



## **Australis Oil & Gas Limited**

ACN 609 262 937

# **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

**Date of Meeting**

Tuesday, 29 April 2019

**Time of Meeting**

12.00 noon (AWST)

**Place of Meeting**

Allendale Square, Level 1, 77 St Georges Terrace, Perth, Western Australia

**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.

# Australis Oil & Gas Limited

## ACN 609 262 937

### NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Australis Oil & Gas Limited ACN 609 262 937 (Company) will be held at Allendale Square, Level 1, 77 St Georges Terrace, Perth, Western Australia on Monday, 29 April 2019 at 12 noon (AWST) for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

### AGENDA

#### Financial Reports

To receive and consider the financial report of the Company for the year ended 31 December 2018, together with the Directors' Report and the Auditor's Report.

#### 1 Resolution 1 – Non-Binding Resolution to adopt Remuneration Report

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

*“That the Remuneration Report of the Company as set out in the Annual Report for the year ended 31 December 2018 be adopted.”*

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

**Voting exclusion statement:** *The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:*

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and*
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.*

*Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:*

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or*
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

*Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1.*

*Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.*

*If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.*

## 2 Resolution 2 – Re-election of Jonathan Stewart as a Director

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

*“That, Jonathan Stewart, who retires in accordance with clause 6.1(f) of the Constitution and, being eligible for re-election, be re-elected as a Director.”*

## 3 Resolution 3 – Re-election of Steve Scudamore as a Director

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

*“That, Steve Scudamore, who retires in accordance with clause 6.1(f) of the Constitution and, being eligible for re-election, be re-elected as a Director.”*

## 4 Resolution 4 – Ratification of issue of Shares

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

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the 27 February 2019 allotment and issue of 83,857,142 Shares at an issue price of A\$0.35 per Share to sophisticated and institutional investors on the terms and conditions as set out in the Explanatory Memorandum.”*

### **Voting Exclusion Statement:**

*The Company will disregard any votes cast in favour of Resolution 4 by any person who participated in the issue the subject of Resolution 4 or any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:*

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

## 5 Resolution 5 – Issue of Shares to Jonathan Stewart, Director, or his nominee(s)

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

*“That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 2,857,143 Shares to Jonathan Stewart (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.*

**Voting Exclusion Statement:** *The Company will disregard any votes cast in favour of Resolution 5 by or on behalf Jonathan Stewart or his nominee(s) or any Associate of any of them.*

*However, the Company need not disregard a vote if the vote is cast by:*

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (b) 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.*

## 6 Resolution 6 – Issue of Shares to Alan Watson, Director, or his nominee(s)

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

*“That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 285,715 Shares to Alan Watson (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Alan Watson or his nominee(a) or any Associate of any of them.

However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

## 7 Resolution 7 – Grant of Performance Rights to Ian Lusted, Managing Director, or his nominee(s), pursuant to the 2019 Award under the Company’s Employee Equity Incentive Plan

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

*“For the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.14 and for all other purposes, the Directors are authorised to issue 1,111,111 Performance Rights for no consideration, with each Performance Right having an exercise price of nil and an expiry date of no later than 31 January 2024 to Ian Lusted (or his nominee(s)) pursuant to the 2019 Award under the Company’s Employee Equity Incentive Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion Statement:** The Company will disregard any votes in favour of Resolution 7 by or on behalf of Ian Lusted or his nominee(s), any Director eligible to participate in the Plan or any Associate of any of them.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the vote is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, pursuant to section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 7 (in any capacity) by or on behalf a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 7 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party.

\*Note: In relation to immediately preceding paragraph, the word “associate” has the meaning given to that term in the Corporations Act.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 7 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 7; or
  - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 7.

Shareholders may also choose to direct the Chair to vote against Resolution 7 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

**Please Note:** If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 7.

**8 Resolution 8 – Grant of Performance Rights to Graham Dowland, Finance Director, or his nominee(s) pursuant to the 2019 Award under the Company’s Employee Equity Incentive Plan**

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

*“For the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.14 and for all other purposes, the Directors are authorised to issue 723,810 Performance Rights for no consideration, with each Performance Right having an exercise price of nil and expiry date of no later than 31 January 2024 to Graham Dowland (or his nominee(s)) pursuant to the 2019 Award under the Company’s Employee Equity Incentive Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion Statement:** *The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of Graham Dowland or his nominee(s), any Director eligible to participate in the Plan or any Associate of any of them.*

*However, the Company need not disregard a vote if:*

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (b) the vote is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*Further, pursuant to section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 8 (in any capacity) by or on behalf a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 8 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party.*

*\*Note: In relation to immediately preceding paragraph, the word “associate” has the meaning given to that term in the Corporations Act.*

*Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 8 unless:*

- (a) the appointment specifies the way the proxy is to vote on Resolution 8; or*
  - (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*
- Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 8.*

*Shareholders may also choose to direct the Chair to vote against Resolution 8 or to abstain from voting.*

*If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.*

**Please Note:** *If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 8.*

## 9 Resolution 9 – Approval of potential termination benefit – Darren Wasylucha

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

*“The provisions of the employment contract of Darren Wasylucha relating to potential payments in the event of a termination of employment in certain circumstances, as set out in the Explanatory Memorandum, be approved for the purposes of Listing Rule 10.19 and sections 200B and 200E of the Corporations Act 2001 and for all other purposes.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 9 by Darren Wasylucha and any Associate of Mr Darren Wasylucha. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

A Restricted Voter who is appointed as a proxy will not vote on Resolution 9 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 9; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 9.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 9. Shareholders may also choose to direct the Chair to vote against Resolution 9 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

## 10 Resolution 10 – Re-approval of Employee Incentive Plan

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

*“That for the purposes of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to re-adopt the Australis Oil & Gas Limited Employee Equity Incentive Plan (**Plan**) and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement, as an exception to Listing Rule 7.1.”*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:

- (a) a Director of the Company (except one who is ineligible to participate in the in any employee incentive scheme in relation to the Company); or
- (b) an Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 10 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 10; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 10.

Shareholders may also choose to direct the Chair to vote against Resolution 10 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

**OTHER BUSINESS**

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

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Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'Graham Dowland', with a long horizontal line extending from the end of the signature.

Graham Dowland  
Finance Director  
Dated: 12 March 2019

## 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 of Meeting and by submitting their proxy appointment and voting instructions in person, by post or 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 their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

### 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.

### Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two 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 generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 7, 8, 9 and 10 in accordance with a direction on how the proxy is to vote or, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to

exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel

- 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 who do not nominate the identity of their proxy, will be taken to have appointed the Chair 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 Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.
- To be effective, proxies must be received by 12.00 noon (AWST) on Saturday, 27 April 2019. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - by returning a completed Proxy Form in person or by post using the pre-addressed envelope provided with this Notice to:  
Australis Oil & Gas Ltd  
Level 29, Allendale Square, 77 St Georges Terrace, Perth, Western Australia 6000  
Or
  - by email to [contact@australisoil.com](mailto:contact@australisoil.com)  
Or
  - by faxing a completed Proxy Form to +61 (0) 8 92208799

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 12.00 noon (AWST) on Saturday, 27 April 2019. If

facsimile transmission is used, the Power of Attorney must be certified.

**Shareholders who are entitled to vote**

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, 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 12.00 noon (AWST) on Saturday, 27 April 2019 .

# Australis Oil & Gas Limited

## ACN 609 262 937

### 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 the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

#### FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the year ended 31 December 2018, together with the Directors' Report in relation to that period and the Auditor's Report on the financial report, which are available on the Company's website ([www.australisoil.com](http://www.australisoil.com)). 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 management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements;  
and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

#### RESOLUTION 1 - NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2018 Annual Report be adopted. The Remuneration Report is set out in the Company's 2018 Annual Report and is also available on the Company's website ([www.australisoil.com.au](http://www.australisoil.com.au)).

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at this Annual General Meeting, and then again at the 2020 annual general meeting, the Company will be required to put a resolution to the 2020 annual general meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the 2020 annual general meeting. All of the Directors who were in office when the applicable Directors' declaration was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Company has not previously received a vote of more than 25% against the adoption of its remuneration report. Accordingly, if at least 25% of the votes cast on Resolution 1 are **against** adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

Shareholders will be given reasonable opportunity at the Meeting to ask questions, or make comments on, the Remuneration Report.

### **Voting**

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

### **RESOLUTION 2 – RE-ELECTION OF JONATHAN STEWART AS A DIRECTOR**

Pursuant to Clause 6.1(f) of the Constitution, Jonathan Stewart, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Jonathan Stewart is one of the founding Directors of Australis and is the Chair of the Board and a member of the Audit & Risk Management Committee and the Remuneration & Nomination Committee.

Mr Stewart was appointed as the Non-Executive Chair of Australis on 12 November 2015. Previously Mr Stewart was a founder of Aurora Oil & Gas Limited (**Aurora**) and was a director of Aurora from 22 February 2005 until the acquisition of Aurora by Baytex Energy Australia Pty Ltd on 11 June 2014. He was Executive Chairman and CEO of Aurora until separating those roles in 2012. An experienced oil & gas executive, Mr Stewart has held a number of executive management positions in listed and unlisted companies in Australia, the United States, Canada, the United Kingdom and the former Soviet Union. He has considerable experience in the management of oil and gas exploration and production companies, structuring and financing of transactions and the broader strategic development of companies. He has also been involved helping list a number of companies in Australia, the United Kingdom and Canada. He has been involved in raising significant capital from international equity markets to enable the successful development of these companies.

Mr Stewart is a qualified Chartered Accountant. He does not currently hold any other listed company directorships.

The Directors (other than Jonathan Stewart) recommend that Shareholders vote in favour of the re-election of Jonathan Stewart.

### **RESOLUTION 3 – RE-ELECTION OF STEVE SCUDAMORE AS A DIRECTOR**

Pursuant to Clause 6.1(f) of the Constitution, Steve Scudamore, being a Director, retires by way of rotation and being eligible, offers himself for re-election as a Director.

Steve Scudamore was appointed as an independent Non-Executive Director of Australis on 30 November 2016.

Steve Scudamore is Chair of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

Mr Scudamore is an experienced Australian company director. His distinguished career includes more than three decades with KPMG, including senior roles in Australia, London and PNG including Chairman of Partners WA, Head of Corporate Finance in WA and National Head of Valuations, KPMG Australia.

Since 2012, Mr Scudamore has been a non-executive Director and Chairman of MDA National Insurance Pty Ltd, the insurance arm of a mutual medical defence organisation founded in Perth in 1925. He is currently a non-executive Director of Pilbara Minerals Limited and was previously Non-Executive Director of Aquila Resources and Altona Mining Limited.

Mr Scudamore's involvement in community organisations includes roles as Chairman of Amana Living, Member of Council and Chairman of the Audit and Risk Committee at Curtin University and Vice Chair of the Trustees at the Western Australian Museum.

Mr Scudamore is a Chartered Accountant with a Master of Arts from Oxford University, a Fellow of the Institute of Chartered Accountants, England, Wales and Australia (FCA), a Fellow of the Institute of Company Directors (FAICD) and a Senior Fellow of the Financial Services Institute of Australia (SF Fin).

The Directors (other than Steve Scudamore) recommend that Shareholders vote in favour of the re-election of Steve Scudamore.

#### **RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES**

##### **Background**

On 18 February 2019, the Company announced that it had undertaken a capital raising to raise up to approximately A\$30.5 million before the costs of issue (**Capital Raising**). The Capital Raising will be in two tranches and comprise the issue of 87 million new fully paid ordinary shares in Australis at an issue price of A\$0.35 per Share. 83,857,142 Shares were issued at an issue price of A\$0.35 per Share to institutional and sophisticated investors without Shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1 (**Tranche 1**). Tranche 1 completed on 27 February 2019. Tranche 2, is the subject of Resolutions 5 and 6, with settlement expected to occur on or around 1 May 2019, subject to Shareholder approval at this meeting.

The Capital Raising was strongly supported by both new and existing shareholders and was not underwritten.

The net proceeds from the Capital Raising will be used to:

- a) increase financial flexibility for negotiation of rig and other services for the next phase of the TMS initial drilling program after the sixth well (of the Initial Drilling Program commenced in second half of 2018);
- b) acquire additional de-risked TMS core area lease holdings; and
- c) strengthen the balance sheet and working capital.

Euroz Securities Limited acted as Lead Manager and Bookrunner to the Capital Raising. RBC Capital Markets acted as a Co-Lead Manager.

##### **ASX Listing Rules Chapter 7**

Listing Rule 7.1 provides, subject to certain exceptions, that a company may issue securities up to 15% of its issued capital in a 12 month period without shareholder approval. Shareholder approval is required if the issue of securities would cause the company to breach the 15% limit.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold rule pursuant to Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

83,857,142 Shares were issued without Shareholder approval under the Company's existing 15% capacity under Listing Rule 7.1 on 27 February 2019 to institutional and sophisticated investors.

Resolution 4 seeks ratification under Listing Rule 7.4 of the issue of 83,857,142 Shares under Tranche 1 in order to restore the ability of the Company to issue further Shares within the 15% limit during the next 12 months.

Listing Rule 7.5 requires the following information to be provided to Shareholders:

- 83,857,142 Shares were allotted and issued on 27 February 2019 pursuant to Tranche 1 at an issue price of A\$0.35 per Share to sophisticated and institutional investor clients of Euroz Securities and Royal Bank of Canada none of whom are related parties of the Company.
- Shares issued pursuant to Tranche 1 are fully paid ordinary shares in the capital of the Company and were issued on the same terms and conditions as, and ranking equally with, the Company's existing Shares.
- Funds raised under the Capital Raising will be used for to:
  - a) increase financial flexibility for negotiation of rig and other services for the next phase of the TMS initial drilling program after the sixth well (of the initial Drilling Program commenced in second half of 2018);
  - b) acquire additional de-risked TMS core area lease holdings; and
  - c) strengthen the balance sheet and working capital.
- A voting exclusion statement is set out at the end of Resolution 4 in the Notice of Meeting

The Directors recommend that Shareholders of the Company vote in favour of Resolution 4.

## **RESOLUTIONS 5 AND 6 – ISSUE OF SHARES TO JONATHAN STEWART AND ALAN WATSON (DIRECTORS)**

### **Background**

As noted above, the Company announced on 18 February 2019 that it had undertaken the Capital Raising. Tranche 2 is the issue of Shares to Australis Chairman Jon Stewart and Non-Executive Director Alan Watson (**Participating Directors**).

The following table shows, subject to Shareholder approval, the number of shares the Participating Directors (or their nominee(s)) intend to subscribe for:

<b>Director</b>	<b>Number of Shares</b>
Jonathan Stewart	2,857,143
Alan Watson	285,715

The Participating Directors will participate in Tranche 2 on exactly the same terms as investors participated in Tranche 1 referred to in Resolution 4. The Participating Directors did not participate in Tranche 1 as the issue of Shares to them requires Shareholder approval under Listing Rule 10.11.

Listing Rule 10.11 provides that a company must not issue securities to a related party without shareholder approval. A director of a company is a related party of the company. Accordingly, resolutions 5 and 6 seek Shareholder approval for the issue of Shares to the Participating Directors (or their nominee(s)) as set out above. If approval is given for the issue of the Shares under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Funds raised from Tranche 2 will be applied to the same purposes as funds raised under Tranche 1.

### **Related Party Transactions**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Participating Directors are considered to be related parties of the Company because they are Directors.

An exception to the requirement to obtain shareholder approval for related party transactions under Chapter 2E is set out in section 210 of the Corporations Act which provides that the giving of a financial benefit that is on "arm's length" terms does not require shareholder approval. The Directors (in the absence of the Participating Directors)

have determined that the arm's length exception applies to the issue of Shares to the Participating Directors under Tranche 2 because the Participating Directors are participating in Tranche 2 on the same terms and conditions as non-related investors participated under the Capital Raising. Accordingly, shareholder approval for the proposed issue of Shares to the Participating Directors under Tranche 2 is not sought pursuant to section 208 of the Corporations Act.

#### **Resolution 5**

Resolution 5 seeks Shareholder approval for Jonathan Stewart (or his nominee(s)) to subscribe for up to 2,857,143 Shares under Tranche 2. The following information is provided for the purposes of Listing Rule 10.13:

- the Shares will be issued to Jonathan Stewart (or his nominee(s));
- up to 2,857,143 Shares will be issued under Resolution 5;
- the Company will issue the Shares on or around 1 May 2019;
- the Shares will be issued at an issue price of A\$0.35 per Share;
- the Shares to be issued will be fully paid ordinary shares in the capital Company and will rank pari passu with existing Shares; and
- funds raised from the issue will be applied to the purposes set out above.

#### **Resolution 6**

Resolution 6 seeks Shareholder approval for Alan Watson (or his nominee(s)) to subscribe for up to 285,715 Shares under Tranche 2. The following information is provided for the purposes of Listing Rule 10.13:

- the Shares will be issued to Alan Watson (or his nominee(s));
- up to 285,715 Shares will be issued under Resolution 6;
- the Company will issue the Shares on or around 1 May 2019;
- the Shares will be issued at an issue price of A\$0.35 per Share;
- the Shares to be issued will be fully paid ordinary shares in the capital Company and will rank pari passu with existing Shares; and
- funds raised from the issue will be applied to the purposes set out above.

#### **RESOLUTION 7 and 8 - GRANT OF PERFORMANCE RIGHTS TO IAN LUSTED AND GRAHAM DOWLAND PURSUANT TO THE 2019 AWARD UNDER THE EMPLOYEE EQUITY INCENTIVE PLAN**

The Australis Oil & Gas Limited Employee Equity Incentive Plan (**Plan**) was approved at the General Meeting of Shareholders held on 27 June 2016. Shareholder approval of the Plan was granted for the purposes of ASX Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1, which requires shareholder approval for the issue of securities in excess of 15% of its issued share capital in a 12 month period, does not apply to an issue of securities under an employee incentive scheme that has been approved by Shareholders within three years of the date of issue.

#### **2019 Award**

The Company proposes to grant Performance Rights to eligible employees, (including Ian Lusted and Graham Dowland (the **Executive Directors**)) or their nominees, immediately following the 2019 Annual General Meeting pursuant to the 2019 Award under the Plan. Approximately 8.4 million Performance Rights will be granted to eligible employees, excluding the non-executive directors, under Listing Rule 7.2 Exception 9(b). There is no intention for non-executive directors to participate in the Plan. The number of Performance Rights proposed to be granted is based on the terms of the 2019 Remuneration Plan approved by the Board on 9 November 2018. At that time the Board determined the 2019 Award methodology which included: the award being a percentage of base salary converted to Performance Rights using the Australis share trading VWAP for the month of December of 2018 and such Performance Rights to vest over three years subject to continuous employment during each Vesting Period and various performance hurdles as described herein.

Shareholder approval is now sought for the grant of the following Performance Rights to the Executive Directors based on the 2019 Award:

<b>Executive Director</b>	<b>Number of 2019 Award Performance Rights</b>
Ian Lusted (or his nominee)	1,111,111
Graham Dowland (or his nominee)	723,810
<b>Total</b>	<b>1,834,921</b>

Listing Rule 10.14 requires that the grant of securities to a director (or an associate of a director) under an employee incentive scheme be approved by shareholders.

Chapter 2E of the Corporations Act prohibits a company from giving a financial benefit to a related party of the company unless shareholder approval has been obtained.

Resolutions 7 and 8 seek Shareholder approval for the grant of a total of 1,834,921 Performance Rights pursuant to the 2019 Award to the Executive Directors or their nominee(s) pursuant to Listing Rule 10.14 and Chapter 2E of the Corporations Act. Further information in relation to Listing Rule 10.14 and Chapter 2E of the Corporations Act is set out below.

The primary objectives of the proposed grant include to:

- support the strategic objectives of the Company;
- align the interests of the executives with the interests of the Shareholders;
- encourage the executives to focus on medium and long term Company growth; and
- motivate the executives to outperform.

The proposed grant of Performance Rights to the Executive Directors or their nominees in respect of the 2019 Award will, subject to the satisfaction of certain vesting conditions and performance hurdles (described below) vest in 3 tranches over a 3 year period as follows:

<b>Tranche</b>	<b>Performance Test Period</b>	<b>Vesting Date</b>	<b>Number of Performance Rights Vesting</b>
Tranche 1	1 January 2019 to 31 December 2019	31 January 2020	Up to 1/7 <sup>th</sup> of total Performance Rights awarded
Tranche 2	1 January 2019 to 31 December 2020	31 January 2021	Up to 2/7 <sup>th</sup> of the total Performance Rights awarded
Tranche 3	1 January 2019 to 31 December 2021	31 January 2022	Up to 4/7 <sup>th</sup> of the total Performance Rights awarded

***Service-based vesting condition***

25% of the relevant tranche of a 2019 Award will vest on the relevant Vesting Date subject to the Executive Directors remaining in the employment of the Company throughout the period from 1 January 2019 through to the Vesting Date for each relevant tranche (Vesting Period).

### Performance hurdles

**Absolute TSR Performance Target** – Up to 56.25% of the relevant tranche of a 2019 Award will vest on the relevant Vesting Date subject to the Executive Director remaining in the employment of the Company throughout the relevant Test Period and in accordance with the following vesting schedule dependent on the Company's absolute total shareholder return (**ATSR**) performance measure, being the increase in the Company's volume weighted average share price (**VWAP**) for December 2018, of A\$0.315, to the VWAP of the Company for the month of December prior to the Vesting Date or the relevant tranche.

<b>ATSR increase compared to Dec 2018 VWAP of A\$0.315</b>	<b>15% to &lt;20%</b>	<b>20% to &lt;25%</b>	<b>25% to &lt;30%</b>	<b>30% to &lt;40%</b>	<b>40% +</b>
<b>Testing Period</b>					
<b>VWAP Dec 2019</b>	60%	80%	100%	100%	100%
<b>VWAP Dec 2020</b>	40%	60%	80%	100%	100%
<b>VWAP Dec 2021</b>	20%	40%	60%	80%	100%

**Relative TSR Performance Target** – Up to 18.75% of the relevant tranche of a 2019 Award will vest on the relevant Vesting Date subject to the Executive Director remaining in the employment of the Company throughout the relevant Test Period and in accordance with the following vesting schedule dependent on the Company's relative total shareholder return (**RTSR**) performance (being the comparison of the Company's VWAP for the month of December prior to the Vesting Date to that of the Company's VWAP for the month of December 2018 of A\$0.315) with the total shareholder return (**TSR**) performance of a selected peer group of ASX listed companies (as set out below) for the relevant Test Period. Each peer company's TSR is calculated by comparing its VWAP for the month of December in the most recent period prior to the Vesting Date for the relevant tranche with its December 2018 VWAP. The ranking of the Company's TSR performance within the peer group will determine the achieved percentage of the relevant tranche of the 2019 Award that will vest on a particular Vesting Date. For each percentile increment that the Australis TSR exceeds the 50<sup>th</sup> percentile of the peer group, 2% of the 2019 Award subject to the RTSR performance target vests. as set out below.

<b>ATS Ranking</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>RTSR vesting %</b>	<b>100%</b>	<b>83.3%</b>	<b>66.7%</b>	<b>50%</b>	<b>33.3%</b>	<b>16.7%</b>

The 2019 Award incorporates a retest facility whereby any Performance Rights that do not vest on the Tranche1 and/or Tranche 2 Vesting Dates pursuant to the ATSR and/or RTSR performance targets will be retested at the Tranche 3 Vesting Date in accordance with the Tranche 3 performance hurdles.

### **Peer Group for 2019 Award**

The Peer Group for the 2019 Award is made up of the largest 12 ASX listed oil and gas exploration and production companies with a market capitalisation of less than A\$1 billion as at 31 December 2018 and is set out below:

Cooper Energy Ltd  
Senex Energy Ltd  
Carnarvon Petroleum Ltd  
FAR Ltd  
Liquefied Natural Gas Ltd  
Sundance Energy Australia Ltd  
Comet Ridge Ltd  
Karoon Energy Ltd  
Freedom Oil & Gas Ltd  
Horizon Oil Ltd  
88 Energy Ltd  
Central Petroleum Ltd

The Peer Group for the 2019 Award has been approved by the Remuneration and Nomination Committee.

### **RELATED PARTY TRANSACTIONS**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Executive Directors are considered to be related parties of the Company because they are Directors.

Resolutions 7 and 8 provide for the grant of securities under the Plan to the Participating Directors which is a financial benefit that requires Shareholder approval for the purposes of section 208 of the Corporations Act.

### **Information Requirements**

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

### **The related parties to whom the proposed Resolutions would permit the financial benefit to be given:**

Subject to Shareholder approval, the following number of Performance Rights under the Plan will be granted to the following related parties (or their nominee(s)):

<b>Executive Director</b>	<b>Proposed number of Performance Rights granted pursuant to the 2019 Award under the Plan*</b>			
	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Total</b>
Ian Lusted (or his nominee(s))	158,730	317,460	634,921	<b>1,111,111</b>
Graham Dowland (or his nominee(s))	103,401	206,803	413,606	<b>723,810</b>
<b>Total</b>	<b>262,131</b>	<b>524,263</b>	<b>1,048,527</b>	<b>1,834,921</b>

*\*Note: in each tranche, 25% of the Performance Rights are subject only to continued employment, and 75% of the Performance Rights are subject to continued employment and either the ATSR or RTSR hurdles as previously summarised.*

### **The nature of the financial benefit**

The proposed financial benefit to be given is the grant of Performance Rights under the Plan for no consideration to the Executive Directors or their nominees as noted above.

### **The details of the financial benefit including reasons for giving the type and quantity of the benefit**

The proposed grant of Performance Rights under the Company's Long Term Incentive Plan is designed to encourage the Executive Directors to have a continuing strong alignment with all shareholders through increasing share ownership delivered by a combination of the achievement of the Company's objectives, and retention mechanisms to provide consistent long term service. Under the Company's current circumstances, the Directors consider (in the absence of the Executive Directors) that the incentives intended for the Executive Directors represented by the grant of these Performance Rights are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The terms and conditions of the Performance Rights to the Executive Directors or their nominees are set out above and in the Plan Rules, which are available on the Company's website at [www.australisoil.com](http://www.australisoil.com). If, however, there is any inconsistency between the terms of the Performance Rights as set out in this Explanatory Memorandum and the Plan, the terms set out in this Explanatory Memorandum prevail to the extent of the inconsistency.

The number of Performance Rights to be granted to each of the Executive Directors has been determined based upon a consideration of:

- ensuring that an appropriate proportion of the remuneration of the Executive Directors is delivered by mechanisms that crystallise over the medium to longer term, and are aligned with shareholders' interests;
- the extensive experience and reputation of the Executive Directors within the oil and gas industry;
- the Board's wish to ensure that the remuneration offered is competitive with market standards or/and practice. The Directors have considered the proposed number of Performance Rights to be granted and will ensure that the Executive Directors' overall remuneration is in line with market practice; and
- incentives ensure continuity of service of Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves. The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed.

### **Directors' recommendation**

Jonathan Stewart, Alan Watson and Steve Scudamore (who have no interest in the outcome of Resolutions 7 and 8) recommend that Shareholders vote in favour of Resolutions 7 and 8.

Ian Lusted recommends that Shareholders vote in favour of Resolution 8. Ian Lusted declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of this Resolution as it relates to the proposed grant of Performance Rights to him individually (or his nominee(s)).

Graham Dowland recommends that Shareholders vote in favour of Resolution 7. Graham Dowland declines to make a recommendation about Resolution 8 as he has a material personal interest in the outcome of this Resolution as it relates to the proposed grant of Performance Rights to him individually (or his nominee(s)).

**Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors**

- Proposed Resolutions 7 and 8 would have the effect of giving power to the Directors to grant a total of 1,834,921 Performance Rights on the terms and conditions as otherwise mentioned above.
- The Performance Rights will not be quoted on ASX.
- The Company presently has 980,020,820 quoted Shares on issue and the following unquoted Options and Performance Rights:

Grant Date	Type	Number	Exercise Price	Expiry Date
<b>Options</b>				
13-Nov-15	\$0.25 Options	19,675,000	A\$0.25	31-Dec-20
13-Nov-15	\$0.30 (Series A) Options	27,775,000	A\$0.30	31-Dec-20
28-Apr-16	\$0.30 (Series B) Options	1,000,000	A\$0.30	31-Dec-20
13-Nov-15	\$0.35 (Series A) Options	27,600,000	A\$0.35	31-Dec-22
13-Nov-15	\$0.35 (Series B) Options	1,600,000	A\$0.35	31-Dec-22
28-Apr-16	\$0.35 (Series C) Options	1,000,000	A\$0.35	31-Dec-22
28-Apr-16	\$0.35 (Series D) Options	1,000,000	A\$0.35	31-Dec-22
16-May-16	\$0.275 (Series A) Options	18,296,730	A\$0.275	30-Jun-19
24-May-16	\$0.275 (Series B, C and D) Options	420,000	A\$0.275	24-May-21
10-Apr-17	\$0.3125 (Series A, B and C) Options	420,000	A\$0.3125	30-Nov-21
18-Dec-17	\$0.285 (A) Options	500,000	A\$0.285	31-Dec-22
18-Dec-17	\$0.345 (B) Options	500,000	A\$0.345	31-Dec-22
18-Dec-17	\$0.400 (C) Options	500,000	A\$0.400	31-Dec-22
5-Jun-18	\$0.490 (A) Options	20,000,000	A\$0.49	4-Jun-21
5-Jun-18	\$0.510 (A) Options	10,000,000	A\$0.51	4-Jun-21
		<b>130,286,730</b>		
<b>Performance Rights</b>				
15-Jun-17	2017 Award-Tranche 1	237,665	Nil	31-Jan-22
15-Jun-17	2017 Award-Tranche 2	695,376	Nil	31-Jan-22
15-Jun-17	2017 Award-Tranche 3	1,519,543	Nil	31-Jan-22
25-May-18	2018 Award Tranche 1	1,303,894		31 Jan 23
25-May-18	2018 Award Tranche 2	2,807,843		31 Jan 23
25-May-18	2018 Award Tranche 3	5,615,682		31 Jan 23
		<b>12,180,003</b>		

- If all Performance Rights subject to Resolution 7 and 8 are exercised, and assuming the existing Performance Rights and unquoted Options on issue are not exercised, the effect would be to dilute the shareholding of existing Shareholders by approximately 0.19%.

- Valuation of Performance Rights

The Performance Rights to be issued to the Executive Directors or their nominees pursuant to Resolutions 7 and 8 have been independently valued by RSM Australia Pty Ltd (**RSM**). A summary of the assumptions and methodology used by RSM in valuing the Performance Rights is set out below.

The valuation has been calculated in Australian dollars.

<b>Valuation date</b>	5 March 2019		
<b>Award type</b>	2019 Performance Rights		
<b>Tranche</b>	1	2	3
<b>Vesting Date</b>	31 January 2020	31 January 2021	31 January 2022
<b>Share Price at valuation date</b>	A\$0.25	A\$0.25	A\$0.25
<b>Exercise Price</b>	Nil	Nil	Nil
<b>Performance Period</b>	1 Year	2 Years	3 Years
<b>Volatility</b>	53.1%	53.1%	53.1%
<b>Risk free interest rate</b>	1.75%	1.75%	1.69%
<b>Dividend yield</b>	Nil	Nil	Nil
<b>Targets</b>	Set out on page 16	Set out on page 16	Set out on page 16

The volatility assumption in the calculation is representative of the level of uncertainty expected in the movement of the Company's Share price over the life of the 2019 Award. The following factors have been assessed in determining the expected volatility of the Company:

- Historical volatility of the market price of the Company's Shares over three and four year trading periods
- The mean revision tendency of volatilities.

After consideration of these sources of information, the assumption for the volatility for Australis Shares is 53.1%.

The implied zero coupon yield from two and three year Commonwealth bonds of 1.75% and 1.69%, respectively has been used as the risk free rate in the pricing model as these periods most closely correspond to the life of the Performance Rights.

The valuation assumes that the Performance Rights will be exercised immediately on vesting.

Based on historical dividends and broker forecasts a dividend yield of 0.0% has been assumed.

The valuation date is 5 March 2019 however the Performance Rights will not be granted until Shareholder approval is obtained at this Meeting.

The valuations reflected below do not necessarily represent the market value of the Performance Rights or the value for taxation purposes to the Performance Right holder. The future value of the Performance Rights may differ from the values noted below as it will primarily depend on the future Share price at the date of exercise of the Performance Rights.

Any change in the variables applied in the Monte Carlo calculation between the date of valuation and the date the Performance Rights are granted would have an impact on their value.

## Methodology

The choice of valuation methodology is determined by the structure of the Plan awards, particularly the vesting conditions. The table below shows the valuation methodology used for each 2019 Award:

Valuation date	Award type	Vesting condition	Valuation methodology
5 Mar 2019	Performance rights	Service condition	Analytic approach
5 Mar 2019	Performance rights	Service condition and ATSR Hurdle	Monte Carlo simulation
5 Mar 2019	Performance rights	Service condition and RTSR Hurdle	Monte-Carlo simulation

The analytical approach is used where only a service condition exists. The analytical approach describes the approach adopted where it is possible to derive a formula which determines the price for some option or rights structures. The method used to value the service condition Performance Rights was the Hoadley's "Options 1" valuation model as no market vesting conditions apply.

To value the rights subject to absolute and relative TSR conditions in addition to service conditions, the Monte-Carlo simulation valuation technique has been used. The Monte-Carlo simulation is a highly flexible valuation technique which can cope with a variety of award structures, in particular it is often used when the share-based payment depends on more than one asset's return (relative return hurdles). A valuation using this approach requires the use of many individual simulations, each simulation entails the following steps:

1. Simulate the share price of the company, and the companies in the peer group, as at a performance test date. The share prices are simulated such that they are consistent with the assumed distribution of, and correlation between, share price outcomes.
2. Determine whether any awards vest at the current test date, based on the simulated share price.
3. For any vesting awards calculate the value using the simulated share price. This valuation uses either an analytic or binomial tree methodology.
4. Calculate the present value of the award as at the valuation date.
5. Factor in a re-test facility whereby any Rights that do not vest on the Tranche 1 and/or Tranche 2 vesting dates pursuant to absolute TSR and relative TSR performance targets will be re-tested at the Tranche 3 vesting date.

The results of many simulations are aggregated to determine the total fair value of the 2019 Award.

The Monte-Carlo simulation model "*Hybrid ESO Model – Multiple Share Price Targets*" developed by Hoadley Trading & Investment Tools was used to value the Absolute TSR Performance Rights.

Hoadley's "*Hybrid ESO Model-Relative TSR vs Peer Group*" model was used to value the Relative TSR Performance Rights.

Based on the above assumptions and methodology set out above, RSM has calculated an indicative value of the Performance Rights to be granted to the Participating Directors (or their nominees) to be as follows:

	Maximum Number of Performance Rights- 2019 Award		Valuation per Performance Right (A\$)
	Ian Lusted	Graham Dowland	
Tranche 1 – Service condition	39,682	25,850	0.25
Tranche 1 – Absolute TSR Hurdle	89,286	58,163	0.147
Tranche 1 – Relative TSR Hurdle	29,762	19,388	0.112
Tranche 2 – Service condition	79,365	51,701	0.25
Tranche 2 – Absolute TSR Hurdle	178,571	116,327	0.147
Tranche 2 – Relative TSR Hurdle	59,524	38,776	0.117
Tranche 3 – Service condition	158,730	103,401	0.25
Tranche 3 – Absolute TSR Hurdle	357,143	232,653	0.133
Tranche 3 – Relative TSR Hurdle	119,048	77,551	0.105
<b>Total</b>	<b>1,111,111</b>	<b>723,810</b>	

	Ian Lusted (A\$)	Graham Dowland (A\$)	Total (A\$)
Tranche 1	26,379	17,184	43,563
Tranche 2	53,056	34,562	87,618
Tranche 3	99,683	64,936	164,619
<b>Total</b>	<b>179,118</b>	<b>116,682</b>	<b>295,800</b>

Accordingly, the estimated total value of the Performance Rights to be granted to the Executive Directors (or their nominees) is A\$295,800.

Details of the Executive Directors' base salaries or fees per annum (including superannuation), as applicable, and the total financial benefits to be received by them in this current period as a result of the grant of the Performance Rights the subject of Resolutions 7 and 8 are as follows:

Director	Base salary for year ended 31 December 2019 (A\$)	Value of Performance Rights (A\$)	Total Financial Benefit (A\$)
Ian Lusted	547,500	179,118	726,618
Graham Dowland	416,100	116,682	532,782

In addition to the above fees, the Executive Directors are also eligible to receive a short term incentive, payable at the discretion of the Board on an annual basis, subject to the satisfaction of performance conditions including pre-set corporate goals and targets and assessment of individual performance which align with corporate strategy.

Set out below are details of the Participating Directors' relevant interests in the securities (excluding Performance Rights, the subject of Resolutions 7 and 8) of the Company as at the date of this Notice of Meeting:

Director	Shares	Options	Performance Rights
Ian Lusted	14,918,572	16,250,000	1,383,721
Graham Dowland	14,750,000	13,500,000	976,744

The following table sets out the highest, lowest and latest Share price of the Company over the past 12 months ending on 5 March 2019.

Security	Highest Price	Date of highest price	Lowest Price	Date of lowest price	Latest Price on 5 March 2019	December 2018 VWAP
Ordinary shares	A\$0.55	16-Jul-18	A\$0.23	5-Mar-19, 4-Mar-19 and 26-Feb 19	A\$0.23	0.315

### Other Information

Under the Australian equivalent of International Financial Reporting Standards, the Company is required to expense the value of the Performance Rights in its Statement of Comprehensive Income over the Vesting Periods. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Performance Rights pursuant to Resolutions 7 and 8.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

### Listing Rule 10.14 and Listing Rule 10.15

ASX Listing Rule 10.14 requires that a listed company obtain shareholder approval prior to the issue of equity securities to a related party (including a Director or a nominee of the Director) under the Plan.

For the purpose of ASX Listing Rule 10.15 the following further information is provided in relation to Resolutions 7 and 8.

- The Performance Rights will be issued to the Executive Directors (or their nominee(s)) as noted above.
- The maximum number of Performance Rights that may be granted to the Executive Directors (or their nominees) is 1,834,921 being 1,111,111 Performance Rights granted to Ian Lusted (or his nominee(s)) and 723,810 Performance Rights granted to Graham Dowland (or his nominee(s)).
- The Performance Rights will be granted for no consideration.
- No consideration is payable for the exercise of the Performance Rights into Shares.
- All Directors, or their permitted nominees are entitled to participate in the Plan, but for the purposes of Resolutions 7 and 8, at this time, the Company is only seeking to grant Performance Rights to the Executive Directors or their nominees. The persons referred to in Listing Rule 10.14 who are entitled to participate in the Plan are Jon Stewart, Ian Lusted, Graham Dowland, Alan Watson and Steve Scudamore.
- Messrs Lusted and Dowland have previously received 1,383,721 and 976,744 performance rights under the Plan (being the 2018 Award). Messrs Stewart, Watson and Scudamore have not received any awards under the Plan.
- Since approval of the Plan on 27 June 2016, a total of 13,304,334 Performance Rights have been granted to employees under the Plan.
- A voting exclusion statement is set out at the end of Resolutions 7 and 8 in the Notice of Meeting.
- No loan is provided in connection with the acquisition or conversion of the Performance Rights.
- The Performance Rights will be issued on a date that is no later than 12 months after the date Shareholder approval is obtained for Resolutions 7 and 8.

If approval is given for the grant of the Performance Rights under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

## RESOLUTION 9 – APPROVAL OF POTENTIAL TERMINATION BENEFIT – DARREN WASYLUCHA

The employment agreement between the Company and Darren Wasylucha (**Executive**) provides that the Executive will be eligible to receive a short term incentive (**STI**) in respect of each year of employment ending on 31 December of the applicable year (**Bonus Period**).

The STI shall comprise a percentage of the Executive's base salary for the relevant Bonus Period and will be payable pursuant to Board approved eligibility requirements. In the case of the Executive, the STI shall comprise of up to 45 per cent of his base salary, (base salary being at the date of this Notice, C\$322,400).

For the Bonus Period ending 31 December 2019, the STI eligibility criteria for the Executive requires that 20 per cent of the STI shall be payable at the recommendation from the CEO and approved by the Remuneration and Nomination Committee. The remaining 80 per cent of the STI shall be payable to the Executive meeting or exceeding financial and non-financial key performance indicators set by the Board.

Ordinarily, the STI will not be made where the Executive's employment terminates, or where either the Company or the Executive, has given notice to terminate prior to the date on which the STI for a relevant Bonus Period is determined (**Qualification Date**). However, if the Company terminates the Executive's employment on notice without cause (that is, for a reason which is not related to the Executive's wrong doing) or, if the Executive terminates their employment due to a fundamental change to their employment, no more than 90 days prior to the end of the relevant Bonus Period the Company shall pay the Executive one hundred percent of the STI payable for that Bonus Period. In addition, if the Executive terminates his employment on notice without cause prior to the end of the Bonus Period or the Qualification Date, then the Board in its absolute discretion may determine whether or not to award the STI for the relevant Bonus Period and if so the amount of any STI for that Bonus Period.

Furthermore, under the Executive's employment agreement:

- (a) in connection with a fundamental change to his employment:
  - (i) if the Executive gives 2 months' notice of termination within 3 months of a fundamental change to his employment, the Company shall pay to the Executive 6 months' remuneration until 18 December 2018 and thereafter increasing by 1 month on each anniversary of the commencement of his employment (up to a maximum of 9 months) on the date of his termination of employment, and any accrued but untaken statutory leave entitlements and other amounts due under the agreement;
- (b) in connection with payments in lieu of notice:
  - (i) if the Executive or the Company terminates the Executive's employment without cause, in lieu of notice the Company may choose to pay the Executive his remuneration for the relevant notice period (being in this case, 6 months until 18 December 2018 and thereafter increasing by 1 month on each subsequent anniversary of the commencement of her employment, up to a maximum of 9 months) and any accrued but outstanding statutory leave entitlements and other amounts due under the agreement;

each such payment being a **Termination Payment**.

Shareholder approval of the STI benefits and any Termination Payment that may become payable to an Executive as a result of the Executive's termination of employment, is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person retiring or being removed from a managerial or executive, office or position (**Retiree**), unless the company's shareholders approve that benefit under section 200E or unless the benefit falls within certain exceptions set out in the Corporations Act.

A payment will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the Retiree's remuneration or if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, a payment by way of damages for breach of contract or a payment for past services).

If the Executive's employment is terminated in the circumstances highlighted above, the Executive may become a Retiree and any STI payment or Termination Payment following, or as a consequence of that, termination may be deemed to be a termination benefit. Those payments do not fall within any of the categories of exception set out in the Corporations Act and accordingly Shareholder approval is sought for the purposes of section 200E of the Corporations Act.

Section 200E of the Corporations Act requires that where shareholders are asked to approve a payment or other benefit to a Retiree that would otherwise be prohibited by section 200B, shareholders must be given details of the amount of the payment, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount is to be calculated and any matter, event or circumstance that will, or is likely to affect the calculation of the amount. As set out above, the STI cannot exceed the specified percentage of the Executive's base salary. However, the eligibility criteria may change from time to time. Similarly, any Termination Payment in respect of the Executive is ascertainable with reference to a multiple the Executive's monthly remuneration at the time, which will be publicly disclosed.

#### **Listing Rule 10.19**

Listing Rule 10.19 provides that without shareholder approval, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

For the reasons noted above it is not possible to quantify the amount of the STI payment and Termination Benefit and as such it is uncertain if such payment would exceed this 5% threshold. Accordingly, Shareholder approval is being sought in case such STI payment and /or Termination Benefit does exceed the 5% threshold.

#### **Voting**

Note that a voting exclusion applies to Resolution 9 in the terms set out in the Notice.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

#### **RESOLUTION 10 – EMPLOYEE EQUITY INCENTIVE PLAN**

Resolution 10 seeks approval of Shareholders for approval of the Australis Oil & Gas Limited Employee Equity Incentive Plan (**Plan**) attached as an annexure to this Explanatory Memorandum.

The Plan was approved by Shareholders at the General Meeting held on 27 June 2016 and, in accordance with ASX Listing Rule 7.2 (Exception 9(b)) the Company is now seeking re-approval of the Plan. 13,304,334 Performance Rights have been issued under the Plan since it was approved at the General Meeting held on 27 June 2016. No changes to the Plan have been made since it was approved at the General Meeting held on 27 June 2016 .

The Directors considered that it was desirable to establish an equity incentive plan under which employees, contractors and Directors may be offered the opportunity to subscribe for Options, Performance Rights and Shares in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees.

The Plan is designed to provide incentives to the employees, contractors and Directors of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances, the Directors consider that the incentives to employees, contractors and Directors are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees, contractors and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel.

The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

The purpose of the Plan is to:

- 1 assist in the reward, retention and motivation of eligible participants;
- 2 link the reward of eligible participants to performance and the creation of Shareholder value;
- 3 align the interests of eligible participants more closely with the interests of Shareholders by providing an opportunity for eligible participants to receive an equity interest in the form of Options, Performance Rights and Shares;
- 4 provide eligible participants with the opportunity to share in any future growth in value of the Company; and
- 5 provide greater incentive for eligible participants to focus on the Company's longer term goals.

Shareholder approval is required if any issue of Options, Performance Rights and pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without Shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

Under the Plan, the Board may offer employees, contractors and Directors the opportunity to subscribe for such number of Options, Performance Rights and Shares as the Board may decide and on the terms set out in the rules of the Plan, a copy of which is contained in the Annexure A to this Explanatory Memorandum.

The specifics of any future incentives awarded pursuant to the Plan will be considered and approved by the Remuneration Committee and Board of Directors. In addition any proposed issue to Directors will require specific prior and separate shareholder approval.

### **Voting**

Note that a voting exclusion applies to Resolution 10 in the terms set out in the Notice.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

**Additional Information**

Note that a voting exclusion applies to Resolutions 1 and 7-10 in the terms set out in the Notice. Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

Additional information relating to the Company is available (i) under the Company's profile on the ASX website at [www.asx.com.au](http://www.asx.com.au), and (ii) on the Company's website at [www.australisoil.com](http://www.australisoil.com).

The Companies annual financial statements for the period ended 31 December 2018, along with the Company's interim financial statements as at 30 June 2018 can be found on the Company's website at [www.australisoil.com](http://www.australisoil.com) and will be provided free of charge to Shareholders upon written request to the Company's Secretary at its registered office located at Level 29, Allendale Square, 77 St Georges Terrace, Perth, Western Australia 6000, Australia, telephone number +618 9220 8700.

For a complete description of the remuneration policies and practices of the Company, please refer to the Company's Remuneration Report contained within the Company's 2018 Annual Report, available under the Company's profile on the ASX website at [www.asx.com.au](http://www.asx.com.au) and on the Company's website at [www.australisoil.com](http://www.australisoil.com).

## GLOSSARY

**A\$** means Australian dollars.

**C\$** means Canadian dollars.

**US\$** means US dollars

**Accounting Standards** has the meaning given to that term in the Corporations Act.

**Annual Report** means the annual report of the Company for the year ended 31 December 2018.

**ASIC** means the Australian Securities and Investments Commission

**Associate** has the meaning given to that term in the Listing Rules.

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

**Auditor** means the Company's auditor (if any).

**Auditor's Report** means the report of the Auditor contained in the Annual Report for the year ended 31 December 2018.

**Australis** means the Company.

**AWST** means western standard time as recognised in Perth, Western Australia.

**Board** means the Directors.

**Capital Raising** has the meaning set out on page 14.

**Chair or Chairman** means the individual appointed under clause 6.11(a) of the Constitution to chair any meeting of the Company from time to time.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Australis Oil & Gas Limited ACN 609 262 937.

**Constitution** means the Company's constitution, as amended from time to time.

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

**Corporations Regulations** means *Corporations Regulations 2001* (Cth).

**Directors** means the directors of the Company.

**Employee Equity Incentive Plan** means the Plan.

**Executive Directors** has the meaning given on page 14.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Group** means the Company and its Related Bodies Corporate (as such term is defined in Section 9 of the Corporations Act).

**Key Management Personnel** has the meaning given to that term in the Accounting Standards.

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

**Plan** means the Australis Oil & Gas Limited Employee Equity Incentive Plan.

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

**Notice** means this Notice of Annual General Meeting.

**Notice of Meeting** means this Notice of Annual General Meeting.

**Optionholder** means a holder of an Option.

**Option** means an unlisted option to acquire a Share, as the context provides.

**Participating Directors** has the meaning set out on page 13.

**Performance Right** means a right to acquire a Share on the terms set out in the Plan.

**Plan** has the meaning set out on page 6.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Annual Report for the year ended 31 December 2018.

**Resolution** means a resolution contained in the Notice.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

**RSM** means RSM Australia Pty Ltd

**Shareholder** means a member of the Company from time to time.

**Shares** means fully paid ordinary shares in the capital of the Company.

**Spill Meeting** has the meaning set out on page 10.

**Spill Resolution** has the meaning set out on page 10.

**Tranche 1** has the meaning set out on page 12.

**Tranche 2** has the meaning set out on page 12.

**Vesting Date** means the vesting date for either Tranche 1, 2 or 3 of the Performance Rights to be granted pursuant to the 2019 Award.

**Vesting Period** means the period from 1 January 2019 through to the Vesting Date for either Tranche 1, 2 or 3.

**VWAP** has the meaning set out on page 20.

**2019 Award** means the Plan award for the grant of Performance Rights for 2019, which was approved by the Board on 25 February 2019.

**ANNEXURE A - Australis Oil & Gas Limited Employee Equity Incentive Plan**

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# **Employee Equity Incentive Plan**

Australis Oil & Gas Limited  
(ACN 609 262 937)

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## 1 Defined terms and interpretation

### 1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law.

### 1.2 Interpretation

The interpretation clause in Schedule 1 (**Dictionary**) sets out rules of interpretation for this deed.

---

## 2 Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Employees;
  - (b) link the reward of Eligible Employees to performance and the creation of Shareholder value;
  - (c) align the interests of Eligible Employees more closely with the interests of Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the form of Awards;
  - (d) provide Eligible Employees with the opportunity to share in any future growth in value of the Company; and
  - (e) provide greater incentive for Eligible Employees to focus on the Company's longer term goals.
- 

## 3 Commencement

The Plan will commence on a date determined by resolution of the Board.

---

## 4 Principal conditions

### 4.1 Compliance with laws

Notwithstanding the Rules or the terms of any Award, no Award may be offered, issued or exercised, and no Share may be issued pursuant to the exercise of Options or Performance Rights under the Plan:

- (a) if to do so:

- (i) would contravene the Corporations Act, the Class Order (where the Class Order is being relied on), the Listing Rules or any other Applicable Law; or
  - (ii) would contravene the local laws or customs of an Eligible Employee's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical or unreasonably onerous; or
- (b) while the Company is listed on ASX, to any person referred to in Listing Rule 10.14 (which includes a Director) without Shareholder Approval.

#### 4.2 No prohibited financial assistance

No person may, whether directly or indirectly, provide financial assistance that is prohibited by the Corporations Act to an Eligible Employee for the purposes of, or in connection with, the acquisition or exercise of Awards under the Plan.

#### 4.3 Plan limit

(a) Where an Offer is made under the Plan in reliance on the Class Order, the Board must, at the time of making the Offer, have reasonable grounds to believe that the total number of Shares (or, in respect of Options or Performance Rights, the total number of Shares which would be issued if those Options or Performance Rights were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:

- (i) the Plan or any other employee incentive scheme covered by the Class Order; or
- (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

**(5% Limit).** For the avoidance of doubt, offers under the Plan that are not made in reliance on the Class Order or other ASIC class order or case-by-case relief are not included in the 5% Limit calculation, for example:

- (i) an offer to a person situated at the time of receipt of the offer outside Australia;
  - (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
  - (iii) an offer that did not require the giving of a product disclosure statement because of section 1012D of the Corporations Act; or
  - (iv) an offer made under a disclosure document or product disclosure statement,
- (b) The 5% Limit shall be subject to adjustment or increase as may be permitted by Applicable Law.

#### 4.4 Quotation

Options and Performance Rights will not be quoted on ASX. However, application will be made to ASX for official quotation of any Shares issued for the purposes of the Plan, including pursuant to the exercise of Options and Performance Rights, to the extent required by Listing Rule 2.4 if the Company's Shares are listed on ASX at that time.

---

## 5 Offers

### 5.1 Board to make Offer

Subject to Rule 4.1, the Board, acting in its absolute discretion, may offer Awards to any Eligible Employee from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:

- (a) the Eligible Employee's length of service with the Group;
- (b) the contribution made by the Eligible Employee to the Group;
- (c) the potential contribution of the Eligible Employee to the Group; or
- (d) any other matter the Board considers relevant,

subject to the terms of the Awards being consistent with the Listing Rules.

### 5.2 Prospective Eligible Employees

Subject to Rule 4.1, the Board, acting in its sole and absolute discretion, may offer Awards in accordance with these Rules to a person where the Offer is conditional on the person becoming an Eligible Employee.

### 5.3 Number of Awards

Subject to Rule 4.3, the number of Awards the subject of an Offer to an Eligible Employee will be determined by the Board in its discretion and in accordance with the Rules and Applicable Law.

### 5.4 Form of Offer

An Offer must be made in an Offer Document.

### 5.5 Information contained in Offer Document

An Offer Document must include or be accompanied by:

- (a) the name and address of the Eligible Employee to whom the Offer is made;
- (b) the date of the Offer;
- (c) the Final Acceptance Date;
- (d) the maximum number of Awards which the Eligible Employee may apply for;
- (e) the Grant Conditions (if any) attaching to the Awards the subject of the Offer;
- (f) in respect of an Offer of Shares:
  - (i) the Issue Price (if any) or the manner of determining the Issue Price (if any) of the Shares the subject of the Offer; and
  - (ii) details of the Share Vesting Conditions (if any) attaching to the Shares the subject of the Offer;

- (g) in respect of an Offer of Options or Performance Rights:
  - (i) the Issue Price (if any) or the manner of determining the Issue Price (if any) of the Options or Performance Rights the subject of the Offer;
  - (ii) details of Option Vesting Conditions or Performance Right Vesting Conditions (if any) attaching to the Options or Performance Rights the subject of the Offer;
  - (iii) the First Exercise Date of the Options or Performance Rights the subject of the Offer;
  - (iv) the Last Exercise Date of the Options or Performance Rights the subject of the Offer;
  - (v) the Exercise Price (if any) or the manner of determining the Exercise Price (if any) of the Options or Performance Rights the subject of the Offer;
- (h) the Vesting Period (if any) applicable to the Shares, Options or Performance Rights the subject of the Offer;
- (i) a prominent statement to the effect that:
  - (i) any advice given by the Company in relation to Awards issued under the Plan, and Shares issued upon exercise of the Options or Performance Rights, does not take into account an Eligible Employee's objectives, financial situation and needs; and
  - (ii) the Eligible Employee should consider obtaining their own financial product advice from a person who is licensed by ASIC to give such advice;
- (j) general information about the risks of acquiring and holding the Shares, Options or Performance Rights (and underlying Shares) the subject of the Offer;
- (k) an explanation of how an Eligible Employee could, from time to time, ascertain the market price of the Shares underlying the Options or Performance Rights;
- (l) any other specific terms and conditions applicable to the Offer;
- (m) a copy of these Rules; and
- (n) any other information that is required by Applicable Law or the Class Order.

## **5.6 Issue Price and Exercise Price**

The Issue Price (if any) in respect of a Share, Option or Performance Right and the Exercise Price (if any) in respect of an Option or Performance Right (subject to any adjustment under the Plan) is as determined by the Board at its discretion.

## **5.7 Terms**

The terms and conditions applicable to an Offer, including the Final Acceptance Date, the First Exercise Date, the Last Exercise Date, any Grant Conditions, any Vesting Conditions and any Vesting Period, are as determined by the Board (in its absolute discretion).

## **5.8 Exercise Price and Issue Price in Australian dollars**

The Issue Price (if any) in respect of a Share, Option or Performance Right and the Exercise Price (if any) in respect of an Option or Performance Right must be denominated and payable in Australian dollars, unless otherwise determined by the Board.

### **5.9 Offer personal**

Subject to Rule 5.10, an Offer is personal and can only be accepted by the Eligible Employee to whom the Offer is made.

### **5.10 Nominated Party**

- (a) Upon receipt of an Offer, an Eligible Employee may, by notice in writing to the Board, nominate a Nominated Party of that Eligible Employee in whose favour the Eligible Employee wishes the Shares, Options or Performance Rights the subject of the Offer to be issued.
- (b) The Board may, in its sole and absolute discretion, decide not to permit the Shares, Options or Performance Rights the subject of an Offer to be issued to a Nominated Party without giving any reason for that decision.
- (c) If the Board decides to permit the Shares, Options or Performance Rights the subject of an Offer to be issued to a Nominated Party, the Eligible Employee will procure that the Nominated Party also agrees to be bound by the Rules.

---

## **6 Application for Awards**

### **6.1 Acceptance of Offer**

- (a) Subject to Rule 6.1(b), an Eligible Employee may accept the Offer by giving to the Company an Application (and in the case of an Offer of Awards that have an Issue Price, payment of the Issue Price) by the Final Acceptance Date. In the Application, the Eligible Employee may apply for the Awards the subject of the Offer to be issued to the Eligible Employee or a Nominated Party (if approved by the Board in accordance with Rule 5.10).
- (b) An Eligible Employee may not accept an Offer, and an Application will not be accepted if, at the date the Application would otherwise be accepted:
  - (i) the Eligible Employee is not an Employee;
  - (ii) the Eligible Employee has given notice of his or her resignation as an Employee; or
  - (iii) the Eligible Employee has been given notice of termination of employment as an Employee.
- (c) The Board in its sole and absolute discretion can refuse to allow an Eligible Employee to participate in the Plan even though an Application is received from the Eligible Employee in accordance with Rule 6.1(a).

### **6.2 Partial acceptance of Offer**

An Eligible Employee may accept an Offer in whole or in part, in multiples of 100 Shares, Options or Performance Rights, or such other multiple of Shares, Options or Performance Rights as the Board may permit for the Eligible Employee.

### **6.3 Lapse of Offer**

An Offer that is not accepted in accordance with Rule 6.1 will lapse at 5.00pm (WST) on the Final Acceptance Date.

### **6.4 Withdrawal of Offer prior to acceptance**

The Board reserves the right (subject to any Applicable Law) to withdraw an Offer made to an Eligible Employee, provided that the Offer has not yet been accepted in accordance with Rule 6.1.

---

## **7 Issue of Shares**

### **7.1 Acceptance by Eligible Employee**

By accepting an Offer for Shares in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

- (a) agreed to become a Participant bound by these Rules;
- (b) irrevocably offered to acquire Shares:
  - (i) under, and subject to, these Rules; and
  - (ii) on and subject to the terms and conditions of the Offer; and
- (c) agreed to become a shareholder of the Company and be bound by the Constitution upon the issue of Shares to the Participant.

### **7.2 Acceptance by Company**

- (a) Subject to the terms and conditions included in an Offer, the Company will register that number of Shares set out in the Application in the name of the relevant Eligible Employee or Nominated Party (if applicable). Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Shares until the Shares are so registered.
- (b) The Company will give notice, or cause notice to be given (including via a Holding Statement), to a Participant (or any person authorised to receive such notice on the Participant's behalf), in accordance with the Listing Rules, of the registration in the Participant's name of Shares issued under the Plan, including information on the following:
  - (i) the number of Shares issued to the Participant;
  - (ii) the date of issue of those Shares;
  - (iii) the Share Vesting Conditions (if any) attaching to the Shares;
  - (iv) the Vesting Period (if any) applicable to the Shares; and
  - (v) any other specific terms and conditions applicable.

### **7.3 Clearance of Issue Price**

The Company is not obliged to issue Shares to the Participant until payment of the Issue Price (if any) is received by the Company in cleared funds.

### **7.4 Shares to rank equally**

Unless otherwise determined by the Board at the time of an Offer, all Shares issued pursuant to the Offer will rank equally with existing Shares on and from their date of issue.

---

## **8 Share Vesting Conditions**

### **8.1 Conditions**

The Board may offer Shares with such conditions, including relating to the Dealing or forfeiture of the Shares, as determined by the Board from time to time.

### **8.2 Compliance by Participant**

Each Participant undertakes to:

- (a) only Deal in the Shares as permitted by the Share Vesting Conditions (if any); and
- (b) observe all Share Vesting Conditions attached to the Shares issued to them.

### **8.3 No hedging**

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Unvested Shares.

### **8.4 Refusal to register transfer**

- (a) Subject to the Listing Rules, the Company must refuse to register a paper-based transfer, and must apply or cause to be applied a Holding Lock to prevent a transfer, of any Shares to which Share Vesting Conditions attach, and the Board on behalf of the Company may take any other steps that it considers necessary or appropriate, to enforce and give effect to any Dealing restrictions under the Share Vesting Conditions.
- (b) Each Participant irrevocably authorises the Board on behalf of the Company to apply a Holding Lock to any Shares to which Share Vesting Conditions attach held by that Participant.

### **8.5 Retention of Holding Statements**

Until any Share Vesting Conditions for a Share (including in relation to any Dealing) are satisfied, if required by the Company, the Company may retain the Holding Statements in relation to the Share and any Shares issued with respect to the Share under a bonus or rights issue. The Company will promptly deliver any Holding Statements in relation to a Share which it holds to the Participant on the satisfaction of all Share Vesting Conditions for the Share (including in relation to any Dealing) imposed under Rule 8.1.

## 8.6 Waiver

The Board may, at its discretion, by notice to the Participant reduce or waive the Share Vesting Conditions attaching to Shares in whole or in part at any time and in any particular case, which may be subject to Shareholder Approval.

**Note:** The exercise of this discretion in the context of the termination of a participant's employment may trigger the requirement for shareholder approval under s200B of the Corporations Act.

## 8.7 Vesting

If the grant or offer of Shares is subject to Share Vesting Conditions, the Company must give a Participant a Vesting Notice upon the Share Vesting Conditions relating to the Shares issued (or transferred) to the Participant having been satisfied, or waived by the Board.

## 8.8 Shares cease to be subject to Shares Vesting Conditions

On the earliest of:

- (a) a determination by the Board that any Share Vesting Conditions have been satisfied, reached or met; and
- (b) the Board making a determination to waive any applicable Share Vesting Conditions under Rule 8.6;

then:

- (c) the relevant Shares become Vested Shares and cease to be subject to the restrictions under this Rule 8 and the forfeiture provisions under Rule 9 (except to the extent provided for by Rule 21); and
- (d) the Board must, as soon as reasonably practicable, lift the Holding Lock in respect of the relevant Shares and must notify the holder of the Shares that the Holding Lock has been lifted.

## 8.9 Notification upon request by Participant

The Company must, if requested, notify the holder of the Shares of the particular time when the Holding Lock was lifted under Rule 8.8.

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# 9 Forfeiture of Shares

## 9.1 Forfeiture of Unvested Shares

If a Participant holds any Unvested Shares, the Participant's ownership of those Unvested Shares will be forfeited by the Participant (or any person claiming through the Participant) to the Company (or otherwise as directed by the Board) on the earliest of:

- (a) the Board determining that any Share Vesting Condition applicable to the Unvested Shares has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
- (b) the Unvested Shares being forfeited in accordance with Rule 18;
- (c) the Unvested Shares being forfeited in accordance with Rule 19;

- (d) the Unvested Shares being forfeited in accordance with Rule 20; or
- (e) unless the Board determines otherwise:
  - (i) the Participant purporting to Deal in the Unvested Shares in breach of the Share Vesting Conditions attaching to those Unvested Shares, other than as permitted under these Rules;
  - (ii) the Board providing written notice under Rule 21(a); or
  - (iii) the Participant purporting to enter into any arrangement in respect of the Unvested Shares in breach of Rule 8.3.

## **9.2 Treatment of Forfeited Shares**

- (a) As soon as reasonably practicable after Forfeited Shares are forfeited, the Company must:
  - (i) sell those Forfeited Shares in the ordinary course of trading on the stock market of the ASX;
  - (ii) buy-back and cancel the Forfeited Shares; or
  - (iii) deal with the Forfeited Shares in any other manner determined by the Board from time to time.
- (b) For the avoidance of doubt, the Company will hold full legal and beneficial title to any Forfeited Shares which are transferred to the Company pursuant to any power of attorney granted by a Participant at all times until those Forfeited Shares are disposed of by the Company.

## **9.3 Effect of forfeiture**

For the avoidance of doubt, no consideration or compensation will be payable to a Participant for or in relation to the forfeiture by the Participant of ownership of Shares held under the Plan.

## **9.4 Conditions on forfeiture**

In making any determination as to the forfeiture or otherwise of the ownership of Shares or other entitlements under Rule 9 the Board may impose any conditions that it thinks fit.

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# **10 Voting rights and dividends of Shares**

- (a) Unless otherwise resolved by the Board when it makes an Offer, and subject to the terms of issue of the relevant Shares, a Participant is entitled to notice of a meeting of the Shareholders of the Company and may exercise (whether in person or by proxy) any voting rights attaching to the Shares registered in the Participant's name which were the subject of the Offer.
- (b) The Board may determine, at the time of an Offer of Shares to a Participant, whether the Participant is entitled to all dividends declared or paid on Unvested Shares (including whether any such dividends are to be held in escrow until the Shares are fully vested).

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## 11 Rights issues and bonus issues

Unless otherwise resolved by the Board when it makes an Offer, a Participant who holds the Shares issued pursuant to the Offer has the same entitlement as any other shareholder in the Company to participate in any rights issue or bonus issue, provided however, if the Shares held by the Participant are subject to any Share Vesting Conditions or any restrictions on sale imposed under Rule 8.1, any shares issued to a Participant under the rights issue or bonus issue will be subject to these Rules and deemed to have the same Share Vesting Conditions and restrictions attached as if those shares were Shares issued under the Offer made to the Participant.

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## 12 Capital reconstructions

In the event of a capital reconstruction, subject to any provision in the Listing Rules, the Board may adjust any or all of the number of Shares issued pursuant to the Offer to a Participant as the Board deems appropriate.

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## 13 Issue of Options or Performance Rights

### 13.1 Acceptance by Eligible Employee

By accepting an Offer in accordance with Rule 6.1, the Eligible Employee and the Nominated Party (if applicable) will be taken to have:

- (a) agreed to become a Participant bound by these Rules;
- (b) irrevocably offered to acquire the Shares, Options or Performance Rights (and the Shares upon the exercise of Options or Performance Rights) the subject of the Offer:
  - (i) under, and subject to, these Rules; and
  - (ii) on and subject to the terms and conditions of the Offer.

### 13.2 Acceptance by Company

Unless provided for otherwise in an Offer, the Company will be deemed to have accepted an Eligible Employee's Application upon the issue to the Eligible Employee (or Nominated Party, if applicable), of the Awards the subject of the Application, and the notification to the Eligible Employee and Nominated Party (if applicable) of the issue of the Awards (including via the issue of a Certificate). Nothing in any Offer or Application, or in these Rules, will be taken to confer on any Eligible Employee or Nominated Party (if applicable) any right or title to or interest in, any Awards until they have been issued and notice is provided.

### 13.3 Certificates

The Company must give a Participant a Certificate in respect of Options and Performance Rights issued to them.

### 13.4 Interest in Shares

A Participant has no right or interest in a Share the subject of an Option or Performance Right held by the Participant unless and until the Option or Performance Right is

exercised and the Share is issued. Nor does the holder of an Option or Performance Right have any rights to dividends, rights to vote or rights to the capital of the Company as a shareholder as a result of holding an Option or a Performance Right. Subject to the Corporations Act and the Constitution, a Participant will not, as a holder of an Option or a Performance Right, have any right to attend to vote at general meetings of holders of Shares.

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## 14 Exercise of Options and Performance Rights

### 14.1 Exercise

- (a) Subject to Rules 4.1, 14.2 and 18, a Participant will be entitled to exercise:
  - (i) an Option if any Option Vesting Conditions have been satisfied or waived;
  - (ii) a Performance Right if any Performance Right Vesting Conditions have been satisfied or waived; and
  - (iii) it is otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- (b) Once an Option or Performance Right is capable of exercise in accordance with this Rule 14.1, it may be exercised at any time up until 5.00 pm (WST) on the Last Exercise Date, subject to these Rules.

### 14.2 Adjustment to terms of Exercise

- (a) The Board will have the power to make adjustments to or vary the terms of exercise of an Option or a Performance Right, including reducing or waiving the Option Vesting Conditions attaching to Options or Performance Rights Vesting Conditions attaching to Performance Rights in whole or in part at any time and in any particular case. Any proposed variation or adjustment will be subject to any requirements of the Corporations Act and/or the Listing Rules (including shareholder approval).

**Note:** The exercise of this discretion in the context of the termination of a participant's employment may trigger the requirement for shareholder approval under s200B of the Corporations Act.

- (b) No adjustment or variation of the terms of exercise of an Option or a Performance Right will be made without the consent of the Participant who holds the relevant Option or Performance Right if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her outstanding Options or Performance Rights), other than an adjustment or variation introduced primarily:
  - (i) for the purpose of complying with or conforming to present or future Applicable Law governing or regulating the maintenance or operation of the Plan or like plans;
  - (ii) to correct any manifest error or mistake; or
  - (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body.

### **14.3 Exercise of Options or Performance Rights**

Options or Performance Rights granted to a Participant may only be exercised by delivery to the Company Secretary (at a time when the Options or Performance Right may be exercised) of:

- (a) the Certificate for the Options or Performance Rights or, if the Certificate for the Options or Performance Rights has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed;
- (b) a Notice of Exercise signed by the Participant; and
- (c) payment to the Company of an amount in cleared funds equal to the Exercise Price multiplied by the number of Options or Performance Rights which are being exercised unless there is no exercise price payable in respect of the Options or Performance Rights to be exercised.

### **14.4 One or several parcels**

Subject to Rule 14.1, Options or Performance Rights may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options or Performance Rights in any parcel is not less than a Marketable Parcel.

### **14.5 Vesting**

If the grant or offer of Options or Performance Rights is subject to Option Vesting Conditions or Performance Right Vesting Conditions respectively, the Company must give a Participant a Vesting Notice upon the Option Vesting Conditions relating to the Options Vesting Conditions or the Performance Right Vesting Conditions relating to the Options or Performance Rights issued (or transferred) to the Participant having been satisfied, or waived by the Board.

### **14.6 Issue of Shares**

If the items specified in Rule 14.3 are delivered in accordance with that Rule, the Company will, subject to Rule 4.1 and the Listing Rules (if relevant):

- (a) within 15 Business Days of delivery of the documents referred to in Rule 14.3 issue to the Participant the Shares credited as being fully paid in respect of which the Options or Performance Rights are exercised together with any additional Shares an entitlement to which has arisen under Rule 17 in consequence of the exercise of the Options or Performance Rights; and
- (b) cancel the Certificate delivered pursuant to Rule 14.3(a) and, if any Options or Performance Rights held by the Participant have not lapsed and remain unexercised, deliver to the Participant a replacement Certificate reflecting the number of those Options or Performance Rights which remain unexercised.

### **14.7 Agrees to become a member**

Upon issue of Shares under the Plan, a Participant agrees to become a member of the Company and be bound by the Constitution.

### **14.8 Equal rank**

A Share issued on exercise of an Option or Performance Right will rank equally in all respects with Shares already on issue on the date of issue of the Shares, except for entitlements which had a record date before the date of issue of that Share.

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## 15 Lapse of Options and Performance Rights

### 15.1 Lapse of Options or Performance Rights

Unless otherwise specified in the Options Vesting Conditions, or Performance Right Vesting Conditions or determined otherwise by the Board an Option or a Performance Right lapses on the earlier of:

- (a) the Board determining that any Option Vesting Condition applicable to the Option or any Performance Right Vesting Condition applicable to the Performance Right has not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
- (b) the day immediately following the Last Exercise Date; or
- (c) the Option or Performance Right lapsing in accordance with Rule 18, 19 or 20.

### 15.2 On lapsing

Where a Participant's Options or Performance Rights have lapsed under Rule 15.1:

- (a) all rights of a Participant under the Plan in respect of those Options or Performance Rights are forfeited; and
- (b) the Company will:
  - (i) notify the Participant that the Options or Performance Rights have lapsed;
  - (ii) cancel the Options or Performance Rights;
  - (iii) if only part of the Options or Performance Rights covered by a Certificate have lapsed, issue a Certificate stating the remaining number of Options or Performance Rights held by the Participant that have not lapsed; and
  - (iv) not be liable for any damages or other amounts to the Participant in respect of the Options or Performance Rights.

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## 16 Dealings with Options and Performance Rights

### 16.1 No Dealing

- (a) A Participant may not engage in any Dealing with any Options or Performance Rights issued under the Plan, unless:
  - (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - (ii) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

- (b) Unless otherwise decided by the Board, where a Participant purports to Deal with an Option or Performance Right other than in accordance with Rule 16.1(a), the Option or Performance Right immediately lapses.

## **16.2 No hedging**

If restricted by Applicable Law, a Participant may not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any Options or Performance Rights.

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# **17 Participation rights in new issues, reorganisations of capital and winding up**

## **17.1 Application of this Rule**

This Rule 17 applies to Participants who hold Options or Performance Rights that they have not yet exercised and which have not lapsed.

## **17.2 New issues**

Participants holding Options or Performance Rights are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:

- (a) they have become entitled to exercise their Options or Performance Rights under the Plan; and
- (b) they exercise their Options or Performance Rights and receive Shares before the record date for the determination of entitlements to the new issue of securities and participate as a holder of Shares.

In accordance with the Listing Rules, the Company will give Participants notice of any new issue of securities before the record date for determining entitlements to the new issue.

## **17.3 Pro rata issues**

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option or Performance Right before the record date for determining entitlements to the pro rata issue, the Exercise Price of the Option or Performance Right will be reduced according to the formula specified in the Listing Rules.

## **17.4 Bonus issues**

If the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option or Performance Right before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Option or Performance Right is exercisable will be increased by the number of Shares which the Participant would have received if the Participant had exercised the Option or Performance Right before the record date for the bonus issue. No adjustment will be made to the Exercise Price.

## **17.5 Reorganisation of capital**

If there is a reorganisation of the issued capital of the Company (including a consolidation, subdivision, reduction or return) then the rights of a Participant (including the number of Options or Performance Rights to which each Participant is entitled and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

## **17.6 Winding up**

If a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Option Vesting Conditions or Performance Right Vesting Conditions, the Participants may, during the period referred to in the notice, exercise their Options or Performance Rights.

## **17.7 Fractions of Shares**

For the purposes of this Rule 17, if Options or Performance Rights are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

## **17.8 Calculations and adjustments**

Any calculations or adjustments which are required to be made under this Rule 17 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

## **17.9 Notice of adjustments**

Whenever the number of Shares underlying an Option or Performance Right or the Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and the ASX together with the calculations on which the adjustment is based.

## **17.10 Accumulation of adjustments**

Effect will be given to this Rule 17 in such manner that the effect of the successive application of this Rule 17 will be cumulative, with the intention being that the adjustments that it progressively effects will reflect previous adjustments.

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# **18 Cessation of employment**

## **18.1 Bad Leaver**

Subject to clause 18.3, if an Eligible Employee who is a Participant or has nominated a Nominated Party to receive Unvested Shares, Options or Performance Rights under the Plan ceases to be an Employee due to:

- (a) resignation (other than due to a Special Circumstance);
- (b) dismissal for cause or poor performance; or
- (c) any other circumstances (other than due to a Special Circumstance) determined by the Board to constitute a Bad Leaver,

**(Bad Leaver)**

then, subject to compliance with the Listing Rules and the Corporations Act:

- (d) any Unvested Shares held by the Participant will be forfeited by the Participant in accordance with Rule 9;
- (e) Unvested Options or Unvested Performance Rights held by the relevant Participant will immediately lapse in accordance with Rule 15; and
- (f) any Vested Options or Vested Performance Rights that have not been exercised will lapse in accordance with Rule 15 on the date the Relevant Person ceases to be an Employee.

**18.2 Good Leaver**

Subject to clause 18.3, if an Eligible Employee who is a Participant or has nominated a Nominated Party to receive Unvested Shares, Options or Performance Rights under the Plan ceases to be an Employee due to a Special Circumstance or otherwise for reasons other than as a Bad Leaver (**Good Leaver**):

- (a) all Unvested Shares held by the Participant will be forfeited by the Participant in accordance with Rule 9;
- (b) Unvested Options or Unvested Performance Rights held by the relevant Participant will lapse in accordance with Rule 15; and
- (c) Vested Options or Vested Performance Rights that have not been exercised will continue in force and remain exercisable until the Last Exercise Date.

**18.3 Board discretion**

- (a) If an Eligible Employee who:
  - (i) is a Participant; or
  - (ii) has nominated a Nominated Party to receive Unvested Shares, Options or Performance Rights under the Plan,

ceases to be an Employee during the Vesting Period, notwithstanding the provisions of Rule 18.1 or 18.2, the Board may, subject to compliance with the Listing Rules and the Corporations Act (which may require Shareholder Approval), determine to treat any Unvested Shares, Options or Performance Rights held by the relevant Participant in any way other than in the manner set out in Rule 18.1 or 18.2, if the Board determines that the relevant circumstances warrant such treatment.

- (b) The Company must, within 14 days of the Board making a determination as to how to treat any Unvested Shares, Options or Performance Rights in accordance with Rule 18.3(a):
  - (i) give notice to the Participant affected by the determination of the effect of the determination on the remaining Unvested Shares, Options or Performance Rights held by the Participant; and

- (ii) issue a replacement Certificate for the Unvested Shares, Options or Performance Rights to the extent that the details set out in the Certificate require amendment as a result of the determination.

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## 19 Change of Control Event

### 19.1 Change of Control Event

If a Change of Control Event occurs, subject to the Listing Rules, all Unvested Shares, Unvested Options and Unvested Performance Rights held by a Participant will automatically vest and become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Participant is terminated or ceases in connection with the Change of Control Event.

### 19.2 Notice to Participants

The Company shall give written notice of any proposed Change of Control Event to each Participant.

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## 20 Breach, fraud or misconduct

If the Board determines that a Participant (or an Eligible Employee who has nominated a Nominated Party to receive Shares, Options or Performance Rights under the Plan) at any time:

- (a) has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Participant (or Eligible Employee) without notice;
- (b) has been convicted on indictment of an offence against the Corporations Act in connection with the affairs of a Group Company;
- (c) has had a judgement entered against him or her in civil proceedings in respect of the contravention by the Participant (or Eligible Employee) of his or her duties at law, in equity or under statute in his or her capacity as an executive or Director of a Group Company;
- (d) has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence);
- (e) is in material breach of any of his or her duties or obligations to a Group Company;  
or
- (f) has done an act which brings a Group Company into disrepute,

the Board may determine that:

- (g) all Unvested Shares held by the relevant Participant will be forfeited by the Participant in accordance with Rule 9;
- (h) all Options or Performance Rights held by the relevant Participant will lapse in accordance with Rule 15.

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## 21 Clawback

If the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, means that the Share Vesting Conditions, Option Vesting Conditions or Performance Right Vesting Conditions in respect of certain Vested Shares, Vested Options or Vested Performance Rights were not, or should not have been determined to have been, satisfied, then the Participant will cease to be entitled to those Vested Shares (**Affected Shares**), Vested Options (**Affected Options**) or Vested Performance Rights (**Affected Performance Rights**) and the Board may:

- (a) by written notice to the Participant cancel the relevant Affected Options or Affected Performance Rights for no consideration or determine that the Affected Shares are Forfeited Shares for the purposes of Rule 9;
- (b) by written notice to the Participant require that the Participant pay to the Company the after tax value of the Affected Shares or Affected Options or Affected Performance Rights (and which have been converted into Shares), with such payment to be made within 30 Business Days of receipt of such notice or such later period as is determined by the Board; or
- (c) adjust fixed remuneration, incentives or participation in this Plan of a relevant Participant in the current year or any future year to take account of the after tax value of the Affected Shares, Affected Options or Affected Performance Rights.

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## 22 Amendments of Rules

Subject to and in accordance with the Listing Rules (including any waiver granted under such Listing Rules) while the Company is listed, the Board (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Rules in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Share, Option or Performance Right granted before the date of amendment shall not be reduced or adversely affected unless prior written approval from the affected Participant(s) is obtained.

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## 23 Administration of Plan

- (a) The Board may appoint for the proper administration and management of the Plan, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Plan.
- (b) Subject to the provisions of the Rules, the Board may make such regulations and establish such procedures for the administration and management of the Plan as they consider appropriate.
- (c) The decision of the Board as to the interpretation, effect or application of the Rules will be final.

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## 24 Rights of Eligible Employees

Neither participation in the Plan by a Group Company or any Eligible Employees or holders of an Award or anything contained in these Rules shall in any way prejudice or affect the right of a Group Company to dismiss any Eligible Employee or holder of an Award or to vary the terms of employment of any Eligible Employee or holder. Nor shall

participation or the rights or benefits of an Eligible Employee or holder of an Award under the Rules be relevant to or used as grounds for granting or increasing damages in any action brought by an Eligible Employee or holder of an Award against a Group Company whether in respect of any alleged wrongful dismissal or otherwise.

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## 25 Attorney

Each Participant, in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
  - (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
  - (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
  - (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.
- 

## 26 ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provision set out in an exemption or modification granted from time to time by the ASIC in respect of the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

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## 27 Contravention of Applicable Law

- (a) No act will be done or determination made in accordance with the Plan where to do so would be a breach of any Applicable Laws, and where any such act is done or determination made it will be considered void and to the extent possible be unwound and of no effect.
- (b) Notwithstanding any of the provisions contained in this Plan or in any Offer Document, the Company's obligation to issue or procure Shares upon the exercise of an Award shall be subject to the following:
  - (i) completion of such registration or other qualification of such Shares and the receipt of any approvals of governmental authority or stock exchange as the Company shall determine to be necessary or advisable in connection with the authorisation, issuance or sale thereof;
  - (ii) the admission of such Shares to listing on any stock exchange(s) or over-the-counter market on which the Shares may then be listed or quoted; and

- (iii) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Company or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any applicable jurisdiction.
- (c) In connection with clause 27(b), the Company shall, to the extent necessary, take all steps determined by the Board, in its discretion, to be reasonable to obtain such approvals, registrations and qualifications as may be necessary for the issuance or procurement of such Shares in compliance with applicable securities laws and for the listing or quotation of such Shares on any stock exchange(s) on which the Shares are then listed or quoted.

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## 28 Notices

Any notice to Participants may be given in such manner as the Board determines.

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## 29 Governing Law

This Plan is governed by and shall be construed and take effect in accordance with the laws of Western Australia.

### 1 Dictionary

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

**Applicable Law** means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) the Listing Rules, while the Company is listed;
- (c) the Constitution;
- (d) the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth);
- (e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), and (d) above; and
- (f) any other legal requirement that applies to the Plan.

**Application** means a duly completed and executed application for the issue of Shares, Options or Performance Rights made by an Eligible Employee in respect of an Offer, in the form approved by the Board from time to time.

**ASIC** means the Australian Securities and Investments Commission.

**Associated Bodies Corporate**, in relation to the Company, means:

- (a) a body corporate that is a Related Body Corporate of the Company; or
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%.

**ASX** means the Australian Securities Exchange.

**ASX Operating Rules** means the ASX rules that govern the ASX and its clearing and settlement facilities.

**Award** means:

- (a) an Option;
- (b) a Performance Right; or
- (c) a Share,

as applicable.

**Bad Leaver** has the meaning given in Rule 18.1.

**Board** means the board of directors of the Company.

**Business Day** means a day on which banks are open for general business in Perth, Western Australia, excluding Saturdays or Sundays.

**Casual Employee** means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full time position with a Group Company.

**Certificate** means a certificate issued under Rule 13.3 in the form approved by the Board from time to time.

**Change of Control Event** occurs where:

- (a) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
- (b) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (c) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50 per cent or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; or
- (d) any Group Company enters into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in a Group Company) of the Group to a person, or a number of persons, none of which are Group Companies; or
- (e) the Board determines in its reasonable opinion, control of the Company has or is likely to change or pass to one or more persons, none of which are Group Companies.

**Class Order** means ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order).

**Company** means Australis Oil & Gas Limited ACN 609 262 937.

**Constitution** means the constitution of the Company (as amended from time to time).

**Contractor** means:

- (a) an individual with whom a Group Company has entered into a contract for the provision of services under which the individual performs work for a Group Company; or
- (b) a company with whom a Group Company has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for a Group Company,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with a Group Company.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended from time to time.

**Deal or Dealing** means, in relation to a Share, Option or Performance Right:

- (a) to sell, transfer, assign, novate, swap, declare a trust over, grant a Security Interest over, dispose of or otherwise alienate or deal with any legal or equitable interest in the Share, Option or Performance Right (as applicable); or
- (b) taking any steps or attempting to do any of the things set out in paragraph (a).

**Directors** means the directors of the Company.

**Eligible Employee** means an Employee whom the Board determines is to be issued Awards under the Plan.

**Employee** means a person who is a:

- (a) full-time or part-time employee of a Group Company (including an executive director);
- (b) a non-executive director of a Group Company;
- (c) Contractor; or
- (d) Casual Employee.

**Exercise Price** means the exercise price of an Option or Performance Right.

**Final Acceptance Date** means the final date that an Eligible Employee may accept an Offer.

**First Exercise Date** with respect to an Option or Performance Right means:

- (a) the date specified in an Offer or Certificate;
- (b) subject to paragraph (c), if no date is specified in an Offer or Certificate, the date of issue of the Option or Performance Right; or
- (c) the date determined under these Rules (if any).

**Forfeited Shares** means the Shares the ownership of which has been or is required to be (as the case maybe) forfeited under the Rules.

**Good Leaver** has the meaning given in Rule 18.2.

**Grant Conditions** means the conditions (if any) determined by the Board and specified in the Offer which are, subject to these rules, required to be satisfied, reached or met before a Share, Option or Performance Right will be granted, whether or not it is granted subject to further Vesting Conditions.

**Group** means the Company and its Associated Bodies Corporate and **Group Company** means the Company or any of its Associated Bodies Corporate.

**Holding Lock** means a mechanism arranged or approved by the Board and administered by the Company (including through its share registry) that prevents Shares being disposed of by a Participant.

**Holding Statement** means a statement issued by the share registry of the Company detailing a Participant's holding of Shares.

**Income Tax Assessment Act** means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as appropriate.

**Issue Price** means the amount (if any) payable per Share, Option or Performance Right by an Eligible Employee on application for Shares, Options or Performance Rights offered under an Offer.

**Marketable Parcel** has the meaning given to that term in the ASX Operating Rules, as amended from time to time.

**Market Value** means, in relation to a Share, the volume weighted average closing sale price of a Share sold on ASX on the last 5 trading days on which sales were recorded immediately before the relevant date.

**Mental Illness** means, in relation to a Participant, the termination or cessation of a Relevant Person's employment with a Group Company as a result of mental illness, as determined by the Board.

**Last Exercise Date** with respect to an Option or Performance Right means:

- (a) the date specified in an Offer or Certificate;
- (b) subject to paragraph (c), if no date is specified in an Offer or Certificate, the date two years after the First Exercise Date; or
- (c) the date determined under Rule 18 (if any).

**Listing Rules** means the official listing rules of the Australian Securities Exchange as amended from time to time.

**Nominated Party** means, in respect of an Eligible Employee:

- (a) an *immediate* family member of the Eligible Employee;
- (b) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Employee is a director of the trustee; or
- (c) a company whose members comprise no persons other than the Eligible Employee or immediate family members of the Eligible Employee.

**Notice of Exercise** means a duly completed and executed notice of exercise of an Option or Performance Right in the form approved by the Board from time to time.

**Offer** means an offer made to an Eligible Employee to subscribe for one or more Shares, Options or Performance Rights under the Plan.

**Offer Document** means an offer document that complies with Rule 5.5 and the Class Order and is otherwise in the form approved by the Board from time to time.

**Option** means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

**Option Vesting Condition** means the performance, vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and set out in the Certificate or Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option vests and can be exercised.

**Participant** means an Eligible Employee to whom Shares, Options or Performance Rights have been granted under the Plan, or if Rule 5.10 applies, a Nominated Party of the Eligible Employee to whom Shares, Options or Performance Rights have been granted under the Plan.

**Plan** means the employee equity incentive scheme established in accordance with these Rules.

**Performance Right** means conditional right issued to a Participant under the Plan to receive a Share, subject to the terms of the Offer and these Rules.

**Performance Right Vesting Condition** means the performance, vesting or other conditions (if any) as determined by the Board (in its absolute discretion) and set out in the Certificate or Offer which are, subject to these Rules, required to be satisfied, reached or met before a Performance Right vests and can be exercised.

**Related Body Corporate** has the same meaning as in section 50 of the Corporations Act.

**Redundancy** means, in relation to a Participant, the termination or cessation of a Relevant Person's employment or office with a Group Company as a result of redundancy, as determined by the Board.

**Relevant Person** means:

- (a) in respect of an Eligible Employee, that person; and
- (b) in respect of a Nominated Party of an Eligible Employee being a Nominated Party under Rule 5.10, that Eligible Employee.

**Rules** means the rules of the Plan set out in this document.

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

**Share Vesting Conditions** means the conditions (if any) determined by the Board and specified in the terms of the Offer under which a Share is offered, limiting the rights of the Participant holding the Share to Deal in the Share or which might result in forfeiture of the Share.

**Shareholder** means a holder of Shares.

**Shareholder Approval** means any prior approvals that need to be obtained from Shareholders of the Company before an action is taken or determination made under these Rules.

**Security Interest** means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature (including the registration and/or perfection of that security interest under the *Personal Property Securities Act 2009 (Cth)*).

**Special Circumstances** means with respect to a Participant:

- (a) Total and Permanent Disablement;

- (b) Mental Illness;
- (c) Redundancy; or
- (d) the death, or terminal illness, of the Relevant Person.

**Total and Permanent Disablement** means in relation to a Participant, the termination or cessation of a Relevant Person's employment with a Group Company as a result of total and permanent disablement, as determined by the Board.

**Unvested Share** means a Share that is not a Vested Share.

**Unvested Option** means an Option that is not a Vested Option.

**Unvested Performance Right** means a Performance Right that is not a Vested Performance Right.

**Vested Option** means an Option in respect of which the Board has determined that all the Option Vesting Conditions (if any) have been satisfied or waived.

**Vested Performance Right** means a Performance Right in respect of which the Board has determined that all the Performance Right Vesting Conditions (if any) have been satisfied or waived.

**Vested Share** means a Share the subject of an Offer in respect of which the Board has determined that all of the Share Vesting Conditions (if any) attaching to the Share have been satisfied or waived.

**Vesting Notice** means a notice to a holder of a Share, Option or Performance Right that, to the extent specified in the vesting notice, the Share Vesting Conditions or the Option Vesting Conditions or Performance Right Vesting Conditions have been satisfied or waived.

**Vesting Period** means the period (if any) determined by the Board and specified in the terms of the Offer during which:

- (a) in the case of an Offer of Shares, the Shares will be subject to the Share Vesting Conditions; and
- (b) in the case of an Offer of Options or Performance Rights, any Option Vesting Conditions or Performance Right Vesting Conditions (as applicable) are required to be satisfied (unless waived by these Rules) before the Options or Performance Rights vest and can, between the First Exercise Date and the Last Exercise Date, be exercised.

**WST** means western standard time as recognised in Perth, Western Australia.

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## 2 Interpretation

In these Rules unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these Rules;
- (b) the singular includes the plural and vice versa;

- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
  - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
  - (ii) a document includes all amendments or supplements to that document;
  - (iii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
  - (iv) an agreement other than these Rules includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
  - (v) a monetary amount is in Australian dollars;
- (g) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
- (h) in determining the time of day, where relevant to these Rules, the relevant time of day is:
  - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
  - (ii) for any other purpose under these Rules, the time of day in the place where the party required to perform an obligation is located.

# PROXY FORM

## AUSTRALIS OIL & GAS LIMITED

ACN 609 262 937

### Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse side of this page.

I/We \_\_\_\_\_ of \_\_\_\_\_, being a Shareholder/Shareholders of Australis Oil & Gas Limited, pursuant to my/our right to appoint not more than two proxies, appoint:



The Chair of the Meeting **OR** (mark with an "X")

Write here the name of the person you are appointing if this person is someone other than the Chair of the Meeting.

Write here the name of the person you are appointing as a second proxy (if any).

or failing him/her, (if no proxy is specified above), the Chair of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held on Monday 29 April 2019 at 12.00 noon (AWST) at Allendale Square, Level 1, 77 St Georges Tce, Perth, Western Australia and at any adjournment of that Meeting.

This proxy is to be used in respect of \_\_\_\_\_% of the ordinary Shares I/we hold.

### Voting directions to your Proxy

#### Important for Resolution 1 – If the Chair of the Meeting is your proxy or is appointed as your proxy by default

Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolution 1 (except where I/we have indicated a different voting intention) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair of the Meeting.

The Chair of the Meeting intends to vote all available undirected proxies in favour of Resolutions 1 to 10 (inclusive).

RESOLUTION	For	Against	Abstain*
1. Non-Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Jonathan Stewart as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Steve Scudamore as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Shares to Jonathan Stewart, Director, or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of Shares to Alan Watson, Director, or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Grant of Performance Rights to Ian Lusted, Managing Director, or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Grant of Performance Rights to Graham Dowland, Finance Director, or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Approval of potential termination benefit - Darren Wasylucha	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Re-approval of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

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

### PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

If executed by a company, executed in accordance with section 127 of the *Corporations Act 2001* (Cth):

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Date: \_\_\_\_\_/\_\_\_\_\_/2019

Contact Name

Contact Business Telephone/Mobile

## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a Proxy Form will not prevent individual Shareholders from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Annual General Meeting.
2. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
3. A proxy need not be a Shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.
5. 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.
6. If a representative of a company Shareholder is to attend the Meeting, a properly executed original (or certified copy) of evidence of appointment is required. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment to including any authority under which it is signed.
7. If a representative as power of attorney of a Shareholder is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms in paragraph 9 below.

### 8. **Signing Instructions**

You must sign this form as follows in the spaces provided:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this Proxy Form must be signed by that person.
- If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone.
- Otherwise this Proxy Form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### 9. **Lodgement of a Proxy**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 12.00 noon (AWST) on Saturday 27 April 2019 (48 hours before the commencement of the Meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

- Hand deliveries:** Level 29, 77 St Georges Terrace, Perth Western Australia
- Postal address:** GPO Box 2548, Perth, Western Australia 6831
- Email:** [contact@australisoil.com](mailto:contact@australisoil.com)
- Fax number:** +61 (0) 8 92208799