



**XCD Energy Limited
ACN 108 403 425**

Prospectus

This Prospectus is being issued for:

- an offer of up to 17,500,000 Broker Options each exercisable at \$0.02 on or before 30 November 2022 (**Offer**); and
- for the purposes of 708A(11) of the Corporations Act, to remove trading restrictions on the sale of Placement Options.

The Offer closes at 5pm on 19 February 2020 (WST).*

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay.

The Broker Options offered in connection with this Prospectus should be considered as speculative nature.

*The Company reserves the right, subject to the Corporations Act and Listing Rules to extend the Closing Date for the Offer.

Important Information

This Prospectus is dated 5 February 2020 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Broker Options will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Company will apply for Quotation by ASX of the Broker Options offered by this Prospectus and the Placement Options.

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 1, 35 Outram Street, West Perth, Western Australia during normal business hours.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offer contemplated in this Prospectus are only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for Broker Options will only be accepted on an Application Form attached to, or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Broker Options under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Broker Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This Prospectus is important and should be read in its entirety before deciding to participate in the Offer. This does not take account the investment objectives, financial or taxation or particular needs of any Applicant. The Broker Options offered by this Prospectus should be considered speculative. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 3.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to WST unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

Corporate Directory

Directors

Dougal Ferguson Managing Director
Peter Stickland Non-Executive Chairman
Tony Walsh Non-Executive Director

Company Secretary

Arron Canicais

Share Registry*

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace,
Perth WA 6000
Telephone: 1300 850 505 (within Australia)
Telephone: +61 3 9415 4000 (outside Australia)

Registered and Principal Office

Level 1, 35 Outram Street,
West Perth, WA 6005
Telephone: 61 8 9381 4975
Email: info@xcdenergy.com
Website: www.xcdenergy.com.au

Auditor*

Stantons International
Level 2/1 Walker Avenue,
West Perth WA 6005

Solicitors

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

ASX Codes

Shares: XCD
Proposed code for Quoted Options: XCDOA

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Indicative Timetable

Event	Date*
Lodgement of Prospectus with ASIC	5 February 2020
Lodgement of Appendix 3B and Prospectus with ASX	5 February 2020
Opening Date of Offer	5 February 2020
Intended date of issue of Broker Options	19 February 2020
Lodgement of Appendix 2A	19 February 2020
Closing Date of Offer	5pm WST on 19 February 2020
Normal trading in Quoted Options	20 February 2020

* These dates are indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.

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Investment Overview

This Section is intended to highlight key information for potential investors and shareholders. It is an overview only, and is not intended to replace the Prospectus. Shareholders and investors should read the Prospectus in full.

Key Information	Further Information
<p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of Broker Options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p>	Section 4.4
<p>Risk factors</p> <p>Potential investors and Shareholders should be aware that the issue of Broker Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 3, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> • Exercise price of Broker Options: There is no guarantee the Broker Options will trade on the ASX or that there will be a liquid market for the Broker Options. If Broker Options are exercised, there is no guarantee that Shares issued on exercise of those Broker Options will trade above the exercise price paid for those Shares. • Future capital requirements: The Company has no operating revenue and is unlikely to generate any revenue unless and until the Company's Alaskan Leases are sold, farmed out with some cash consideration or developed after which production may commence. The future capital requirements of the Company will depend on many factors including its exploration strategy and business development activities. The Company believes its available cash should be adequate to fund its business development activities, exploration program and other Company objectives in the short term. <p>In order to successfully develop the its leases and for production to commence, the Company will require further equity or debt financing. Additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.</p> <p>No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a</p>	Section 3

Key Information	Further Information
<p>material adverse effect on the Company's activities including resulting in the Company's Alaskan Leases being subject to forfeiture, and could affect the Company's ability to continue as a going concern.</p> <ul style="list-style-type: none"> <p>Exploration and recovery risk: The business of hydrocarbon exploration and development involves a significant degree of risk, which even with a combination of experience, knowledge and careful evaluation may not be able to be overcome. High risk and substantial expense can be incurred without the requisite or expected degree of reward. The Company depends on factors that include successful exploration and the establishment of petroleum resources and reserves. There is no assurance that exploration expenditure will result in discoveries of oil or gas that can be commercially or economically exploited since exploration is inherently a speculative endeavour.</p> 	
<p>Offer</p> <p>The Offer is for up to 17,500,000 Broker Options each exercisable at \$0.02 on or before 30 November 2022 (Offer) on the terms and conditions set out in Section 4.1.</p> <p>No funds will be raised as a result of the Offer.</p>	Section 1.1
<p>Offer participants</p> <p>The Offer is made only to the Brokers (Nascent Capital Partners (or their nominees) and Originate Capital (or their nominees) as consideration for services provided in connection with the Placement.</p>	Sections 1.1 and 1.10
<p>Use of funds</p> <p>Nil funds will be raised as a result of the Offer.</p> <p>The Company will receive \$0.02 for each Broker Option exercised. If all Broker Options are issued and exercised, the Company will receive approximately \$350,000 (before costs). There is no certainty that any Broker Options will be exercised, and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period. It is currently intended that any funds raised by the exercise of the Broker Options will be used towards continued development on the Company's Project Peregrine and for working capital.</p>	Section 2.3
<p>Effect on control of the Company</p> <p>The Offer will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offer or upon exercise of the Broker Options or Placement Options.</p>	Section 2.2
<p>Indicative capital structure and pro forma balance sheet</p>	Section 2.1

The indicative capital structure upon completion of the Offer is set out below:

	Shares	Quoted Options	Unquoted Options	Performance Rights
As at date of Prospectus	699,728,934 ¹	-	126,000,000 ²	20,000,000 ³
To be issued pursuant to the Offer	-	17,500,000 ⁴	-	-
Unquoted Options to be quoted	-	100,000,000 ⁵	(100,000,000)	-
Total	699,728,934	117,500,000	26,000,000	20,000,000

Notes:

1. This includes:
 - (a) 18,285,047 Shares subject to a restriction agreement until 30 April 2020;
 - (b) 5,000,000 Shares subject to a restriction agreement until 31 March 2020; and
 - (c) 5,000,000 Shares subject to a restriction agreement until 30 June 2020.
2. Comprised of:
 - (a) 10,000,000 Options exercisable at \$0.04 on or before 31 March 2020;
 - (b) 3,000,000 Options exercisable at \$0.048 on or before 28 November 2020;
 - (c) 3,000,000 Options exercisable at \$0.072 on or before 28 November 2020;
 - (d) 3,000,000 Options exercisable at \$0.096 on or before 28 November 2020;
 - (e) 1,000,000 Options exercisable at \$0.048 on or before 4 December 2021;
 - (f) 1,000,000 Options exercisable at \$0.072 on or before 4 December 2021;
 - (g) 1,000,000 Options exercisable at \$0.096 on or before 4 December 2021;
 - (h) 4,000,000 Options exercisable at \$0.048 on or before 4 December 2021; and
 - (i) 100,000,000 Placement Options exercisable at \$0.02 each on or before 30 November 2022.
3. Class A, B, C and D Performance Rights with terms and milestones as set out in the Company's notice of meeting dated 2 July 2019.
4. Up to 17,500,000 Broker Options will be issued in accordance with the timetable set out at the commencement of this Prospectus. Contemporaneously with this Prospectus an application has been made to ASX for the Broker Options to be quoted on the ASX (ASX: XCDOA). If ASX does not give permission for quotation of the Broker Options within 3 months after the date of this Prospectus (or a later

Key Information	Further Information																
<p>date permitted by ASIC), all Broker Options issued will be void in accordance with section 723 Corporations Act.</p> <p>5. As disclosed in the Company's ASX announcement dated 23 October 2019 and notice of meeting dated 29 October 2019, the Company may apply for Quotation of the Placement Options (which share the same terms as the Broker Options) (Note 1(i) above) at the same time and together with an application for Quotation of the Broker Options. These Placement Options are also intended to be quoted under the ASX Code XCDOA.</p> <p>The indicative pro-forma balance sheet showing the effect of the Offer is in Section 2.4.</p>																	
<p>Directors Interests</p> <p>The relevant interest of each of the Directors in Securities as at the date of this Prospectus is set out in the table below:</p> <table border="1" data-bbox="205 840 1155 1151"> <thead> <tr> <th data-bbox="209 844 459 945">Name</th> <th data-bbox="459 844 692 945">Shares</th> <th data-bbox="692 844 888 945">Unquoted Options</th> <th data-bbox="888 844 1152 945">Performance Rights</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 945 459 1014">Dougal Ferguson</td> <td data-bbox="459 945 692 1014">16,625,658¹</td> <td data-bbox="692 945 888 1014">5,750,000²</td> <td data-bbox="888 945 1152 1014">20,000,000</td> </tr> <tr> <td data-bbox="209 1014 459 1084">Peter Stickland</td> <td data-bbox="459 1014 692 1084">4,800,000</td> <td data-bbox="692 1014 888 1084">4,000,000³</td> <td data-bbox="888 1014 1152 1084">-</td> </tr> <tr> <td data-bbox="209 1084 459 1151">Tony Walsh</td> <td data-bbox="459 1084 692 1151">2,500,000</td> <td data-bbox="692 1084 888 1151">3,750,000⁴</td> <td data-bbox="888 1084 1152 1151">-</td> </tr> </tbody> </table> <p>Note:</p> <ol style="list-style-type: none"> 1. Including 7,875,658 subject to a restriction agreement until 30 April 2020. 2. This is comprised of: <ol style="list-style-type: none"> (a) 3,250,000 Options exercisable at \$0.04 per Share on or before 31 March 2020; and (b) 2,500,000 Placement Options for which the Company intends to seek Quotation at the same time and together with the application for Quotation of the Broker Options. 3. This is comprised of: <ol style="list-style-type: none"> (a) 1,000,000 Options exercisable at \$0.048 on or before 4 December 2021; (b) 1,000,000 Options exercisable at \$0.072 on or before 4 December 2021; (c) 1,000,000 Options exercisable at \$0.096 on or before 4 December 2021; (d) 1,000,000 Placement Options for which the Company intends to seek Quotation at the same time and together with the application for Quotation of the Broker Options. 4. This is comprised of: <ol style="list-style-type: none"> (a) 1,000,000 Options exercisable at \$0.048 on or before 4 December 2021; (b) 1,000,000 Options exercisable at \$0.072 on or before 4 December 2021; 	Name	Shares	Unquoted Options	Performance Rights	Dougal Ferguson	16,625,658 ¹	5,750,000 ²	20,000,000	Peter Stickland	4,800,000	4,000,000 ³	-	Tony Walsh	2,500,000	3,750,000 ⁴	-	Section 4.9
Name	Shares	Unquoted Options	Performance Rights														
Dougal Ferguson	16,625,658 ¹	5,750,000 ²	20,000,000														
Peter Stickland	4,800,000	4,000,000 ³	-														
Tony Walsh	2,500,000	3,750,000 ⁴	-														

Key Information	Further Information
<p>(c) 1,000,000 Options exercisable at \$0.096 on or before 4 December 2021;</p> <p>(d) 750,000 Placement Options for which the Company intends to seek Quotation at the same time and together with the application for Quotation of the Broker Options.</p>	
<p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', 'anticipates' or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 3.</p>	<p>Important Information and Section 3</p>

1. **Details of the Offer**

1.1 **The Offer**

The Offer is for up to 17,500,000 Quoted Options each exercisable at \$0.02 on or before 30 November 2022. (**Broker Options**), (**Offer**).

No funds will be raised as a result of the Offer, as the Broker Options are being offered as consideration for broker services provided in connection with the Placement.

All of the Broker Options offered under this Prospectus will be issued on the terms and conditions set out in Section 4.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Broker Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.2 of this Prospectus. The Company will apply for quotation of the Broker Options (see Section 1.8).

Details of the effect of the Offer are set out in Section 2.

1.2 **Minimum Subscription**

There is no minimum subscription.

1.3 **Previous issue of Placement Options**

On 23 October 2019, the Company announced it had received commitments to raise \$2 million (before costs) by way of a two tranche placement to sophisticated and professional investors (**Placement**).

On 4 November 2019, and 11 December 2019, the Company issued an aggregate of 100,000,000 free-attaching Options at a ratio of 1 Option for every 2 Shares subscribed for under the Placement, exercisable at \$0.02 each on or before 30 November 2022 to sophisticated and professional investors (**Placement Options**).

As announced on 23 October 2019, the terms of the Placement Options set out that the Placement Options were to be unquoted, unless and until the Company sought to apply for quotation of the Placement Options.

1.4 **Additional purpose of this Prospectus**

A secondary purpose of this Prospectus is to meet the requirements of section 708A(11) of the Corporations Act so that any trading restrictions on the Placement Options may be removed.

Generally, section 707(3) of the Corporations Act requires a prospectus to be issued if securities are offered for sale within 12 months from their issue and the issue of those securities was made without disclosure (for example under a prospectus) to investors under Chapter 6D of the Corporations Act.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5).

Section 708A(11) of the Corporation Act provides another exemption from this general requirement, and accordingly, a sale offer does not need disclosure to investor if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

As mentioned above, a secondary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act and to relieve the holders of the Placement Options from the obligation to issue a prospectus if they wish to sell those Placement Options within 12 months of issue.

1.5 **Closing Dates**

The Closing Date for the Offer is 19 February 2020. All applications must be received by the Company by no later than 5pm WST on this date.

The Company reserves the right, subject to the Corporations Act and the Listing Rules to vary the Closing Date without prior notice.

1.6 **Escrow arrangements**

The Broker Options are subject to a 6 month voluntary escrow period from the date of issue.

During this period, the Broker Options are prohibited from being transferred and trading in Quoted Options may be less liquid, which may impact on the ability of a Quoted Option holder from disposing of their Quoted Options in a timely manner.

1.7 **Issue**

Broker Options issued pursuant to the Offer will be issued in accordance with the timetable set out on page iii of this Prospectus.

Holding statements for Broker Options issued under the Offer will be mailed in accordance with the timetable set out on page iii of this Prospectus as soon as practicable after their issue.

1.8 **ASX Quotation**

Application for Quotation of the Broker Options offered pursuant to this Prospectus and the Placement Options (see Section 1.3) will be made in accordance with the timetable set out on page iii of this Prospectus. The Broker Options will be issued in accordance with this timetable, however they will remain unquoted until such time as the Company satisfied the quotation requirements. The Company anticipates that quotation will occur soon after issue.

The Broker Options will only be admitted to Quotation by ASX if the conditions for quotation of a new class of securities are satisfied (which include, amongst other things, there being a minimum of 100,000 quoted options on issue, with at least 50 holders with a marketable parcel (within the meaning of the Listing Rules)).

If ASX does not grant Quotation of the Broker Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC) any Broker Options issued will be void in accordance with section 723 of the Corporations Act.

The fact that ASX may grant Quotation to the Broker Options is not to be taken in any way as an indication of the merits of the Company or the Broker Options now offered. ASX takes no responsibility for the contents of this Prospectus.

1.9 **CHESS**

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, investors will not receive a certificate but will receive a statement of their holding of Broker Options.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Broker Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Broker Options, including a notice to exercise the Broker Options.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by the Share Registry and will contain the number of Broker Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.10 **Overseas Shareholders**

This Prospectus does not, and is not intended to, constitute an offer of Broker Options in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Broker Options may not be offered or sold, in any country outside Australia where it would be unlawful to do so.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe such restrictions may constitute a violation of applicable securities laws.

1.11 Risk factors

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 3.

1.12 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Broker Options.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to investors. As a result, investors should consult their professional tax adviser in connection with subscribing for Broker Options.

1.13 Major activities and financial information

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2019, can be found in the Company's Annual Report announced on ASX on 30 October 2019 and, for the half-year ended 31 December 2018, the Half Year Accounts announced on ASX on 15 March 2019. The Company's continuous disclosure notices, being the Company's ASX announcements, since 30 October 2019 are listed in Section 4.5.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that investors review these and all other announcements.

1.14 Application Forms

The Offer is only being extended to the Brokers and is not open to the general public. The Company may determine in its discretion whether to accept any or all Applications received.

Applications must be made using the Application Form attached to this Prospectus. No payment is required as the Broker Options are being issued as consideration for services provided to the Company in connection with the Placement.

Completed Application Forms must be received by the Company prior to the Closing Date. Application Forms should be delivered to the Company in accordance with the instructions on the Application Form.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Broker Options accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of the Broker Options under the Offer.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

The Company will make this Prospectus and Application Form electronically available to the Brokers.

By completing and returning the Application Form you will be deemed to have represented that you are a Broker. In addition, you will also be deemed to have represented and warranted

on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the Broker Options to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (e) declare that you have a registered address in Australia;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Broker Options are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the Broker Options have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia.

1.15 **Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for the purposes of the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

An Applicant has an entitlement to gain access to, correct and update the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

1.16 **Enquiries concerning Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 9481 3188.

For general shareholder enquiries, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

2. Effect of the Offer

2.1 Capital structure on completion of the Offer

Assuming that no existing Options are exercised, or Performance Rights converted into Shares before the Record Date, the effect of the Offer on the Company's issued capital upon completion of the Offer is shown in the following table.

	Shares	Quoted Options	Unquoted Options	Performance Rights
As at date of Prospectus	699,728,934 ¹	-	126,000,000 ²	20,000,000 ³
To be issued pursuant to the Offer	-	17,500,000 ⁴	-	-
Unquoted Options to be quoted	-	100,000,000 ⁵	(100,000,000)	-
Total	699,728,934	117,500,000	26,000,000	20,000,000

Notes:

1. This includes:
 - a. 18,285,047 Shares subject to a restriction agreement until 30 April 2020;
 - b. 5,000,000 Shares subject to a restriction agreement until 31 March 2020; and
 - c. 5,000,000 Shares subject to a restriction agreement until 30 June 2020.
2. Comprised of:
 - a. 10,000,000 Options exercisable at \$0.04 on or before 31 March 2020;
 - b. 3,000,000 Options exercisable at \$0.048 on or before 28 November 2020;
 - c. 3,000,000 Options exercisable at \$0.072 on or before 28 November 2020;
 - d. 3,000,000 Options exercisable at \$0.096 on or before 28 November 2020;
 - e. 1,000,000 Options exercisable at \$0.048 on or before 4 December 2021;
 - f. 1,000,000 Options exercisable at \$0.072 on or before 4 December 2021;
 - g. 1,000,000 Options exercisable at \$0.096 on or before 4 December 2021;
 - h. 4,000,000 Options exercisable at \$0.048 on or before 4 December 2021; and
 - i. 100,000,000 Placement Options exercisable at \$0.02 each on or before 30 November 2022.
3. Class A, B, C and D Performance Rights with terms and milestones as set out in the Company's notice of meeting dated 2 July 2019.
4. Up to 17,500,000 Broker Options will be issued in accordance with the timetable set out at the commencement of this Prospectus. Contemporaneously with this Prospectus an application has been made to ASX for the Broker Options to be quoted on the ASX (ASX: XCDOA). If ASX does not give permission for quotation of the Broker Options within 3 months after the date of this Prospectus (or a later

date permitted by ASIC), all Broker Options issued will be void in accordance with section 723 Corporations Act.

5. As disclosed in the Company's ASX announcement dated 23 October 2019 and Notice of Meeting dated 29 October 2019, the Company may apply for Quotation of the Placement Options (which share the same terms as the Broker Options) (Note 1(i) above) at the same time and together with an application for Quotation of the Broker Options. These Placement Options are also intended to be quoted under the ASX Code XCDOA.

2.2 Substantial Holders

As at that date of this Prospectus there are no persons who have a relevant interest in 5% of more of the Shares on issue in the Company.

The Offer will have no effect on the quantity of Shares held by existing Shareholders as only Broker Options are being issued.

The Offer will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offer or upon exercise of the Broker Options or Placement Options.

2.3 Use of funds

Nil funds will be raised as a result of the Offer.

The Company will receive \$0.02 for each Broker Option exercised. If all Broker Options are issued and exercised, the Company will receive approximately \$350,000. There is no certainty that any Broker Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period. It is currently intended that any funds raised by the exercise of the Broker Options will be used towards continued development on the Company's Project Peregrine and for working capital.

Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and Share Registry fees, legal, tax and audit fees, insurance and travel costs and payment of creditors or other liabilities. The Company notes there are extra costs associated with the Broker Options. Upon each exercise of Broker Options, the Company must lodge an Appendix 2A with the ASX and will, accordingly, incur further costs in this regard.

The application of funds will depend on when Broker Options are exercised and the status of the Company's projects and requirements at the relevant time.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

2.4 Effect on Balance Sheet

Set out below is:

- (a) the audited consolidated statement of financial position of the Company as at 30 June 2019 (**Balance Date**);
- (b) the unaudited significant changes since the Balance Date;

- (c) the unaudited effects of the Offers; and
- (d) the unaudited pro-forma statement of financial position of the Company at the Balance Date adjusted to reflect paragraphs 2.4(b) and 2.4(c) and the Offer.

The statements of financial position have been prepared to provide investors with information on the assets and liabilities of the Company as noted below. The historical and pro forma disclosures required by the Australian Accounting Standards applicable to manual financial statements.

	Audited	Pro Forma	Effect of Offer	Pro Forma
	30-Jun-19	Adjustment		30-Jun-19
	\$	\$		\$
Current Assets				
Cash and cash equivalents	1,624,016	1,119,000	-	2,743,016
Trade and other receivables	75,090	100,000	-	175,090
Total Current assets	1,699,106	1,219,000	-	2,918,106
Non-Current Assets				
Plant and equipment	16,993	-	-	16,993
Capitalised exploration expenditure	3,809,479	345,000	-	4,154,479
Other receivable	426,821	-	-	426,821
Total Non-Current Assets	4,253,293	345,000	-	4,598,293
TOTAL ASSETS	5,952,399	1,564,000	-	7,516,399
Current Liabilities				
Trade and other payables	134,409	-	35,706	170,115
Provisions	7,344	-	-	7,344
Total Current Liabilities	141,753	-	35,706	177,459
TOTAL LIABILITIES	141,753	-	35,706	177,459
NET ASSETS	5,810,646	1,564,000	35,706	7,338,940
EQUITY				
Issued Capital	65,259,579	1,995,000	(87,500)	67,167,079
Reserves	18,806,019	-	87,500	18,893,519
Accumulated losses	(78,254,952)	(431,000)	(35,706)	(78,721,658)
TOTAL EQUITY	5,810,646	1,564,000	(35,706)	7,338,940

The pro forma statement of financial position has been prepared on the basis that the assets and liabilities of the Company have not been subject to any material changes between 30 June 2019 and the Offer except for:

- (a) the issue of 200,000,000 Shares at \$0.01 and 100,000,000 free-attaching Placement Options each to raise approximately \$2 million, under the Placement over 4 November 2019 and 11 December 2019;
- (b) the issue of 10,000,000 Shares in lieu of fees payable to an adviser for providing marketing and consultancy services to the Company;
- (c) the payment of a 20% non-refundable deposit of US\$51,992 for the acquisition of four new Alaskan Leases;
- (d) movements in working capital from transactions incurred in the normal course of business including corporate costs and general working capital; and
- (e) the Offer.

2.5 **Market price of Shares**

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Lowest: \$0.009 on 4, 16, 17 and 18 December 2019; and

Highest: \$0.015 on 21 January 2020.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.010.

3. Risk Factors

As with any investment in securities, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company but should not be taken as an exhaustive list of the potential risk factors to which the Company and its security holders are exposed. Security holders and potential investors should read the entire Prospectus and consider consulting their professional advisers.

The Directors consider that the following summary represents some of the major risk factors which security holders and potential investors need to be aware of in evaluating the Company's business and risks of investing in the Company. Security holders and potential investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.1 Risks specific to the Offer

- (a) **Exercise price of Broker Options:** There is no guarantee the Broker Options will trade on the ASX or that there will be a liquid market for the Broker Options. If the Broker Options are exercised, there is no guarantee that Shares issued on exercise of those Broker Options will trade above the exercise price paid for those Shares.

3.2 Risks specific to the Company

- (a) **Commodity price volatility risk**

It is anticipated that any future revenues of the Company, other than sales of assets, will be derived from the sale of oil and/or natural gas. The demand for, and price of, oil and natural gas is dependent on a variety of factors beyond the control of the Company, including supply levels of the product, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

The market price of hydrocarbon products is volatile and outside the control of the Company. Oil and gas prices have fluctuated widely in recent years. If the price of hydrocarbons should drop significantly and remain depressed, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may exist for their sale.

The marketability of hydrocarbons is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted. Restrictions on the Company's ability to market production from projects that the Company has an interest in may have a material adverse effect on the Company's overall financial performance.

(b) **Future capital requirements**

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Company's Alaskan Leases are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash should be adequate to fund its business development activities, exploration program and other Company objectives in the short term.

In order to successfully develop its leases and for production to commence, the Company will require further financing in the future. Additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the Company's leases being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

(c) **Exploration and recovery risk**

The business of hydrocarbon exploration and development involves a significant degree of risk, which even with a combination of experience, knowledge and careful evaluation may not be able to be overcome. High risk and substantial expense can be incurred without the requisite or expected degree of reward. The Company depends on factors that include successful exploration and the establishment of petroleum resources and reserves. There is no assurance that exploration expenditure will result in discoveries of oil or gas that can be commercially or economically exploited since exploration is inherently a speculative endeavour.

(d) **Ability to exploit successful discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. The infrastructure requirements around a successful discovery may also impact on the exploitation of a discovery. Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the Company. As described above, such work may require the Company to meet or commit to financing obligations for which it may have not planned.

(e) **Hydrocarbon resource estimates**

Hydrocarbon resource estimates are expressions of judgment based on knowledge, experience, interpretation and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the Company encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, then resource estimates may have to be adjusted and production plans may have to be altered in a way which could adversely affect the Company's operations. Where possible, the Company will seek to have any such estimates verified or produced by an independent party with sufficient expertise in their chosen field.

(f) **Rehabilitation Claims Risk**

During the year ended 30 June 2019, the Company deregistered its US subsidiary, Entek GRB LLC. The deregistration resulted in several security bonds being forfeited. These security bonds were originally put in place by Entek GRB LLC to cover any rehabilitation costs associated with the assets of Entek GRB LLC.

The Board believes that agreements made by Entek GRB LLC as part of the deregistration process relieves the Company of any further liability. However, there is a risk that a claim will be made for rehabilitation costs that is not covered by these agreements. At this stage it is not possible to quantify an amount of any potential claim. A claim made against the Company could have a material adverse effect on its financial position.

(g) **Operational Risks**

The business of hydrocarbon exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success, particularly given the Company's leases are located in northern Alaska, which is remote, Arctic and is an environmentally sensitive area with limited existing oil and gas infrastructure in and around the Company's leases. Ultimate and continuous success of these activities is dependent on, among other things:

- (i) the discovery or acquisition of economically recoverable reserves;
- (ii) access to adequate capital for project development;
- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to hydrocarbon interests;
- (v) obtaining consents and approvals necessary for the conduct of hydrocarbon exploration, development and production;
- (vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and

- (vii) operational and technical factors that may be encountered in drilling and producing hydrocarbons.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and the establishment of production facilities. There is no assurance that any exploration on current or future interests will result in the discovery of an economic hydrocarbon project. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(h) **Compliance Risk**

Oil and gas exploration permits are subject to periodic review and renewal.

The Company's exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents. The grant or maintenance of licences and obtaining renewals often depends on the Company being successful in obtaining the required regulatory approvals for its proposed activities.

In particular, there is no guarantee that applications for future exploration permits or production permits will be approved. Government authorities' review, renewal and transfer conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the permits comprising the Company's projects. The imposition of new conditions or the inability to meet conditions may adversely affect the operations, financial positions and/or performance of the Company.

(i) **Infrastructure access**

The Company's future performance is likely to be impacted by its ability to access infrastructure, including various equipment and facilities required for the production, processing and commercialisation of the Company's assets and product transportation routes, including access to pipelines and associated infrastructure. The ability of the Company to access infrastructure economically or at all is largely outside of the control of the Company and therefore may have an adverse impact on the Company's future performance. Further, there can be no guarantees that the Company will have continued access to the infrastructure needed for the Company's activities or that such infrastructure will not be subject to unexpected issues which could adversely effect the operations and financial performance of the Company.

(j) **Country risk**

The Company holds assets located in the United States and may acquire assets in other foreign countries in the future. There are risks associated with exploration and mining activities and investments generally in foreign countries that may adversely affect the business, costs, expenditure and profitability of the Company. These risks include:

- (i) changes in foreign country government, government policies, regulatory regime, economic change, civil instability, attitudes towards foreigners or their businesses in their country;
- (ii) land access and environmental regulation may be adverse or beneficial; and

- (iii) the applicable legal regime including investment into, and repatriation of revenue out of, the foreign country.

(k) **Regulation**

Oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, the Company is unable to predict the future cost or impact of complying with such laws.

Permits are required in some of the areas in which the Company operates for drilling operations, drilling bonds and the filing of reports concerning operations and other requirements are imposed relating to the exploration and production of oil and gas. The Company will be required to comply with various federal and state regulations regarding plugging and abandonment of oil and natural gas wells, which will impose a substantial rehabilitation obligation on the Company, which may have a material adverse effect on the Company's financial performance.

(l) **Environmental risk**

The Company's activities are subject to the environmental risks inherent in the hydrocarbon industry. The Company is subject to environmental laws and regulations in connection with operations it may pursue in the hydrocarbon industry. The Company conducts its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability. Further, the Company may require approval from the relevant authorities before it can undertake activities likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(m) **Claims by indigenous inhabitants**

The oil and gas assets of the Company may be subject to land claims by indigenous people. Should this occur and be successful, the Company's ability to conduct exploration and/or development and production activities may be affected, which may have a material adverse effect on the Company's financial performance and the price at which its Shares trade. The legal nature of indigenous land claims is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the properties leased or owned by the Company cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of indigenous rights in the area in which the properties leased or purchased by the Company are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with indigenous people in order to facilitate exploration and development work on the properties leased or owned by the Company.

(n) **Insurance**

Exploration, development and production operations on oil and gas properties involve a number of risks and hazards which are beyond the control of the Company including unexpected or unusual geological conditions, environmental hazards, technical and equipment failures, extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of key personnel, labour, consumables or parts and equipment, fire, explosions and other incidents. It is not always possible to insure against all such risks or the Company may decide not to insure against certain risks because of high premiums or other reasons. Although the Company will have insurance in place at levels considered appropriate for its operations and in accordance with industry practice, in certain circumstances the Company's insurance may not cover, or be adequate to cover, the consequence of such events which could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's Shares.

(o) **Loss of key management personnel**

The Company's success largely depends upon key management personnel for the management of the Company as well as upon other management and technical personnel for the daily operation of the Company. Consequently, there is a possibility that the Company will be adversely affected, particularly in respect of the rate at which its exploration programs and tenements are developed or prioritised, if one or more of the key management personnel cease their employment.

(p) **Competition**

The Company operates in a competitive and dynamic market. The Company will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities and respond to the introduction of new technologies or technological advancements relating to drilling or other relevant operations (common in the oil and gas industry).

Many of the Company's competitors not only explore for and produce oil and gas, but also carry out refining operations and market petroleum and other products on a worldwide basis. There can be no assurance that the Company will compete effectively with these companies and other industry participants and thereby be successful in acquiring additional oil and gas properties on reasonable commercial terms.

(q) **Litigation Risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

3.3 **General risks**

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may

be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) **Economic Risks**

General economic conditions, movements in commodity prices, interest and inflation rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry or the base metals sector within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(b) **Security risk**

The business of the Company may be materially impacted by breaches of security, on-site or via technology, either by unauthorised access, theft, destruction, loss of information or release of confidential data. The Company's security measures may not be sufficient to detect or prevent such breaches of security.

(c) **Climate change risk**

Climate change is a risk the Company has considered, particularly related to its operations in the hydrocarbon industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks

associated with climate change may significantly change the industry in which the Company operates.

3.4 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Broker Options offered under this Prospectus.

Therefore, the Broker Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Broker Options.

Shareholders should consider that their investment in the Company is highly speculative and should consult their professional advisers for further advice.

4. Additional information

4.1 Terms and conditions of Options

The terms and conditions of the Broker Options and Placement Options are as follows:

(a) **Entitlement**

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

(b) **Issue Price**

No cash consideration is payable for the issue of the Options.

(c) **Exercise Price**

The Option have an exercise price of \$0.02 per Option (**Exercise Price**).

(d) **Expiry Date**

The Options expire at 5.00pm (WST) on 30 November 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(f) **Quotation of the Options**

The Company will not immediately apply for quotation of the Options on ASX but intends to seek quotation of the Options following the completion of the tranche 2 placement subject to the Listing Rules and Corporations Act. In the event that the Company is unable to successfully apply for quotation of the Options, the Options will remain unquoted.

(g) **Transferability of the Options**

The Options are not transferable, except with the prior written approval of the Company or subject to the Company successfully applying for quotation of the Options.

(h) **Notice of Exercise**

The Options may be exercised 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 exercise in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at 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 exercise in cleared funds (**Exercise Date**).

(i) **Timing of Issue of Shares**

Within 5 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (iii) 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;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (v) 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 the Company is unable to deliver a notice under paragraph (iv) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing 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. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company or until 12 months has elapsed from the date of issue of the Shares, whichever is the shorter.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options will rank equally with the then Shares of the Company.

(k) **Quotation of Shares 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 exercise of the Option in accordance with the Listing Rules.

(l) **Reconstruction of capital**

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

(m) **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.

(n) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

4.2 **Rights and liabilities attaching to Shares**

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) **General meeting and notices**

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. The Constitution does not permit Shareholders to call a general meeting, although Shareholders may call a general meeting in accordance with the provisions of the Corporations Act.

A notice of general meeting must be given in accordance with the Corporations Act and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy, and if a special resolution is to be proposed at the meeting, set out an intention to propose the special resolution and the text of the special resolution.

The quorum for a meeting of the Shareholders is two Shareholders and the quorum must be present at all times during the meeting.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting every Shareholder present in person or by a representative has one vote on a show of hands and every Shareholder present in person or by a representative, proxy or attorney has one vote per Share on a poll. Where there are two or more joint Shareholders and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by

proxy or attorney), the Company will count only the vote cast by the Shareholder whose name appears before the other(s) in the Company's register.

(c) **Alteration of Capital**

Subject to the Constitution, Corporations Act and the Listing Rules, the Company in general meeting may increase, divide, consolidate or reduce its share capital if it complies with the Constitution, Corporations Act and the Listing Rules.

(d) **Variation of Rights**

Subject to the Constitution, Corporations Act, Listing Rules and any applicable voluntary restriction arrangements, if at any time the share capital is divided into different classes of shares, the rights attached to the shares in any class may be altered only by special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors or the ASX.

The Company may decline to register a transfer of Shares in the circumstances described in the Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must give the lodging party written notice of the refusal. The Directors must decline to register a transfer of Shares when required by law, the Constitution, the Listing Rules or the ASX Settlement Rules.

(f) **Dividends**

The Directors, subject to the Constitution, the Corporations Act and the Listing Rules, may determine that a dividend is payable and fix the amount, the time for payment, and the method of payment. The Directors may, before declaring any dividend, set aside out of the profits of the Company, such sums as they think proper as reserves, which may be used in the business of the Company or be invested in such investments as the Directors think fit.

(g) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.3 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.5 below). Copies of all documents announced to the ASX can be found at <http://xcdenergy.com/investors/asx-announcements/>.

4.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2019, being the last financial statements for a financial year of the Company lodged with ASX on 30 October 2019;
- (b) the half year report of the Company for the half year ended 31 December 2018 as lodged with ASX on 15 March 2019; and
- (c) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in Section 4.5(a) above until the date of this Prospectus:

Date lodged	Subject of Announcement
3 February 2020	Quarterly Activities Report
3 February 2020	Quarterly Cashflow Report
21 January 2020	1.6 Billion bbls of Prospective Resource
20 January 2020	Trading Halt
16 December 2019	Additional Alaskan Leases Secured
12 December 2019	Trading Halt

Date lodged	Subject of Announcement
11 December 2019	Change of Director's Interest Notice - AW
11 December 2019	Change of Director's Interest Notice - PS
11 December 2019	Change of Director's Interest Notice - DF
11 December 2019	Cleansing Statement
11 December 2019	Appendix 3B
29 November 2019	Results of Meeting
13 November 2019	Investor Presentation
12 November 2019	Alaskan Based Advisor Appointed
4 November 2019	Cleansing Statement
4 November 2019	Appendix 3B
31 October 2019	Quarterly Activities Report
31 October 2019	Quarterly Cashflow Report
30 October 2019	Appendix 4G and Corporate Governance Statement

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 4.14 and the consents provided by the Directors to the issue of this Prospectus.

4.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

4.7 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Broker Options under this Prospectus.

4.8 ASIC Instruments

The Offer is made pursuant to ASIC Corporations (Exposure Period) Instrument 2016/74 which exempts the Company from complying with section 727(3) of the Corporations Act to

the extent that that section prohibits the Company from issuing Options in the seven-day period after the date of lodgement of the Prospectus with ASIC.

4.9 Interests of Directors

(a) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director (or entity in which they are a partner or director) holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with the formation or promotion of the Company, or the Offer.

It is noted that Mr Dougal Ferguson (a Director) was a director and shareholder of Elixir Energy Limited (previously named Elixir Petroleum Limited), when it sold its Alaskan project to the Company (see ASX announcement dated 15 April 2019). Mr Ferguson's appointment as Managing Director of the Company was a term of this acquisition.

(b) Security holdings

The relevant interests of each of the Directors in Securities as at the date of this Prospectus, are set out below.

Name	Shares	Unquoted Options	Performance Rights
Dougal Ferguson	16,625,658 ¹	5,750,000 ²	20,000,000
Peter Stickland	4,800,000	4,000,000 ³	-
Tony Walsh	2,500,000	3,750,000 ⁴	-

Note:

1. Including 7,875,658 Shares subject to a restriction agreement until 30 April 2020.
2. This is comprised of:
 - (A) 3,250,000 Options exercisable at \$0.04 per share on or before 31 March 2020; and

- (B) 2,500,000 Placement Options for which the Company intends to seek Quotation at the same time and together with the application for Quotation of the Broker Options.
3. This is comprised of:
- (A) 1,000,000 Options exercisable at \$0.048 on or before 4 December 2021;
 - (B) 1,000,000 Options exercisable at \$0.072 on or before 4 December 2021;
 - (C) 1,000,000 Options exercisable at \$0.096 on or before 4 December 2021;
 - (D) 1,000,000 Placement Options for which the Company intends to seek Quotation at the same time and together with the application for Quotation of the Broker Options.
4. This is comprised of:
- (A) 1,000,000 Options exercisable at \$0.048 on or before 4 December 2021;
 - (B) 1,000,000 Options exercisable at \$0.072 on or before 4 December 2021;
 - (C) 1,000,000 Options exercisable at \$0.096 on or before 4 December 2021;
 - (D) This includes 750,000 Placement Options for which the Company intends to seek Quotation at the same time and together with the application for Quotation of the Broker Options.

(c) **Remuneration of Directors**

The Constitution of the Company provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Directors in a general meeting, to be divided among the Directors and in default of agreement then in equal shares. The current maximum total aggregate amount of directors' fees payable to Non-Executive Directors without the approval of holders is set at \$500,000 per annum.

The Company may also pay the Director's travelling, accommodation and other expenses they properly incur.

A Managing Director and Executive Directors are entitled to receive such remuneration as the Directors determine. Their remuneration must not include a commission on or percentage of operating revenue.

As at the date of this Prospectus, the Company has one executive director: Mr Dougal Ferguson.

Mr Ferguson, who is the Company's Managing Director is engaged on the following terms pursuant to an executive services agreement entered into between the Company and Mr Ferguson that commenced 15 April 2019:

- (i) Term: No fixed term.
- (ii) Remuneration:
 - (A) The total annual base salary payable to Mr Ferguson is \$260,000 (including superannuation);

(B) the Company may at the discretion of the Board, pay a bonus of up to 40% of the annual base salary payable; and

(C) Mr Ferguson to be offered participation in the long-term employee incentive plan (20,000,000 Performance Rights have subsequently been issued, on the terms and conditions set out in the notice of meeting dated 2 July 2019).

(iii) Termination

(A) The Company may terminate Mr Ferguson's employment by giving 6 months' notice in writing or 3 months' notice in certain circumstances;

(B) Mr Ferguson may terminate the agreement by giving one months' notice in writing; and

(C) The Company has standard summary termination rights upon the provision of written notice to Mr Ferguson.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years (FY), inclusive of directors fees, consultancy fees, superannuation benefits and share-based payments.

Director	FY ended 30-Jun 2019 (\$)	FY ended 30 Jun 2018 (\$)
Dougal Ferguson ¹	61,510	-
Peter Stickland ²	72,590	-
Tony Walsh ³	40,580	47,228
Mark McAuliffe ⁴	158,667	149,666
Nerida Schmidt ⁵	23,298	26,105
Clare Pope ⁶	-	20,981
Peter Stern ⁷	-	12,231
Howard Dawson ⁸	-	9,333
Graham Riley ⁸	-	5,833
Kim Parsons ⁸	-	5,833

Notes:

1. Mr Ferguson was appointed as Managing Director on 15 April 2019.

2. Mr Stickland was appointed as a Non-Executive Director on 31 August 2018 and as Chairman on 15 April 2019. Springhead Petroleum Pty Ltd a company controlled by Mr Strickland also received \$29,375 for the FY ending 30 June 2019.
3. Mr Walsh was appointed as a Non-Executive Director on 26 July 2017.
4. Mr McAuliffe resigned from the Board on 30 June 2019.
5. Ms Schmidt resigned as a Non-Executive Director and Company Secretary on 1 September 2018. She was also paid \$8,000 in the FY ending 30 June 2019 and \$15,097 in the FY ending 30 June 2018 for corporate secretarial services.
6. Ms Pope resigned as a Non-Executive Director on 7 March 2018.
7. Mr Stern resigned as a Non-Executive Director on 24 November 2017. Metropolis Pty Ltd a Company associated with Mr Stern was paid \$7,500 for consulting services during the FY ending 30 June 2018.
8. Mr Dawson, Mr Riley and Ms Parsons resigned as Directors of the Company on 1 September 2017.

4.10 **Related party transactions**

There are no related party transactions involved in the Offer.

4.11 **Broker Mandates**

On or about the 16 October 2019, the Company entered into a corporate adviser and joint lead manager mandate with Nascent Capital Partners and Originate Capital (**Broker Mandate**).

Pursuant to this Broker Mandate, Nascent Capital Partners were appointed as exclusive corporate advisors and joint lead managers, with duties including:

- (a) advising and co-ordinating investor marketing; and
- (b) managing the equity raising process for the Placement.

As consideration for the services set out in Section 4.11(a) and 4.11(b), the Company must pay and issue:

- (a) \$3,000 per month each to Nascent Capital Partners & Originate Capital for a period of 6 months commencing on the date the funds are received under the Placement;
- (b) a fee of 6% of the funds raised under the Placement; and
- (c) a success fee of Broker Options equal in number to 10% of the total Shares issued in any capital raise (excluding shares subscribed for under the chairman's list) subject to a 6 month escrow period from issue.

The Broker Mandate terminates 6 months after capital is raised by the Company and/or by agreement of both parties in writing, unless extended at the option of the Company.

The Company must offer the Brokers the lead role in any further equity capital raising within 12 months of completion of the Placement, subject to competitive terms at that time.

The Broker Mandate contains other terms usual for agreements of this nature.

4.12 **Interests of other persons**

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Broker Options offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Broker Options offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Broker Options offered under this Prospectus.

HWL Ebsworth Lawyers will be paid approximately \$15,000 (plus GST) in fees for legal services in connection with the Offer.

Computershare Investor Services Pty Ltd has been appointed to conduct the Company's share registry functions and will provide administrative services in respect of this Offer, and will be paid for these services on standard industry terms and conditions.

4.13 **Expenses of Offer**

The estimated expenses of the Offer are as follows:

Estimated expenses of the Entitlement Offer	\$
ASIC lodgement fee	3,206
ASX quotation fee	10,000
Legal and preparation expenses	15,000
Printing, mailing and other expenses	7,500
Total	\$35,706

4.14 **Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

HWL Ebsworth Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus. HWL Ebsworth Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

5. **Directors' Statement and Consent**

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'Peter Stickland', with a stylized flourish at the end.

Peter Stickland
Non-Executive Chairman

Dated: 5 February 2020

6. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$	means Australian dollars.
Applicant	means a person who submits an Application Form.
Application Form	means an application form provided by the Company with a copy of this Prospectus.
Alaskan Leases	means the Company's leases within the National Petroleum Reserve of Alaska, covering an area of approximately 195,000 acres (as detailed in the Company's annual report dated 30 October 2019 and announcement dated 16 December 2019).
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
ASX Settlement	means ASX Settlement Pty Limited ACN 008 504 532.
ASX Settlement Operating Rules	means ASX Settlement Operating Rules of ASX Settlement.
Board	means the Directors meeting as a board.
Broker	means Nascent Capital Partners (or their nominees) and Originate Capital (or their nominees).
Broker Mandate	has the meaning given in Section 4.11.
Broker Option	has the meaning given in Section 1.1.
Business Day	means Monday to Friday inclusive, other than a day that ASX declares is not a business day.
CHESS	means ASX Clearing House Electronic Subregistry System.
Closing Date	has the meaning given on page iii of timetable contained in this Prospectus.
Company	means XCD Energy Limited (ACN 108 403 425).
Constitution	means the constitution of the Company as at the date of this Prospectus.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors	mean the directors of the Company as at the date of this Prospectus.

Elixir Energy Limited	means Elixir Energy Limited ACN 108 230 995.
Exercise Date	has the meaning given in Section 4.1(h).
Exercise Price	has the meaning given in Section 4.1(c).
Expiry Date	has the meaning given in Section 4.1(d).
FY	means financial year.
Issue Date	means the date specified in the Indicative Timetable.
Issuer Sponsored	means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
Listing Rules	means the listing rules of ASX.
Nascent Capital Partners	means Nascent Capital Partners Pty Ltd (ACN 154 848 469).
Notice of Exercise	has the meaning given in Section 4.1(h).
Offer	has the meaning given in Section 1.1.
Official List	means the official list of ASX.
Option	means the right to acquire one Share in the capital of the Company.
Optionholder	means a holder of an Option.
Originate Capital	means Originate Capital Pty Ltd (ACN 620 578 172).
Placement	means the placement raising \$2 million to sophisticated and professional investors as announced by the Company on 23 October 2019.
Placement Options	means the free-attaching Options offered with the Placement on a 1 Option for 2 Shares basis.
Project Peregrine	means the Company's oil exploration project in relation to its Alaskan Leases.
Prospectus	means this prospectus dated 5 February 2020.
Quotation	means quotation of Securities on the Official List.
Quoted Option	means a right to acquire one Share in the capital of the Company that is quoted on the Official List.
Section	means a section of this Prospectus.

Securities	mean any securities including Shares, Options, performance rights or other convertible securities issued or granted by the Company.
Securityholders	means a holder of Securities.
Share	means a fully paid ordinary share in the capital of the Company.
Share Registry	means Computershare Investor Services Pty Ltd (ACN 078 279 277).
Shareholder	means a holder of Shares.
WST	means Western Standard Time.