



NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

AND PROXY FORM

ANNUAL GENERAL MEETING OF ADX ENERGY LTD

**TO BE HELD AT LEVEL 2, SUITE 14
210 BAGOT ROAD, SUBIACO, WESTERN AUSTRALIA**

**FRIDAY 25 MAY 2018
COMMENCING AT 10:00 AM (WST)**

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 (+61 8) 9381 4266

NOTICE OF ANNUAL GENERAL MEETING

**Notice is given that the Annual General Meeting of ADX Energy Ltd will be held at the office of
Level 2, Suite 14, 210 Bagot Road, Subiaco, Western Australia on
Friday 25 May 2018 at 10:00 am (WST)**

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IMPORTANT INFORMATION

Your Vote is Important

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

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

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 5.00pm (WST) on 23 May 2018.

Voting in Person

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

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed 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, 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 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.

Your proxy form is enclosed.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they apply to this Annual General Meeting. Broadly, the sections 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.

Further details are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the question that the resolution be passed; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

**BUSINESS OF THE MEETING
AGENDA**

ORDINARY BUSINESS

1. Financial Statements and Reports – Agenda Item

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, 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 31 December 2017.”

Note: In accordance with section 250R(3) of the Corporations Act, 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 any 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.

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:

- (a) the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on this Resolution; or
- (b) 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 Key Management Personnel.

3. Resolution 2 – Re-election of Mr Philip Haydn-Slater as a Director

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

“That, for the purposes of clause 13.4 of the Company's Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Philip Haydn-Slater, having been appointed as an additional director of the Company on 21 July 2017, retires, and, being eligible, is elected as a non-executive director of the Company.”

4. Resolution 3 – Re-election of Mr Ian Tchacos as a Director

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

That, for the purposes of clause 13.2 of the Constitution and for all other purposes, Mr Ian Tchacos, a director, retires, and being eligible, is re-elected as a Director.”

5. Resolution 4 – Increase the Maximum Aggregate Fees payable to Directors

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

“That, in accordance with rule 13.8 of the Company Constitution and Listing Rule 10.17, the maximum aggregate Directors’ fees payable to Directors per annum be increased by \$100,000 from \$150,000 to a maximum of \$250,000.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Director 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.

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 5 – Adoption of Performance Rights and Option Plan

To consider and, if thought fit, pass, the following resolution with or without amendment, 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 incentive scheme titled Performance Rights and Option Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and 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.

7. Resolution 6 – Issue of Director Options in Lieu of Consulting Fees – Mr Ian Tchacos

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue 14,200,000 Options to Mr Ian Tchacos (or his nominee), under the Performance Rights and Option Plan, on the terms and conditions set out in the Explanatory Statement."

8. Resolution 7 – Issue of Director Options in Lieu of Consulting Fees – Mr Paul Fink

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue 7,700,000 Options to Mr Paul Fink (or his nominee), under the Performance Rights and Option Plan, on the terms and conditions set out in the Explanatory Statement."

9. Resolution 8 – Issue of Director Options – Mr Philip Haydn-Slater

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue 4,000,000 Options to Mr Philip Haydn-Slater (or his nominee), under the Performance Rights and Option Plan, on the terms and conditions set out in the Explanatory Statement."

10. Resolution 9 – Issue of Shares (Salary Sacrifice) to Director – Mr Ian Tchacos

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of \$20,000 to Mr Ian Tchacos (or his nominee), on the terms and conditions set out in the Explanatory Statement."

11. Resolution 10 – Issue of Shares (Salary Sacrifice) to Director – Mr Paul Fink

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of \$5,000 to Mr Paul Fink (or his nominee), on the terms and conditions set out in the Explanatory Statement."

12. Resolution 11 – Issue of Shares (Salary Sacrifice) to Director – Mr Andrew Childs

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of \$13,000 to Mr Andrew Childs (or his nominee), on the terms and conditions set out in the Explanatory Statement."

13. Resolution 12 – Issue of Shares (Salary Sacrifice) to Director – Mr Robert Brown

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of \$60,000 to Mr Robert Brown (or his nominee), on the terms and conditions set out in the Explanatory Statement."

14. Resolution 13 – Issue of Shares (Salary Sacrifice) to Director – Mr Philip Haydn-Slater

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

"That, for the purposes of ASX Listing Rule 10.14, section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Shares in the Company to the value of \$48,000 to Mr Philip Haydn-Slater (or his nominee), on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement for Resolutions 6 to 13

The Company will disregard any votes cast in favour of these Resolutions by any Director, (or their nominee/s) other than any Directors who are ineligible to participate in any employee incentive scheme or Director Share Plan, as relevant, in relation to the Company, and any associates of those Directors (**Resolution 6 to 13 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 to 13 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 Resolutions 6 to 13

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 to 13 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.

15. Resolution 14 – Approval of 10% Placement Capacity - Shares

To consider and, if thought fit, pass, the following resolution with or without amendment, as a **special resolution**:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, and on the terms and conditions in the Explanatory Memorandum".

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person and any associates of the person (or those persons) who:

- may participate or, is expected to participate, in the issue of Equity Securities under this Resolution; or
- might obtain a material benefit if the Resolution is passed, and any associates of those persons, except a benefit solely in their capacity as a holder of Shares if the Resolution is passed.

However, the Company need not disregard a vote if:

- 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
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

16. General

To transact any other business as may be brought before the meeting in accordance with the Constitution of the Company, the Corporations Act, or otherwise.

BY ORDER OF THE BOARD



**IAN TCHACOS
EXECUTIVE CHAIRMAN
16 April 2018**

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. Financial Statement and Reports – Agenda Item

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's financial report to Shareholders unless specifically requested to do so. The Company's financial report is available on its website at <http://adxenergy.com.au/>.

2. Resolution 1 – Adoption of Remuneration Report

2.1 General

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

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the December financial report of the company. 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.

The Remuneration Report is set out in the Company's Annual Report which:

- outlines the Board's policy for determining the nature and amount of remuneration of Directors, the company secretary and other key management personnel of the Company;
- discusses the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance condition applicable to the remuneration of a Director, secretary or other key management personnel;
- details the remuneration (including options, if any) of each Director and other key management personnel of the Company for the period; and
- summarises the terms of any contract under which any Director, the company secretary or other key management personnel is engaged, including the period of notice required to terminate the contract and any termination payments provided for under the contract.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, 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, 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 and at the first of those annual general meetings a Spill Resolution was not put to vote. 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 of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the managing director of the company, 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 of the company is approved will be the directors of the company.

2.3 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.

2.4 Proxy voting restrictions

A vote must not be cast (in any capacity) on this resolution by or on behalf of a member of the Company's KMP whose remuneration details are included in the Remuneration Report, or a KMP's closely related party. A "closely related party" includes a spouse, dependant and certain other close family members of a KMP, as well as any companies controlled by a KMP.

However, a vote may be cast by a KMP or a KMP's closely related party if they do so as a proxy and:

- the vote is not cast on behalf of a KMP or a KMP's closely related party; and
- the appointment of the proxy is in writing and specifies the way the proxy is to vote on this resolution; or
- the proxy is the Chairman of the meeting and the appointment of the Chairman of the meeting as proxy:
 - does not specify the way the proxy is to vote on this resolution; and
 - expressly authorises the Chairman of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of the KMP.

If you appoint the Chairman of the meeting as your proxy, and you do not direct your proxy how to vote on this resolution on the proxy form, you will be expressly authorising the Chairman of the meeting to exercise your proxy on this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

3. Resolution 2 – Re-election of Mr Haydn-Slater as a Director

Clause 13.4 of the Constitution and ASX Listing Rule 14.4 requires that any Director appointed during the year holds office until the next annual general meeting and then is to retire at the annual general meeting. A Director who retires under clause 13.4 of the Constitution and ASX Listing Rule 14.4 is eligible for re-election.

Mr Philip Haydn-Slater was appointed as an additional Director of the Company since the last annual general meeting on 21 July 2017, and accordingly, Philip Haydn-Slater will retire at the Annual General Meeting and seek re-election.

Mr Haydn-Slater is located in London and has extensive capital market experience, provides ADX with an excellent focal point for future investment from the London and European equity markets. These are markets from which the Board of ADX believes it can generate increasing investor interest as it matures its appraisal and development assets in the Mediterranean and Eastern Europe.

Mr Haydn-Slater was a co-founder and a director of HD Capital for over 5 years and has worked throughout his 37 year career within institutional sales for a number of well-known financial institutions. Prior to HD Capital, Mr Haydn-Slater spent eight years as Head of Corporate Broking at WH Ireland Ltd in their London office where he was responsible for originating and managing the sales process for a significant number of transactions including flotations and secondary placings for corporate clients on the AIM market and other international exchanges.

Mr Haydn-Slater's experience is mainly related to transactions pertaining to resource industries and he continues to maintain a strong focus on oil and gas as well as mining. During his career, Philip has worked in both London and Sydney for financial organisations that include ABN Amro, Bankers Trust, James Capel & Co and Bain Securities (Deutsche Bank) Sydney in addition to the above.

If elected, the Board considers Mr Haydn-Slater will be an independent director.

The Board supports the re-election of Mr Haydn-Slater and recommends that Shareholders vote in favour of Resolution 2.

4. Resolution 3 – Re-election of Mr Ian Tchacos as a Director

Under the Company's existing Constitution, one third of the Directors (or if their number is not a multiple of three, the number nearest one third) must retire from office at each annual general meeting of the Company. Directors who retire in accordance with this requirement are eligible for re-election. The Directors to retire are those (other than the Managing Director) who have been in office for three years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment. For the purposes of Listing Rule 14.4 and rule 13.2 of the existing Constitution, shareholder approval is being sought to re-elect Mr Ian Tchacos as a Director.

Mr Tchacos was appointed as Non-Executive Chairman of ADX on 2 March 2010 and appointed as Executive Chairman on the 28 September 2015. He is a Petroleum Engineer with over 30 years international experience in corporate development and strategy, mergers and acquisitions, petroleum exploration, development and production operations, commercial negotiation, oil and gas marketing and energy finance. He has a proven management track record in a range of international oil company environments. As Managing Director of Nexus Energy he was responsible for this company's development from an onshore micro cap explorer to an ASX top 200 offshore producer and operator.

If elected, the Board considers Mr Tchacos will not be an independent director due to his position as Executive Chairman.

The Board supports the re-election of Mr Tchacos and recommends that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Increase the Maximum Aggregate Fees payable to Directors

Shareholder approval is sought to increase the maximum aggregate remuneration paid to Directors (excluding salaries/consulting fees) of the Board by \$100,000 from \$150,000 to \$250,000 per annum.

In accordance with rule 13.8 of the Company Constitution and Listing Rule 10.17, the total aggregate fixed sum per annum to be paid to Directors (excluding salaries of executive Directors and consulting fees) is fixed by ordinary resolution of a general meeting of shareholders. The maximum aggregate amount (currently \$150,000 per annum) was approved by shareholders at ADX's 2011 AGM upon adoption of a new constitution.

Director fees are reviewed annually. The most recent review was conducted in July 2017, at which time fees were reduced in order to enable compensation for a newly appointed director which resulted in an expansion to the Board. Currently the total fees per annum paid to all Company Directors (excluding consulting fees) equals approximately \$149,000. The remuneration of each Director for the year ended 31 December 2017 is detailed in the Company's 2017 Annual Report.

The Board wishes to increase the maximum aggregate amount of fees that may be paid by \$100,000 from \$150,000 to a maximum of \$250,000.

The Board considers that it is reasonable and appropriate to increase the remuneration pool for non-executive directors for the following reasons:

- there has been an increase in the number of non-executive directors to provide additional skills to the Board;
- the Company has expanded its operations from exploration to appraisal and development requiring additional skills and experience;
- there are increasing demands on Directors given ADX's growth in its international operations;
- operating internationally, there are continued regulatory requirements which has increased the workloads and time demands on Directors; and
- the Board is comprised of highly experienced individuals. The ability to recruit and retain high calibre directors requires sufficient capacity to respond to changes in market rates as required.

An increase in the current pool is sought to provide sufficient capacity and flexibility to respond to future needs as discussed above.

In the past 3 years, the Company has issued Directors an aggregate of 33,000,000 Options and 20,980,129 Shares for Director fees and 29,005,098 Shares for Directors consulting fees (the Shares were issued in lieu of cash pursuant to the Directors Share Plan) with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14.

A voting exclusion statement applies to this item of business, as set out in the Notice of Meeting. The Chairman of the Meeting intends to vote all available proxies in favour of this item of business. Given the interest of the Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

6. Resolution 5 – Adoption of Performance Rights and Option Plan

Resolution 5 seeks Shareholder approval for the adoption of the employee incentive scheme titled Performance Rights and Option Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

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. 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 Incentive Options and Performance Rights 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 this is a new Plan and accordingly the first time approval is sought under Listing Rule 7.2 exemption 9. This new Plan replaces the Company's previous plan referred to as the Employee Incentive Option Plan, approved on 26 May 2016. Under the old plan, 43,000,000 Incentive Options have previously been issued under the Plan since it was last approved on 26 May 2016.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Incentive Options and Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company. Incentive Options and Performance Rights will also be offered to key employees in lieu of fees to align employees with shareholder objectives and minimise consumption of cash.

Any future issues of Incentive Options and Performance Rights 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.

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. Shareholders are invited to contact the Company if they have any queries or concerns.

7. Resolutions 6 to 8 - Issue of Related Party Options

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 25,90,000 Options (**Related Party Options**) to Mr Ian Tchacos, Mr Paul Fink, Mr Philip Haydn-Slater (**Related Parties**) under the Company's Performance Rights and Option Plan.

Resolutions 6 to 8 are subject to the passing of Resolution 5, which seeks Shareholder approval for the adoption of Performance Rights and Option Plan.

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 grant of the Related Party Options constitutes giving a financial benefit and Mr Ian Tchacos, Mr Paul Fink and Mr Philip Haydn-Slater are related parties of the Company by virtue of being Directors.

These options are being granted for the following reasons:

- (a) For Ian Tchacos – as remuneration for reduced consulting fees. Ian Tchacos has agreed to receive 50% of his consulting day rate of \$1,500/day as equity for days in excess of 4 days per month (ie after 4 days, \$750 cash and \$750 in equity);
- (b) For Paul Fink – as remuneration for reduced consulting fees. Paul Fink has agreed to receive 50% of his consulting day rate of \$1,500/day as equity for days in excess of 8 days per month (ie after 8 days, \$750 cash and \$750 in equity); and
- (c) For Philip Haydn-Slater – as a sign-on bonus upon his appointment as a Director.

In addition, ASX Listing Rule 10.14 also 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.

Section 195(4) of the Corporations Act provides that where there are not enough directors to form a quorum for a directors' meeting because of section 195 of the Corporations Act, one or more of the directors (including those who have a material personal interest in the matter) may call a general meeting and the general meeting may pass a resolution to deal with the matter.

As it is proposed that a majority of the Directors will receive Related Party Options, the Directors have been unable to form quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to these issues. Accordingly, in accordance with section 195(4) of the Corporations Act, the Directors have exercised their right to seek shareholder approval for the grant of Related Party Options to the Related Parties.

7.2 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.14)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related parties are Mr Ian Tchacos, Mr Paul Fink and Mr Philip Haydn-Slater and they are related parties by virtue of being Directors;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 14,200,000 Related Party Options to Mr Tchacos;
 - (ii) 7,700,000 Related Party Options to Mr Fink; and
 - (iii) 4,000,000 Related Party Options to Mr Haydn-Slater.
- (c) the Related Party Options will be granted to the Related Parties 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 Related Party Options will be issued in quarterly instalments as follows:

For Mr Ian Tchacos and Mr Paul Fink

QUARTERLY TRANCHE	NUMBER GRANTED	VESTING DATE	EXERCISE PRICE	EXPIRY DATE
1	Note *	31 May 2018	Zero	31 May 2022
2	Note *	31 July 2018	Zero	31 May 2022
3	Note *	31 October 2018	Zero	31 May 2022
4	Note *	31 January 2019	Zero	31 May 2022

Note * - Number granted will be determined by dividing the Directors' consulting fees that the Company has agreed to pay to the Related Parties via equity using a deemed price based on the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' consulting fees were incurred, provided that the maximum number of Related Party Options

to be issued does not exceed the number in (b) above.

For Mr Philip Haydn-Slater, the Related Party Options will be issued on one date.

TRANCHE	NUMBER GRANTED	VESTING DATE	EXERCISE PRICE	EXPIRY DATE
1	4,000,000	31 May 2018	1.9 cents	31 May 2019

- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised. There is a nil issue price;
- (e) no securities have previously been issued under the Plan nor has the Plan previously been adopted by Shareholders. 43,000,000 options have been issued under the previous incentive plan on 1 June 2017. Mr Ian Tchacos was granted 15,000,000 options, Mr Paul Fink 10,000,000 options and nil to Mr Philip Haydn-Slater. These options expire on 1 December 2018 and have an exercise price of 1.9 cents. The previous plan had been previously adopted by Shareholders on 26 May 2016;
- (f) all Directors are entitled to participate in the Plan, however options are only being granted to Ian Tchacos, Paul Fink and Philip Haydn-Slater;
- (g) no loan has been provided to any of the Related Parties in relation to the issue of the Related Party Options;
- (h) the Related Party Options will be granted under the Company's Performance Rights and Option Plan, the terms and conditions which are set out in Schedule 1, with specific terms of the Related Party Options set out in Schedule 2;
- (i) the value of the Related Party Options and the pricing methodology is set out in Schedule 3;
- (j) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Mr Ian Tchacos	42,745,960	15,000,000
Mr Paul Fink	33,442,207	10,000,000
Mr Philip Haydn-Slater	8,000,000	-

- (k) the remuneration and emoluments, including the value of share based payments) from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party		Current Financial Year up to and including 31 December 2018 (\$)	Financial Year up to and including 31 December 2017 (\$)
Mr Ian Tchacos	Cash **	240,000	221,173
Mr Ian Tchacos	Accrued at year end –paid in Shares after year-end	-	36,125
Mr Ian Tchacos	Share-Based (shares in lieu of cash)	20,000	131,468
Mr Ian Tchacos	Share-Based (options)***	156,200	115,624
Mr Ian Tchacos	Total	416,200	506,342
Mr Paul Fink	Cash	220,000	209,575
Mr Paul Fink	Accrued at year end – paid in Shares after year-end	-	16,925
Mr Paul Fink	Share-Based (shares in lieu of cash)	5,000	74,900
Mr Paul Fink	Share-Based (options)***	84,700	77,083
Mr Paul Fink	Total	309,700	378,483

Mr Philip Haydn-Slater	Cash	-	-
Mr Philip Haydn-Slater	Accrued at year end – to be paid in Shares	-	13,750
Mr Philip Haydn-Slater	Share-Based (shares in lieu of cash)	33,000	-
Mr Philip Haydn-Slater	Share-Based (options)***	8,057	-
Mr Philip Haydn-Slater*	Total	41,057	13,750

* Mr Philip Haydn-Slater was appointed on 21 July 2017 and accordingly 2017 remuneration is only for the period from appointment to 31 December 2017.

** Cash includes consulting fees, directors fees and superannuation.

*** Assumes the Related Party Options proposed under this Notice of Meeting are approved and issued.

- (l) if the Related Party Options granted to the Related Parties are exercised, a total of 25,900,000 Shares would be issued. This will increase the number of Shares on issue from 1,118,966,216 to 1,144,866,216 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.3%, comprising 1.2% by Mr Tchacos, 0.7% by Mr Fink and 0.3% by Mr Haydn-Slater.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (m) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	0.018	18 January 2018
Lowest	0.009	8 February 2018
Last	0.010	13 April 2018

- (n) the Board acknowledges the grant of Related Party Options to Mr Haydn-Slater is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of the Related Party Options to Mr Haydn-Slater reasonable as a sign-on bonus for his July 2017 appointment, and is consistent with the options granted to other non-executive directors in June 2017;
- (o) the primary purpose of the grant of the Related Party Options to Ian Tchacos and Paul Fink is to conserve cash for exploration and appraisal by remunerating partly in equity. The options granted to Philip Haydn-Slater are to provide an incentive component in the remuneration package to provide a retention incentive;
- (p) Mr Tchacos declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the resolution on the basis that Mr Tchacos is to be granted Related Party Options in the Company should Resolution 6 be passed. However, in respect of Resolutions 7 and 8, Mr Tchacos recommends that Shareholders vote in favour of those resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
 - (ii) the grant of the Related Party Options is a reasonable and appropriate method to reward Directors without using its cash reserves and provides a better alternative than using cash forms of remuneration to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (q) Mr Fink declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that Mr Fink is to be granted Related Party Options in the Company should Resolution 7 be passed. However, in respect of Resolutions 6 and 8, Mr Fink recommends that Shareholders vote in favour of those resolutions for the reasons set out in paragraph (p);
- (r) Mr Haydn-Slater declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that Mr Haydn-Slater is to be granted

Related Party Options in the Company should Resolution 8 be passed. However, in respect of Resolutions 6 and 7, Mr Haydn-Slater recommends that Shareholders vote in favour of those resolutions for the reasons set out in paragraph (p) ;

- (s) Mr Childs and Mr Brown recommends that Shareholders vote in favour of resolutions 6, 7 and 8 for the reasons set out in paragraph (p) ;
- (t) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 to 8.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

8. Resolution 9 to 13 – Issue of Shares (Salary Sacrifice) to Directors

8.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue Shares (**Related Party Shares**) to Mr Tchacos, Mr Fink, Mr Childs, Mr Brown and Mr Haydn-Slater (**Related Parties**) on the terms and conditions set out below. The purpose of the proposed issue of the Related Party Shares is to provide a retention incentive to the Related Parties in light of the salary and fee reductions described above.

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 Related Party Shares constitutes giving a financial benefit and Mr Tchacos, Mr Fink, Mr Childs, Mr Brown and Mr Haydn-Slater are related parties of the Company by virtue of being Directors.

Section 195(4) of the Corporations Act provides that where there are not enough directors to form a quorum for a directors' meeting because of section 195 of the Corporations Act, one or more of the directors (including those who have a material personal interest in the matter) may call a general meeting and the general meeting may pass a resolution to deal with the matter.

As it is proposed that all the Directors will receive Related Party Shares, the Directors have been unable to form quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to these issues. Accordingly, in accordance with section 195(4) of the Corporations Act, the Directors have exercised their right to seek shareholder approval for the issues of Related Party Shares to the Related Parties.

In addition, ASX Listing Rule 10.14 also 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.

8.2 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.14)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Related Party Shares:

- (a) the Related Parties are Mr Ian Tchacos, Mr Paul Fink, Mr Andrew Childs, Mr Robert Brown and Mr Philip Haydn-Slater and they are related parties by virtue of being Directors;
- (b) the number of Related Party Shares to be issued to each Related Party will be determined by dividing the

Directors' fees that the Company has agreed to pay the Related Parties by the deemed issue price of the Related Party Shares calculated in accordance with paragraph (d) below, provided that the maximum number of Related Party Shares to be issued to the Related Parties pursuant to Resolutions 9 to 13 shall be as follows:

Related Party	Maximum Number of Shares*
Ian Tchacos	1,820,000
Paul Fink	460,000
Andrew Childs	1,190,000
Robert Brown	5,350,000
Philip Haydn-Slater	4,340,000
Total	13,160,000

* The maximum number of shares has been determined based on the directors' reduction of remuneration from 1 January 2018 to 31 December 2018, and any accrued remuneration unpaid for the year ended 31 December 2017. As noted in (d) and (j) below, the Related Party Shares will be issued on a quarterly basis according to the Directors' fees owing to each of the Related Parties at that time at an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' fees were incurred.

- (c) the value of the maximum number of Related Party Shares that could potentially be issued to the Related Parties pursuant to Resolutions 9 to 13 (being the nature of the financial benefit being provided) is set out below. The basis of the valuation is the last trading price of Shares on 6 April 2018 of \$0.011:

Related Party	Value of Related Party Shares based on closing price on 6 April 2018
Ian Tchacos	\$20,000
Paul Fink	\$5,000
Andrew Childs	\$13,000
Robert Brown *	\$58,800
Philip Haydn-Slater	\$47,700

* Includes consulting fees

- (d) the Related Party Shares will be issued for nil cash consideration as they will be issued in satisfaction of Directors' fees agreed to be paid by the Company to the Participating Directors at quarterly intervals. The Director Shares will be deemed to have an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' fees were incurred;
- (e) a voting exclusion statement is included in the Notice in connection with Resolutions 9 to 13;
- (f) the Related Party Shares will be issued under the Company's Directors' Share Plan, the terms and conditions which are set out in Schedule 4;
- (g) The Directors' Share Plan has been previously approved by Shareholders on 26 May 2016. Previous issues are as follows:
- (i) 30,863,989 Shares have previously been issued under the Directors' Share Plan as salary sacrifice for remuneration for the period 1 September 2015 to 31 December 2016; and
 - (ii) 19,121,238 Shares have previously been issued under the Directors' Share Plan as salary sacrifice for remuneration for the period 1 January 2017 to 31 December 2017.

Refer to the table below for a summary of shares issued to each Director.

Director	Number of Shares Issued	Issue Date
I Tchacos	6,593,002	1/08/2016
I Tchacos	2,229,165	5/12/2016
I Tchacos	3,424,106	8/02/2017
I Tchacos	2,421,873	9/08/2017
I Tchacos	2,790,177	9/08/2017
I Tchacos	2,466,517	27/12/2017
I Tchacos	2,778,846	2/03/2018
P Fink	8,193,571	1/08/2016
P Fink	2,887,500	5/12/2016
P Fink	2,635,714	8/02/2017
P Fink	1,612,500	9/08/2017
P Fink	1,441,071	9/08/2017
P Fink	978,571	27/12/2017
P Fink	1,301,922	2/03/2018
A Childs	2,761,910	1/08/2016
A Childs	833,335	5/12/2016
A Childs	714,287	8/02/2017
A Childs	357,143	9/08/2017
A Childs	357,143	9/08/2017
A Childs	232,142	27/12/2017
A Childs	250,000	2/03/2018
R Brown	591,399	8/02/2017
R Brown	357,143	9/08/2017
R Brown	1,087,054	9/08/2017
R Brown	689,136	27/12/2017
TOTAL	49,985,227	

- (h) the Related Party 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;
- (i) all current Directors of the Company are eligible to participate in the Directors' Share Plan. This includes Mr Tchacos, Mr Fink, Mr Childs, Mr Brown and Mr Haydn-Slater;
- (j) no loan has been provided to any of the Related Parties in relation to the issue of the Related Party Shares;
- (k) the Related Party Shares will be issued 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 will be issued on a quarterly basis according to the Directors' fees owing to each of the Related Parties at that time.
- (l) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Ian Tchacos	42,745,960	15,000,000
Paul Fink	33,442,207	10,000,000
Andrew Childs	21,634,940	4,000,000
Rob Brown	2,843,012	4,000,000
Philip Haydn-Slater	8,000,000	-

Excludes any options that may be approved under resolutions 6 to 8 of today's meeting.

- (m) the remuneration and emoluments, including the value of share based payments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year (31 December 2018)* (\$)	Previous Financial Year (31 December 2017) (\$)
Ian Tchacos	390,000	506,342 (includes options \$115,624)
Paul Fink	295,000	378,483 (includes options \$77,083)
Andrew Childs	33,000	72,333 (includes options \$30,833)
Rob Brown	117,000	159,593 (includes options \$30,833)
Philip Haydn-Slater **	33,000	13,750

* Includes the estimated value of Related Party Shares to be issued for the period 1 January 2018 to 31 December 2018, assuming Shareholder approval, but excludes the value of any Related Party Options that may be granted subject to Shareholder approval as per Resolutions 6 to 8.

** Mr Philip Haydn-Slater was appointed on 21 July 2017 and accordingly 2017 remuneration is only for the period from appointment to 31 December 2017.

- (n) if the maximum permitted number of Related Party Shares are issued to the Related Parties, a total of 13,160,000 new Shares would be issued. This will increase the number of Shares on issue from 1,118,966,216 to 1,132,126,216 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.1%, comprising 13.8% of the 1.2% dilution by Ian Tchacos, 3.5% of the 1.2% dilution by Paul Fink, 9% of the 1.2% dilution by Andrew Childs, 40.7% of the 1.2% dilution by Rob Brown and 33% of the 1.2% dilution by Philip Haydn-Slater.
- (o) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	0.018	18 January 2018
Lowest	0.009	8 February 2018
Last	0.010	13 April 2018

- (p) Mr Tchacos declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that Mr Tchacos is to be issued Related Party Shares in the Company should Resolution 9 be passed. However, in respect of Resolutions 10 to 13, Mr Tchacos recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the issue of the Related Party Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Shares upon the terms proposed;
- (q) Mr Fink declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution on the basis that Mr Fink is to be issued Related Party Shares in the Company should Resolution 10 be passed. However, in respect of Resolutions 9 and Resolutions 11 to 13, Mr Fink recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (p);
- (r) Mr Childs declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that Mr Childs is to be issued Related Party Shares

in the Company should Resolution 11 be passed. However, in respect of Resolutions 9, 10, 12 and 13, Mr Childs recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (p);

- (s) Mr Brown declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution on the basis that Mr Brown is to be issued Related Party Shares in the Company should Resolution 12 be passed. However, in respect of Resolutions 9 to 11 and 13, Mr Brown recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (p);
- (t) Mr Haydn-Slater declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution on the basis that Mr Brown is to be issued Related Party Shares in the Company should Resolution 13 be passed. However, in respect of Resolutions 9 to 12, Mr Haydn-Slater recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (p);
- (u) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares and the current market practices when determining the number of Related Party Shares to be issued; and
- (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 9 to 13.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

9. Resolution 14 – Approval of 10% Placement Capacity – Shares

9.1 Introduction

The Company is seeking shareholder approval to issue an additional 10% of issued capital over a 12 month period pursuant to ASX Listing Rule 7.1A. 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 (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

The Company is an Eligible Entity, see section 9.2 below for further details.

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 9.2 below).

The effect of Resolution 14 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.

ASX Listing Rule 7.1A requires this Resolution 13 to be passed as a special resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to ASX Listing Rule 7.1A, no Equity Securities will be issued until and unless this special resolution is passed at the Meeting.

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 14.

9.2 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:

- (1) is not included in the S&P/ASX 300 Index; and
- (2) 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 approximately \$12.31 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: ADX).

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

(A x D) - E

Where:

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the previous 12 months with approval of holders of ordinary securities under ASX Listing Rules 7.1 and 7.4. [Note: this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without Shareholder approval]; and
- (4) less the number of fully paid ordinary securities cancelled in the previous 12 months.

D is 10 percent (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 the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

9.3 Technical Information required by ASX listing Rule 7.1A.

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 14:

(a) Minimum Issue Price

The minimum issue price for the Equity Securities issued under ASX Listing Rule 7.1A must be not less than 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:

- (1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (2) If the Equity Securities are not issued within 5 ASX trading days of the date in Section 9.3(a)(1) above, the date on which the Equity Securities are issued.

(b) Date of Issue

Assuming Resolution 14 is passed, 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:

- (1) 12 months after the date of this Meeting; and
- (2) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

If approval is given for the issue of the Equity Securities then the approval will expire on 25 May 2019, unless Shareholder approval is granted pursuant to ASX Listing Rules 11.1.2 or 11.2 prior to that date.

(c) Risk of economic and voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will have a dilutive effect on the interests of existing Shareholders who do not receive any Shares under the issue.

If Resolution 14 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.

Issued Share Capital (# of Shares)	50% decrease in current Market Price \$ 0.0055		Current Market Price \$ 0.011		100% increase in current Market Price \$ 0.022	
	10% Voting Dilution	Capital Raised \$	10% Voting Dilution	Capital Raised \$	10% Voting Dilution	Capital Raised \$
Present Share Capital 1,118,966,216	111,896,622	615,431	111,896,622	1,230,863	111,896,622	2,461,726
50% Increase in Share Capital 1,678,449,324	167,844,932	923,147	167,844,932	1,846,294	167,844,932	3,692,589
100% Increase in share capital 2,237,932,432	223,793,243	1,230,863	223,793,243	2,461,726	223,793,243	4,923,451

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

Assumptions and explanations

- The current shares on issue are the Shares on issue as at the date of this Notice of Meeting.
- The issue price set out above is the closing price of the Shares on the ASX on 6 April 2018.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- 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%.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- 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.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a specific risk that:

- (1) the market price for the Company's Shares may be significantly lower on the date of the issue than it is on the date of the Meeting; and
- (2) the Shares may be issued at a price that is at a discount to the market price for those Shares on the issue date.

(d) Purpose of issue of 10% Placement Capacity

The Company may issue Equity Securities:

- (1) to raise cash consideration, in which case the funds raised from the issue of Equity Securities, if undertaken, would be applied towards funding expenditure associated with the exploration and development of oil and gas permits, acquisitions of new assets or investments and/or general working capital; or
- (2) as non-cash consideration, such as for the acquisition of new assets or investments. If the Company issues Equity Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Equity Securities complies with ASX Listing Rule 7.1A.3.

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

(e) Allocation under the 10% Placement Capacity

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

- (1) the purpose of the issue;
- (2) the alternative methods for raising funds available to the Company at that time, including but not limited to, rights issue or other offer where existing Shareholders may participate;
- (3) the effect of the issue of the Equity Securities on the control of the Company;
- (4) the circumstances of the Company, including but not limited to, the financial situation and solvency of the Company;
- (5) prevailing market conditions; and
- (6) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new assets or investments for which placement securities are issued as consideration, it is possible that the allottees of some of the placement securities will be the vendors of the new assets or investments.

(f) Previous approval under ASX Listing Rule 7.1A.

The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A at its Annual General Meeting held on 31 May 2017 (**Previous Approval**).

No shares have been issued under ASX Listing Rule 7.1A since the previous approval.

During the 12 month period preceding the date of the Meeting, being on and from 31 May 2017, the Company issued a total of 189,948,780 Shares and 53,000,000 options which represents approximately 24.51% of the total diluted number of Equity Securities on issue in the Company on 31 May 2017, which was 991,329,557 (929,017,436 Shares and 62,312,121 unlisted options).

Details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the annual general meeting are set out in the table below:

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 trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds ³ . If issued for non-cash consideration – a description of the consideration and the current value of the consideration
2-Jun-17	86,534,242	Ordinary Shares ¹ (issued under Listing Rule 7.1, exemption under 7.2)	Entitlement Issue	0.013 Market Price trading day prior to issue was 0.014. Discount of 8%.	Cash \$1,124,945. The funds were used primarily to fund exploration and appraisal expenditure at the Company's Nilde, Dougga and Parta projects and for working capital.
19-Jun-17	69,230,768	Ordinary Shares ¹ (issued under Listing Rule 7.1, exemption under 7.2)	Shortfall under Entitlement Issue	0.013 Market Price trading day prior to issue was 0.013. No discount.	Cash \$900,000. See use of funds above.
9-Aug-17	10,424,104	Ordinary Shares ¹ (issued under Listing Rule 7.1, exemption under 7.2)	Issued to Directors under Directors Share Plan (Salary Sacrifice)	No issue price (non-cash consideration)	Non-Cash - Salary sacrifice in lieu of fees from 1 January 2017 to 30 June 2017. Value \$145,938.
9-Aug-17	1,634,284	Ordinary Shares ¹ (issued under Listing Rule 7.1)	Issued to Company Secretaries	No issue price (non-cash consideration)	Non-Cash - Salary sacrifice in lieu of fees from 1 January 2017 to 30 June 2017. Value \$22,880.
9-Aug-17	1,069,174	Ordinary Shares ¹ (issued under Listing Rule 7.1)	Issued to Consultants	No issue price (non-cash consideration)	Non-Cash - In lieu of fees to 30 June 2017. Value \$12,300.
28-Dec-17	4,366,366	Ordinary Shares ¹ (issued under Listing Rule 7.1, exemption under 7.2)	Issued to Directors under Director Share Plan (Salary Sacrifice)	No issue price (non-cash consideration)	Non-Cash - Salary sacrifice in lieu of fees from 1 July 2017 to 30 September 2017. Value \$61,129.
28-Dec-17	985,714	Ordinary Shares ¹ (issued under Listing Rule 7.1)	Issued to Company Secretaries	No issue price (non-cash consideration)	Non-Cash - Salary sacrifice in lieu of fees from 1 July 2017 to 30 September 2017. Value \$13,800.
28-Dec-17	3,369,288	Ordinary Shares ¹ (issued under Listing Rule 7.1)	Issued to Consultants	No issue price (non-cash consideration)	Non-Cash - In lieu of fees from 1 July 2017 to 30 September 2017. Value \$41,672.
2-Mar-18	4,330,768	Ordinary Shares ¹ (issued under Listing Rule 7.1, exemption under 7.2)	Issued to Directors under Share Plan (Salary Sacrifice)	No issue price (non-cash consideration)	Non-Cash - Salary sacrifice in lieu of fees from 1 October 2017 to 31 December 2017. Value \$70,100.
2-Mar-18	1,061,537	Ordinary Shares ¹ (issued under Listing Rule 7.1)	Issued to Company Secretaries	No issue price (non-cash consideration)	Non-Cash - Salary sacrifice in lieu of fees from 1 October 2017 to 31 December 2017. Value \$13,800.
2-Mar-18	2,562,517	Ordinary Shares ¹ (issued under Listing Rule 7.1)	Issued to Consultants	No issue price (non-cash consideration)	Non-Cash - In lieu of fees from 1 October 2017 to 31 December 2017. Value \$31,841.

16-Mar-18	4,380,018	Ordinary Shares ¹ (issued under Listing Rule 7.1)	Issued to consultant In lieu of fees	No issue price (non-cash consideration)	Non-Cash - in lieu of fees for advisory services. Value \$50,000.
TOTAL SHARES ISSUED	189,948,780				
1-June-17	43,000,000	Unlisted Options, expiry 1/12/18, exercise price 1.9 cents	Issued to Directors, Company Secretaries and Employees	No issue price (non-cash consideration)	Consideration nil. Issued under ADX's Employee Incentive Option Plan. Current value at grant date: \$331,456 ²
19-June-17	5,000,000	Unlisted Options, expiry 31/12/18, exercise price 3 cents	Issued to Lead Manager to Entitlement Issue in lieu of fees	No issue price (non-cash consideration)	Consideration nil. Issued to lead Manager of the Entitlements Issue. Current value at grant date: \$28,586 ²
12-July-17	5,000,000	Unlisted Options, expiry 31/12/18, exercise price 3 cents	Issued to consultants in lieu of fees	No issue price (non-cash consideration)	Consideration nil. Issued to consultants for marketing and introduction services. Since cancelled. Current value at grant date: \$22,741 ²
TOTAL OPTIONS ISSUED	53,000,000				

Notes:

1. Fully paid ordinary shares in the capital of the Company (ASX Code: ADX) (terms are set out in the Constitution).
2. The value of Options is measured using the Black-Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (1) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (2) the information required by ASX Listing Rule 3.10.5A for release to the market.

9.4 Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting. At the date of this Notice, the proposed allottees of any Equity Securities are not as yet known or identified and the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Therefore, no existing Shareholders will be excluded from voting on Resolution 14.

Recommendations

The Board believes that the Resolutions to be proposed at the Company's Annual General Meeting are in the best interests of the Company and (except where otherwise stated) unanimously recommends that Shareholders vote in favour of each Resolution.

Enquiries

Shareholders are invited to contact the Chairman, Mr Ian Tchacos, on (08) 9381 4266 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in section 9 of this Notice.

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

ASIC means the Australian Securities and Investments Commission.

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 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.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means ADX Energy Ltd (ABN 50 009 058 646).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Directors' Share Plan means the ADX Directors' Share Plan.

Eligible Entity means an entity that, at the date of the relevant general meeting is not included in the S&P/ASX 300 Index; and has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

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

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

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the period ended 31 December 2017.

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

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

Shareholder means a holder of a Share.

Variable A means "A" as set out in the calculation in section 9.2 of this Notice.

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

SCHEDULE 1 – KEY TERMS AND CONDITIONS OF PERFORMANCE RIGHTS AND OPTION PLAN

The key terms of the Performance Rights and Option Plan (**Plan**) are as follows:

- (a) **Eligibility:** Participants in the Plan consist of:
- (i) a director (whether executive or non-executive) of any group company;
 - (ii) a full or part time employee of any group company;
 - (iii) a casual employee or contractor of a group company to the extent permitted by ASIC Class Order 14/1000 (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming a under subparagraphs (i), (ii) or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options or Performance Rights (together, **Awards**) under the Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (c) **Limit on Offers:** Where the Company has relied or intends relying on the Class Order to make an Offer, the Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Awards offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order 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.
- (d) **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration. Performance Rights granted under the Plan will be issued for nil cash consideration.
- (e) **Exercise Price:** The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the ASX Listing Rules specify or require a minimum price, the Option Exercise Price in respect of an Option offered under an Offer must not be less than any minimum price specified in the ASX Listing Rules.
- (f) **Cashless Exercise Facility:** If a Participant wishes to exercise some or all of their vested Options it may, subject to Board approval, elect to pay the Option Exercise Price by using the cashless exercise facility (**Cashless Exercise Facility**). The Cashless Exercise Facility entitles a Participant to set-off the Option Exercise Price against the number of Shares which the Participant is entitled to receive upon exercise of the Participant's Options. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the Option exercise price has been set-off.
- (g) **Vesting Conditions:** In respect of any Award, any condition set out in the Offer must be satisfied (unless waived in accordance with the Plan) and the Board has notified the Eligible Participant of that fact before that Award can be exercised or any other restriction on exercise of that Award specified in the Offer or in the Plan. (**Vesting Conditions**).
- (h) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant Offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
- (ii) a change of control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(i) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in, or hedging of, the Award occurring;
- (ii) a vesting condition in relation to the Award is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the vesting condition and vest the Award;
- (iii) in respect of an unvested Award only, a relevant person ceases to be an Eligible Participant, unless the Board:
 - (A) exercises its discretion to vest the Award; or
 - (B) in its absolute discretion, resolves to allow the unvested Award to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iv) in respect of a vested Award only, a Relevant Person ceases to be an Eligible Participant and, where required by the Board in its absolute discretion, the vested Performance Right is not exercised within a one (1) month period (or such other period as the Board determines) as notified by the Board to the Participant after the date the Relevant Person ceases to be an Eligible Participant;
- (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
- (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Award does not vest; and
- (vii) the expiry date of the Award.

(j) **Not transferrable**

Awards are only transferrable in special circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the Participant’s legal personable representative or upon bankruptcy to the Participant’s trustee in bankruptcy.

(k) **Shares:** All shares issued on exercise of an Award under the Plan will rank equally in all respects with the shares of the same class for the time being on issue except as regards any rights attaching to such shares by reference to a record date prior to the date of their issue.

- (l) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
- (m) **No Participation Rights:** There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.
- (n) **Change in exercise price of number of underlying securities:** An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (o) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (p) **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the appointment of such a trustee.

SCHEDULE 2 – SPECIFIC TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

Note - the Related Party Options will be granted under the Company's Performance Rights and Option Plan.

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Options for Ian Tchacos and Paul Fink – Exercise Price is Zero

Options for Philip Haydn-Slater – Exercise Price is \$0.019 per option

(c) **Expiry Date**

Options for Ian Tchacos and Paul Fink – Each Option will expire at 5:00 pm (WST) on 31 May 2022 (**Expiry Date**)

Options for Philip Haydn-Slater – Each Option will expire at 5:00 pm (WST) on 31 May 2019 (**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Vesting Date**

Options for Ian Tchacos and Paul Fink –

QUARTERLY TRANCHE	VESTING DATE
1	31 May 2018
2	31 July 2018
3	31 October 2018
4	31 January 2019

Options for Philip Haydn-Slater – Each Option vests immediately upon grant.

(e) **Exercise Period**

The Options are exercisable at any time after vesting and on or prior to the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company, subject to any restriction periods imposed or escrow requirements as applicable.

(j) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(o) **Transferability**

The Options are only transferable in accordance with the terms of the Performance Rights and Option Plan.

SCHEDULE 3 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 6 to 8 have been valued by internal management.

Options to be granted to Ian Tchacos and Paul Fink:

Based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	6 April 2018
Market price of Shares (5 Day VWAP) *	1.1 cents
Exercise price	zero
Expiry date (length of time from issue)	4 years
Indicative value per Related Party Option	1.1 cents
Total Value of Related Party Options – I Tchacos	\$ 156,200
Total Value of Related Party Options – P Fink	\$ 84,700

Options to be granted to Philip Haydn-Slater:

Using the Black Scholes option pricing model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	3 April 2018
Market price of Shares (5 Day VWAP) *	1.1 cents
Exercise price	1.9 cents
Expiry date (length of time from issue)	12 months
Risk free interest rate	2.01%
Volatility (discount)	87.8%
Indicative value per Related Party Option	0.20142 cents
Total Value of Related Party Options	\$ 8,057

* Note: The valuation noted above will be adjusted for the actual variables, including market price and 5 Day VWAP at the time of grant.

SCHEDULE 4 – KEY TERMS AND CONDITIONS OF DIRECTORS’ SHARE PLAN

(SALARY SACRIFICE)

(a) **Participants in the Directors’ Share Plan**

The Board may offer Shares to a Director of the Company or any Subsidiary, including Non-executive Directors (**Eligible Participant**).

Subject to Shareholder approval, the Board may offer to Eligible Participants the opportunity to subscribe for Shares in lieu of Directors’ fees owing by the Company to the Eligible Participant and upon such additional terms and conditions as the Board determines (including, without limitation, that an Eligible Participant continues to be a Director of the Company at the relevant time).

An Eligible Participant will not be required to make any payment in return for the Shares as they will be issued in satisfaction of Directors’ fees owing by the Company at the time of issue of the Shares, calculated on a quarterly basis.

(b) **Limitations of Offers**

If the Company makes an offer of Shares where:

- (i) the total number of Shares the subject of that offer, exceeds the limit set out in ASIC Class Order 14/1000; or
- (ii) the offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 14/1000,

the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.

(c) **Issue of Shares**

Shares issued under the Directors’ Share Plan will rank equally in all respects with the then issued class of fully paid ordinary shares of the Company.

The Company will issue Shares under the Directors’ Share Plan on a quarterly basis, being 31 March, 30 June, 30 September and 31 December each year (**Quarter**).

The issue of Shares under the Directors’ Share Plan will be deemed to satisfy the relevant fees or salary owing by the Company to the Eligible Participant.

Shares issued to an Eligible Participant under the Directors’ Share Plan will have no restrictions on their transfer.

(d) **Deemed issue price of Shares**

The Shares issued pursuant to the Directors’ Share Plan will be issued for nil cash consideration as they will be issued in satisfaction of fees and salary owing by the Company to the Eligible Participant. The Shares will be deemed to have an issue price as determined by the Board at the time of issue of the Shares but such deemed issue price will be no less than the VWAP of Shares sold on ASX during the 90 days prior to the expiration of the relevant Quarter.

(e) **Shareholder Approval**

All Shares issued pursuant to the Directors’ Share Plan will be subject to prior Shareholder approval under the Listing Rules and the Corporations Act (if required).

(f) **Amendments**

Subject to the Listing Rules, the Board may at any time by resolution amend all or any of the provisions of the Directors’ Share Plan, or the terms or conditions of any Shares issued under the Directors’ Share Plan, provided that as soon as reasonably practicable after making any amendment, the Board gives notice in writing of that amendment to any Eligible Participant affected by the amendment.

(g) **Non-residents of Australia**

The Board may adopt additional rules of the Directors’ Share Plan applicable in any jurisdiction outside Australia under which rights offered under the Directors’ Share Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Eligible Participant or to the Company in relation to the rights. Any additional rule must conform to the basic principles of the Directors’ Share Plan.



ADX Energy Ltd
ABN 50 009 058 646

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

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

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

For all enquiries call:
(within Australia) 1300 798 297
(outside Australia) +61 3 9415 4828

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (WST) Wednesday, 23 May 2018

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

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

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of ADX Energy Ltd hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of ADX Energy Ltd to be held at Level 2, Suite 14, 210 Bagot Road, Subiaco, Western Australia on Friday, 25 May 2018 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4-13 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4-13 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4-13 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Director Options – Mr Philip Haydn-Slater	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Philip Haydn-Slater as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Issue of Shares (Salary Sacrifice) to Director – Mr Ian Tchacos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Ian Tchacos as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Issue of Shares (Salary Sacrifice) to Director – Mr Paul Fink	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Increase the Maximum Aggregate Fees payable to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Issue of Shares (Salary Sacrifice) to Director – Mr Andrew Childs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of Performance Rights and Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12	Issue of Shares (Salary Sacrifice) to Director – Mr Robert Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Director Options in Lieu of Consulting Fees – Mr Ian Tchacos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13	Issue of Shares (Salary Sacrifice) to Director – Mr Philip Haydn-Slater	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Director Options in Lieu of Consulting Fees – Mr Paul Fink	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 14	Approval of 10% Placement Capacity - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

 / /

Date

ADX

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