

# Notice of Annual General Meeting

To be held at 11.30am (WST) on Thursday, 30 November at BGC Conference Centre, Ground Floor, 28 The Esplanade, Perth, Western Australia.

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## IMPORTANT INFORMATION

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*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 on 08 9316 9100.*

### VOTING ELIGIBILITY

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 11.30am (WST) on Tuesday, 28 November 2017.

### 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 in the Proxy Form.

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

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two 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.

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## AGENDA

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### ADOPTION OF FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report of the Company for the financial year ended 30 June 2017 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

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### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to shareholders.

To consider, and if thought fit, to pass the following resolution as a **non-binding resolution**:

*“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2017.”*

**The vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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### RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR NATHAN LUDE

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

*“That, pursuant to and in accordance with Article 13.2 of the Constitution and for all other purposes, Mr Nathan Lude, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

Mr Lude is an Executive Director. Details of the qualifications and experience of Mr Lude and the recommendation of the Board in relation to his re-election are set out in his statement and the accompanying Explanatory Statement.

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### RESOLUTION 3- APPROVAL OF ISSUE OF SHARES TO MR NATHAN LUDE (OR HIS NOMINEE) IN PAYMENT OF EXECUTIVE REMUNERATION

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

*“That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval be given for the Company to issue Shares in payment of remuneration owed to Mr Nathan Lude on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Lude and any associate of Mr Lude. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, (b) 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.

Further, a member of the Key Management Personnel or any closely related party who is appointed as a proxy will not vote on this Resolution if the appointment does not specify the way the proxy is to vote on the Resolution, unless the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Where the Chair is the related party the subject of the Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of the Resolution.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

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#### RESOLUTION 4 – APPROVAL OF ISSUE OF OPTIONS TO MR SIMON ELEY (OR HIS NOMINEE)

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

*“That for the purpose of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval be given for the Company to issue 4,000,000 Options to Mr Simon Eley or his nominee on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Eley and any associate of Mr Eley. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, (b) 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.

Further, a member of the Key Management Personnel or any closely related party who is appointed as a proxy will not vote on this Resolution if the appointment does not specify the way the proxy is to vote on the Resolution, unless the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Where the Chair is the related party the subject of the Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of the Resolution.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

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#### RESOLUTION 5 – APPROVAL OF ISSUE OF OPTIONS TO MR NATHAN LUDE (OR HIS NOMINEE)

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

*“That for the purpose of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval be given for the Company to issue 4,000,000 Options to Mr Nathan Lude or his nominee on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Lude and any associate of Mr Lude. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, (b) 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.

Further, a member of the Key Management Personnel or any closely related party who is appointed as a proxy will not vote on this Resolution if the appointment does not specify the way the proxy is to vote on the Resolution, unless the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Where the Chair is the related party the subject of the Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of the Resolution.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

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#### RESOLUTION 6 – APPROVAL OF ISSUE OF OPTIONS TO MR DAVID SANDERS (OR HIS NOMINEE)

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

*“That for the purpose of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval be given for the Company to issue 4,000,000 Options to Mr David Sanders or his nominee on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Sanders and any associate of Mr Sanders. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or, (b) 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.

Further, a member of the Key Management Personnel or any closely related party who is appointed as a proxy will not vote on this Resolution if the appointment does not specify the way the proxy is to vote on the Resolution, unless the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Where the Chair is the related party the subject of the Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of the Resolution.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

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**RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY**

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under the Company's 10% Placement Capacity 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 will 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.

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**RESOLUTION 8 – REPLACEMENT OF CONSTITUTION**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act, approval is given for the Company to repeal its existing Constitution and adopt the new constitution tabled at the meeting and signed by the Chairman of the Meeting for the purposes of identification, with effect from the close of the Meeting.”*

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**QUESTIONS AND COMMENTS**

Shareholders will be provided the opportunity to ask questions about or make comments on the management of the Company.

**DATED: 24 OCTOBER 2017**

**BY ORDER OF THE BOARD**



**COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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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 which are the subject of the business of the Meeting to be held at 11.30am on Thursday, 30 November 2017 at BGC Conference Centre, Ground Floor, 28 The Esplanade, Perth, Western Australia.

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

Section 1:	Adoption of Financial Statements and Reports
Section 2:	Resolution 1 - Adoption of Remuneration Report
Section 3:	Resolution 2 - Re-Election of Director - Mr Nathan Lude
Section 4:	Resolution 3- Approval of Issue of Shares To Mr Nathan Lude (or his nominee) in payment of executive remuneration
Section 5:	Resolution 4 - Approval of Issue of Options to Mr Simon Eley (or his nominee) Resolution 5 - Approval of Issue of Options to Mr Nathan Lude (or his nominee) Resolution 6 - Approval of Issue of Options to Mr David Sanders (or his nominee)
Section 6:	Resolution 7 - Approval of 10% Placement Capacity
Section 7:	Resolution 8 - Replacement of Constitution

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### 1 ADOPTION OF FINANCIAL STATEMENTS AND REPORTS

In accordance with section 317(1) of the Corporations Act and the Constitution, the business of the Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2017 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Financial Report;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the conduct of the audit,

may be submitted no later than five business days before the Meeting to the Company Secretary at the Company's registered office.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so.

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### 2 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to Shareholders. However, such a resolution is advisory only and does not bind the Company or the Directors.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and Key Management Personnel. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for a financial year.

The Chair of the Meeting must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

## 2.1 VOTING CONSEQUENCES

Pursuant to the Corporations Act, if at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**). If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors who were in office when the Directors' Report (as included in the Company's Financial Report for the previous financial year) was approved, other than the Managing Director, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors.

## 2.2 PREVIOUS VOTING RESULTS

At the Company's previous annual general meeting, the votes cast against the Remuneration Report considered at that annual general meeting, were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

## 2.3 PROXY VOTING RESTRICTIONS

Shareholders appointing a proxy for this Resolution should note the following:

***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:***

***You must direct your proxy how to vote on this Resolution.*** Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):***

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you will be expressly authorising the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

***If you appoint any other person as your proxy:***

You ***do not*** need to direct your proxy how to vote on this Resolution.

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## 3 RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR NATHAN LUDE

Article 13.2 of the Constitution requires one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded upwards in case of doubt) shall retire from office at each annual general meeting. A retiring director under Article 13.2 is eligible for re-election.

Resolution 2 therefore provides that Mr Lude retires by rotation and seeks re-election as a Director.

Mr Lude has broad experience working in Asset Management, Mining and the Energy Industry. He operates a boutique advisory firm, Advantage Management Pty Ltd and works with private and public companies, focused on enhancing business growth and development through introducing new investors and capital. Mr Lude has worked in a Business Development Management role for a large Canadian Energy Company and previously held the Managing Director position for a listed ASX mining company. Since 2007, he has been involved in asset and fund management. His business network spreads across Australia and Asia and has strong ties with Australian broking firms, institutions, Asian investors and institutions.

Resolution 2 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 2.

The Directors (excluding Mr Lude) support the re-election of Mr Lude to the Board and recommend that Shareholders vote in favour of Resolution 2.

Each Director undertakes to vote or procure the voting of any Shares (as applicable) held by or controlled by the Director in favour of Resolution 2.

#### **4 RESOLUTION 3: APPROVAL OF ISSUE OF SHARES IN PAYMENT OF EXECUTIVE REMUNERATION TO MR NATHAN LUDE**

##### **4.1 GENERAL**

Resolution 3 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of Shares to Mr Nathan Lude (or his nominee). This issue of Shares provides a means by which the Company can pay Mr Lude's executive remuneration for the 6 month period from 1 May 2017 to 30 October 2017 thereby preserving the Company's cash resources for application in other areas.

##### **4.2 REASON APPROVAL REQUIRED**

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because Mr Lude is a Director and Related Party of the Company.

Listing Rule 10.11 provides that a company must not issue equity securities to a Related Party without the approval of shareholders. Pursuant to Listing Rule 7.2 exception 14, where approval under Listing Rule 10.11 is obtained, approval is not required under Listing Rule 7.1 and the issue of securities will not be included in the Company's 15% limit.

Chapter 2E of the Corporations Act provides that a public company must not provide a financial benefit to a Related Party subject to certain exceptions, including the approval of Shareholders.

##### **4.3 TECHNICAL INFORMATION REQUIRED BY LISTING RULE 10.13 AND SECTION 219 OF THE CORPORATIONS ACT**

In accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolution 3:

- (a) The Shares will be issued to Mr Nathan Lude, a director of the Company, or his nominee.
- (b) The formula for calculating the number of Shares to be issued requires Mr Lude's executive remuneration of \$8,333.33 per month to be divided by the VWAP for the Company's Shares calculated for the month to which the remuneration relates. The number of Shares proposed to be issued to Mr Lude for the period to 30 September 2017 is set out in the table below. As the VWAP for October is not yet able to be determined, the number of Shares to be issued for the month of October is estimated based on the VWAP for October up until 6 October 2017:

Month	Executive Remuneration for the Month	Monthly VWAP	Number of Shares to be Issued for the Month
May 2017	\$8,333.33	\$0.0366	227,972
June 2017	\$8,333.33	\$0.0374	222,623
July 2017	\$8,333.33	\$0.0373	223,146
August 2017	\$8,333.33	\$0.0345	241,220
September 2017	\$8,333.33	\$0.0359	231,974
October 2017	\$8,333.33	\$0.0436*	191,172*

\* estimate only

- (c) Mr Lude's total remuneration is comprised of Director's fees and executive remuneration. Mr Lude is entitled to receive Director's fees of \$25,000 per annum plus statutory superannuation. Mr Lude is entitled to receive an additional \$50,000 plus statutory superannuation as executive remuneration for the 6 month period from 1 May 2017 which will be paid by issuing Shares in the Company subject to approval of this Resolution 3. If Resolution 3 is not approved, then the Company will need to pay Mr Lude \$50,000 in cash.
- (d) The Shares will be issued for an issue price per Share being the VWAP for the Company's Shares calculated for the month to which the remuneration relates as set out in paragraph (b) above.
- (e) The issue of Shares to Mr Lude constitutes a financial benefit. Mr Lude will, however, forgo cash remuneration in consideration of the financial benefit. Mr Lude will therefore only receive a net financial benefit if the value of the Shares exceeds the issue price of the Shares, in which case the financial benefit will be the amount by which the value of the Shares exceeds that price. As the issue price of the Shares is being calculated based on the traded price of Shares in the period to which the fees relate, the value of the Shares will only exceed the issue price if the value of the Shares rises after the issue price of the Shares is calculated.
- (f) The Shares to be issued will rank equally in all respects with the existing Shares on issue. The Company will apply to ASX for official quotation of the Shares.
- (g) The Shares will be issued in lieu of executive remuneration and consequently no funds will be raised by the issue.
- (h) The Shares will be issued no later than 1 month after the date of the General Meeting.
- (i) The dilution effect if all of the Shares are issued and assuming the VWAP for the month of October is the same as the VWAP for the month of September would be as follows:

Current Number of Shares on Issue	260,083,604
Number of Shares to be Issued	1,338,435
Dilution Effect if all Shares are Issued	0.51%

- (j) The current relevant interests of Mr Lude in securities of the Company is as follows:

Nathan Lude	5,018,815 Shares
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- (k) Historical Share price information for Shares traded on ASX for the last three months prior to the date of lodgement of this Explanatory Statement with ASIC is as follows:

	Price	Date
<b>Highest</b>	\$0.0450	2-Oct-17, 6-Oct-17
<b>Lowest</b>	\$0.0330	16-Aug-17
<b>Last</b>	\$0.0450	6-Oct-17

- (l) There is no cash cost to the Company in issuing the Shares. There may be a perceived cost to the Company if the Shares are trading at the time of issue above the issue price, as the Company may have been able to issue Shares to other parties at a higher price and use the proceeds to pay Mr Lude's executive remuneration.
- (m) A voting exclusion statement for Resolution 3 is included in the Notice of General Meeting.
- (n) The Directors (excluding Mr Lude) recommend that Shareholders vote in favour of Resolution 3 so that the Company can preserve its cash resources for application in other areas.
- (o) Other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would be reasonably required by Shareholders to consider Resolution 3.



#### 4.4 PROXY VOTING RESTRICTIONS

Shareholders appointing a proxy for this Resolution should note the following:

***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:***

***You must direct your proxy how to vote on this Resolution.*** Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):***

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you ***will be expressly authorising the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

***If you appoint any other person as your proxy:***

You ***do not*** need to direct your proxy how to vote on this Resolution.

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## 5 RESOLUTION 4 TO 6 – APPROVAL OF ISSUE OF OPTIONS TO DIRECTORS (OR THEIR NOMINEES)

### 5.1 GENERAL

Resolutions 4 to 6 seeks Shareholder approval in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of a total of 12,000,000 Options to Messrs Eley, Lude and Sanders (or their nominees).

The Board considers the issue of Options pursuant to Resolutions 4 to 6 to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain directors of high calibre, whilst still maintaining cash reserves. Given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the Directors and the performance and value of the Company are closely related. As such, the Options proposed to be issued will generally only be of benefit if the Directors perform to the level whereby the value of the Company increases sufficiently to warrant exercising those Options.

### 5.2 REASON APPROVAL REQUIRED

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because Messrs Eley, Lude and Sanders are Directors and Related Parties of the Company.

Listing Rule 10.11 provides that a company must not issue equity securities to a Related Party without the approval of shareholders. Pursuant to Listing Rule 7.2 exception 14, where approval under Listing Rule 10.11 is obtained, approval is not required under Listing Rule 7.1 and the issue of securities will not be included in the Company's 15% limit.

Chapter 2E of the Corporations Act provides that a public company must not provide a financial benefit to a Related Party subject to certain exceptions, including the approval of Shareholders.

### 5.3 TECHNICAL INFORMATION REQUIRED BY LISTING RULE 10.13 AND SECTION 219 OF THE CORPORATIONS ACT

In accordance with Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 4 to 6:

- (a) The Options will be issued to Messrs Eley, Lude and Sanders, who are each Directors of the Company (or their nominees).
- (b) The total number of Options issued will be 12,000,000.
- (c) The Options will issued in consideration of Messrs Eley, Lude and Sanders acting as Directors.
- (d) The Options will be exercisable at \$0.065 each at any time on or prior to 30 November 2019.
- (e) The full terms and conditions of the Options are set out in Appendix A.
- (f) No funds will be raised by the issue of the Options. In the event the Options are exercised the cash raised from exercise of the Options will be used to meet the Company's objectives at that time.

(g) The Options will be issued no later than one month after the date of the General Meeting.

(h) The dilutive effect if all of the Options granted are exercised is as follows:

Current Number of Shares on Issue	260,083,604
Number of Options to be issued under Resolutions 4 to 6	12,000,000
Dilution effect if Options are exercised and no other Shares are issued	4.41%

(i) The current relevant interests in securities in the Company of Messrs Eley, Lude and Sanders are set out below.

Director	Fully Paid Ordinary Shares
Simon Eley	Nil
Nathan Lude	5,018,815 <sup>1</sup>
David Sanders	Nil

1. If Resolution 3 is approved Mr Lude will also be issued additional Shares as set out in section 4 above.

(j) The current remuneration of each of the Directors is as follows:

Each Director is entitled to Directors' fees of \$25,000 per annum plus statutory superannuation.

Mr Eley is entitled to receive an additional sum of \$1,500 per day or part thereof, for work performed outside the scope of his role as Chairman.

Mr Lude is entitled to receive an additional \$50,000 plus statutory superannuation as executive remuneration for the 6 month period from 1 May 2017 which will be paid by issuing Shares in the Company subject to approval of Resolution 3. If Resolution 3 is not approved, then the Company will need to pay Mr Lude \$50,000 in cash.

(k) Historical Share price for Shares traded on ASX for the last three months prior to the date of lodgement of this Explanatory Statement with ASIC is as follows:

	Price	Date
Highest	\$0.0450	2-Oct-17, 6-Oct-17
Lowest	\$0.0330	16-Aug-17
Last	\$0.0450	6-Oct-17

(l) On the basis of the assumptions below the Company has determined the economic value of one Option is approximately A\$0.0112. This valuation imputes a total value of A\$134,513 to the Options, representing \$44,838 for each Director.

The value may go up or down after that date as it will depend on the future price of a Share.

Black & Scholes methodology has been used, together with the following assumptions:

- interest rate set at 1.92% which is based on indicative rate of the capital market bonds by the Reserve bank of Australia for a similar term;
- the date of valuation for the purposes of settling the current market value of a Share is 6 October 2017;
- at this date the Share price was A\$0.045 which is the price used in the valuation;
- the exercise price of \$0.065;
- volatility of 64.30%; and
- an Option term of 2 years.

- (m) There is no cash cost to the Company in issuing the Options. The market price of Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.
- (n) A voting exclusion statement for each of Resolutions 4 to 6 is included in the Notice of Meeting.
- (o) Each of the Directors has an interest in one of Resolutions 4 to 6 and therefore believe it inappropriate to make a recommendation in relation to any of Resolutions 4 to 6.
- (p) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to consider Resolutions 4 to 6.

#### 5.4 PROXY VOTING RESTRICTIONS

Shareholders appointing a proxy for this Resolution should note the following:

***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:***

***You must direct your proxy how to vote on this Resolution.*** Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):***

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you will be expressly authorising the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

***If you appoint any other person as your proxy:***

You ***do not*** need to direct your proxy how to vote on this Resolution.

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## 6 RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

### 6.1 GENERAL

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve this Resolution, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 6.2 below).

The effect of this Resolution will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

### 6.2 ASX LISTING RULE 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and

- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$12.17 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: PVD).

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to 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:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval; and
  - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### 6.3 TECHNICAL INFORMATION REQUIRED BY ASX LISTING RULE 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

- (a) The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within five ASX trading days of such date, the date on which the Equity Securities are issued.
- (b) The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:
- (i) 12 months after the date of this Meeting; and
  - (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking), or such longer period if allowed by ASX (**10% Placement Capacity Period**).
- (c) Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.0225 50% decrease in Issue Price	\$0.045 Current Issue Price	\$0.0675 50% increase in Issue Price
260,083,604 (Current)	Shares Issued - 10% voting dilution	26,008,360 Shares	26,008,360 Shares	26,008,360 Shares
	Funds raised	\$585,188	\$1,170,376	\$1,755,564
390,125,406 (50% increase)	Shares Issued - 10% voting dilution	39,012,541 Shares	39,012,541 Shares	39,012,541 Shares
	Funds raised	\$877,782	\$1,755,564	\$2,633,346
520,167,208 (100% increase)	Shares Issued - 10% voting dilution	52,016,721 Shares	52,016,721 Shares	52,016,721 Shares
	Funds raised	\$1,170,376	\$2,340,752	\$3,511,129

**The table above uses the following assumptions:**

1. The current shares on issue are the Shares on issue as at 6 October 2017.
2. The current issue price is the closing price of the Shares on ASX on 6 October 2017.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to any other Share issues.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
  - (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.
- (d) The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:
- (i) for cash consideration in which case the Company intends to use funds raised towards the ongoing costs associated with its existing projects or to investigate and acquire additional assets consistent with the Company's strategy. Funds raised may be used to meet cash payments for additional acquisitions, and may also be used to fund subsequent expenditure associated with new acquisitions; or
  - (ii) as non-cash consideration for the acquisition of new projects or otherwise as consideration for services rendered by non-related parties to the Company, where it is considered appropriate by the Board to do so. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
- (e) The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).
- (f) The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its 2016 annual general meeting held on 28 November 2016. The Company issued no Shares in the 12 months preceding the date of the Meeting pursuant to that ASX Listing Rule 7.1A approval.

The total number of Equity Securities issued in the 12 month period was 450,000 representing approximately 0.16% of the total number of Equity Securities on issue in the Company 12 months prior to the date of the General Meeting.

Information relating to issues of Equity Securities by the Company in the 12 months prior to the date of the General Meeting are as follows:

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price on the date of issue	Consideration
10 July 2017	450,000	Fully paid ordinary shares <sup>1</sup>	Shares issued on vesting of retention rights to employees	N/A	The Shares were issued on vesting of retention rights. Accordingly, no cash or non-cash consideration was received by the Company

**Note:**

- Fully paid ordinary shares in the capital of the Company, ASX Code: PVD (terms are set out in the Constitution).

- (g) A voting exclusion statement is included in the Notice of Meeting. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

## **7 RESOLUTION 8 – REPLACEMENT OF CONSTITUTION**

### **7.1 GENERAL**

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 8 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a public no liability company updated to ensure it reflects the current provisions of the Corporations Act and the ASX Listing Rules.

The existing Constitution has not been amended since it was adopted in 2012.

The Directors are of the view that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Directors are of the view that the proposed amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all the changes to the Constitution in detail in this Explanatory Statement.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary by email to kevinh@endeavourcorp.com.au. Shareholders are invited to contact the Company if they have any queries or concerns.

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## GLOSSARY

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\$ means Australian dollars.

**10% Placement Capacity** has the meaning given in section 6.1.

**Annual Financial Report** means the Directors' Report, the financial Report and the Auditor's Report in respect to the financial year ended 30 June 2017.

**Article** means an article of the Constitution.

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

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

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

**Board** means the board of Directors.

**Chair** means the chairperson of the Meeting.

**Closely Related Party** has the meaning given in section 9 of the Corporations Act.

**Company** means Pura Vida Energy NL (ACN 150 624 169).

**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.

**Eligible Entity** has the same meaning as in the ASX Listing Rules.

**Equity Security** has the same meaning as in the ASX Listing Rules.

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

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

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

**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).

**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.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**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.

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

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

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

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## APPENDIX A – TERMS AND CONDITIONS OF OPTIONS

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- (a) The Options will be granted for nil cash consideration.
- (b) Each Option will entitle the Option holder to subscribe for one fully paid ordinary share in the Company.
- (c) The Company will give the Option holder a certificate or holding statement stating the number of Options issued to the Option holder, the exercise price of the Options and the date of issue of the Options.
- (d) The Options will not be listed for quotation on ASX Limited.
- (e) The Company will apply to ASX Limited for official quotation of the shares issued on the exercise of the Option.
- (f) The Option holder is not entitled to participate in any new issue of securities in the Company to existing shareholders by virtue of holding Options alone, unless he has exercised some or all of the Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding shares.
- (g) If the Company makes a bonus issue of shares or other securities to shareholders (except issues in lieu of dividends or by way of dividend reinvestment) and no share has been issued in respect of the Option before the record date for determining entitlements to the bonus issue, then the number of underlying shares over which the Option is exercisable is increased by the number of shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the bonus issue.
- (h) If the Company makes a pro-rata issue of shares (except a bonus issue) to existing shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no share has been issued in respect of the Option before the record date for determining entitlements to the pro-rata issue, the exercise price of each Option is reduced in accordance with Listing Rule 6.22.2.
- (i) If there is a reorganisation of the share capital of the Company, then the rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (j) Any calculations of adjustments which are required to be made will be made by the Company's Board and will, in the absence of manifest error, be final and conclusive, and binding on the Company and the Option holder.
- (k) The Option holder may only exercise Options in multiples of 5,000 Options, unless the Option holder exercises all of the Options held by him.
- (l) The Option holder can only exercise the Options in accordance with the Company's Securities Trading Policy, as amended from time to time.
- (m) To exercise the Options, the Option holder must give the Company or its share registry, at the same time:
- (i) a written exercise notice in a form approved by the Board which specifies the number of Options being exercised and fully paid ordinary shares to be issued;
  - (ii) subject to clause (n) below, payment of the exercise price for the Shares the subject of the exercise notice in a manner approved by the Company; and
  - (iii) any certificate for the Options.
- (n) In lieu of paying the aggregate Exercise Price to purchase Shares under clause m(ii) above, the Option holder may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (a Cashless Exercise):
- $$S = \frac{EO(SP - EP)}{SP}$$
- where:
- S = the number of Shares (rounded down to the nearest whole number) to be issued to the Option holder pursuant to this clause;
- EO = the number of Options which the Option holder is entitled to exercise;
- SP = the fair market value of a Share, which will be the weighted average closing price of Shares on ASX over the five trading days prior to the date of exercise, or if the Company is not listed the fair market value will be the fair value of Shares as determined by the Board (acting reasonably); and
- EP = the Exercise Price.
- (o) Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors of the Company.
- (p) If the Option holder exercises less than the total number of Options registered in the Option holder's name:
- (i) the Option holder must surrender the Option certificate (if any);
  - (ii) the Company must cancel the Option certificate (if any) and issue the Option holder a new Option certificate or holding statement stating the number of Options held by the Option holder.
- (q) Within 10 days after receiving an application for exercise of the Options and payment by the Option holder of the exercise price, the Company must issue the Option holder the number of Shares specified in the application.
- (r) Subject to the Company's constitution, ordinary shares issued on the exercise of Options will rank equally with the Company's current issued ordinary shares.
- (s) The Options will not be transferable except with the consent of the Board.