moffat.

2. RESOLUTION 1 – RATIFICATION OF ISSUE OF TRANCHE 1 PLACEMENT SHARES

2.1 General

As noted above, on 10 May 2019, the Company issued 14,700,000 Shares under Tranche 1 of the Placement.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

2.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

2.3 ASX Listing Rule 7.4

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of 14,700,000 Shares under Tranche 1 of the Placement, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) 14,700,000 Shares were issued;
- (b) the issue price was \$0.58 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to clients of Euroz. None of these subscribers are related parties of the Company; and
- (e) the funds raised from the issue of Shares under the Placement will be applied towards strengthening the Company's balance sheet, providing the Company with financial flexibility to undertake additional Build Own Operate (BOO) contracts and for general working capital purposes.

3. RESOLUTION 2 – APPROVAL FOR ISSUE SHARES - TRANCHE 2 PLACEMENT

3.1 General

As noted above, the Company propose to issue an aggregate 28,403,448 Shares under Tranche 2 of the Placement.

Resolution 2 seeks Shareholder approval for the issue of 25,280,293 Shares under Tranche 2 of the Placement, being the full 28,403,448 Shares less 1,561,578 Director Participation Shares and 1,561,577 Senior Executive Shares.

3.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 2.2 above.

The effect of Resolution 2 will be to allow the Company to issue the 25,280,293 Shares under Tranche 2 of the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of Shares to be issued is 25,280,293;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.58 per Share;
- (d) the Shares were issued to clients of Euroz. None of these subscribers are related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of Shares under Tranche 2 of the Placement in accordance with section 2.4(e) above.

4. RESOLUTIONS 3 AND 4 – ISSUE OF SHARES TO RELATED PARTIES

4.1 General

As noted above, Directors, Messrs Doug Walker and Hamish Moffat wish to participate in the Placement.

Accordingly, Resolutions 3 and 4 seek Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of the Director Participation Shares, comprising:

- (a) 913,793 Shares to Mr Doug Walker (or his nominee) (the purpose of Resolution 3); and
- (b) 647,785 Shares to Mr Hamish Moffat (or his nominee) (the purpose of Resolution 4).

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval.

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Director Participation Shares constitutes giving a financial benefit and Messrs Walker and Moffat are related parties of the Company by virtue of being Directors.

The Directors (other than Messrs Walker and Moffat who have material personal interests in Resolutions 3 and 4 respectively) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Messrs Walker and Moffat on the same terms as Shares issued to non-related party participants under the Placement and as such the giving of the financial benefit is on arm's length terms.

4.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Company wish to allow Messrs Walker and Moffat to participate in the Placement, Shareholder approval pursuant to ASX Listing Rule 10.11 is required for the issue of the Director Participation Shares unless an exception applies. It is the view of the Directors that none of the exceptions set out in ASX Listing Rule 10.12 apply in the current circumstances.

4.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 3 and 4:

- (a) An aggregate 1,561,578 Director Participation Shares will be issue comprising:
 - (i) 913,793 Shares to Mr Doug Walker (or his nominee); and
 - (ii) 647,785 Shares will be issued to Mr Hamish Moffat (or his nominee);
- (b) the Director Participation Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price will be \$0.58 per Director Participation Share, being the same as all other Shares issued under the Placement;
- (d) the Director Participation Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) the Company intends to use the funds raised from the issue of Director Participation Shares in accordance with section 2.4(e) above.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Director Participation Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Participation Shares to Messrs Walker and Moffat (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 5 – APPROVAL OF EMPLOYEE SHARE PLAN

5.1 General

As noted above, Resolution 5 seeks Shareholders approval for the adoption of the employee share plan titled Senior Executive Share Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

5.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 2.2 above.

5.3 ASX Listing Rule 7.2 (Exception 9(b))

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

Shareholders should note that no Shares have previously been issued under the Plan.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of loan to be used for the purposes of subscribing for the Shares.

Any future issues of Shares under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 6 and 7 for the issue of Shares to Directors, Messrs Doug Walker and Hamish Moffat pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary, Rebecca Stringer-Krein on +61 8 9416 2000. Shareholders are invited to contact the Company if they have any queries or concerns.

6. RESOLUTIONS 6 AND 7 – ISSUE OF SENIOR EXECUTIVE SHARES AND APPROVAL OF LOANS TO RELATED PARTY

In the event Shareholders do not approve adoption of the Senior Executive Share Plan pursuant to Resolution 5, the Chair will withdraw Resolutions 6 and 7.

6.1 General

As noted above, the Company has agreed, subject to obtaining Shareholder approval for adoption of the Plan (the purpose of Resolution 5), to the provision of a full-recourse, interest bearing loan (**Loan**) to each of Directors, Messrs Doug Walker and Hamish Moffat (**Eligible Participants**) pursuant to the Plan for the purpose of each subscribing for the Senior Executive Shares on the terms and conditions set out below.

6.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in section 4.2 above.

The provision of the Loans to the Eligible Participants for the purpose of acquiring the Senior Executive Shares constitutes giving a financial benefit and Messrs Walker and Moffat are related parties of the Company by virtue of being Directors.

The Directors (other than Messrs Walker and Moffat who have a material personal interest in Resolutions 6 and 7 respectively) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the provision of the Loans to the Eligible Participants for the purpose of acquiring the Senior Executive Shares because each of the agreements for the provision of the Loans, reached as part of the remuneration package for each of Messrs Walker and Moffat, are considered reasonable remuneration in the circumstances and were negotiated on an arm's length basis.

6.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As the provision of the Loans to the Eligible Participants for the purpose of acquiring the Senior Executive Shares will result in the issue of securities to Directors, Walker and Moffat under the Plan, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

6.4 Technical information required by ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 6 and 7:

- (a) the maximum number of Shares to be issued to the Eligible Participants (or their respective nominees) is 1,561,577 comprising:
 - (i) 913,793 Shares to Mr Doug Walker; and
 - (ii) 647,784 Shares to Mr Hamish Moffat;
- (b) the issue price of the Senior Executive Shares will be \$0.58, being the same price as all Shares issued under the Placement;
- (c) no Shares have previously been issued under the Plan;
- (d) all Directors are entitled to participate in the Plan, however, at the current time the Company does not intend to make offers to Director's Messrs David Riekie or Peter Torre. Accordingly, approval is only being sought only for the provision of the Loans to the remaining Directors, Messrs Doug Walker and Hamish Moffat for the purpose of acquiring the Senior Executive Shares;
- (e) the Loans will be provided on the following key terms and otherwise subject to the terms and conditions of the Plan, a summary of which is set out in Schedule 1:
 - (i) **(full-recourse)**: the Loans will be full-recourse loans;
 - (ii) **(interest)**: the Loans will accrue interest at a rate of BBSY + 2% per annum; and
 - (iii) **(term)**: five (5) years from the date of issue of the Shares subject to earlier repayment in accordance with the terms of the Plan (e.g. ceasing to be an employee of the Company, an event of insolvency);
- (f) the Shares will be issued to the Eligible Participants no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or

modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;

- (g) the Senior Executive Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than being subject to a holding lock until such time as the respective Loan has been extinguished or repaid under the terms of the Plan.

7. RESOLUTION 8 – APPROVAL FOR ISSUE OF SHARES - SHARE PURCHASE PLAN SHORTFALL PLACEMENT

7.1 General

As first announced on 1 May 2019, in order to provide eligible Shareholders with the ability to participate in the Company's capital raising activities, the Company has provided details of a Share Purchase Plan to raise up to \$5,000,000 (**SPP**). Shares issued under the SPP will have the same issue price as those Shares subscribed for under the Placement, being \$0.58 per Share.

In the event that less than \$5,000,000 is applied for under the SPP, the full amount of the shortfall may be placed at the discretion of the Board subject to compliance with the necessary legal requirements (**Shortfall Placement**). Any issue of Shares under the Shortfall Placement (**Shortfall Shares**) must be placed utilising the Company's available placement capacity pursuant to ASX Listing Rule 7.1.

As at the date of this Notice, the Company has no capacity under ASX Listing Rule 7.1 to issue any Shortfall Shares and as such the issue of any Shortfall Shares will be subject to the Company obtaining shareholder approval (the purpose of this Resolution 8).

Resolution 8 seeks shareholder approval for the issue up to 8,620,689 Shortfall Shares, being that number of Shortfall Shares to the value of \$5,000,000 assuming an issue price of \$0.58 per Shortfall Share.

In the event that the SPP is fully subscribed, there will be no Shortfall Placement, the Company will not issue any Shortfall Shares and the Chair will remove this Resolution 8.

7.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

The effect of this Resolution will enable the Company to issue Shortfall Shares (if any) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Resolution

- (a) the maximum number of Shortfall Shares to be issued is 8,620,689;
 - (b) the Shortfall Shares will be issued as soon as practicable after the close of the SPP but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shortfall Shares will occur on the same date;
 - (c) the issue price will be \$0.58 per Shortfall Share;
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- (d) the Shortfall Shares will be issued to clients of Euroz Securities Limited. None of these subscribers are related parties of the Company; and
- (e) the Shortfall Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the SPP (together with the Shortfall Placement and funds raised under the Placement) in accordance with section 2.4(e) above.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

BBSY means The Bank Bill Swap Bid Rate quoted and dispersed by the data provider Thompson Reuters Information Service.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Zenith Energy Limited (ACN 615 682 203).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Plan or **Senior Executive Plan** means the employee share plan the subject of Resolution 5 and the terms and conditions of which are summarised in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – SUMMARY OF SENIOR EXECUTIVE SHARE PLAN

The key terms of the Senior Executive Share Plan (**Plan**) are as follows:

- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**); and
 - (ii) any person occupying the position of a senior manager of any Group Company, who is declared by the Board to be eligible to receive issues of Shares under the Plan (**Eligible Participants**).
- (b) **Administration of the Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Eligible Participants will be offered Shares under the Plan.
- (c) **Offer:** The Board may make an offer to an Eligible Participant to participate in the Plan (**Offer**). The Offer:
- (i) will invite application for the number of Shares specified in the Offer (**Plan Shares**);
 - (ii) will specify the issue price for the Plan Shares or the manner in which the issue price is to be calculated;
 - (iii) may invite applications for a loan up to the amount payable in respect of the Plan Shares accepted by the Eligible Participant in accordance with the Offer (**Loan**);
 - (iv) will specify any vesting or restriction conditions applying to the Plan Shares;
 - (v) will specify an acceptance period; and
 - (vi) specify any other terms and conditions attaching to the Plan Shares.
- (d) **Issue price:** The issue price of the Plan Shares shall be determined by the Board in its absolute discretion, which may be a nominal or nil amount.
- (e) **Vesting Conditions:** Plan Shares may be subject to vesting conditions which must be satisfied before the Plan Shares can be sold, transferred, or encumbered (**Vesting Conditions**). Plan Shares cannot be sold, transferred or encumbered until any loan in relation to the Plan Shares has been repaid or otherwise discharged under the Plan.
- (f) **Loan:** An Eligible Participant who is invited to subscribe for Plan Shares may also be invited to apply for a Loan up to the amount payable in respect of the Plan Shares accepted by the Eligible Participant (**Applicant**), on the following terms:
- (i) interest payable on the Loan shall be determined by the Board and set out in the Offer;
 - (ii) the Loan made available to an Applicant shall be applied by the Company directly toward payment of the issue price of the Plan Shares;
 - (iii) the Loan repayment date (**Repayment Date**) and the manner for making such payments shall be determined by the Board and set out in the Offer;

- (iv) an Applicant must repay the Loan and any accrued interest in full by the Repayment Date but may elect to repay the Loan and any accrued interest in respect of any or all of the Plan Shares at any time prior to the Repayment Date;
 - (v) the Company shall have a lien over the Plan Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Plan Shares in accordance with the terms of the Plan;
 - (vi) the Board may determine that a Loan will be non-recourse except against the Plan Shares held by the Applicant to which the Loan relates;
 - (vii) the Board may, in its absolute discretion, agree to forgive a Loan made to an Applicant; and
 - (viii) a Loan and any accrued interest shall become repayable in full where:
 - (A) a Vesting Condition in relation to the Plan Share the subject of the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, unless that Vesting Condition is not waived by the Board;
 - (B) the Applicant ceases to be an Eligible Participant for any reason (including death) and, at that time, there is a Vesting Condition that is unsatisfied or is incapable of being satisfied in the Board's opinion (and this Vesting Condition is not waived);
 - (C) the Applicant suffers an event of insolvency; or
 - (D) the Applicant breaches any condition of the Loan or the Plan.
 - (g) **Power of Attorney:** an Eligible Participant in the Plan irrevocably appoints each of the Company and each Director of the Company severally as his or her attorney to do all things necessary to give effect to the buyback of the Eligible Participant's Plan Shares including executing all documents and seeking or providing all necessary approvals and the participant acknowledges and agrees that the power of attorney is given for valuable consideration in the form of the Plan Shares).
 - (h) **Limit on Offers** The Company must have reasonable grounds to believe, when making an Offer in reliance of ASIC Class Order 14/1000, that the number of Plan Shares offered under an Offer, when aggregated with the number of Plan Shares issued or that may be issued as a result of offers made in reliance on ASIC Class Order 14/1000 at any time during the previous 3 year period under an employee incentive scheme covered by ASIC Class Order 14/1000 or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.
 - (i) **Quotation on ASX:** If Share of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Plan Shares to be quoted on ASX within the later of 10 Business Days after:
 - (i) the date the Plan Shares are issued; and
 - (ii) the date any restriction period that applies to the Plan Shares ends.
- Rights attaching to Plan Shares:** A Participant will, from and including the date of issue of Plan Shares, be the legal owner of the Plan Shares issued under the Plan and will be entitled to dividends and to exercise voting rights attached to the Plan Shares.