



TLOU ENERGY LIMITED

A.B.N 79 136 739 967

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Wednesday 17 October 2018

Time of Meeting

10.00am (Brisbane Time)

Place of Meeting

BDO

Level 10, 12 Creek Street

Brisbane Qld 4000

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

TLOU ENERGY LIMITED

A.B.N 79 136 739 967

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Tlou Energy Limited A.B.N 79 136 739 967 ("the Company") will be held at BDO, Level 10, 12 Creek Street, Brisbane Qld 4000 on Wednesday 17 October 2018 at 10.00am (Brisbane time) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Statements and Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2018 together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

1. Resolution 1 – Non-Binding Resolution to Adopt Remuneration Report

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

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2018 be adopted."

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

For the purposes of Resolution 1:

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- a member of the Key Management Personnel (KMP) of the Company; or
- an associate of a KMP.

However, the Company will not disregard a vote if:

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

IMPORTANT NOTE:

- You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.
- Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.

2. Resolution 2 – Re-election of Mr Gabaake Gabaake as a Director

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

"That, Gabaake Gabaake, who retires in accordance with Article 46(c) of the Constitution and, being eligible for re-election, be re-elected as a Director with effect from the close of this Annual General Meeting."

3. Resolution 3 – Approval of 10% Placement Capacity

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

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

For the Purposes of Resolution 3:

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the special resolution by or on behalf of:

- a person who may participate in the issue of Equity Securities the subject of this Resolution 3 and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed (**Participating Party**); or
- an associate of the Participating Party.

However, the Company will 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 a direction on the proxy form to vote as the proxy decides.

IMPORATANT NOTE: At the date of this Notice, it is not

known who will participate in the proposed issue of Equity Securities the subject of this special resolution and the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. Therefore, no existing Shareholder votes will be excluded under the voting exclusion in this Notice. You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.

4. Resolution 4 – Ratification of the Issue of Shares Issued on 12 December 2017

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 21,153,845 ordinary fully paid shares at P1.56 (~A\$0.1962) on 12 December 2017 to institutional and sophisticated investors on the terms and conditions set out in Explanatory Memorandum is ratified."

For the purposes of Resolution 4:

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- any person who participated in the issue of ordinary shares the subject of this Resolution 4; or
- an associate of any person who participated in the issue of ordinary shares the subject of this Resolution 4.

However, the Company will not disregard a vote if:

- it is cast by the 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 a 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.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.

5. Resolution 5 – Ratification of the Issue of Shares Issued on 20 June 2018

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 24,752,582 ordinary fully paid shares at A\$0.10 or £0.0575 on 12 June 2018 to institutional and sophisticated investors on the terms and conditions set out in Explanatory Memorandum is ratified."

For the purposes of Resolution 5:

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- any person who participated in the issue of ordinary shares the subject of this Resolution 5; or
- an associate of any person who participated in the issue of ordinary shares the subject of this Resolution 5.

However, the Company will not disregard a vote if:

- it is cast by the 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 a 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.

You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.

6. Resolution 6 – Issue of Performance Rights to Mr Anthony Gilby

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

"That, for the purposes of Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes, approval is given for the issue of 500,000 Performance Rights to Mr Anthony Gilby (or his nominee), a Director of the Company, pursuant to the Company's Performance Rights Plan and otherwise on the terms set out in the Explanatory Memorandum."

For the purposes of Resolution 6:

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Anthony Gilby or his nominee, or any other Director or by KMP; or
- an associate of Mr Anthony Gilby or his nominee, or any other Director or by KMP.

However, the Company will not disregard a vote if:

- it is cast by the 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 a 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.

IMPORTANT NOTE: Shareholders should be aware that any undirected proxies given to the Chair will be

cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.

7. Resolution 7 – Issue of Performance Rights to Mr Martin Mclver

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

“That, for the purposes of Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes, approval is given for the issue of 500,000 Performance Rights to Mr Martin Mclver (or his nominee), a Director of the Company, pursuant to the Company’s Performance Rights Plan and otherwise on the terms set out in the Explanatory Memorandum.”

For the purposes of Resolution 7:

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Martin Mclver or his nominee, or any other Director or by KMP; or
- an associate of Mr Martin Mclver or his nominee, or any other Director or by KMP.

However, the Company will not disregard a vote if:

- it is cast by the 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 a 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.

IMPORTANT NOTE: Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.

8. Resolution 8 – Issue of Performance Rights to Mr Gabaake Gabaake

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

“That, for the purposes of Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes, approval is given for the issue of 500,000 Performance Rights to Mr Gabaake Gabaake (or his nominee), a Director of the Company, pursuant to the Company’s

Performance Rights Plan and otherwise on the terms set out in the Explanatory Memorandum.”

For the purposes of Resolution 8:

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Gabaake Gabaake or his nominee, or any other Director or by KMP; or
- an associate of Mr Gabaake Gabaake or his nominee, or any other Director or by KMP.

However, the Company will not disregard a vote if:

- it is cast by the 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 a 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.

IMPORTANT NOTE: Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.

9. Resolution 9 – Issue of Performance Rights to Mr Colm Cloonan

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

“That, for the purposes of Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes, approval is given for the issue of 500,000 Performance Rights to Mr Colm Cloonan (or his nominee), a Director of the Company, pursuant to the Company’s Performance Rights Plan and otherwise on the terms set out in the Explanatory Memorandum.”

For the purposes of Resolution 9:

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Colm Cloonan or his nominee, or any other Director or by KMP; or
- an associate of Mr Colm Cloonan or his nominee, or any other Director or by KMP.

However, the Company will not disregard a vote if:

- it is cast by the 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 a 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.

IMPORTANT NOTE: Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.

10. Resolution 10 – Issue of Performance Rights to Mr Hugh Swire

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

“That, for the purposes of Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes, approval is given for the issue of 500,000 Performance Rights to Mr Hugh Swire (or his nominee), a Director of the Company, pursuant to the Company’s Performance Rights Plan and otherwise on the terms set out in the Explanatory Memorandum.”

For the purposes of Resolution 10:

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Mr Hugh Swire or his nominee, or any other Director or by KMP; or
- an associate of Mr Hugh Swire or his nominee, or any other Director or by KMP.

However, the Company will not disregard a vote if:

- it is cast by the 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 a 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.

IMPORTANT NOTE: Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.

11. Resolution 11 – Issue of Performance Rights to Ms Linah Mohohlo

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

“That, for the purposes of Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes, approval is given for the issue of 500,000 Performance Rights to Ms Linah Mohohlo (or her nominee), a Director of the Company, pursuant to the Company’s Performance Rights Plan and otherwise on the terms set out in the Explanatory Memorandum.”

For the purposes of Resolution 11:

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Ms Linah Mohohlo or her nominee, or any other Director or by KMP; or
- an associate of Ms Linah Mohohlo or her nominee, or any other Director or by KMP.

However, the Company will not disregard a vote if:

- it is cast by the 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 a 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.

IMPORTANT NOTE: Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting (even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company), subject to compliance with the Corporations Act.

* * * * *

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered. Shareholders should read the Explanatory Memorandum in full.

The proxy form must be signed by the Shareholder or the Shareholder’s attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer’s attorney, a certified copy of the Power of Attorney, or the Power itself, must be received by the Company at the above address, or by facsimile and by 10.00am (Brisbane time) on Monday 15 October 2018. If facsimile transmission is used, the Power of Attorney must be certified.

How undirected proxies held by the Chairman of the meeting will be voted:

If you appoint the Chairman of the Meeting as your proxy and you do not specify in the Proxy Form the manner in which you wish the Chairman to vote on the Resolutions to be considered at the Meeting, the Chairman intends to vote in favour of all Resolutions 1

through to 11. If you do not direct the Chairman how to vote on Resolutions 1, and 6 through to 11, you expressly authorise the Chairman to exercise your proxy on these Resolutions even though they are connected directly or indirectly with the remuneration of members of Key Management Personnel, which includes the Chairman.

If you appoint the Chairman of the Meeting as your proxy and wish to direct the Chairman how to vote on some or all of the Resolutions to be considered at the Meeting, you must complete the directed proxy part of the Proxy Form (Step 2 on the Proxy Form). The Chairman encourages all Shareholders who submit proxies to direct their proxy how to vote on each resolution.

IMPORTANT VOTING RESTRICTIONS

If you are entitled to vote, and you wish to appoint a proxy, you should be aware that if your proxy is a person who is not entitled to vote in their own right, the person may (subject to the Corporations Act) still vote as your proxy but your proxy's vote on your behalf will only be valid if, subject to the comments above in respect of undirected proxies held by the Chairman, you direct your proxy on the Proxy Form how to vote and the proxy does vote as directed.

OTHER BUSINESS

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

DEFINITIONS

For the purposes of this Notice (including each of the Resolutions), the following definitions apply:

"AIM" means AIM, the market of that name operated by the London Stock Exchange plc;

"Annual Report" means the annual report of the Company for the year ended 30 June 2018;

"Associate" has the meaning given in the Listing Rules;

"ASX" means the ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"AUD" means Australian dollars;

"Board" means the Board of Directors of Tlou Energy Limited;

"BSE" means Botswana Stock Exchange;

"Chair" or "Chairman" means the person appointed to chair the Meeting of the Company convened by this Notice.

"Closely Related Party", in relation to a member of the KMP, means the member's spouse, child or dependant (or a child or dependant of the member's spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealings with the Company (or its controlled entities), any company the member controls and any person prescribed by the *Corporations Regulations 2001 (Cth)*;

"Company" or "Tlou Energy" means Tlou Energy Limited A.B.N. 79 136 739 967;

"Constitution" means the Company's Constitution, as amended from time to time;

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

"Directors" means the Directors of the Company;

"Eligible Participant" means an eligible participant under the Performance Rights Plan, being full time employees and permanent part-time employees (including Directors) of the Company and its subsidiaries who are declared by the Board to be eligible to receive grants of Performance Rights under the Plan;

"Equity Securities" has the meaning given to that term in the Listing Rules;

"Explanatory Memorandum" means the explanatory memorandum accompanying this Notice;

"Key Management Personnel" or "KMP" 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 or its controlled entities, whether directly or indirectly. Members of the KMP include directors (both executive and non-executive) and certain senior executives;

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

"Meeting" means the meeting convened by the Notice;

"Notice" means this Notice of Annual General Meeting;

"Performance Condition" means, in respect of a Performance Right, any condition set out in the Offer (unless waived by the Board in its absolute discretion) before that Performance Right can vest or any other restriction on vesting of that Performance Right specified in the Offer or in the Plan.

"Performance Rights" means a right to acquire a Share, subject to satisfaction of any Performance Conditions, and the corresponding obligation of the Company to provide the Share, under a binding contract made by the Company and any Eligible Participant under the Plan, in the manner set out in the Plan;

“Offer” means an offer made to an Eligible Participant by the Company to participate in the Plan, made in accordance with the Plan;

“Performance Rights Plan” or “Plan” means the Tlou Energy Limited Performance Rights Plan;

“Resolution” means a resolution contained in this Notice;

“Share” means a fully paid ordinary share in the capital of the Company;

“Shareholder” means a holder of Shares in the Company; and

“Termination Benefit” means the type of benefit to which section 200B of the Corporations Act applies.

By order of the Board



SOLOMON ROWLAND

Company Secretary

Dated: 17 September 2018

How to vote

Shareholders can vote by either:-

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice or by submitting their proxy appointment and voting instructions by facsimile.

Voting in person (or by attorney)

- Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's Share Register and attendance recorded. Attorneys should bring with them an original or certified copy of the Power of Attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

- A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of Section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed unless previously given to the Company's Share Registry.

Voting by Proxy

- A Shareholder entitled to attend and vote is permitted to appoint not more than two (2) proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.

- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.

- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible (and subject to the Corporations Act) to support each of the resolutions proposed in this Notice (even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel).

- To be effective, proxies must be lodged by 10.00am (Brisbane time) on Monday 15 October 2018. Proxies lodged after this time will be invalid.

- Proxies may be lodged using any of the following methods:-

1. by returning a completed proxy form in person or by post using the pre-addressed envelope provided with this Notice to:-

The Share Registry
Tlou Energy Limited
c/- Link Market Services Limited
Locked Bag A14
Sydney South
NSW 1235
Australia

or

2. by faxing a completed proxy form to:-

Tlou Energy Limited, on
02 9287 0309 (within Australia); or
+61 2 9287 0309 (outside Australia)

or

3. by visiting:-

www.linkmarketservices.com.au and logging in using the control number found on the front of your accompanying proxy form.

- The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the Power itself, must be received by the Company at the above address, or by facsimile and by 10.00am (Brisbane Time), Monday 15 October 2018. If facsimile transmission is used, the Power of Attorney must be certified.

Shareholders who are entitled to vote

- In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7.00pm (Sydney time) on Monday 15 October 2018.

TLOU ENERGY LIMITED

A.B.N 79 136 739 967

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Tlou Energy Limited (“**Tlou Energy**” or the “**Company**”).

THIS EXPLANATORY MEMORANDUM SHOULD BE READ IN ITS ENTIRETY. IF SHAREHOLDERS ARE IN DOUBT AS TO HOW THEY SHOULD VOTE, THEY SHOULD SEEK ADVICE FROM THEIR ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISER PRIOR TO VOTING.

Terms used in this Explanatory Memorandum are defined in the Notice.

FINANCIAL STATEMENTS AND REPORTS

The first item of the Notice of Annual General Meeting deals with the presentation of the consolidated annual financial statements of the Company for the financial year ended 30 June 2018 together with the Directors’ Declaration and Report in relation to that financial year and the Auditor’s Report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Audit Report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; *and*
- the independence of the Auditor in relation to the conduct of the audit.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

In accordance with Section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company’s 2018 Annual Report. The Remuneration Report is contained in the Annual

Report and is also available on the Company’s website: www.tlouenergy.com

This Resolution is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the resolution at the Annual General Meeting are against adoption of the report, then:

if comments are made on the report at the Annual General Meeting, the Company’s remuneration report for the financial year ending 30 June 2018 will be required to include an explanation of the board’s proposed action in response or, if no action is proposed, the board’s reasons for this; and

if, at the Company’s 2019 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the Company will be required to put to shareholders at the next Annual General Meeting a resolution proposing that a general meeting (Spill Meeting) be called to consider the election of directors of the Company (Spill Resolution). For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

Recommendation

The Remuneration Report forms part of the Directors’ Report, made in accordance with a unanimous resolution of the Directors. Each of the Directors recommends the report to Shareholders for adoption.

RESOLUTION 2 – RE- ELECTION OF MR GABAAKE GABAAKE AS A DIRECTOR

The Company’s Constitution provides that a director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years, following that director’s last election or appointment. Mr Gabaake therefore, retires from office in accordance with this requirement and submits himself for re-election.

Mr Gabaake was appointed an Executive Director of the Board on 10 March 2015 and was elected to the Board by shareholders at the Company’s 2015 Annual General Meeting held 27 November 2015.

Mr Gabaake Gabaake has experience gained from being a Botswana Government Senior Public Servant for a number of years. For over two years of his public service career he headed the key Ministry of Minerals, Energy and Water Resources in Botswana.

He is a professional geologist with a knowledge in policy formulation, analysis and implementation in the minerals, energy and water sectors. He also oversaw the successful development and implementation of a strategy to overcome Botswana’s worst power crisis

between 2008 and 2010 and implementation of a comprehensive review of the water sector institutional framework in Botswana. Gabaake has served in various private company boards such as De Beers, Debswana and DTC, in various capacities and is a public speaker and writer.

Gabaake graduated with a Bachelor of Science degree in Geology from the University of Botswana in 1986 and with a Masters Degree in groundwater hydrology from the University College of London in 1989.

Recommendation

The Directors (with Mr Gabaake abstaining) unanimously recommend that you vote in favour of the resolution. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, which is detailed below.

Description of ASX Listing Rule 7.1A

a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.

b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue only one type of Equity Securities quoted on ASX being ordinary shares.

Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$(A \times D) - E$

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

- i. plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- ii. plus the number of partly paid shares that became fully paid in the 12 months;
- iii. plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
- iv. less the number of fully paid shares cancelled in the 12 months.

Note: A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

ASX Listing Rules 7.1 and 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice, the Company has on issue 409,113,535 ordinary shares and at the date of this Notice has a capacity to issue:

- 1) 8,485,308 Equity Securities under ASX Listing Rule 7.1; and
- 2) subject to Shareholders approving Resolution 3, 40,911,353 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, which is detailed above.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price of Equity Securities in the same

class calculated over the 15 Trading Days 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 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- 1) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- 2) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), ("**10% Placement Period**").

ASX Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities in any existing quoted class, under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 3 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) are cast in favour of the resolution.

Specific information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

a) The Equity Securities will be issued at an issue price of not less than 75% of the Volume Weighted Average Price for the Company's Equity Securities over the 15 Trading Days 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 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

b) If Resolution 3 is passed by Shareholders as a Special Resolution and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:

- 1) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- 2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

ASX Listing Rule 7.3A.2 – Dilution Table

Variable "A" in ASX Listing Rule 7.1A.2		\$0.065 Issue Price (50% decrease in Deemed Price)	\$0.13 Issue Price (Deemed Price)**	\$0.26 Issue Price (100% increase in Deemed Price)
409,113,535 Shares being the current number of Shares on issue at the date of this Notice	10% Voting Dilution	40,911,353 Shares	40,911,353 Shares	40,911,353 Shares
	Funds Raised	\$2,659,237	\$5,318,475	\$10,636,951
613,670,302 Shares being a 50% increase in the number of Shares on issue at the date of this Notice	10% Voting Dilution	61,367,030 Shares	61,367,030 Shares	61,367,030 Shares
	Funds Raised	\$3,988,856	\$7,977,713	\$15,955,427
818,227,070 Shares being a 100% increase in the number of Shares on issue at the date of this Notice	10% Voting Dilution	81,822,707 Shares	81,822,707 Shares	81,822,707 Shares
	Funds Raised	\$5,318,475	\$10,636,951	\$21,273,903

*The Deemed Price was the closing price of the Shares on the ASX on 3 September 2018.

**All Voting Dilution and Funds Raised numbers in the table have been rounded down to nearest whole number.

The above table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the Deemed Price.

The table has been prepared on the following assumptions:

- i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- ii) No unlisted options or Performance Rights are exercised into Shares before the date of the issue of the Equity Securities under ASX Listing Rule 7.1A. The Company has no options and 2,275,000 Performance Rights on issue under the Performance Rights Plan as at the date of this Notice.
- i) 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%.
- ii) 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 Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- iii) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and does not consider issues under the 15% placement capacity under ASX Listing Rule 7.1.
- iv) The issue of Equity Securities under the 10% Placement Facility consists only of ordinary shares in the Company. The table does not demonstrate the effect of listed or unlisted options or Performance Rights being issued under ASX Listing Rule 7.1A.
- v) The issue price for ordinary shares in the Company is deemed for the purposes of the table to be \$0.13 (**Deemed Price**), being the closing price of these shares on ASX on 3 September 2018. This price is indicative only and does not consider the 25% discount to market that these shares may be issued at.

vi) 'A' is the current number of fully paid ordinary shares on issue, and assumes full placement capacity available.

c) The Company will only issue and allot the Equity Securities pursuant to the 10% Placement Capacity within 12 months of the date of this Annual General Meeting. Further the approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

d) The Company may seek to issue the Equity Securities for the following purposes:

- 1) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
- 2) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

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) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- 1) the methods of raising funds that are available to the Company, including but not limited to, placement, rights issue or other issue in which existing security holders can participate;
- 2) the effect of the issue of the Equity Securities on the control of the Company;
- 3) the financial situation and solvency of the Company; and
- 4) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are

not related parties or associates of a related party of the Company.

Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new resource assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new resource assets or investments.

f) **Previous approval under ASX Listing Rule 7.1A:** The Company obtained approval under Listing Rule 7.1A at its 2017 Annual General Meeting (AGM).

In the period between the date of the 2017 AGM and the date of this Notice of Meeting the Company has issued a total of 105,070,687 ordinary fully paid Shares.

On 16 October 2017 the Company issued 1,500,000 Ordinary Fully Paid shares on the exercise and conversion of unlisted options. The exercise price of the unlisted options was £0.065 (~A\$0.11) per option.

On 29 November 2017 the Company issued 500,000 Ordinary Fully Paid shares on the exercise and conversion of unlisted options. The exercise price of the unlisted options was A\$0.14 per option.

On 12 December 2017, the Company issued 21,153,845 fully paid ordinary Shares at P1.56 (~\$0.1962) per share to selected institutional and sophisticated investors. Funds raised from the issue of the new shares amounted to P33 million (approximately £2.4 million or A\$4.1 million) (**BSE Listing**). The issue price of the new shares represented approximately a 5% discount to the closing market price on the date of issue, being \$0.21 on 11 December 2017.

The proceeds of the BSE Listing Placement together with existing cash was applied by Tlou to complete the seismic and core hole appraisal program and funded the costs of the BSE listing and for working capital purposes.

On 18 December 2018 the Company issued 2,275,000 Ordinary Fully Paid Shares consequent upon the vesting of Performance Rights following satisfaction of vesting conditions (**Performance Rights Shares**). These Shares were issued to participants under the Tlou Energy Performance Rights Plan. No consideration was paid for the issue of these shares.

On 20 June 2018, the Company issued 24,752,582 fully paid ordinary Shares at \$0.10 or £0.0575 per share to selected institutional and sophisticated investors. Funds raised and existing capital was to be used to undertake an accelerated production well drilling programme, including lateral production pods at the Company's Lesedi CBM

Project, progression of power purchase negotiations, regulatory requirements including environmental and licencing approvals, further fieldwork and for working capital (**June 2018 Placement**). The June 2018 Placement raised approximately £1.4 million (A\$2.5 million). The Placement price represented a discount of 26.8% to the closing mid-market price on AIM on 5 June 2018, being the latest practicable date prior to the date of this announcement.

On 13 July 2018, the Company issued 49,594,440 Ordinary Fully Paid Shares pursuant to the Non-Renounceable Rights Issue described in the announcement lodged with the ASX on 6 June 2018. (the Offer Shares) at \$0.10 per share to eligible shareholders raising a total of approximately \$4,959,444 before costs (**Rights Offer 2018**). The Rights Issue price represented a discount of 26.8% to the closing mid-market price on AIM on 5 June 2018, being the latest practicable date prior to the date of the announcement of the Rights Offer 2018.

The net proceeds of the Rights Offer 2018 is planned to fund the drilling of new production pods, core-hole operations, regulatory approvals, as well as general working capital requirements.

On 18 July 2018 the Company announced that it had placed the shortfall under the Rights Offer 2018 by issuing 5,294,820 Ordinary Fully Paid Shares (**Shortfall Placement**) being the balance of the shortfall shares pursuant to the Non-Renounceable Rights Issue described in the announcement lodged with the ASX on 6 June 2018.

The net proceeds of the Shortfall Placement is planned to fund the drilling of new production pods, core-hole operations, regulatory approvals, as well as general working capital requirements.

The Shares that were issued during the period from the date of the 2017 AGM to the date of this Notice of Meeting as detailed in paragraph f) represented an increase in the total issued share capital of the Company at the commencement of the 12 months preceding the date of this Meeting of approximately 34.55%.

g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Recommendation

The Directors consider that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company

with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should such an issue be required. Accordingly, each of the Directors recommends that Shareholders vote in favour of Resolution 3. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

RESOLUTION 4 – RATIFICATION OF THE ISSUE OF SHARES ISSUED 12 DECEMBER 2017

In a placement that was completed on 12 December 2017 the Company raised a total of approximately A\$4.1 million through the issue of 21,153,845 ordinary shares at P1.56 (~\$0.1962) per share, of which 21,153,845 ordinary shares were issued without shareholder approval under ASX Listing Rule 7.1.

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification by shareholders of previous issues of securities made without shareholder approval, provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1.

In accordance with ASX Listing Rules 7.4 and 7.5, the Company advises that:

- (a) Resolution 4 has been included so that shareholders may approve and ratify pursuant to ASX Listing Rule 7.4 the issue of a total of 21,153,845 ordinary shares to those parties detailed below;
- (b) The shares were issued and allotted to various sophisticated and professional investors unrelated to the Company;
- (c) The proceeds of the BSE Listing Placement together with existing cash was applied by Tlou to complete the seismic and core hole appraisal program, commenced the first phase development drilling at the Lesedi project, and funded the costs of the BSE listing and for working capital purposes;
- (d) The shares issued rank pari passu with, and on the same terms, as the existing fully paid ordinary shares on issue in the Company;
- (e) None of the allottees are related parties of the Company; and
- (f) The shares were issued at P1.56 (~\$0.1962) per share.

Accordingly, as the issue of Shares did not breach ASX Listing Rule 7.1, the Company wishes to refresh its capacity to issue without specific approval by seeking approval under ASX Listing Rule 7.4 for the issue of those shares. The effect of obtaining Shareholder approval will be that the shares issued will be treated

as having been made in accordance with ASX Listing Rule 7.1 and, as a result, the Company's ability to issue the number of shares permitted under ASX Listing Rule 7.1, without Shareholder approval will not be affected.

Recommendation

The Directors consider it prudent that the Company retain the flexibility of that ability in case the need to issue further securities arises and recommend that Shareholders vote in favour of the proposed resolution.

RESOLUTION 5 – RATIFICATION OF THE ISSUE OF SHARES ISSUED 20 JUNE 2018

In a placement that was completed on 20 June 2018 the Company raised approximately A\$2,475,258 through the issue of 24,752,582 ordinary shares at \$0.10 per share, of which 24,752,582 ordinary shares were issued without shareholder approval under ASX Listing Rule 7.1.

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification by shareholders of previous issues of securities made without shareholder approval, provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1.

In accordance with ASX Listing Rules 7.4 and 7.5, the Company advises that:

- (g) Resolution 5 has been included so that shareholders may approve and ratify pursuant to ASX Listing Rule 7.4 the issue of a total of 24,752,582 ordinary shares to those parties detailed below;
- (h) The shares were issued and allotted to various sophisticated and professional investors unrelated to the Company;
- (i) The net proceeds of the Placement will be used to fund the drilling of new production pods, core-hole operations, regulatory approvals, as well as general working capital requirements;
- (j) The shares issued rank pari passu with, and on the same terms, as the existing fully paid ordinary shares on issue in the Company;
- (k) None of the allottees are related parties of the Company; and
- (l) The shares were issued at \$0.10 per share.

Accordingly, as the issue of Shares did not breach ASX Listing Rule 7.1, the Company wishes to refresh its capacity to issue without specific approval by seeking approval under ASX Listing Rule 7.4 for the issue of those shares. The effect of obtaining Shareholder approval will be that the shares issued will be treated as having been made in accordance with ASX Listing

Rule 7.1 and, as a result, the Company's ability to issue the number of shares permitted under ASX Listing Rule 7.1, without Shareholder approval will not be affected.

Recommendation

The Directors consider it prudent that the Company retain the flexibility of that ability in case the need to issue further securities arises and recommend that Shareholders vote in favour of the proposed resolution.

RESOLUTIONS 6 THROUGH TO 11 – ISSUE OF PERFORMANCE RIGHTS TO:

MR ANTHONY GILBY, MR MARTIN MCIVER, MR GABAAKE GABAACE, MR COLM CLOONAN, MR HUGH SWIRE AND MS LINAH MOHOHLO

Resolutions 6 through to 11 seek Shareholder approval for the issue of Performance Rights to Mr Anthony Gilby, Mr Martin McIver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo respectively, in accordance with the Company's Performance Rights Plan.

As approval is required for Resolutions 6 through to 11 for the same reasons, the explanations for these four Resolutions have been combined into this single summary.

Background

The Performance Rights Plan has been established to provide eligible employees with an opportunity to share in the growth in the value of the Company's Shares and to encourage them to improve the Company's performance and its returns to Shareholders, through the acquisition of securities in the Company that are subject to certain performance criteria.

Listing Rule 10.14, however, provides that a Director may not acquire securities under an employee incentive scheme without the prior approval of Shareholders. In addition, section 200B of the Corporations Act restricts the Company from giving certain "benefits" to persons (who hold managerial or executive offices (as defined in the Corporations Act) on ceasing their employment with the Company, in the absence of Shareholder approval.

Accordingly, Resolutions 6 through to 11 seek Shareholder approval for the Company to issue Performance Rights to Mr Anthony Gilby, Mr Martin McIver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo respectively, pursuant to the Company's Performance Rights Plan, for the purpose of Listing Rule 10.14, section 200B of the Corporations Act and for all other purposes.

Description of ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that an entity must only allow a Director or their associates to acquire securities under an employee incentive scheme with approval of Shareholders and provided the Notice of Meeting complies with ASX Listing Rules 10.15 or 10.15A. The information required to be disclosed under Listing Rule 10.15 is set out in the Annexure below. If Shareholder approval is obtained under Listing Rule 10.14 then separate Shareholder approval is not required under Listing Rule 10.11.

Further, ASX Listing Rule 7.2 (Exception 14) states that approval pursuant to ASX Listing Rule 7.1 is not required if Shareholder approval is obtained under ASX Listing Rule 10.14. Accordingly, the proposed issue of Performance Rights pursuant to Resolutions 6 through to 11 will not reduce the capacity of the Company to issue Equity Securities in the next 12 months under ASX Listing Rule 7.1 (i.e. the Company's 15% placement capacity), as those securities (once issued) will be excluded from calculations under ASX Listing Rule 7.1.

Chapter 200B of the Corporations Act

In addition to the above, unless an exception applies, section 200B of the Corporations Act restricts the Company from giving certain "benefits" to persons who hold managerial or executive offices (as defined in the Corporations Act) on ceasing their employment with the Company (**Termination Benefits**), in the absence of Shareholder approval.

The term "benefit" is defined broadly in the Corporations Act and includes benefits arising from the Board exercising its discretion under the rules of the Performance Rights Plan (**Rules**).

Specifically, the Rules include provisions that enable the Board to waive some or all of the Performance Conditions and/or forfeiture conditions that attach to the Performance Rights issued to a participant under the Plan (**Participant**), where a Participant ceases to be employed by the Company, including as a result of redundancy, resignation, death, or termination of their employment.

Accordingly, Resolutions 6 through to 11 also seek Shareholder approval to enable the Board to provide Termination Benefits to Mr Anthony Gilby, Mr Martin McIver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo, respectively, in the event that the Board exercises these discretions.

A summary of the terms of the Performance Rights Plan appeared in the Explanatory Memorandum to the Notice of Meeting for the Company's 2016 Annual General Meeting.

The specific terms that will apply to the issue of Performance Rights to Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo, are set out in the Annexure below.

If Shareholder approval is given under this Resolution, the Company will still be required to comply with Listings Rule 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The proposed issue of Performance Rights to Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo will constitute the giving of a financial benefit to related parties under Chapter 2E of the Corporations Act, for which Shareholder approval is usually required (pursuant to section 208 of the Corporations Act).

There are various exceptions to the requirement for shareholder approval. This includes in accordance with section 211 of the Corporations Act, where the benefit is remuneration to a related party as an officer or employee of the Company, and to give the remuneration would be reasonable given:

- (a) the circumstances of the Company in giving the remuneration; and
 - (b) the related party's circumstances (including the responsibilities involved in the office or employment),
- (the "reasonable remuneration exception").

Section 210 of the Corporations Act also provides an exception to the requirement for Shareholder approval to give a financial benefit, where it is given on terms that would be reasonable in the circumstances if the public company and the related party were dealing at arm's length (the "arm's length exception").

It is the view of the Board that the grant of the Performance Rights to Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo constitutes part of their respective "reasonable remuneration" and that the exceptions under section 211 and section 210 of the Corporations Act will apply to the issue of the Performance Rights under Resolutions 6 to 11 (inclusive).

Accordingly, the Company is not seeking Shareholder approval under section 208 of the Corporations Act.

It is the view of the Board that the grant of the Performance Rights to Mr Anthony Gilby, Mr Martin

Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo constitutes part of their respective "reasonable remuneration" and that the exceptions under section 211 and section 210 of the Corporations Act will apply to the issue of the Performance Rights under Resolutions 6 to 11 (inclusive)

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to decide in relation to benefits contemplated by the proposed Resolutions 6 through to 11.

Recommendation for Resolution 6

Mr Gilby makes no recommendation on how to vote on Resolution 6, in light of his direct interest in the Resolution. Consistent with ASIC guidance in Regulatory Guide 76, all the remaining Directors abstain from making a recommendation in relation to this resolution (as it relates to another Director's remuneration) in accordance with good corporate governance practice. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

Recommendation for Resolution 7

Mr Mclver makes no recommendation on how to vote on Resolution 7, in light of his direct interest in the Resolution. Consistent with ASIC guidance in Regulatory Guide 76, all the remaining Directors abstain from making a recommendation in relation to this resolution (as it relates to another Director's remuneration) in accordance with good corporate governance practice. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

Recommendation for Resolution 8

Mr Gabaake makes no recommendation on how to vote on Resolution 8, in light of his direct interest in the Resolution. Consistent with ASIC guidance in Regulatory Guide 76, all the remaining Directors abstain from making a recommendation in relation to this resolution (as it relates to another Director's remuneration) in accordance with good corporate governance practice. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

Recommendation for Resolution 9

Mr Cloonan makes no recommendation on how to vote on Resolution 9, in light of his direct interest in the Resolution. Consistent with ASIC guidance in Regulatory Guide 76, all the remaining Directors abstain from making a recommendation in relation to this resolution (as it relates to another Director's remuneration) in accordance with good corporate governance practice. The Chair of the Meeting intends to vote available proxies in favour of this resolution. The Chair of the Meeting intends to vote available

proxies in favour of this resolution.

Recommendation for Resolution 10

Mr Swire makes no recommendation on how to vote on Resolution 10, in light of his direct interest in the Resolution. Consistent with ASIC guidance in Regulatory Guide 76, all the remaining Directors abstain from making a recommendation in relation to this resolution (as it relates to another Director's remuneration) in accordance with good corporate governance practice. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

Recommendation for Resolution 11

Ms Mohohlo makes no recommendation on how to vote on Resolution 11, in light of her direct interest in the Resolution. Consistent with ASIC guidance in Regulatory Guide 76, all the remaining Directors abstain from making a recommendation in relation to this resolution (as it relates to another Director's remuneration) in accordance with good corporate governance practice. The Chair of the Meeting intends to vote available proxies in favour of this resolution. The Chair of the Meeting intends to vote available proxies in favour of this resolution.

ANNEXURE – Performance Rights to be issued under Resolutions 6 to 9 (inclusive)

	Resolution 6	Resolution 7	Resolution 8	Resolution 9	Resolution 10	Resolution 11
Proposed allottees	Mr Anthony Gilby (or his nominated entity)	Mr Martin Mclver (or his nominated entity)	Mr Gabaake Gabaake (or his nominated entity)	Mr Colm Cloonan (or his nominated entity)	Mr Hugh Swire (or his nominated entity)	Ms Linah Mohohlo (or her nominated entity)
Maximum number of securities to be issued	500,000 Performance Rights, in two equal tranches of 250,000 Performance Rights	500,000 Performance Rights, in two equal tranches of 250,000 Performance Rights	500,000 Performance Rights, in two equal tranches of 250,000 Performance Rights	500,000 Performance Rights, in two equal tranches of 250,000 Performance Rights	500,000 Performance Rights, in two equal tranches of 250,000 Performance Rights	500,000 Performance Rights, in two equal tranches of 250,000 Performance Rights
Issue date	The Performance Rights will be issued as soon as practicable following the Meeting and, in any event, will be issued no later than one month after the Meeting.					
Expiry date	10 November 2025					
Issue and exercise price	<p>The Performance Rights are being issued as part of the remuneration of each of Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo, and as an incentive for future performance. As such, they will be issued free of charge.</p> <p>While the exercise of Performance Rights will be subject to the Performance Rights having vested on the satisfaction of the Performance Conditions (subject to the Board’s discretion to waive those Performance Conditions in certain circumstances), Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo will not be required to pay any exercise price to receive Shares on the exercise of Performance Rights. As such, no loans have been or will be provided as part of the Performance Rights Plan.</p>					
Performance Conditions	<p>The Rules allow for the Board to require the satisfaction of one or more “Performance Conditions” in order for the Performance Rights issued under the Plan to vest and, therefore, become exercisable by a Participant.</p> <p>The Performance Rights proposed to be issued to Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo, respectively, pursuant to Resolutions 6 through to 11 will vest in the following two tranches, subject to satisfaction of the following Performance Conditions:</p>					
	Tranche	Performance Condition				
	Tranche 1	The closing price of Shares being 50% or more above the price at the date of approval for a period of 10 consecutive trading days				
	Tranche 2	The closing price of Shares being 100% or more above the price at the date of approval for a period of 10 consecutive trading days				

<p>Details of Directors or their Associates who previously received Performance Rights under the Plan</p>	<p>Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, and Mr Colm Cloonan were all issued 500,000 Performance Rights in accordance with the approval of shareholders given at the Company’s 2016 Annual General Meeting.</p> <p>Neither Mr Hugh Swire or Ms Linah Mohohlo or any of their Associates have previously been issued Performance Rights in accordance with the Plan.</p>
<p>Names of persons referred to in Listing Rule 10.14 that are entitled to participate in the Performance Rights Plan</p>	<p>Only ‘Eligible Employees’ are entitled to participate in the Performance Rights Plan.</p> <p>‘Eligible Employees’ are employees of the Company and its associated body corporates (Group), and certain other persons for whom the Company is deemed to be the employer for the purposes of the <i>Income Tax Assessment Act 1936</i> (“Tax Act”), who are determined by the Board (in its sole and absolute discretion) to be Eligible Employees for the purposes of the Plan.</p> <p>Accordingly, any future Director or Associate who is an employee of a member of the Group, and certain other persons for whom the Company is deemed to be the employer for the purposes of the Tax Act, will be entitled to participate in the Plan.</p> <p>However, no Performance Rights will be issued to any other Director that may be appointed in the future unless Shareholder approval is separately sought and obtained for the issue of such Performance Rights pursuant to Listing Rule 10.14.</p>
<p>Why are Performance Rights proposed to be issued?</p>	<p>In the Company’s circumstances, the Directors consider that the Performance Rights provide a cost-effective means of incentivising senior management as opposed to alternative forms of incentives (e.g. cash bonuses or increased cash remuneration), which appropriately align the interests of Participants in the Plan with those of the Company.</p>
<p>Why the number of Performance Rights was Chosen</p>	<p>The number of Performance Rights was chosen following commercial negotiations between the Company and each of Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo.</p> <p>The Board considered that offering Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo, the Performance Rights, together with their existing remuneration packages, will assist the Company in retaining the services of Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo.</p>
<p>Directors’ interest in the outcome</p>	<p>Other than the interests that each of Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo, have in receiving Performance Rights pursuant to Resolutions 6 through to 11 (respectively), no other Director has any interest in the outcome of Resolutions 6 through to 11.</p>
<p>Valuation of the Performance Rights</p>	<p>The Performance Rights are not currently (and will not in the future be) quoted on the ASX and as such have no market value.</p> <p>The Performance Rights provide the holder with a right to receive one Share upon the exercise of that Performance Right (subject to the relevant Performance Conditions being met). Accordingly, the Performance Rights may have a present value at the date of their grant and may acquire future value dependent upon the extent to which the Share price increases during the term of the Performance Rights.</p> <p>As a general proposition, Performance Rights are akin to options to acquire shares (having a zero or low exercise price) and have value. Various factors impact upon the value of Performance Right’s including things such as:</p>

	<p>(a) the period outstanding before the expiry date of the Performance Rights;</p> <p>(b) the exercise price of the Performance Rights (if any) relative to the underlying price or value of the Shares into which they may be converted;</p> <p>(c) the proportion of the issued capital as expanded upon the exercise of the Performance Rights (i.e. whether or not the Shares that might be acquired upon exercise of the Performance Rights represent a controlling or other significant interest);</p> <p>(d) the value of the Shares into which the Performance Rights may be converted; and</p> <p>(e) whether or not the Performance Rights are listed or able to be transferred (i.e. readily capable of being liquidated).</p> <p>The Company has attributed a total value of \$375,000 to the Performance Rights to be granted pursuant to Resolutions 6 through to 11 for the Performance Rights to be issued to Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo.</p> <p>The Performance Right valuation noted above assumes a market price of the Shares on the date of grant of \$0.13 per Share, being the market value of the Shares as at the date that the valuation was prepared on as at the 6 September 2018. Shareholders should be aware that there is a possibility that the market price of the Shares on the date of grant of the Performance Rights will be different to the assumed price of \$0.13 per Share used for the valuation.</p>		
<p>Disclosure of total remuneration package</p>	<p>As noted above, the Performance Rights are proposed to be issued to Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo as a means of providing a cost-effective means of incentivising and remunerating these Directors, for their respective roles as Managing Director, Chairman, Executive Director, Finance Director and Non-Executive Directors.</p> <p>The remuneration from the Company to Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo is currently:</p>		
	<p>Director</p>	<p>Remuneration*</p>	
	<p>Mr Anthony Gilby</p>	<p>Excluding the Performance Rights proposed to be issued as per Resolution 6, Mr Anthony Gilby's contracted annual cost to the Company is approximately \$578,000 from the Company for his services as Managing Director and Chief Executive Officer. Mr Gilby has agreed to waive 25% of his current contracted rate, so the current estimated cost is approximately \$433,000.*</p>	
	<p>Mr Martin Mclver</p>	<p>Excluding the Performance Rights proposed to be issued as per Resolution 7, Mr Martin Mclver currently receives remuneration of \$52,560 per annum (inclusive of superannuation) from the Company for his services as Chairman.</p>	
	<p>Mr Gabaake Gabaake</p>	<p>Excluding the Performance Rights proposed to be issued as per Resolution 8, Mr Gabaake Gabaake currently receives remuneration of \$143,000 per annum inclusive of post-employment benefits from the Company for his services as Executive Director.*</p>	
	<p>Mr Colm Cloonan</p>	<p>Excluding the Performance Rights proposed to be issued as per Resolution 9, Mr Cloonan currently receives remuneration of \$240,000 per annum (inclusive of superannuation) from the Company for his services as Finance Director.*</p>	
	<p>Mr Hugh Swire</p>	<p>Excluding the Performance Rights proposed to be issued as per Resolution 10, Mr Hugh Swire currently receives remuneration of \$24,000 per annum (inclusive of superannuation) from the Company for his services as Non-Executive Director.</p>	

	Ms Linah Mohohlo	Excluding the Performance Rights proposed to be issued as per Resolution 11, Mrs Linah Mohohlo currently receives remuneration of \$25,090 per annum inclusive of post-employment benefits from the Company for her services as Non-Executive Director.	
	<i>*Paid pursuant to service contracts with the Company.</i>		
Existing interest in the Company	The current Relevant Interests (i.e. before any of the Resolutions are approved) of each of Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo in the securities of the Company are set out below:		
	Director	Shares	Performance Rights
	Mr Anthony Gilby	21,701,789	250,000
	Mr Martin Mclver	812,102	250,000
	Mr Gabaake Gabaake	330,857	250,000
	Mr Colm Cloonan	1,081,112	250,000
	Mr Hugh Swire	4,560,092	Nil
	Ms Linah Mohohlo	Nil	Nil
Explanation of the termination benefits	<p>The Performance Rights Plan contains provisions setting out the treatment of unvested Performance Rights, including the Board's discretion to waive any Performance Conditions attaching to those Performance Rights in the event that a Participant cease to be employed by a member of the Group as a result of, among other things, redundancy, resignation, death, termination of employment for cause or permanent incapacity.</p> <p>As noted above, the exercise of these discretions by the Board will constitute a Termination Benefit for the purposes of the restrictions contained in the Corporations Act.</p>		
Value of the Termination Benefits	<p>Various matters will or are likely to affect the value of the Termination Benefits that the Board may give under the Performance Rights Plan and, therefore the value of the Termination Benefits cannot be determined in advance.</p> <p>The value of a particular benefit resulting from the exercise of the Board's discretion under the Performance Rights Plan will depend on factors such as the Company's share price at the time of the exercise of this discretion and the number of Performance Rights in respect of which the Board decides to waive the Performance Conditions. Some of the factors that may affect the value of the Termination Benefits are as follows:</p> <ul style="list-style-type: none"> (a) the nature and extent of any Performance Conditions waived by the Board; (b) the number of Performance Conditions that have been satisfied at the time that the Board exercises this discretion; and (c) the number of unvested Performance Rights that the Participant holds at the time that this discretion is exercised. 		
<i>Dilution effect of the issue of the Performance Rights</i>			
If all of the Performance Rights that are proposed to be issued to Mr Anthony Gilby, Mr Martin Mclver, Mr Gabaake Gabaake, Mr Colm Cloonan, Mr Hugh Swire and Ms Linah Mohohlo pursuant to Resolutions 6 through to 11, respectively, are granted			

and are subsequently exercised (and assuming that no other Performance Rights, options to acquire Shares or Shares are issued prior to the exercise of the Performance Rights), the following will be the dilution effect of Resolutions 6 through to 11 on the current issued capital of the Company:

Allottees/Other Shareholders	Current Share Holding (Direct and Indirect)	% of Total Share Capital (409,113,535 Shares on issue)	Number of Shares upon Exercise of all Performance Rights	% of Total Share Capital (413,113,535 Shares on Issue assuming exercise of Performance Rights)
Mr Anthony Gilby	21,701,789	5.30%	22,451,789	5.43%
Mr Martin McIver	812,102	0.20%	1,562,102	0.38%
Mr Gabaake Gabaake	330,857	0.08%	1,080,857	0.26%
Mr Colm Cloonan	1,081,112	0.26%	1,831,112	0.44%
Mr Hugh Swire	4,560,092	1.11%	5,060,092	1.22%
Ms Linah Mohohlo	Nil	Nil	500,000	0.12%
Other shareholders	380,627,583	93.04%	380,627,583	92.14%
Total	409,113,535	100%	413,113,535	100%