

---

**HAWKLEY OIL AND GAS LIMITED**  
**ACN 115 712 162**  
**NOTICE OF GENERAL MEETING**

---

Notice is given that the Meeting will be held at:

**TIME:** 10:00 am (WST)  
**DATE:** 30 March 2020  
**PLACE:** GP Kailis Room  
Kailis Bros  
101 Oxford Street  
LEEDERVILLE WA 6007

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

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00 am (WST) on 28 March 2020.***

---

---

## CONTENTS

---

Business of the Meeting (setting out the proposed Resolutions)	4
Explanatory Statement (explaining the proposed Resolutions)	15
Glossary	73
Schedule 1– Pro-forma Balance Sheet	75
Schedule 2 – Terms and Conditions of Options	77
Schedule 3 – Convertible Noteholders	79
Proxy Form	Attached

---

## IMPORTANT INFORMATION

---

### Time and place of Meeting

---

Notice is given that the Meeting will be held at the GP Kailis Room, Kailis Bros, 101 Oxford Street Leederville, Western Australia on 30 March 2020 at 10:00 am (WST).

### Your vote is important

---

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

### Voting eligibility

---

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am (WST) on 28 March 2020.

### Voting in person

---

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

### Voting by proxy

---

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X (3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

---

### **Proxy vote if appointment specifies way to vote**

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

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

### **Transfer of non-chair proxy to chair in certain circumstances**

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

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

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

#### **IMPORTANT NOTE**

**The acquisition of the Burke County Vendors' interests in the Project requires Shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming. ASX takes no responsibility for the contents of this Notice of Meeting.**

---

## BUSINESS OF THE MEETING

---

Please refer to the Glossary for defined terms.

### AGENDA

---

#### 1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company:*

- (a) to make a significant change in the nature and scale of its activities as described in the Explanatory Statement; and*
- (b) to issue Shares pursuant to a re-compliance with Chapters 1 and 2 of the ASX Listing Rules at an issue price of \$0.03 per Share.*

**Short Explanation:** The Company has entered into a sale and purchase agreement with the Burke County Vendors (**Acquisition Agreement**) pursuant to which the Company has agreed to acquire operatorship and a 33% working interest in the Project (**Acquisition**). If successful, the Acquisition will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a counterparty to the transaction that, of itself or together with one or more other transactions, will result in a significant change to the nature or scale of the entity's activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

#### 2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

*“That, subject to and conditional upon the passing of the Acquisition Resolutions, pursuant to section 254H of the Corporations Act and for all*

*other purposes, the issued capital of the Company be consolidated on the basis that every ten (10) Shares be consolidated into one (1) Share and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share."*

**Short Explanation:** The Company is required to undertake the Consolidation under ASX policy in order to complete the Capital Raising at a price of less than \$0.20 per Share.

---

### 3. RESOLUTION 3 – ISSUE OF CONSIDERATION SHARES TO THE BURKE COUNTY VENDORS

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

*"That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue 44,153,833 Shares (on a post-Consolidation basis) to the Burke County Vendors (or their nominees) (except for Radian Partnership Limited) (**Consideration Shares**) on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** The Company has entered into the Acquisition Agreement pursuant to which the Company will acquire the interests from the Burke County Vendors. The Company seeks Shareholder approval for the issue of Consideration Shares as consideration pursuant to the Acquisition Agreement.

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

### 4. RESOLUTION 4 – ISSUE OF CONSIDERATION SHARES TO RADIAN PARTNERSHIP LIMITED

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

*"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 17,661,534 Consideration Shares to Radian Partnership Limited, an entity associated with Jason Spittlehouse, a Proposed Director (or its nominee) on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** The Company has entered into the Acquisition Agreement pursuant to which the Company will acquire the interests from the Burke County Vendors. As Proposed Director Jason Spittlehouse is a minority shareholder of Radian Partnership Limited (one of

the Burke County Vendors), the Company must seek Shareholder approval for the issue of Consideration Shares to a related party as consideration pursuant to the Acquisition Agreement.

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

## 5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – KANE MARSHALL

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

*“That, subject to and conditional upon the passing of the Acquisition Resolutions, and for the purpose of clause 13.4 of the Current Constitution, ASX Listing Rule 14.4 and for all other purposes, Kane Marshall, a Director who was appointed as an additional director on 30 January 2020 retires and, being eligible, is re-elected as a director of the Company .”*

---

## 6. RESOLUTION 6 – ELECTION OF DIRECTOR – JASON SPITTLEHOUSE

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

*“That, subject to and conditional upon the passing of the Acquisition Resolutions, and for the purpose of clause 13.4 of the Current Constitution and for all other purposes, Jason Spittlehouse, having provided his consent to act as a Director and being eligible, is elected as a director of the Company with effect from completion of the Acquisition.”*

---

## 7. RESOLUTION 7 – CAPITAL RAISING

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

*“That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 233,333,333 Shares (on a post-Consolidation basis) at an issue price of \$0.03 per Share on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** The Company must issue a Prospectus and complete the Capital Raising to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules as a

condition of the Company's securities recommencing trading on the ASX following the Acquisition.

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

## 8. RESOLUTION 8 – ISSUE OF SECURITIES UPON CONVERSION OF CONVERTIBLE NOTES

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

*“That, subject to and conditional upon the passing of the Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Shares and 12,500,000 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

**9. RESOLUTION 9 – ISSUE OF SHARES TO CPS CAPITAL GROUP PTY LTD – FEE FOR LEAD MANAGER SERVICES**

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 30,000,000 Shares (on a post-Consolidation basis) to CPS Capital Group Pty Ltd (or its nominee), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

**10. RESOLUTION 10 – APPROVAL TO ISSUE SHARES TO WOODCHESTER CAPITAL PTY LTD**

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 7,000,000 Shares (on a post-consolidation basis) to Woodchester Capital Pty Ltd (**Woodchester**) (or its nominee), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and



- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

## 11. RESOLUTION 11 – APPROVAL TO ISSUE OPTIONS TO WOODCHESTER CAPITAL PTY LTD

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 3,500,000 Options (on a post-consolidation basis) to Woodchester (or its nominee), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

## 12. RESOLUTION 12 – ISSUE OF SHARES TO INTERNATIONAL ISLAND GROUP PTY LTD – FEE FOR CORPORATE ADVISORY SERVICES

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 12,000,000 Shares (on a post-Consolidation basis) to International Island Group Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

### 13. RESOLUTION 13 – APPROVAL TO ISSUE SHARES TO TOM FONTAINE

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 7,000,000 Shares (on a post-consolidation basis) to Mr Fontaine (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

### 14. RESOLUTION 14 – APPROVAL TO ISSUE SHARES TO MURRAY WYLIE

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of section 208 of the Corporations Act, ASX*

*Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Shares (on a post-consolidation basis) to Murray Wylie (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 15. RESOLUTION 15 – APPROVAL TO ISSUE SHARES TO KANE MARSHALL

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

*"That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Shares (on a post-consolidation basis) to Kane Marshall (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or

- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## 16. RESOLUTION 16 – ISSUE OF OPTIONS TO TOM FONTAINE

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,500,000 Options (on a post-Consolidation basis) to Tom Fontaine (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if:
  - (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 17. RESOLUTION 17 – ISSUE OF OPTIONS TO MURRAY WYLIE

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Options (on a post-Consolidation basis) to Murray Wylie (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if:
  - (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 18. RESOLUTION 18 – ISSUE OF OPTIONS TO KANE MARSHALL

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

*“That, subject to and conditional upon the passing of all Acquisition Resolutions, for the purposes of section 208 of the Corporations Act, ASX*

*Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Options (on a post-Consolidation basis) to Murray Wylie (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons.

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution in accordance with the directions given to the proxy or attorney on this Resolution in that way on the Proxy Form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 19. RESOLUTION 19 – REPLACEMENT OF CONSTITUTION

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

*"That for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

---

**Dated: 28 February 2020**

**By order of the Board**

  
**Tom Fontaine**  
**Managing Director**

---

## EXPLANATORY STATEMENT

---

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Resolutions 1 to 18 (inclusive) are referred to as Acquisition Resolutions throughout this Notice. Each Acquisition Resolution is conditional on each other Acquisition Resolution being approved.

The Acquisition requires Shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming.

Should any of the Acquisition Resolutions not be approved by the requisite majority, the Company will not proceed with the Acquisition.

The Company is required to re-comply with ASX's requirements for admission and quotation and therefore, the Acquisition may not proceed if those requirements are not met.

The ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote the Company's Securities and therefore, the Acquisition may not proceed if the ASX exercises that discretion. The ASX and its officers take no responsibility for the contents of this Notice.

The Directors recommend that Shareholders vote in favour of all Resolutions.

---

### 1. OVERVIEW OF PROPOSED CHANGE OF ACTIVITIES

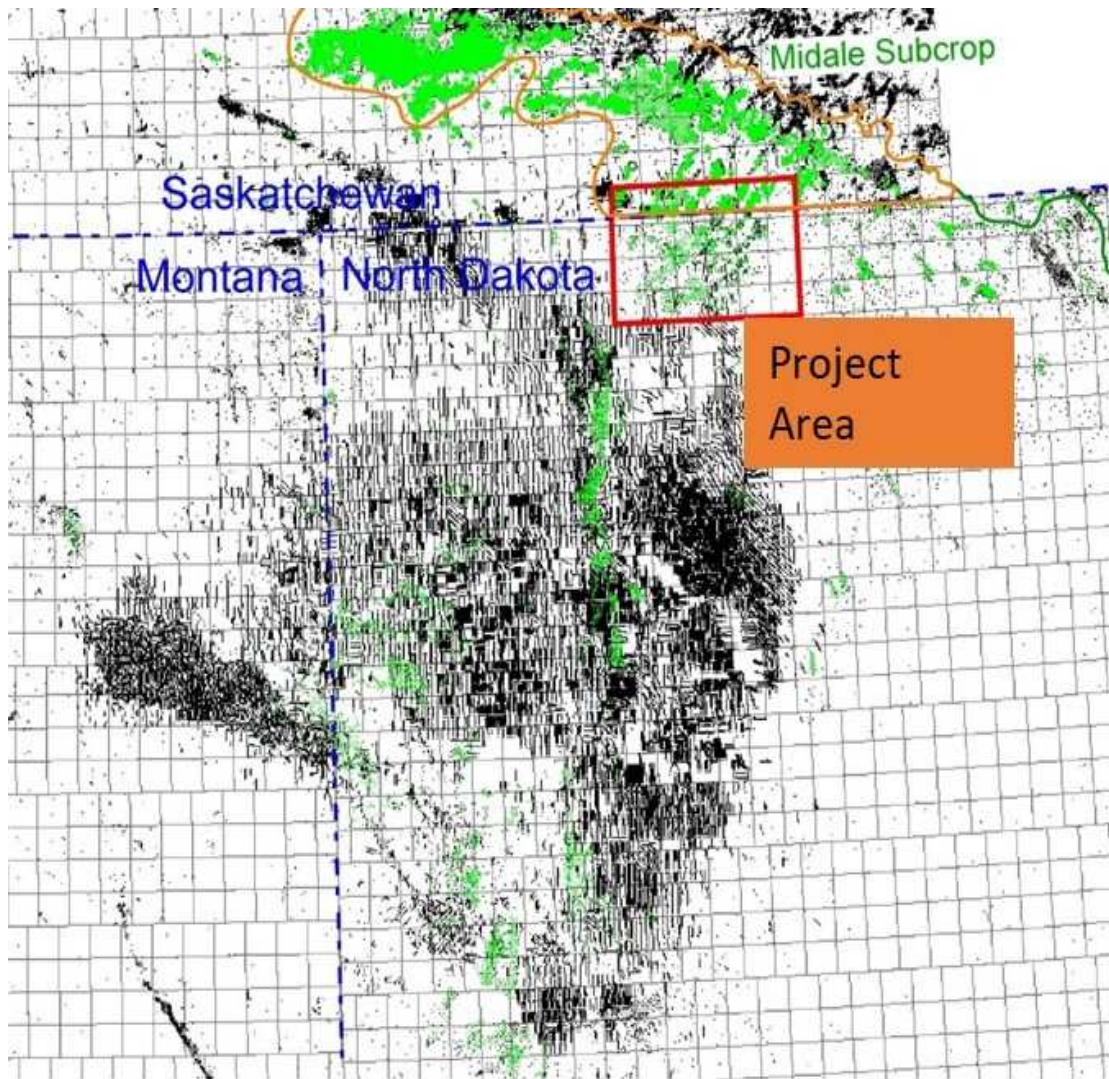
#### 1.1 General Background

Hawkey Oil and Gas Limited (**Company** or **HOG**) is an Australian public company listed on the Official List of the ASX (ASX: HOG). The Company was incorporated on 10 August 2005 and was admitted to the Official List of ASX on 29 June 2010.

As announced on 25 October 2019, the Company has entered into a sale and purchase agreement with the Burke County Vendors (**Acquisition Agreement**) to acquire operatorship and an approximate 33% working interest in an oil and gas project in Burke County, North Dakota (**Project**) (**Acquisition**). Further details of the Acquisition Agreement entered with the Burke County Vendors are set out below in Section 1.4.

The Project comprises of 10 wells and 29 identified horizontal drilling locations situated on 6,600 gross acres located within the Williston Basin in North Dakota, USA where there are presently around 300 producing wells in the area. During the year ending 30 June 2019, total production for the Project averaged 133 barrels of oil per day (**BOPD**), plus a further 368MCF (61 equivalent BOPD) of natural gas and 42 equivalent BOPD natural gas liquids. The Company is arranging for an independent reserves report to be prepared for inclusion in the forthcoming prospectus.

In connection with the Acquisition, the Company will also complete a public offer of a minimum of 166,666,667 Shares at an issue price of \$0.03 per Share to raise a minimum of \$5,000,000 and up to a maximum of 233,333,333 Shares at an issue price of \$0.03 per Share to raise up to \$7,000,000 (**Capital Raising**).



Trading in the Company's Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition. The Acquisition is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition at its upcoming Meeting and satisfying all other requirements of ASX for the reinstatement to Official Quotation of the Company's Shares on ASX (among other things).

ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to reinstate the Company's Shares to Official Quotation and therefore the Acquisition may not proceed if ASX exercises that discretion.

Changes to ASX policy, which came into effect on 3 February 2020, will see entities whose securities have been suspended from quotation for a continuous period of 2 years automatically removed from the Official List. Therefore, any entities that had been continuously suspended since on or before 31 January 2018 and remained suspended at the close of trading on 31 January 2020 were automatically removed from the Official List at the commencement of trading on 3 February 2020. Although the Company has been suspended since 11 May 2017 and was therefore due to be removed from the Official List, ASX has granted the Company a short extension to its removal date in order to allow the Company to re-comply with Chapters 1 and 2 of the Listing Rules as set out in Section 1.17.



If the Acquisition Resolutions are not approved at the Meeting, the Acquisition will not be able to proceed and the Company will not be able to complete the Capital Raising pursuant to the prospectus.

As noted in Section 1.17, ASX has confirmed that it will extend the Company's removal date to 30 May 2020, provided that the Company receives Shareholder approval for the Acquisition Resolutions and lodges its re-compliance prospectus with ASIC by no later than 30 March.

If the Company does not meet the above conditions, ASX will seek to remove the Company from the Official List by 30 May 2020.

## 1.2 Burke County Vendors

The Burke County Vendors are a group of American companies and individuals set out in the table below. The Company proposes to acquire the Burke County Vendors' 35% interest in the Project (which equates to an approximately 33% working interest) and operatorship as set out in the table below:

Burke County Vendor	Share of Sale Interest (%)	Proportion of Cash and Consideration Shares (%)
Radian Partnership LP <sup>1</sup>	10.000	28.571
GCC Thurston Energy Limited Partnership	3.125	8.929
Natural Resource Advisors LLC	3.125	8.929
Ralph Curton Jr	3.125	8.929
Thurston Energy Investments 2 LLC	12.5	35.713
VP5 LLC	3.125	8.929
<b>Total</b>	<b>35.000</b>	<b>100%</b>

### Notes:

1. an entity associated with Jason Spittlehouse, a Proposed Director of the Company.

## 1.3 The North Dakota Project

The Project comprises 10 wells and 29 identified horizontal drilling locations across a gross 6,600 acres.

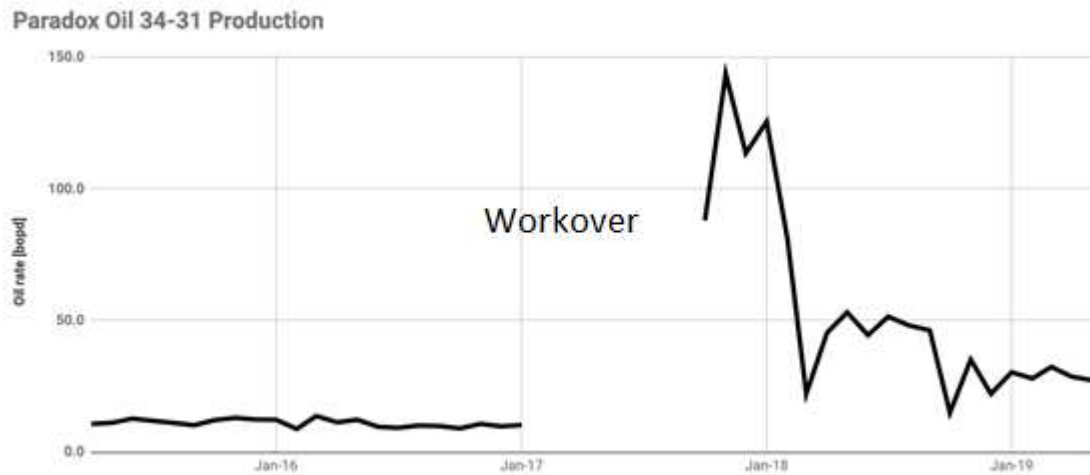
The Project presently has 7 (of its 10) wells in production and achieved net operating cash flows of approximately US\$1.15 million in 2018-19 (being approximately US\$0.4 million based on the Company's proposed 33% acquisition interest).

The Project is focused on the Midale/Nesson formations within the Williston Basin (there are presently around 300 producing wells in the area). During the year ending 30 June 2019, total production for the Project averaged 133 BOPD, plus a further 368MCF (61 equivalent BOPD) of natural gas and 42 equivalent BOPD natural gas liquids. Hawkey is arranging for an independent reserves report to be prepared for inclusion in the forthcoming prospectus.

The Company is reviewing a number of options to increase production and reduce operating expenses following completion of the acquisition. The Company intends to drill and frac one new vertical well. The total estimated cost for this is US\$1 million, with Hawkey's share being US\$350,000. Based on previous

wells, the initial production for a new well is anticipated to be 50-100 BOPD, reducing to 50 BOPD after one month then slowly declining.

Hawkey is also proposing to carry out a workover and recompletion of an existing well using a strategy that has already been successfully applied. The total cost for this is estimated at US\$1.8 million, with Hawkey's share being US\$630,000. The process involves casing a preferentially selected one mile lateral in the existing birdsfoot open hole design, then a 20 stage slickwater frac. A similar recompletion of the Paradox Oil 34-31 well resulted in oil flow increasing to about 100 BOPD for three months before reducing to 50 BOPD then slowly declining as shown below:



Though the Company's primary activities following settlement of the Acquisition will be the exploration of the Projects, the Company and the Burke County Vendors are considering the development of a saltwater disposal system at the site of the Project, which involves the installation of a network of infield flowlines to pipe the unwanted underground saltwater (a hazardous waste product which is brought to the surface of the earth during the production of oil and gas) to a disused well for disposal. The implementation of the saltwater disposal system is expected to reduce operating expenditure, leveraging maximum value to Shareholders. If the Company and Burke County Vendors proceed with the development of this facility, the estimated cost for the production of this facility is US\$1,000,000, which will be paid by each party respective to their interest in the Project. As such, the Company would be required to pay US\$350,000.

#### 1.4 Acquisition – Terms and Conditions

Refer to Sections 1.5.1 to 1.5.3 below for the key terms and conditions of the Acquisition Agreement.

#### 1.5 Material Contracts

##### 1.5.1 Acquisition Agreement

A summary of the terms and conditions of the sale and purchase agreement for the Acquisition (**Acquisition Agreement**) is set out below:

##### (a) Acquisition

The Company has agreed to acquire and the Burke County Vendors have agreed to collectively sell 35% of their interest in the Project in the proportions set out in the table at Section 1.5.1(c) below.

(b) **Conditions**

Completion of the Acquisition is subject to a number of conditions precedent, including, but not limited to:

- (i) the Company obtaining all necessary shareholder and regulatory approvals required by the Corporations Act, ASX Listing Rules or other applicable laws in relation to the Acquisition;
- (ii) the Company successfully undertaking a capital raising for a minimum of \$5,000,000 and the securities of the Company being re-admitted to the official list of ASX;
- (iii) the Company entering into a transition and contractor services agreement with Thurston Energy Investments 2, LLC and Challenger Point Energy, LLC (**CPE**) where CPE provides operational, accounting and marketing services for 3 months after completion, which may be extended for an additional 3 months. After this, CPE will provide these services for a further 12 months, renewable annually by mutual agreement (refer to Section 1.5.2 for further details of the transition agreement); and
- (iv) all Burke County Vendors delivering to the Company signed restriction agreements relating to all the Consideration Shares issued as consideration, in accordance with the ASX Listing Rules (to the extent that ASX requires those securities to be escrowed).

If the conditions precedent to the Acquisition are not all fulfilled or waived by the parties by 31 May 2020 or such later date as agreed in writing between the parties then a party shall have the right to terminate the Acquisition Agreement by giving notice to the other party.

(c) **Consideration**

Subject to satisfaction or waiver of conditions precedent to the Acquisition, in consideration for acquiring operatorship and 35% of the Burke County Vendors' interest in the Projects (an approximate working interest of 33%), the Company has agreed to, upon settlement of the Acquisition pay US\$2,512,820 to the Burke County Vendors as set out below:

- (i) US\$1,256,410 in cash as reimbursement for the expenses incurred by the Burke County Vendors in connection with the development of the Project (subject to compliance with ASX Listing Rule 1.1 (Condition 11)); and
- (ii) issue 61,815,367 Shares (on a post-Consolidation basis) which will be subject to escrow restrictions (the subject of Resolutions 3 and 4),

proportional to the interest that each of the Burke County Vendors will transfer to the Company, as set out in the table below:

Burke County Vendor	Share of Sale Interest (%)	Proportion of Cash and Consideration on Shares (%)	Cash Consideration (USD)	Consideration on Shares (USD)
Radian Partnership LP	10.000	28.571	358,976	17,661,534
GCC Thurston Energy Limited Partnership	3.125	8.929	112,179	5,519,229
Natural Resource Advisors LLC	3.125	8.929	112,179	5,519,229
Ralph Curton Jr	3.125	8.929	112,179	5,519,229
Thurston Energy Investments 2 LLC	12.5	35.713	448,718	22,076,917
VP5 LLC	3.125	8.929	112,179	5,519,229
<b>Total</b>	<b>35.000</b>	<b>100%</b>	<b>1,256,410</b>	<b>61,815,367</b>

ASX Listing Rule 1.1 (Condition 11) provides that if, in the 2 years prior to the date of the entity's application for admission to the ASX Official List, the entity has acquired; or in connection with its listing, is proposing to acquire a classified asset from a related party, promoter or an associate of the entity, the consideration for the acquisition must have been, or be, equity securities issued by the entity which must be subject to escrow restrictions unless:

- (i) the consideration was reimbursement of expenditure incurred in developing the classified asset; or
- (ii) under ASX Listing Rule 9.1.3 the entity is not required to apply the restrictions in Appendix 9B.

**Cautionary Statement:**

With reference to the above, the Company is of the view that the payment of US\$1,256,410 in cash (in addition to the 61,815,367 restricted Shares) to be provided to the Burke County Vendors in cash consideration for the Acquisition will constitute reimbursement of expenditure incurred in developing the Project for the purposes of ASX Listing Rule 1.1 (Condition 11), given the amount expended on the Project to date.

However the Company notes that the issue of the cash consideration is subject to compliance with ASX Listing Rule 1.1 (Condition 11) as ASX may, in its absolute discretion, determine that the payment of cash consideration to the Burke County Vendors does not constitute reimbursement for expenditure incurred in the development of the classified assets for the purpose of ASX Listing Rule 1.1 (Condition 11). If ASX takes this view, the Company will not be able to satisfy all conditions precedent to the Acquisition Agreement which may cause a significant delay to the Acquisition.

Potential investors in the proposed Capital Raising should take account of these uncertainties in deciding whether or not to buy or sell the Company's Securities.

(d) **Completion**

Completion of the Acquisition will take place on that date which is 2 business days after the satisfaction or waiver of the last outstanding Condition, or such other date as is agreed in writing between the parties at such time and place as the parties may agree.

(e) **Termination**

Either party may terminate the Share Sale Agreement if the other party commits a material breach of any of its terms, and either:

- (i) if the breach is capable of being remedied, after being notified in writing by the aggrieved party, the other party fails to remedy such breach within 10 days; or
- (ii) the breach is not capable of being remedied.

The Acquisition Agreement also contains a number of indemnities, representations and warranties that are considered standard for an agreement of this nature.

### 1.5.2 Transition Agreement

The Company intends to enter into the transition and contract services agreement (**Transition Agreement**) with Thurston Energy Investments 2, LLC as the vendor (**Seller**) and CPE, which is currently the operator of the Project the subject of the Acquisition Agreement as the transition and contract operator. The Transition Agreement is a Condition of the Acquisition Agreement, the material terms and conditions of which are set out below:

(a) **Services**

As noted above, CPE currently provides operational, accounting and marketing services to the Seller with respect to the Project area. Pursuant to the Transition Agreement, CPE will continue to provide the following services to the Company in relation to the Project in a manner consistent with its provision of services in the past:

- (i) **(Operational Services)**: CPE will continue to perform physical operations on the Project area, which primarily involves regulatory reporting to governmental agencies that are responsible for environmental or operational compliance with respect to the Project such as gross products or other production reporting.
- (ii) **(Accounting Services)**: CPE will continue to perform the following services for the Project:
  - (A) revenue accounting and distribution;
  - (B) joint interest billing accounting and payment;
  - (C) gas marketing;

- (D) state severance and tax reporting and payment services;
  - (E) land administration; and
  - (F) gross products and production reporting to any appropriate government agencies.
- (iii) **(Marketing Services)**: CPE will continue to schedule the deliveries and sales of the Company's share of oil, gas and other hydrocarbons produced from the properties.

(b) **Term**

CPE will provide the Services to the Company for an initial period of 3 months from Completion of the Acquisition (as set out above at Section 1.5.2(a)) (**Initial period**) which may be extended as follows:

- (i) the Services can be extended by an additional 3 months by mutual agreement of CPE and the Company at least 10 days before the end of the Initial Period; and
- (ii) thereafter, the Services may be extended for periods of 12 months, renewable annually by mutual agreement between CPE and the Company.

(c) **Remuneration**

The Company will pay approximately US\$20,000 per month to CPE for the provision of the Services, which is strictly for the Services provided by CPE.

The Remuneration amount does not include other general administrative costs and expenses normally associated with the performance of the Services (such as office rent, utilities, software, travel and insurance), or the costs of operating and owning the Interest in the Project, which are to be paid by the Company.

(d) **Termination**

The Transition Agreement can be terminated as follows:

- (i) The Transition Agreement will terminate 12 months from the Completion of the Acquisition unless extended in accordance with Section 1.5.2(b)(ii); or
- (ii) if the Company defaults on a payment of any amount due to CPE, CPE shall have the unilateral right to terminate the Transition Agreement if it provides written notice to the Company of the default and the Company does not remedy the default within 5 business days of receiving the notice; or
- (iii) either CPE or the Company may terminate the Transition Agreement in its sole discretion by 60 days written notice.

### 1.5.3 Farmout Agreement

#### (a) General

Prior to June 2017, the Burke County Vendors (excluding Radian Partnership Limited Partnership (**Radian**)) held an approximate 97% ownership interest in the Project. On 1 June 2017, and in return for a cash payment and agreement to undertake substantial capital expenditure on the Project over the next 2 years, the Burke County Vendors transferred 75% of their total interest to:

- (i) Radian (10%);
- (ii) C.O Cyprus Opportunity Energy Public Company Limited (**Cyprus Opportunity**) (3%); and
- (iii) Israel Opportunity Inc (**Israel Opportunity**) (62%),

(Israel Opportunity and Cyprus Opportunity comprise **the Farmees**).

#### (b) Acquisition

Pursuant to the Acquisition Agreement, the Company will acquire Radian's abovementioned 10% interest and the Burke County Vendors' remaining 25% interest in the Project interest which comprises approximately 35% of the total Project and, as such, will undertake all of the Burke County Vendors' obligations under the Farmout Agreement.

#### (c) Operatorship and Operating Agreement

The operating agreement annexed to the Farmout Agreement (**Operating Agreement**) includes the arrangements governing drilling and development works. Under the existing Farmout Agreement, the Farmees have the right to appoint an alternate Project operator until 30 June 2020.

#### (d) Further works

Any party that wishes to carry out drilling or development works with respect to the Project must provide written notice to the other parties which details the proposed work and estimated cost. The other parties then have 30 days to advise whether they elect to contribute to the works and remit their share of any cash call that may be required.

If some parties elect not to participate (**Non-consenting Parties**), they will relinquish their entitlement to receive their interest in the well and their share of production therefrom to the parties who consented to the works (**Consenting Parties**). The Consenting Parties will proceed with the proposal at their own cost and risk and will receive all benefits of the proposal (including those of the non-consenting Parties) until the earlier of 3 years or until the earnings related to the non-consenting partners have reached the cost and expenses of development of the works (**Cost**) plus 300% of the total Cost.

### 1.5.4 Lead Manager Mandate

The Company has entered into a mandate dated 6 December 2019, pursuant to which it has engaged CPS Capital Group Pty Ltd (ACN 088 055 636) (**CPS**) to act

as Lead Manager to the Capital Raising (**Lead Manager Mandate**), the material terms and conditions of which are set out below:

(a) **Scope of Work**

CPS will assist the Company with Lead Management services in relation to the Capital Raising, including:

- (i) Structuring: assisting the Company to determine the pricing, offer mechanism and timing of the issue, liaise with appropriate Australian regulatory authorities including ASIC and ASX and assisting the Company in developing a general strategy for successfully completing the Capital Raising;
- (ii) Documentation: assist in the preparation of the Company's required Capital Raising documentation;
- (iii) Due diligence: CPS will familiarise itself with the business, operations, properties, financial condition and prospects of the Company and participate in the due diligence process; and
- (iv) Marketing of the Capital Raising to CPS's network and facilitate presentations to institutional investors, assist in determining domestic and offshore demand for the Company's Shares and assist the Company with the identification of suitable cornerstone investors.

(b) **Remuneration**

CPS will receive:

- (i) a capital raising fee of 1% (plus GST) of the gross proceeds of the Capital Raising, and a further 5% on funds raised directly by CPS;
- (ii) on reinstatement of the Company's securities to Official Quotation, CPS will receive up to 30,000,000 Shares subject to shareholder approval of Resolution 9, which will be subject to escrow restrictions for two (2) years from the date of issue; and
- (iii) a corporate advisory retainer of \$8,000 per month (plus GST) for 12 months following completion of the Capital Raising.

(c) **Termination**

The Lead Manager Mandate is for a fixed term terminating 12 months from completion of the Capital Raising. CPS may terminate the Lead Manager Mandate if written notice of a breach is given to the other party, and the breach is not remedied within 14 days of written notice.

Otherwise, the Lead Manager Mandate contains other terms customary for an agreement of its nature.

### 1.5.5 Corporate Advisory Engagement Letter

The Company has entered into a letter of engagement dated 15 August 2019 (**Commencement Date**), pursuant to which it has engaged International Island Group Pty Ltd (ACN 167 586 558) (**IIG**) to act as Corporate Advisor to the Offer (**Corporate Advisory Engagement Letter**).



(a) **Scope of Work**

IIIG will assist the Company with corporate advisory services in relation to the Offer, including:

- (i) assisting with the finalisation of the commercial terms of the Acquisition;
- (ii) assisting with the satisfaction of any conditions precedent to the completion of the Acquisition;
- (iii) managing the relationship between the Company and the Burke County Vendors pending completion of the Acquisition; and
- (iv) generally, providing such other advice and assistance as the Company may reasonably request with respect to the Acquisition.

(b) **Remuneration**

If the Company's securities are reinstated to trading within 12 months of the Commencement Date, IIIG will receive:

- (i) 12,000,000 Shares, which will be subject to escrow restrictions for two (2) years from the date of issue;
- (ii) a monthly retainer of \$2,000 for 12 months from the date that the Company's securities are reinstated to trading; and
- (iii) reimbursement for all reasonable out of pocket expenses incurred in connection with the engagement.

### 1.5.6 **Woodchester Mandate**

The Company has entered into a mandate dated 21 September 2019 (which was amended on 30 January 2020), pursuant to which it has engaged Woodchester Capital Pty Ltd (**Woodchester**) to act as a consultant to the Company (**Woodchester Mandate**).

(a) **Scope of Work**

- (i) introducing the Company to appropriate investors in order to meet the objectives of the Capital Raising;
- (ii) introducing the Company to appropriate investors in order to raise \$300,000 - \$500,000 of seed capital pursuant to the Interim Funding Convertible Note Agreement, the details of which are set out at Section 1.5.7;
- (iii) assisting with identifying and engaging experts, service providers and consultants on behalf of the Company; and
- (iv) assisting the Company with marketing, corporate promotion and strategy.

(b) **Remuneration**

With respect to the seed capital raised under the Interim Funding Convertible Note Agreement, Woodchester will receive:

- (i) a cash fee of \$20,000 for services provided in connection with the facilitation of the seed capital raising (for the months of January 2020 and February 2020); and
- (ii) the issue of seed capital shares to Woodchester worth \$30,000 (at a deemed issue price of \$0.02 per Share) for services provided in connection with the facilitation of the seed capital raising (for the months of October 2019, November 2019, and December 2019).

In addition, Woodchester will receive:

- (i) an investor relations fee of \$5,000 for services provided by Woodchester which will be payable from March 2020 until March 2021 (unless extended by written agreement of both Woodchester and the Company);
- (ii) the issue of 7,000,000 Woodchester Shares (subject to Shareholder approval of Resolution 10) at a deemed issue price of \$0.03 per Share;
- (iii) the issue of 3,500,000 Woodchester Options (subject to Shareholder approval of Resolution 11) on the terms and conditions set out at Schedule 2; and
- (iv) any applicable Capital Raising fees for the funds raised directly by Woodchester, though the total commission fee paid to CPS and/or Woodchester for funds raised under the Capital Raising will not exceed 6%.

### 1.5.7 Interim Funding Convertible Note Agreement

The Company has entered into convertible loan agreements with the parties and in the proportions set out in Schedule 3 to provide interim funding to assist the Company with the costs of the Capital Raising (**Interim Funding Convertible Note Agreement**), the material terms and conditions of which are set out below:

(a) **General**

The issue of securities on conversion of the Convertible Notes is the subject of Resolution 8 and is an Acquisition Resolution. The following terms have been summarised on the assumption that all Acquisition Resolutions pass at the Company's upcoming General Meeting.

(b) **Conversion Date**

The Convertible Notes shall be converted on or before 30 June 2020 unless extended by mutual agreement of the parties.

(c) **Face Value**

The face value is AUD\$1 per Convertible Note.

(d) **Conversion Price**

The conversion price for the Convertible Notes is \$0.02 (on a post-Consolidation basis).

(e) **Interest**

No interest is payable under the Interim Funding Convertible Note Agreement.

Otherwise, the Interim Funding Convertible Note Agreement contains terms customary for an agreement of its nature.

### 1.5.8 **Emco Convertible Loan Agreement**

On 28 June 2019, the Company entered into a convertible loan agreement with Emco Capital Pty Ltd (ACN 074 681 075) (**Emco**) which was subsequently varied on 5 December 2019 (**Emco Convertible Loan Agreement**), the material terms and conditions of which are set out below:

(a) **Principal Amount**

The Principal Amount is \$200,000.

(b) **Conversion**

The loan can be converted into Shares at the Conversion Price at Emco's discretion at any time before the Conversion Date and, therefore, Conversion is not subject to Shareholder approval.

However, the Company notes that Emco has provided an irrevocable undertaking that it will not convert any amount of the loan into Shares and will seek cash settlement of the full balance on the Conversion Date.

(c) **Conversion Date**

The loan must be repaid or converted into Shares by 30 April 2020 unless extended by mutual agreement of the parties.

(d) **Conversion Price**

The conversion price for the convertible notes is \$0.02 (on a post-Consolidation basis).

(e) **Interest**

Interest on the principal amount will accrue at 3% per annum on a non-compounding basis until the date that the principal amount is repaid in full or the Conversion Date.

Otherwise, the Emco Convertible Loan Agreement contains terms customary for an agreement of its nature.

### 1.6 **Regulatory Approvals and Operating Jurisdictions**

The Acquisition requires the necessary regulatory approvals as set out in this Notice, and as part of the approvals, the Company is required to issue a Prospectus.

## 1.7 Indicative Timetable

An indicative timetable\* for completion of the Acquisition is set out below:

Activity	Date
Dispatch Notice of Meeting seeking approval for the acquisition of the North Dakota Project	28 February 2020
General Meeting to approve the acquisition of the Project	30 March 2020
Prospectus lodged with ASIC	30 March 2020
Completion of consolidation	31 March 2020
Closing date of Capital Raising under the prospectus	Week commencing 4 May 2020
Payment of cash consideration and issue of consideration securities for acquisition of Project	Week commencing 11 May 2020
Despatch of holding statements	Week commencing 11 May 2020
Re-quotation of securities on ASX (subject to HOG re-complying with Chapters 1 and 2 of the ASX Listing Rules and subject to ASX agreeing to reinstate HOG's securities to quotation)	Week commencing 25 May 2020

\* Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

## 1.8 Pro-forma Balance Sheet

A pro-forma balance sheet of the Company following the completion of the Acquisition is set out in Schedule 1. The Acquisition will have an effect on the Company's revenue and expenditure. The revenue is not capable of being determined at this stage as the Company does not have a reasonable basis to make a forecast, and the anticipated effect on expenditure is set out in the Use of Funds in Section 1.12. The Use of Funds is indicative only and subject to change.

## 1.9 Pro-Forma Capital Structure

Set out below is the indicative capital structure of the Company following completion of the Acquisition and associated Capital Raising. The anticipated capital structure of the Company is only an estimate and is subject to variation.

	Minimum Subscription		Maximum Subscription	
	Shares	Options	Shares	Options
Currently on issue <sup>1</sup>	456,239,077	-	456,239,077	-
Post-Consolidation <sup>1</sup> (1:10)	45,623,908	-	45,623,908	-
Interim Funding Convertible Notes	18,750,000	9,375,000 <sup>5</sup>	25,000,000	12,500,000 <sup>5</sup>
Issued to Burke County Vendors <sup>2</sup>	61,815,367	-	61,815,367	-
Advisor Shares <sup>3</sup>	42,000,000	-	42,000,000	-
Existing Director Shares	13,000,000 <sup>6</sup>	6,500,000 <sup>7</sup>	13,000,000 <sup>6</sup>	6,500,000 <sup>7</sup>
Woodchester Shares	7,000,000 <sup>8</sup>	3,500,000 <sup>9</sup>	7,000,000 <sup>8</sup>	3,500,000 <sup>9</sup>
Capital Raising <sup>4</sup>	166,666,667	-	233,333,333	-
<b>Total (post-Consolidation)</b>	<b>354,855,942</b>	<b>19,375,000</b>	<b>427,772,608</b>	<b>22,500,000</b>

**Notes:**

1. Assuming no other Shares are issued prior to settlement of the Acquisition (on a pre-Consolidation basis).
2. Refer to Section 1.4 for terms of the Acquisition.
3. Comprising 30,000,000 Shares to be issued to CPS for the provision of lead manager services to the Company in relation to the Capital Raising; and 12,000,000 Shares to be issued to IIG for corporate advisory services provided to the Company in relation to the Acquisition Agreement pursuant to Resolutions 9 and 12 (respectively).
4. The Company will seek to raise a minimum of \$5,000,000 through the issue of 166,666,667 Shares at \$0.03 per Share, and a maximum raise of \$7,000,000 through the issue of up to a maximum of 233,333,333 Shares at \$0.03 per Share.
5. Options exercisable at \$0.05 expiring on 30 June 2023, the terms and conditions of which are set out in Schedule 2.
6. Existing Director Shares to be issued to Tom Fontaine, Murray Wylie, and Kane Marshall pursuant to Resolutions 13 to 15 (respectively).
7. Existing Director Options to be issued to Tom Fontaine, Murray Wylie, and Kane Marshall pursuant to Resolutions 16 to 18 (respectively), the terms and conditions of which are set out in Schedule 2.
8. Woodchester Shares to be issued to Woodchester pursuant to Resolution 10.
9. Woodchester Options to be issued to Woodchester pursuant to Resolution 11, the terms and conditions of which are set out in Schedule 2.

**1.10 Issue of Securities in the Preceding 6 months**

In the six (6) months preceding the date of this Notice, the Company has issued 375,000 Convertible Notes to the parties set out in Schedule 3 pursuant to the Interim Funding Convertible Note Agreement summarised in Section 1.5.7. The Convertible Notes issued were issued for \$375,000 consideration.

**1.11 Pro forma balance sheet**

The pro-forma balance sheet of the Company following completion of the Acquisition and issues of all Securities contemplated by this Notice is set out in Schedule 1. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

**1.12 Use of funds**

It is proposed that the funds raised plus the Company's existing cash will be applied in the next 24 months as follows:

Item	Amount (based on Minimum Subscription) \$	Percentage	Amount (based on Maximum Subscription) \$	Percentage
Existing cash reserves of the Company as at 31 December 2019	35,607	0.65	35,607	0.48
Additional funds raised under Convertible Notes	405,000	7.45	405,000	5.44
Funds raised under the Capital Raising	5,000,000	91.90	7,000,000	94.08
<b>TOTAL</b>	<b>5,440,607</b>	<b>100</b>	<b>7,440,607</b>	<b>100</b>

Item	Amount (based on Minimum Subscription) \$	Percentage	Amount (based on Maximum Subscription) \$	Percentage
<b>Use of Funds:</b>				
Cash consideration for Acquisition	1,862,764	34.24	1,862,764	25.04
New vertical well	0	0	500,000	6.72
Saltwater disposal system	500,000	9.19	500,000	6.72
Existing well recompletion	900,000	16.54	1,800,000	24.19
Expenses of the Capital Raising <sup>1</sup>	572,000	10.51	697,000	9.37
Settlement of Emco loan <sup>2</sup>	211,047	3.88	211,047	2.84
Administration Costs <sup>3</sup>	1,242,000	22.83	1,242,000	16.69
Working capital <sup>4</sup>	152,796	2.81	627,796	8.44
<b>TOTAL</b>	<b>5,440,607</b>	<b>100</b>	<b>7,440,607</b>	<b>100</b>

**Notes:**

- Expenses of the Capital Raising include legal fees, ASX fees, advisor fees, Investigating Accountant fees, Independent Geological Advisory Fees, Share Registry Fees and brokerage costs.
- Pursuant to the Emco Convertible Loan Agreement set out at Section 1.5.8, the Company will repay the principal of the loan, as well as the interest that has accrued on the loan as at the Conversion Date of 30 April 2020.
- Administration costs include, without limitation, general corporate costs such as the provision of contract services to the Company, annual ASX listing fees, Board and executive remuneration, office rent, and ongoing audit and accounting costs.
- Working capital provides for additional capital to be used towards additional exploration following the planned exploration programs, as well as investment in new projects not yet identified by the Directors.

The above table is a statement of current intentions as at the date of this Notice. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

If the maximum amount of \$7,000,000 is raised under the Capital Raising, the Company will apply the additional funds towards the additional expenses of the Capital Raising with the balance to be allocated to working capital.

The Board believes that the funds raised from the Capital Raising, combined with existing funds, provide the Company with sufficient working capital to progress its business objectives. In addition to the Project, the Company intends to seek out additional projects. However, there is no certainty that any new project acquisition will be completed.

### 1.13 HOG Business Plan – Post Acquisition

Messrs Wylie and Fontaine are the current directors of the Company. Mr Fontaine will remain as a director of the Company following completion of the Acquisition

while Mr Wylie will resign as a Director however continue as the Company Secretary. Subject to approval under Resolutions 5 and 6, Mr Kane Marshall, who was elected as an additional Director on 30 January 2020 will be re-elected as a Director; and Mr Spittlehouse, a nominee of the Burke County Vendors will also be appointed to the Board, such that on completion of the Acquisition the Company's Board will be comprised of:

(a) **Tom Fontaine** (*Managing Director*)

Mr. Fontaine is a professional engineer with over 25 years' experience in starting, running and building resource companies. He is currently a major shareholder and on the board of several early stage resource companies focused in Australia, Cuba, Africa and North America. He was a founder of Pure Energy and helped build it into a \$1 billion company in 4 years.

The Board does not consider Mr Fontaine to be an independent director as he is an executive officer of the Company.

(b) **Jason Spittlehouse** (*Non-Executive Director*)

Mr Spittlehouse has held geoscience positions in Australia, UK and SE Asia and holds an MSc from Imperial College, London. Mr Spittlehouse was a founding director and seed investor at Neon Energy Pty Ltd in 2005. He also founded Houston-based VistaTex Energy LLC in 2010, a privately held producer, operating in seven states, with interests in 50 fields. The company was sold in August, 2014.

The Board does not consider Mr Spittlehouse to be an independent director as he is a representative of the Burke County Vendors.

(c) **Kane Marshall** (*Non-Executive Director*)

Mr Marshall has over 20 years' experience in various roles as a director, geologist, petroleum engineer and company builder. He is currently the Managing Director of Perth Basin and Cooper Basin Operator Key Petroleum Limited (ASX: KEY). His diverse experience base includes technical and managerial roles with private equity funded oil companies, independents and majors. Prior to his appointment to Key Petroleum Limited, Mr Marshall was a Petroleum Consultant at Santos and a Production Engineer with the Roma Implementation Team in Brisbane, as well as a Reservoir and Petroleum Engineer for both Chevron Australia and Woodside Energy on North-West Shelf projects based in Perth.

Earlier in his career, Mr Marshall was based in London principally working in technical roles on Southern North Sea Gas developments for European utility giant DEA AG and private equity backed Operator Highland Energy Limited.

Mr Marshall holds academic qualifications which include a Masters of Petroleum Engineering from Curtin University, Bachelor of Science (Petroleum Geology) from the University of Western Australia and a Bachelor of Commerce (Investment Finance and Corporate Finance) from the University of Western Australia.

The Board considers Mr Marshall to be an independent director as he is a non-executive director with no substantial holding in the Company or significant relationship with major shareholders or the vendors.

## 1.14 Director and Proposed Director Interests in Securities

Directors are not required under the Current Constitution to hold any Shares to be eligible to act as a Director.

Details of the Directors' and Proposed Directors' relevant interest in the Securities of the Company upon completion of the Acquisition and the Capital Raising are set out in the table below (on a post-Consolidation basis):

Director/Proposed Director	Shares	% (undiluted) <sup>1</sup>	Options	% (diluted) <sup>1</sup>
Tom Fontaine	7,000,000 <sup>2</sup>	1.97	3,500,000 <sup>3</sup>	2.79
Murray Wylie	4,000,000 <sup>4</sup>	1.13	2,000,000 <sup>5</sup>	1.59
Jason Spittlehouse <sup>1</sup>	17,661,534 <sup>6</sup>	4.98	-	4.69
Kane Marshall	2,000,000 <sup>7</sup>	0.56	1,000,000 <sup>8</sup>	0.80

### Notes:

1. Assuming Minimum Subscription.
2. Existing Director Shares to be issued pursuant to Resolution 13.
3. Existing Director Options to be issued pursuant to Resolution 16 on the terms and conditions set out in Schedule 2.
4. 4,000,000 Existing Director Shares to be issued pursuant to Resolution 14.
5. Existing Director Options to be issued pursuant to Resolution 17 on the terms and conditions set out in Schedule 2.
6. To be issued to Radian Partnership Limited (an entity of which Proposed Director Jason Spittlehouse is a minority shareholder) pursuant to Resolution 4.
7. 2,000,000 Existing Director Shares to be issued pursuant to Resolution 15.
8. To be issued subject to the passing of Resolution 18 on the terms and conditions set out in Schedule 2.

## 1.15 Business Model of the Company following the Acquisition

Following completion of the Acquisition, the Company's proposed business model will be to further explore the Project and develop identified oil and gas reserves. The Company's main objectives on completion of the Acquisition are to:

- (a) focus on oil and gas exploration and development opportunities that have the potential to deliver growth for Shareholders;
- (b) continue to pursue other acquisitions that have a strategic fit for the Company;
- (c) establish a wholly owned subsidiary in the United States in order to assist the Company achieve its main objectives;
- (d) implement a growth strategy to seek out further oil and gas exploration and acquisition opportunities; and
- (e) provide working capital for the Company.

## 1.16 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has advised the Company that the change in the nature and scale of the Company's activities is the Acquisition of the Project which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules before



it can be re-instated to trading on ASX (including any ASX requirement to treat the Company's Securities as restricted Securities).

Trading in the Company's Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following completion of the Acquisition. The Acquisition is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition and satisfying all other requirements of ASX for the reinstatement to Official Quotation of the Company's Shares on ASX (among other things).

### **1.17 Guidance Note 33 – automatic removal from the Official List**

Recent changes to ASX Guidance Note 33 have altered ASX's policy in relation to the automatic removal of entities from the Official List.

ASX policy, which came into effect on 3 February 2020, is to automatically remove entities whose securities have been suspended from quotation for a continuous period of 2 years from the Official List. Therefore, any entities that had been continuously suspended since on or before 31 January 2018 and remained suspended at the close of trading on 31 January 2020 were automatically removed from the Official List at the commencement of trading on 3 February 2020 (unless further extended by ASX).

The Company has been suspended from quotation since 11 May 2017 and was due to be automatically removed from the Official List of the ASX on 3 February 2020. However, ASX has confirmed that it will extend the Company's removal date to 30 May 2020 provided that it receives Shareholder approval for the Acquisition Resolutions and lodges its re-compliance prospectus with ASIC by no later than 30 March 2020.

ASX has advised that, if the Company has not satisfied ASX Listing Rules 11.1.2 and 11.1.3 and has not had its securities reinstated to Official Quotation by 30 May 2020, it will seek to remove the Company from the Official List.

If the Acquisition Resolutions are not approved at the Meeting, the Company will be unable to satisfy the abovementioned conditions by 30 May 2020 and ASX will seek to remove the Company from the Official List.

### **1.18 ASX waivers**

*ASX Listing Rules 1.1 (Condition 12) and 2.1 (Condition 2)*

ASX Listing Rule 1.1 (Condition 12) provides that if an entity has options on issue the exercise price for each underlying security must be at least 20 cents in cash. ASX Listing Rules 2.1 (Condition 2) provides that the issue price or sale price of all the securities for which an entity seeks quotation (except options) must be at least 20 cents in cash.

The Company has applied for a waiver from the requirements of ASX Listing Rules 1.1 (Condition 12) and 2.1 (Condition 2) to allow the Company to have on issue Options with an exercise price which is less than 20 cents, and to offer Shares under the Prospectus with an issue price which is less than 20 cents.

*ASX Listing Rules 10.13.5*

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities, or agreement to issue equity securities, to a related party of the Company.

ASX Listing Rule 10.13 sets out the requirements for Shareholder approval under ASX Listing Rule 10.11. In particular, ASX Listing Rule 10.13.5 provides that the notice of meeting must (inter alia) state the date by which the entity will issue the securities and that the securities must be issued no later than 1 month after the date of the meeting or such later date as may be permitted by any ASX waiver or modification of the ASX Listing Rules.

The Company has applied for a waiver from the requirements of ASX Listing Rule 10.13.5 to allow the Company to issue the Shares that are subject to Resolutions 4 and 13 to 18 later than 1 month after the date of this Meeting.

The Company notes that, with respect to the above waiver applications, there is no guarantee that these waivers will be granted. The Company will endeavour to keep the market updated as soon as it is made aware of a change to the status of any applications.

## **1.19 Risk Factors**

Shareholders should be aware that if the relevant Resolutions are approved and the Acquisition is completed, the Company will be re-complying with Chapters 1 and 2 of the ASX Listing Rules and will be subject to various risk factors.

Based on the information available, a non-exhaustive list of risk factors associated with the Acquisition and following completion of the Acquisition are set out below.

### **1.19.1 Key Risks relating to the Change in Nature and Scale of Activities**

#### **(a) Re-quotations of shares on ASX**

The acquisition of the Project interests constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.

Trading in the Company's securities is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the ASX listing rules following completion of the Acquisition. The Acquisition is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition, and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from Official Quotation. The Company however, following the recent detailed discussions with the ASX surrounding this Acquisition and the Company's re-compliance obligations, at the moment sees no reason why the Company should not be able to re-comply according with these conditions.

As set out in Section 1.17, ASX has extended the Company's removal date from the Official List, such that the Company must receive approval for all Acquisition Resolutions at the Meeting and lodge its re-compliance prospectus with ASIC by 30 March 2020 and have its securities reinstated to Official Quotation by 30 May 2020. If the Company does not meet any of the above conditions, ASX will seek to remove the Company from the Official List.

(b) **Completion Risk**

The Company has agreed to acquire a 35% interest from the Burke County Vendors' pursuant to the Acquisition Agreement, the completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Acquisition cannot be fulfilled and, in turn, that completion of the Acquisition does not occur.

If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(c) **Commodity price volatility and exchange rate risks**

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

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

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

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(d) **Dilution risk**

Shares on issue (on a pre-Consolidation basis). Under the Acquisition and the Capital Raising and in connection with those transactions, the Company proposes to issue:

- (i) the Consideration Shares to be issued to the Burke County Vendors;
- (ii) the Capital Raising Shares;

- (iii) Shares on conversion of the Convertible Notes;
- (iv) the Advisor Shares; and
- (v) the Shares to be issued to the Existing Directors in consideration for additional work performed in relation to the Acquisition and the Capital Raising (**Existing Director Shares**).

The Company currently has 465,239,077 Shares on issue (on a pre-Consolidation basis). After the Consolidation and the issue of the Securities listed above (i.e., on completion of the Capital Raising and the Acquisition, but assuming no Options are exercised):

- (i) the Consideration Shares to be issued to the Burke County Vendors will comprise approximately 17.42% of the Company's issued Share capital at Minimum Subscription or 14.45% at Maximum Subscription;
- (ii) the participants in the Capital Raising will hold approximately 46.97% of the Company's issued Share capital at Minimum Subscription or 54.55% at Maximum Subscription;
- (iii) the Shares to be issued to the participants under the Interim Funding Convertible Note Agreement on conversion of the Convertible Notes will comprise 5.28% of the Company's issued Share capital at Minimum Subscription or 5.84% at Maximum Subscription (assuming full subscription under the Interim Funding Convertible Note Agreement);
- (iv) the existing Shareholders will retain approximately 12.86% of the Company's issued Share capital at Minimum Subscription or 10.67% at Maximum Subscription; and
- (v) the Shares to be issued to the Existing Directors of HOG will comprise approximately 3.66% of the Company's issued Share capital at Minimum Subscription or 3.04% at Maximum Subscription.

### 1.19.2 Risks relating to the Company

#### (a) Exploration

Potential investors should understand that oil and gas exploration and development are high-risk undertakings. There can be no assurance that exploration of the Project, or any other permits that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to

its permits and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of its permits, a reduction in the case reserves of the Company and possible relinquishment of the permits.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) **Hydrocarbon reserve estimates**

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

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

(c) **Regulation – Exploration and Production**

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

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

(d) **Permit applications and licence renewal**

The Company cannot guarantee additional applications for permits or licences made by the Company will ultimately be granted, in whole or in part. Further the Company cannot guarantee that renewals of valid permits or licences will be granted on a timely basis, or at all.

(e) **Additional requirements for capital**

The funds to be raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Company and implementation of the strategy detailed in Section 1.15. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following completion of the Capital Raising, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of their activities and the proposed commercialisation, marketing and international expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(f) **Reliance on key personnel**

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(g) **JV partners and contractors**

Oil and gas ventures are typically operated under joint venture arrangements. These arrangements include provisions that often require certain decisions relating to the projects to be passed with unanimous or majority approval of all participants. Where a venture partner does not act in the best commercial interest of the project, it could have a material adverse effect on the interests of the Company.

The Company is unable to predict the risk of:

- (i) financial failure, non-compliance with obligations or default by a participant in any venture to which the Company is, or may become, a party;
- (ii) insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company for any activity,

all of which could have a material adverse effect on the operations and financial performance of the Company.

### 1.19.3 General Risks

(a) **Regulatory**

The Company is based in Australia and is subject to Australian laws and regulations. For example, the Company is required to comply with the Corporations Act. Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in the countries in which the Company operates, and may operate, may adversely affect the financial performance of the Company.

(b) **Government Licences and Approvals**

Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

(c) **General Economic and Political Risks**

Changes may occur in the general economic and political climate in the jurisdictions in which the Company operates and on a global basis that could have an impact on economic growth, interest rates, the rate of inflation, taxation, tariff laws and domestic security which may affect the value and viability of any activity that may be conducted by the Company.

(d) **Economic Risks**

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

(e) **Market Conditions**

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

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

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and energy stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(f) **Share Market Risk**

The market price of the Company's Shares could fluctuate significantly. The market price of the Company's Shares may fluctuate based on a number of factors including:

- (i) the Company's operating performance and the performance of competitors and other similar companies;
- (ii) the public's reaction to the Company's press releases;
- (iii) other public announcements and the Company's filings with securities regulatory authorities;
- (iv) changes in earnings estimates or recommendations by research analysts who track the Company's Shares or the shares of other companies in the sector;
- (v) changes in general economic conditions;
- (vi) the number of the Company's Shares publicly traded and the arrival or departure of key personnel; and
- (vii) acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Company's Shares is affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all shares in the Company's market sector, the breadth of the public market for the Company's Shares, and the attractiveness of alternative investments.

(g) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects and additional assets. Any such acquisitions will be accompanied by risks commonly encountered and listed in this section.

(h) **Claims, Liability and Litigation**

The risk of litigation is a general risk of the Company's business. There is always the risk that litigation may occur as a result of differing interpretations of obligations or outcomes.

(i) **Force Majeure**

The Company's operations now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(j) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover.



The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(k) **Joint venture, acquisitions or other strategic investments**

The Company may make strategic investments in complementary businesses or enter into strategic partnerships or alliances with third parties in order to enhance its business. At the date of this Notice, the Company is not aware of the occurrence or likely occurrence of any such risks which would have a material adverse effect on the Company or its subsidiaries.

(l) **Litigation Risks**

The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(m) **Management of growth**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the Company's management to properly implement and manage the strategic direction of the business may affect the Company's financial performance.

(n) **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's Securities.

## **1.20 Acquisition – advantages / disadvantages / recommendations**

### **1.20.1 Advantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) the Company will obtain an interest in the Project pursuant to the Acquisition;
- (b) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Capital Raising may lead to access to improved equity capital market opportunities and increased liquidity;
- (c) Shareholders may be exposed to further debt and equity opportunities that the Company did not have prior to the Acquisition and the associated Capital Raising;

- (d) the appointment of the Proposed Directors will add corporate and oil & gas sector experience and skill to the Board to assist with the growth of the Company;
- (e) the cash reserves of the Company will be conserved as 50% of the consideration for the Acquisition is predominantly comprised of Shares; and
- (f) if the Company does not complete the Acquisition and the Capital Raising and re-comply with Chapters 1 and 2 of the ASX Listing Rules, its securities will not be reinstated and ASX will remove the Company from the Official List.

### **1.20.2 Disadvantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition and Capital Raising will result in the issue of a significant number of Shares to the Burke County Vendors and new investors which will have a dilutionary effect on the holdings of Shareholders;
- (c) future outlays of funds from the Company may be required for its proposed business operations; and
- (d) there are additional risk factors associated with the change in nature of the Company's activities resulting from the Acquisition. Some of the key risks are summarised above.

### **1.20.3 Plans for the Company if the Acquisition Resolutions are not passed**

As set out in Section 1.17, ASX has granted the Company an extension to its removal date from the ASX Official List, such that the Company must receive Shareholder approval for all Acquisition Resolutions by 30 March 2020.

If all Acquisition Resolutions are not passed at the Meeting, the Company will not have another opportunity to satisfy the above condition prior to 30 March 2020 and will be removed from the Official List.

### **1.20.4 Regulatory Requirements Generally**

The Company has undertaken appropriate enquiries into the assets, liabilities, financial position, financial performance, profits and losses and prospects of the Project, for the Board to be satisfied that the Acquisition is in the interests of the Company and its Shareholders. Other than as stated, the Directors do not have any material personal interests in the outcome of the Resolutions.

The Company notes that:

- (a) the Acquisition requires Shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;

- (b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Acquisition may not proceed if those requirements are not met;
- (c) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion to not re-admit; and
- (d) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Further, the Company:

- (a) notes that ASX takes no responsibility for the contents of this Notice; and
- (b) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

### **1.20.5 Directors' Recommendation**

Other than where a Director holds an interest in a Resolution, where the relevant Director does not provide a recommendation due to having an interest in the relevant Resolution, the Board unanimously recommends that Shareholders vote in favour of the Acquisition Resolutions as, after an assessment of the advantages and disadvantages referred to above, they are of the view that the advantages significantly outweigh the disadvantages and consider the Acquisition to be in the best interests of Shareholders.

---

## **2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

### **2.1 General**

As outlined in Section 1 of this Explanatory Statement, the Company has entered into the Acquisition Agreement pursuant to which the Company will acquire the interest in the Project from the Burke County Vendors.

A detailed description of the Acquisition is outlined in Section 1. The Acquisition will result in the change in the nature and scale of the Company's activities.

Resolution 1 seeks approval from Shareholders for the change to the nature and scale of the activities of the Company resulting from the Acquisitions.

### **2.2 ASX Listing Rule 11.1**

ASX has indicated to the Company that, given the change in the nature and scale of the Company's activities upon completion of the Acquisition, ASX requires the Company to:

- (a) obtain Shareholder approval; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2.

Accordingly, it is anticipated that the Company's Shares will remain suspended until the Company has settled the Acquisition and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

The Company will be undertaking a consolidation of its capital as part of its proposed re-compliance with Chapters 1 & 2 of the Listing Rules (refer to Resolution 2).

If any of the Acquisition Resolutions are not approved at the Meeting, it is expected that ASX will remove the Company from the Official List.

### **2.3 Guidance Note 12**

Changes to ASX Guidance Note 12 alter ASX's policy in relation to the application of the "20 cent rule" to re-compliance listings. Previously a company was required to re-comply to the Official List of the ASX at an issue price of 20 cents per share as part of compliance with Chapters 1 and 2 of the ASX Listing Rules. Guidance Note 12 states that this issue price can now be below 20 cents where an entity's securities have been trading on ASX at less than 20 cents. ASX will consider a request not to apply the 20 cent rule provided the issue price or sale price for any securities being issued or sold as part of, or in conjunction with, the Acquisition:

- (a) is not less than two cents (\$0.02) each;
- (b) is specifically approved by security holders as part of the approval obtained under Listing Rule 11.1.2; and
- (c) ASX is otherwise satisfied that the entity's proposed capital structure after the Acquisition will satisfy Listing Rules 1.1 condition 1 and 12.5 (appropriate structure for a listed entity).

For this reason, the Company is seeking Shareholder approval for the Company to issue Shares upon re-compliance at an issue price of not less than \$0.03 per Share, as part of the approvals sought under ASX Listing Rule 11.1.2.

Further, Guidance Note 12 indicated that if an entity is proposing to issue options as part of the Acquisition (and the entity's ordinary securities have been trading at less than 20 cents), ASX will consider a request for ASX not to apply the Minimum Option Exercise Price Rule, provided that:

- (a) the exercise price for the options:
  - (i) is not less than two cents (\$0.02) each; and
  - (ii) is specifically approved by security holders as part of the approvals obtained under ASX Listing Rule 11.1.2.
- (b) ASX is otherwise satisfied that the entity's proposed capital structure after the Acquisition will satisfy ASX Listing Rule 1.1 Condition 1 and 12.5.

For this reason, the Company is also seeking Shareholder approval for the Company to issue Options upon re-compliance at an exercise price of less than \$0.20 (at \$0.05).

The Company has applied for a waiver from the requirements of Listing Rule 2.1 (Condition 2) to enable it to issue Shares at an issue price less than \$0.20 per Share. The Company has also applied for a waiver from Listing Rule 1.1 (Condition 12) to

the extent necessary to permit the Company to issue Options with an exercise price below \$0.20.

## **2.4 What will happen if Shareholders give, or do not give, Shareholder approval**

Listing Rule 11.1.2 empowers ASX to require listed companies to obtain the approval of its shareholders to a significant change to the nature or scale of its activities. The Acquisition will involve a significant change to the nature or scale of the Company's activities for these purposes and, as is its usual practice, ASX has imposed a requirement under Listing Rule 11.1.2 that the Company obtain Shareholder approval for the Company's proposed change to the nature and scale of its activities.

Resolution 1 seeks the required Shareholder approval to the Acquisition under and for the purposes of Listing Rule 11.1.2.

As Resolution 1 is an Acquisition Resolution, the Company will be able to proceed with the Acquisition and Capital Raising if the Resolution passes, allowing the Company to continue with its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

As Resolution 1 is an Acquisition Resolution, the Company will not be able to proceed with the Acquisition or Capital Raising if the Resolution is not approved by Shareholders. If the Acquisition or Capital Raising do not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## **3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL**

### **3.1 Background**

The Directors are seeking Shareholder approval to consolidate the number of Shares on issue on a 1 for 10 basis (**Consolidation**).

If Resolution 2 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of Shares on issue will be reduced from 456,239,077 to 45,623,908 subject to rounding).

This Resolution is an Acquisition Resolution and is subject to and conditional upon approval of all other Acquisition Resolutions.

The Company is required to undertake the Consolidation under ASX policy in order to complete the Capital Raising at a price of less than \$0.20 per Share.

### **3.2 Legal requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

### **3.3 Fractional entitlements**

Not all Security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 10. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

### 3.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

### 3.5 Holding statements

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

### 3.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in Section 1.9 above.

### 3.7 Indicative timetable\*

The Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 7) of the ASX Listing Rules):

Action	Date
Dispatch Notice of Meeting	28 February 2020
Date of Meeting to approve Consolidation	30 March 2020
Effective date of Consolidation	31 March 2020
Last day for pre-Consolidation trading	1 April 2020
Last day for Company to register transfers on a pre-Consolidation basis	3 April 2020
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements to Shareholders reflecting the change in the number of Securities they hold	6 April 2020
Last day for the Company to update its register and to send holding statements to Shareholder reflecting the change in the number of Securities they hold and to notify ASX that this has occurred.	14 April 2020

This Resolution is an Acquisition Resolution and is subject to and conditional upon approval of all other Acquisition Resolutions.

---

## 4. RESOLUTION 3 – ISSUE OF CONSIDERATION SHARES TO THE BURKE COUNTY VENDORS

### 4.1 General

Resolution 3 seeks Shareholder approval under and for the purposes of ASX Listing Rule 7.1 for the issue of 44,153,833 Shares to the Burke County Vendors (except for Radian, which is the subject of Resolution 4) (**Consideration Shares**) in consideration for the Acquisition as further detailed in Section 1 above.

## 4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The issue of the Consideration Shares does not fit within any of the applicable exceptions under Listing Rule 7.1. While the issue of the Consideration Shares does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To do this, the Company is asking Shareholders to approve the issue of Consideration Shares under Listing Rule 7.1 so that it does not use up any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

The effect of Resolution 3 will be to allow the Company to issue the Consideration Shares during the period of three (3) months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## 4.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) the maximum number of Shares to be issued is 44,153,833 Shares in the proportions set out below;

Burke County Vendor <sup>1</sup>	Share of Sale Interest (%)	Proportion of total cash and 61,815,367 Consideration Shares (%)	Consideration Shares
GCC Thurston Energy Limited Partnership	3.125	8.929	5,519,229
Natural Resource Advisors LLC	3.125	8.929	5,519,229
Ralph Curton Jr	3.125	8.929	5,519,229
Thurston Energy Investments 2 LLC	12.5	35.713	22,076,917
VP5 LLC	3.125	8.929	5,519,229
<b>Total</b>	<b>25.000</b>	<b>71.429%</b>	<b>44,153,833</b>

### Notes:

1. The issue of Consideration Shares to Radian Partnership Limited (an entity associated with Jason Spittlehouse, a Proposed Director of the Company) is the subject of Resolution 4.
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;

- (c) the Shares will be issued for nil cash consideration in part-consideration of the Acquisition, the material terms of which are set out in Section 1.5.1;
- (d) the Shares will be issued to the Burke County Vendors, none of whom are related parties of the Company other than as a result of the Acquisition, other than as set out in Resolution 4;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Consideration Shares as the Consideration Shares are being issued in part-consideration for the Acquisition as set out in Section 1.4.

#### **4.4 What will happen if Shareholders give, or do not give, Shareholder approval**

If this Resolution 3 receives Shareholder approval, the Company can issue the Consideration Shares without using any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If this Resolution 3 does not receive Shareholder approval, the issue of the Consideration Shares could still proceed but it would reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

However, as this Resolution is an Acquisition Resolution, the Acquisition cannot proceed if Shareholders do not approve it. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## **5. RESOLUTION 4 – ISSUE OF CONSIDERATION SHARES TO RADIAN PARTNERSHIP LIMITED**

### **5.1 General**

Resolution 4 seeks Shareholder approval to allow the Company to issue 17,661,534 Consideration Shares to Radian Partnership Limited (**Radian**) (an entity associated with Jason Spittlehouse, a Proposed Director of the Company).

### **5.2 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Shares to Radian involves the issue of securities to an entity associated with a Proposed Director of the Company (who is considered to be a related party of the Company pursuant to Listing Rule 10.11.1), Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **5.3 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of Consideration Shares:



- (a) 17,661,534 Consideration Shares will be issued to Radian, an entity associated with Proposed Director Jason Spittlehouse (or its nominee);
- (b) as set out in Section 1.18, the Company has applied for a waiver from the requirements of ASX Listing Rule 10.3.5 to allow the Consideration Shares to be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any further ASX waiver or modification of the ASX Listing Rules). However, as at the date of this Notice, ASX has not yet granted this waiver and there can be no guarantee that the waiver will be granted, though the Company will continue to keep the market updated in this respect;
- (c) the Consideration Shares will be issued for nil cash consideration, as part of the consideration for the Acquisition, the material terms of which are set out in Section 1.5.1; and
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of Consideration Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Consideration Shares to Radian (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **5.4 What will happen if Shareholders give, or do not give, Shareholder approval**

If this Resolution 4 receives Shareholder approval, the Company will be able to proceed with the issue of Consideration Shares to Radian and, consequently, the Acquisition may proceed.

If Resolution 4 does not receive Shareholder approval, the Company will not be able to proceed with the issue of Consideration Shares to Radian. As this Resolution is an Acquisition Resolution, the Acquisition cannot proceed if Shareholders do not approve it. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## **6. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – KANE MARSHALL**

### **6.1 General**

The Current Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in a General Meeting, provided the number of fixed directors is not exceeded.

Pursuant to the Constitution and ASX Listing Rule 13.4, any Director so appointed holds office only until the next general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Kane Marshall, having been appointed by other Directors on 30 January 2020 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

## **6.2 Qualifications and other material directorships**

Mr Marshall holds academic qualifications which include a Masters of Petroleum Engineering from Curtin University, Bachelor of Science (Petroleum Geology) from the University of Western Australia and a Bachelor of Commerce (Investment Finance and Corporate Finance) from the University of Western Australia.

## **6.3 Independence**

Mr. Marshall is a non-executive director with no substantial holding in the Company or significant relationship with major shareholders or the vendor.

If elected the Board considers Mr Marshall will be an independent director.

## **6.4 Other material information**

The Company confirms that it has conducted appropriate checks on Mr Marshall's background and experience and is not aware of any material adverse information relating to Mr Marshall.

## **6.5 Board recommendation**

The Board supports the election of Mr Marshall and recommends that Shareholders vote in favour of Resolution 5.

This Resolution is an Acquisition Resolution and is subject to and conditional upon approval of all other Acquisition Resolutions.

---

## **7. RESOLUTION 6 – ELECTION OF DIRECTOR – JASON SPITTLEHOUSE**

The Current Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in a General Meeting, provided the number of fixed directors is not exceeded.

In order for proposed Directors to be eligible for appointment under the Current Constitution, the proposed Director must:

- (a) be retiring and seeking re-election in accordance with the Current Constitution;
- (b) be recommended by the Board for appointment; or
- (c) at least 30 business days before the meeting, the Company receives both:
  - (i) a nomination of the proposed Director by a member (who may be the proposed Director); and
  - (ii) a consent to act as a Director signed by the proposed Director.

The Company confirms that it has received a consent to act from Mr Spittlehouse and a letter of nomination.

Pursuant to Resolution 6, Mr Spittlehouse seeks election from Shareholders to be appointed upon completion of the Acquisition.

This Resolution is an Acquisition Resolution and is subject to and conditional upon approval of all other Acquisition Resolutions.

## 7.2 Qualifications and other material directorships

Mr Spittlehouse has held geoscience positions in Australia, UK and SE Asia and holds an MSc from Imperial College, London. Mr. Spittlehouse was a founding director and seed investor at Neon Energy Pty Ltd in 2005. He also founded Houston-based VistaTex Energy LLC in 2010, a privately held producer, operating in seven states, with interests in 50 fields. The company was sold in August 2014.

## 7.3 Independence

Mr Spittlehouse has a relationship with the Company due to him being the nominee appointment by the Burke County Vendors. In addition, Radian (an entity associated with Mr Spittlehouse), will, subject to Shareholder approval pursuant to Resolution 4, receive a total of 17,661,534 Shares as consideration for his sale of an interest as part of the Acquisition.

If elected, the board does not consider Mr Spittlehouse will be an independent director.

## 7.4 Other material information

The Company confirms that it has conducted appropriate checks on Mr Spittlehouse's background and experience and is not aware of any material adverse information relating to Mr Spittlehouse.

## 7.5 Board recommendation

The Board supports the election of Mr Spittlehouse and recommends that Shareholders vote in favour of Resolution 6.

This Resolution is an Acquisition Resolution and is subject to and conditional upon approval of all other Acquisition Resolutions.

---

## 8. RESOLUTION 7 – CAPITAL RAISING

### 8.1 General

This Resolution seeks Shareholder approval under and for the purposes of ASX Listing Rule 7.1 to enable the Company to issue up to 233,333,333 Shares at an issue price of \$0.03 per Share to raise up to a maximum of \$7,000,000 with a minimum raising of \$5,000,000 by the issue of 166,666,667 Shares at an issue price of \$0.03 per Share (**Capital Raising**). The Capital Raising will include a priority offer of up to 20,000,000 Shares to existing Shareholders of the Company.

The Shares to be issued under the Capital Raising will be issued pursuant to a Prospectus to satisfy the admission requirement in Condition 3 of Listing Rule 1.1.

None of the subscribers for Shares under the Capital Raising will be related parties of the Company for the purpose of Listing Rule 10.11.

### 8.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The issue of the Capital Raising Shares does not fall within any of the applicable exceptions under Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

The effect of this Resolution will be to allow the Directors to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **8.3 Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued is 233,333,333 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.03 per Share;
- (d) the Directors and CPS (pursuant to the Lead Manager Mandate, the material terms of which are set out at Section 1.5.4) will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Capital Raising as outlined in this Notice.

### **8.4 What will happen if Shareholders give, or do not give, Shareholder approval**

If this Resolution 7 receives Shareholder approval, the Company will be able to proceed with the issue of the Capital Raising Shares and, consequently, the Acquisition may proceed. In addition, the issue of Capital Raising Shares will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution 7 does not receive Shareholder approval, the Company will not be able to proceed with the Acquisition or the Capital Raising. As this Resolution is an Acquisition Resolution, the Acquisition and subsequent Capital Raising cannot proceed if Shareholders do not approve it. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## **9. RESOLUTION 8 – ISSUE OF SECURITIES ON CONVERSION OF CONVERTIBLE NOTES**

### **9.1 General**

Resolution 8 seeks Shareholder approval under and for the purposes of ASX Listing Rule 7.1 for the issue of up to 25,000,000 Shares (**Convertible Note Shares**) and up to 12,500,000 free-attaching Options (**Convertible Note Options**) upon conversion of convertible notes under the Interim Funding Convertible Note Agreement (**Convertible Notes**).

A copy of the Company's capital structure incorporating all securities proposed to be issued following the Meeting is set out in Section 1.9.

The terms and conditions of the free-attaching Options that will, subject to Shareholder approval, be issued under this Resolution 8 are set out in Schedule 2.

A table of the holders of the Convertible Notes and their entitlements to Shares and Options is provided at Schedule 3.

## 9.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The issue of the Convertible Note Shares and the Convertible Note Options (together, **Convertible Note Securities**) does not fit within any of the applicable exceptions under Listing Rule 7.1. While the issue of the Convertible Note Securities does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To do this, the Company is asking Shareholders to approve the issue of does not exceed the 15% limit in Listing Rule 7.1 and can s under Listing Rule 7.1 so that it does not use up any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

The effect of Resolution 8 will be to allow the Company to issue the Convertible Note Securities on conversion of the Convertible Notes during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## 9.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the maximum number of:
  - (i) Convertible Note Shares to be issued is 25,000,000; and
  - (ii) Convertible Note Options to be issued is 12,500,000.
- (b) the Convertible Note Securities will be issued to the unrelated parties set out in Schedule 3;
- (c) the Convertible Note Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all Convertible Note Securities will occur on the same date;
- (d) the deemed issue price will be \$0.02 per Convertible Note Share on a post-Consolidation basis representing a 33.3% discount to the Capital Raising issue price, with each Option being issued free attaching to the Shares issued;
- (e) the Convertible Note Options will be issued to the holders of the Convertible Notes. None of these subscribers are related parties of the Company;

- (f) the Convertible Note Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the Convertible Note Options will be issued on the terms and conditions set out in Schedule 2; and
- (h) no funds will be raised through the issue of Convertible Note Securities as they are being issued upon conversion of the Convertible Notes. The Company used the funds raised through the issue of the Convertibles Notes for working capital.

#### **9.4 What will happen if Shareholders give, or do not give, Shareholder approval**

If this Resolution 8 receives Shareholder approval, the Company can proceed without using any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If this Resolution 8 does not receive Shareholder approval, the issue of the Convertible Note Securities could still proceed but it would reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

However, as this Resolution is an Acquisition Resolution, the Acquisition cannot proceed if Shareholders do not approve it. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## **10. RESOLUTION 9 – ISSUE OF SHARES TO CPS CAPITAL GROUP PTY LTD – FEE FOR LEAD MANAGER SERVICES**

### **10.1 General**

Resolution 9 seeks Shareholder approval for the issue of 30,000,000 Shares (on a post-Consolidation basis) to CPS Capital Group Pty Ltd (**CPS**) (or its nominees) as consideration for the provision of lead management services to the Company in relation to the Capital Raising (**CPS Shares**).

### **10.2 ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The issue of the CPS Shares does not fit within any of the applicable exceptions under Listing Rule 7.1. While the issue of the CPS Shares does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To do this, the Company is asking Shareholders to approve the issue of CPS Shares under Listing Rule 7.1 so that it does not use up any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

The effect of Resolution 9 will be to allow the Company to issue 30,000,000 Shares to CPS during the period of one (1) month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

This Resolution is an Acquisition Resolution and is subject to and conditional on the approval of all other Acquisition Resolutions. As such, if Resolution 9 is not passed, the entity will not be able to proceed with the Acquisition.

### 10.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares:

- (a) the number of Shares to be issued is 30,000,000 (to be issued on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Shares will be issued in consideration for the provision of lead management services provided to the Company by CPS in relation to the Capital Raising;
- (d) the deemed issue price will be \$0.00001 per Share on a post-Consolidation basis, representing a discount of 99.9% of the Capital Raising issue price;
- (e) the Shares will be issued to CPS (or its nominees), which is not a related party of the Company;
- (f) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (g) no funds will be raised from the issue of the Shares as the Shares are being issued in consideration for the provision of lead management services to the Company in relation to the Capital Raising.

### 10.4 What will happen if Shareholders give, or do not give, Shareholder approval

If this Resolution 9 receives Shareholder approval, the Company can proceed without using any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If this Resolution 9 does not receive Shareholder approval, the issue of the CPS Shares could still proceed but it would reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

However, as this Resolution is an Acquisition Resolution, the Acquisition cannot proceed if Shareholders do not approve it. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## 11. RESOLUTION 10 – ISSUE OF SHARES TO WOODCHESTER CAPITAL PTY LTD

### 11.1 General

Resolution 10 seeks Shareholder approval to allow the Company to issue up to 7,000,000 Shares to Woodchester (or its nominee) (**Woodchester Shares**).

## **11.2 ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The issue of the Woodchester Shares does not fit within any of the applicable exceptions under Listing Rule 7.1. While the issue of the Woodchester Shares does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To do this, the Company is asking Shareholders to approve the issue of Woodchester Shares under Listing Rule 7.1 so that it does not use up any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

The effect of Resolution 10 will be to allow the Company to issue 7,000,000 Shares to Woodchester during the period of one (1) month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **11.3 Technical Information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Woodchester Shares:

- (a) up to 7,000,000 Shares will be issued to Woodchester (or its nominee);
- (b) the Woodchester Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any further ASX waiver or modification of the ASX Listing Rules);
- (c) the Shares will be issued in consideration for the provision of advisory services provided to the Company by Woodchester in relation to the Capital Raising;
- (d) the Shares will be issued to Woodchester (or its nominee), which is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares as the Shares are being issued in consideration for the provision of advisory services provided to the Company by Woodchester in relation to the Capital Raising.

## **11.4 What will happen if Shareholders give, or do not give, Shareholder approval**

If this Resolution 10 receives Shareholder approval, the Company can proceed without using any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If this Resolution 10 does not receive Shareholder approval, the issue of the Woodchester Shares could still proceed but it would reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.



However, as this Resolution is an Acquisition Resolution, the Acquisition cannot proceed if Shareholders do not approve it. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## **12. RESOLUTION 11 – ISSUE OF OPTIONS TO WOODCHESTER CAPITAL PTY LTD**

### **12.1 General**

Resolution 11 seeks Shareholder approval to allow the Company to issue up to 3,500,000 Options to Woodchester (or its nominee) (**Woodchester Options**).

### **12.2 ASX Listing Rule 7.1**

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The issue of the Woodchester Options does not fit within any of the applicable exceptions under Listing Rule 7.1. While the issue of the Woodchester Options does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To do this, the Company is asking Shareholders to approve the issue of Woodchester Options under Listing Rule 7.1 so that it does not use up any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

The effect of Resolution 11 will be to allow the Company to issue 3,500,000 Options to Woodchester during the period of one (1) month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **12.3 Technical Information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Woodchester Options:

- (a) up to 3,500,000 Options will be issued to Woodchester (or its nominee), which is not a related party of the Company;
- (b) the terms of the Woodchester Options are set out in Schedule 2;
- (c) the Woodchester Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any further ASX waiver or modification of the ASX Listing Rules);
- (d) the Woodchester Options will be issued for nil cash consideration; and
- (e) no funds will be raised from the issue of the Options as the Options are being issued in consideration for the provision of advisory services provided to the Company by Woodchester in relation to the Capital Raising.

## 12.4 What will happen if Shareholders give, or do not give, Shareholder approval

If this Resolution 11 receives Shareholder approval, the Company can proceed without using any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If this Resolution 11 does not receive Shareholder approval, the issue of the Woodchester Options could still proceed but it would reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

However, as this Resolution is an Acquisition Resolution, the Acquisition cannot proceed if Shareholders do not approve it. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## 13. RESOLUTION 12 – ISSUE OF SHARES TO INTERNATIONAL ISLAND GROUP PTY LTD – FEE FOR CORPORATE ADVISORY SERVICES

Resolution 12 seeks Shareholder approval for the issue of 12,000,000 Shares (on a post-Consolidation basis) to International Island Group Pty Ltd (ACN 167 586 558) (**IIG**) (or its nominees) as consideration for the provision of corporate advisory services to the Company in relation to the Acquisition (**IIG Shares**).

### 13.1 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The issue of the IIG Shares does not fit within any of the applicable exceptions under Listing Rule 7.1. While the issue of the IIG Shares does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1.

To do this, the Company is asking Shareholders to approve the issue of IIG Shares under Listing Rule 7.1 so that it does not use up any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

The effect of Resolution 12 will be to allow the Company to issue 12,000,000 Shares to IIG during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 13.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares:

- (a) the number of Shares to be issued is 12,000,000 (to be issued on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of Shares will occur on the same date;
- (c) the Shares will be issued in consideration for the provision of corporate advisory services provided to the Company by IIG in relation to the

Acquisition under the Corporate Advisory Engagement Letter, the material terms and conditions of which are summarised at Section 1.5.5;

- (d) the Shares will be issued to IIG (or its nominees), which is not a related party of the Company;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares as the Shares are being issued in consideration for the provision of corporate advisory services to the Company in relation to the Acquisition.

### 13.3 What will happen if Shareholders give, or do not give, Shareholder approval

If this Resolution 12 receives Shareholder approval, the Company can proceed without using any of its 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If this Resolution 12 does not receive Shareholder approval, the issue of the IIG Shares could still proceed but it would reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

However, as this Resolution is an Acquisition Resolution, the Acquisition cannot proceed if Shareholders do not approve it. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

## 14. RESOLUTIONS 13 TO 15 – APPROVAL TO ISSUE SHARES TO RELATED PARTIES

The Company has agreed, subject to obtaining Shareholder approval, to issue:

- (a) 7,000,000 Shares to Tom Fontaine (or his nominee) (**Fontaine Shares**);
- (b) 4,000,000 Shares to Murray Wylie (or his nominee) (**Wylie Shares**); and
- (c) 2,000,000 Shares to Kane Marshall (or his nominee) (**Marshall Shares**),

(together, the **Existing Director Shares**) in consideration for additional work performed in relation to the Acquisition and the Capital Raising.

Resolutions 13 to 15 seek Shareholder approval for the issue of the relevant Existing Director Shares to Messrs Fontaine, Wylie and Marshall (respectively).

### 14.1 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Existing Director Shares constitutes giving a financial benefit and Messrs Fontaine, Wylie and Marshall (together, the **Existing Directors**) are related parties of HOG by virtue of being Directors of the Company.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Existing Director Shares to the Existing Directors.

#### **14.2 ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in Section 5.2 above.

As the grant of the Existing Director Shares involves the issue of securities to Directors of the Company (who are considered to be related parties of the Company pursuant to Listing Rule 10.11.1), Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### **14.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Existing Director Shares:

- (a) the related parties are Messrs Fontaine, Wylie and Marshall who are related parties of the Company by virtue of being Directors and Proposed Directors of the Company;
- (b) the maximum number of Existing Director Shares (being the nature of the financial benefit being provided) to be granted to the Related Parties is 13,000,000 Shares;
  - (i) 7,000,000 Shares will be issued to Mr Fontaine (or his nominee);
  - (ii) 4,000,000 Shares will be issued to Mr Wylie (or his nominee); and
  - (iii) 2,000,000 Shares will be issued to Mr Marshall (or his nominee);
- (c) as set out in Section 1.18, the Company has applied for a waiver from the requirements of ASX Listing Rule 10.3.5 to allow the Consideration Shares to be issued, the Existing Director Shares will be granted to the Existing Directors (or their respective related entities or nominees) no later than 3 months after the date of the Meeting (or such later date as permitted by any further ASX waiver or modification of the ASX Listing Rules). However, as at the date of this Notice, ASX has not yet granted this waiver and there can be no guarantee that the waiver will be granted, though the Company will continue to keep the market updated in this respect;
- (d) it is anticipated the Existing Director Shares will be issued on one date;
- (e) the Existing Director Shares will be granted for nil cash consideration, accordingly no funds will be raised;

- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) Messrs Fontaine, Wylie and Marshall do not currently hold any the Securities of the Company. Details of the Existing Directors' relevant interest in the Securities of the Company upon completion of the Acquisition and Capital Raising (on a post-Consolidation basis) are set out in Section 1.14;
- (h) The total remuneration and emoluments received by each of the Related Parties in the previous financial year and their proposed remuneration and emoluments for the current financial year are set out below;

Related Party	Financial Year 2019 (\$)	Financial Year 2020 (\$)
Tom Fontaine	1,167	116,000
Murray Wylie <sup>1</sup>	42,000	81,000
Kane Marshall <sup>2</sup>	-	17,500

**Notes:**

1. Includes fees for director, company secretary and accounting services.
  2. Appointed 30 January 2020.
- (i) if the Existing Director Shares issued to the Existing Directors are issued, a total of 13,000,000 Shares would be issued. This will increase the number of Shares on issue from 45,623,908 to 58,623,908 on a post-Consolidation basis (assuming that no Options are exercised and no other Shares (including pursuant to the Capital Raising or under any other Resolutions pursuant to this Notice of Meeting are issued)) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 22.18% post-Consolidation. The interests of the Existing Directors upon completion of the Acquisition and the Capital Raising (on a post-Consolidation basis) are set out at Section 1.14;
- (j) trading in the Company's Shares has been suspended since 11 May 2017, so there has been no trading of Shares on ASX in the 12 months before the date of this Notice. However, at the Capital Raising issue price of \$0.03 per Share, the Existing Director Shares to be issued to the Existing Directors are valued at;
- (i) \$210,000 with respect to the Existing Director Shares to be issued to Mr Fontaine, subject to Shareholder approval of Resolution 13;
  - (ii) \$120,000 with respect to the Existing Director Shares to be issued to Mr Wylie, subject to Shareholder approval of Resolution 14; and
  - (iii) \$60,000 with respect to the Existing Director Shares to be issued to Mr Marshall, subject to Shareholder approval of Resolution 15;
- (k) the primary purpose of the issue of Existing Director Shares to the Existing Directors is in consideration for additional work performed in relation to the Acquisition and the Capital Raising and to reward their performance as Directors;

- (l) with respect to Resolution 13:
- (i) Mr Fontaine declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Fontaine Shares in the Company should Resolution 13 be passed;
  - (ii) the Directors (other than Mr Fontaine) recommend that Shareholders vote in favour of this Resolution for the following reasons:
    - (A) the issue of Fontaine Shares to Mr Fontaine will align his interests with those of Shareholders;
    - (B) the issue of the Fontaine Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Fontaine; and
    - (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Fontaine Shares upon the terms proposed;
  - (iii) with the exception of Mr Fontaine, no other Director has a personal interest in the outcome of this Resolution;
  - (iv) in forming their recommendations, each Director (other than Mr Fontaine) considered the experience Mr Fontaine, the current market price of Shares, the current market practices when determining the number of Fontaine Shares to be issued; and
  - (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution;
- (m) with respect to Resolution 14:
- (i) Mr Wylie declines to make a recommendation to Shareholders in relation to Resolution 14 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Wylie Shares in the Company should Resolution 14 be passed;
  - (ii) the Directors (other than Mr Wylie) recommend that Shareholders vote in favour of this Resolution for the following reasons:
    - (A) the issue of Wylie Shares to Mr Wylie will align his interests with those of Shareholders;
    - (B) the issue of the Wylie Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will

allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Wylie; and

- (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Wylie Shares upon the terms proposed;
  - (iii) with the exception of Mr Wylie, no other Director has a personal interest in the outcome of this Resolution;
  - (iv) in forming their recommendations, each Director (other than Mr Wylie) considered the experience Mr Wylie, the current market price of Shares, the current market practices when determining the number of Wylie Shares to be issued; and
  - (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution; and
- (n) with respect to Resolution 15:
- (i) Mr Marshall declines to make a recommendation to Shareholders in relation to Resolution 15 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Marshall Shares in the Company should Resolution 15 be passed;
  - (ii) the Directors (other than Mr Marshall) recommend that Shareholders vote in favour of this Resolution for the following reasons:
    - (A) the issue of Marshall Shares to Mr Marshall will align his interests with those of Shareholders;
    - (B) the issue of the Marshall Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Marshall; and
    - (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Marshall Shares upon the terms proposed;
  - (iii) with the exception of Mr Marshall, no other Director has a personal interest in the outcome of this Resolution;
  - (iv) in forming their recommendations, each Director (other than Mr Marshall) considered the experience Mr Marshall, the current market price of Shares, the current market practices when determining the number of Marshall Shares to be issued; and

- (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Existing Director Shares to the Existing Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Existing Director Shares will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **14.4 What will happen if Shareholders give, or do not give, Shareholder approval**

If Resolutions 13 to 15 receive Shareholder approval, the Company will be able to proceed with the issue of Existing Director Shares to the Existing Directors and, consequently, the Acquisition may proceed.

If Resolutions 13 to 15 do not receive Shareholder approval, the Company will not be able to proceed with the issue of Existing Director Shares to the Existing Directors. As Resolutions 13 to 15 are Acquisition Resolutions, the Acquisition cannot proceed if Shareholders do not approve them. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

### **15. RESOLUTIONS 16 TO 18 – APPROVAL TO ISSUE OPTIONS TO RELATED PARTIES**

The Company has agreed, subject to obtaining Shareholder approval, to issue:

- (a) 3,500,000 Options to Tom Fontaine (or his nominee) (**Fontaine Options**);
- (b) 2,000,000 Options to Murray Wylie (or his nominee) (**Wylie Options**); and
- (c) 1,000,000 Options to Kane Marshall (or his nominee) (**Marshall Options**),

(together, the **Existing Director Options**) in consideration for additional work performed in relation to the Acquisition and the Capital Raising.

Resolutions 16 to 18 seek Shareholder approval for the issue of the relevant Existing Director Options to Messrs Fontaine, Wylie and Marshall (respectively).

#### **15.1 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in Section 14.1 above.

The issue of the Existing Director Options constitutes giving a financial benefit and Messrs Fontaine, Wylie and Marshall (together, the **Existing Directors**) are related parties of HOG by virtue of being Directors of the Company.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Existing Director Options to the Existing Directors.

#### **15.2 ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in Section 5.2 above.



As the grant of the Existing Director Options involves the issue of securities to Directors of the Company (who are considered to be related parties of the Company pursuant to Listing Rule 10.11.1), Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **15.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Existing Director Options:

- (a) the related parties are Messrs Fontaine, Wylie and Marshall who are related parties of the Company by virtue of being Directors of the Company;
- (b) the maximum number of Existing Director Options (being the nature of the financial benefit being provided) to be granted to the Existing Directors is:
  - (i) 3,500,000 Options will be issued to Mr Fontaine;
  - (ii) 2,000,000 Options to Mr Wylie; and
  - (iii) 1,000,000 Options to Mr Marshall;
- (c) as set out in Section 1.18, the Company has applied for a waiver from the requirements of ASX Listing Rule 10.3.5 to allow the Existing Director Options to be issued to the Existing Directors (or their respective related entities or nominees) no later than 3 months after the date of the Meeting (or such later date as permitted by any further ASX waiver or modification of the ASX Listing Rules). However, as at the date of this Notice, ASX has not yet granted this waiver and there can be no guarantee that the waiver will be granted, though the Company will continue to keep the market updated in this respect;
- (d) it is anticipated the Existing Director Options will be issued on one date;
- (e) the Existing Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (f) the terms and conditions of the Existing Director Options are set out in Schedule 2;
- (g) Messrs Fontaine, Wylie and Marshall do not currently hold any Securities of the Company. Details of the Existing Directors' relevant interest in the Securities of the Company upon completion of the Acquisition and Capital Raising (on a post-Consolidation basis) are set out in Section 1.14;
- (h) the total remuneration and emoluments received by each of the Existing Directors in the previous financial year and their proposed remuneration and emoluments for the current financial year are set out in Section 14.3(h);
- (i) refer to Section 1.14 for details of the impact on the Company's capital structure if the Existing Director Options are exercised. The market price for Shares during the term of the Existing Director Options would normally

determine whether or not the Existing Director Options are exercised. If, at any time any of the Existing Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Existing Director Options, there may be a perceived cost to the Company;

- (j) trading in the Company's Shares has been suspended since 11 May 2017, so there has been no trading of Shares on ASX in the 12 months before the date of this Notice;
- (k) using the Black & Scholes option model and based on the assumptions set out below, the Existing Director Options have been valued as follows:

<b>Assumptions:</b>	
Valuation date	13 December 2019
Market price of Shares (post consolidation)	\$0.03
Exercise price	\$0.05
Expiry date	30 June 2023
Risk free interest rate	0.80%
Volatility (discount)	100%
<b>Indicative value per Existing Director Option</b>	\$0.017
<b>Total value of Existing Director Options</b>	
Tom Fontaine	\$59,500
Murray Wylie	\$34,000
Kane Marshall	\$17,000

**Note:** The valuation noted above is not necessarily the market price that the Existing Director Options could be traded at and is not automatically the market price for taxation purposes.

- (l) the primary purpose of the issue of Existing Director Options to the Existing Directors is in consideration for additional work performed in relation to the Acquisition and the Capital Raising and to reward their performance as Directors;
- (m) With respect to Resolution 16:
  - (i) Mr Fontaine declines to make a recommendation to Shareholders in relation to Resolution 16 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Fontaine Options in the Company should Resolution 16 be passed;
  - (ii) the Directors (other than Mr Fontaine) recommend that Shareholders vote in favour of this Resolution for the following reasons:
    - (A) the issue of Fontaine Options to Mr Fontaine will align his interests with those of Shareholders;

- (B) the issue of the Fontaine Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Fontaine; and
  - (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Fontaine Options upon the terms proposed;
- (iii) with the exception of Mr Fontaine, no other Director has a personal interest in the outcome of this Resolution;
  - (iv) in forming their recommendations, each Director (other than Mr Fontaine) considered the experience Mr Fontaine, the current market price of Shares, the current market practices when determining the number of Fontaine Options to be granted as well as the exercise price and expiry of those Fontaine Options; and
  - (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution;
- (n) with respect to Resolution 17:
    - (i) Mr Wylie declines to make a recommendation to Shareholders in relation to Resolution 17 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Wylie Options in the Company should Resolution 17 be passed;
    - (ii) the Directors (other than Mr Wylie) recommend that Shareholders vote in favour of this Resolution for the following reasons:
      - (A) the issue of Wylie Options to Mr Wylie will align his interests with those of Shareholders;
      - (B) the issue of the Wylie Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Wylie; and
      - (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Wylie Options upon the terms proposed;
    - (iii) with the exception of Mr Wylie, no other Director has a personal interest in the outcome of this Resolution;

- (iv) in forming their recommendations, each Director (other than Mr Wylie) considered the experience Mr Wylie, the current market price of Shares, the current market practices when determining the number of Wylie Options to be granted as well as the exercise price and expiry of those Wylie Options; and
  - (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution; and
- (o) with respect to Resolution 18:
- (i) Mr Marshall declines to make a recommendation to Shareholders in relation to Resolution 18 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Marshall Options in the Company should Resolution 18 be passed;
  - (ii) the Directors (other than Mr Marshall) recommend that Shareholders vote in favour of this Resolution for the following reasons:
    - (A) the issue of Marshall Options to Mr Marshall will align his interests with those of Shareholders;
    - (B) the issue of the Marshall Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Marshall; and
    - (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Marshall Options upon the terms proposed;
  - (iii) with the exception of Mr Marshall, no other Director has a personal interest in the outcome of this Resolution;
  - (iv) in forming their recommendations, each Director (other than Mr Marshall) considered the experience Mr Marshall, the current market price of Shares, the current market practices when determining the number of Marshall Options to be granted as well as the exercise price and expiry of those Marshall Options; and
  - (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Existing Director Options to the Existing Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Existing Director Options will not be

included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **15.4 What will happen if Shareholders give, or do not give, Shareholder approval**

If Resolutions 16 to 18 receive Shareholder approval, the Company will be able to proceed with the issue of Existing Director Options to the Existing Directors and, consequently, the Acquisition may proceed.

If Resolutions 16 to 18 do not receive Shareholder approval, the Company will not be able to proceed with the issue of Existing Director Options to the Existing Directors. As Resolutions 16 to 18 are Acquisition Resolutions, the Acquisition cannot proceed if Shareholders do not approve them. If the Acquisition does not proceed, the Company will fail to satisfy the conditions set out in Section 1.17 and will be removed from the Official List.

---

### **16. RESOLUTION 19 – REPLACEMENT OF CONSTITUTION**

#### **16.1 General**

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

Resolution 19 is a special resolution which will enable the Company to repeal the Current Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2010.

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

The Proposed Constitution is broadly consistent with the provisions of the Current Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Current Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.hawkleyoilandgas.com](http://www.hawkleyoilandgas.com). and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary, Murray Wylie on +61 8 9226 3211.

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

## **16.2 Summary of material proposed changes**

### **Restricted Securities (clause 2.12)**

The Proposed Constitution complies with the proposed changes to ASX Listing Rule 15.12 which is due to be finalised and released in December 2019. Under this change, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

### **Minimum Shareholding (clause 3)**

Clause 3 of the Current Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

### **Fee for registration of off market transfers (clause 8.4(c))**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the

poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Dividends (clause 22)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The Current Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Current Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

### *Recommendation of the Board*

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.



---

## GLOSSARY

---

**\$** means Australian dollars.

**Acquisition** has the meaning given to it in Section 1.

**Acquisition Agreement** means the sale and purchase agreement that the Company has entered into with the Burke County Vendors for an approximately 33% interest and operatorship in the Project, as announced on the Company's ASX platform on 24 October 2019.

**Acquisition Resolution** means any or all of Resolutions 1 to 18 (inclusive), as the context requires.

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

**Board** means the current board of Directors of the Company.

**Burke County Vendors** means Radian Partnership Limited Partnership (USA) (an entity associated with Proposed Director Jason Spittlehouse), GCC Thurston Energy Limited Partnership (Canada), Natural Resource Advisors LLC (USA) Ralph Curton Jr, Thurston Energy Investments 2 LLC (USA) and VP5 LLC (USA), being the parties that the Company has entered into the Acquisition Agreement with for the acquisition of interests in the Project.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** means the capital raising to be undertaken by the Company, and required as a condition precedent to the Acquisition, being the subject of Resolution 7.

**Chair** means the chair of the General Meeting.

**Company** means Hawley Oil and Gas Limited (ACN 115 712 162).

**Consideration Shares** means the 61,815,367 Shares to be issued to the Burke County Vendors as consideration for the Acquisition, being the subject of Resolutions 3 and 4.

**Convertible Notes** means the convertible notes issued by the Company under the Interim Funding Convertible Note Agreement summarised at Section 1.5.7.

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

**Current Constitution** means the Company's current constitution titled "Hawley Oil and Gas Limited (ACN 115 712 162)" to be replaced by the Proposed Constitution if approved.

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

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

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

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

**Maximum Subscription** means the maximum amount to be raised under the Capital Raising, being \$7,000,000.

**Minimum Subscription** means the minimum amount to be raised under the Capital Raising, being \$5,000,000.

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

**Official List** has the meaning set out in the ASX Listing Rules.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Project** means the producing oil and gas project within the Williston Basin in Burke County, North Dakota, USA which comprises 10 wells and 29 identified horizontal drilling locations, which the Company acquired operatorship and a 33% working interest in through the Acquisition Agreement.

**Proposed Constitution** has the meaning given to it in Section 19.

**Proposed Director** means Jason Spittlehouse.

**Prospectus** means the prospectus to be prepared by the Company in accordance with Chapter 6D of the Corporations Act, pursuant to which the Capital Raising will be undertaken.

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

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

**Section** means a section of this Notice.

**Security** has the meaning set out in the ASX Listing Rules.

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

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

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

**SCHEDULE 1 – PRO FORMA BALANCE SHEET (MINIMUM SUBSCRIPTION)**

	HOG CONSOLIDATED AUDITED 30 June 2018 \$	HOG CONSOLIDATED AUDITED 30 June 2019 \$	HOG CONSOLIDATED UNAUDITED 31 December 2019 \$	PROFORMA HOG CONSOLIDATED POST ACQUISITION <sup>1</sup> X April 2020 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	181,941	12,947	35,607	2,766,796
Trade and other receivables	1,957	346	7,425	7,425
Other assets	7,755	5,386	13,743	4,576
<b>TOTAL CURRENT ASSETS</b>	<b>191,653</b>	<b>18,679</b>	<b>56,775</b>	<b>2,778,797</b>
<b>NON-CURRENT ASSETS</b>				
Oil and gas properties	-	-	-	3,717,225
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,717,225</b>
<b>TOTAL ASSETS</b>	<b>191,653</b>	<b>18,679</b>	<b>56,775</b>	<b>6,496,022</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	144,718	193,178	314,773	314,773
Financial liabilities	185,231	189,931	296,933	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>329,949</b>	<b>383,109</b>	<b>611,706</b>	<b>314,773</b>
<b>TOTAL LIABILITIES</b>	<b>329,949</b>	<b>383,109</b>	<b>611,706</b>	<b>314,773</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>(138,926)</b>	<b>(364,430)</b>	<b>(554,931)</b>	<b>6,181,249</b>
<b>EQUITY</b>				
Issued capital	38,974,788	38,974,788	38,974,788	47,889,249
Reserves	4,058,055	4,074,362	4,074,362	4,074,362
Accumulated losses	(43,171,139)	(43,413,580)	(43,604,081)	(45,782,362)
<b>TOTAL EQUITY (DEFICIT)</b>	<b>(138,296)</b>	<b>(364,430)</b>	<b>(554,931)</b>	<b>6,181,249</b>

**PRO FORMA BALANCE SHEET (MAXIMUM SUBSCRIPTION)**

	HOG CONSOLIDATED AUDITED 30 June 2018 \$	HOG CONSOLIDATED AUDITED 30 June 2019 \$	HOG CONSOLIDATED UNAUDITED 31 December 2019 \$	PROFORMA HOG CONSOLIDATED POST ACQUISITION <sup>1</sup> X April 2020 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	181,941	12,947	35,607	4,646,796
Trade and other receivables	1,957	346	7,425	7,425
Other assets	7,755	5,386	13,743	4,576
<b>TOTAL CURRENT ASSETS</b>	<b>191,653</b>	<b>18,679</b>	<b>56,775</b>	<b>4,658,797</b>
<b>NON-CURRENT ASSETS</b>				
Oil and gas properties	-	-	-	3,717,225
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,717,225</b>
<b>TOTAL ASSETS</b>	<b>191,653</b>	<b>18,679</b>	<b>56,775</b>	<b>8,376,022</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	144,718	193,178	314,773	314,773
Financial liabilities	185,231	189,931	296,933	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>329,949</b>	<b>383,109</b>	<b>611,706</b>	<b>314,773</b>
<b>TOTAL LIABILITIES</b>	<b>329,949</b>	<b>383,109</b>	<b>611,706</b>	<b>314,773</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>(138,926)</b>	<b>(364,430)</b>	<b>(554,931)</b>	<b>8,061,249</b>
<b>EQUITY</b>				
Issued capital	38,974,788	38,974,788	38,974,788	49,769,249
Reserves	4,058,055	4,074,362	4,074,362	4,074,362
Accumulated losses	(43,171,139)	(43,413,580)	(43,604,081)	(45,782,362)
<b>TOTAL EQUITY (DEFICIT)</b>	<b>(138,296)</b>	<b>(364,430)</b>	<b>(554,931)</b>	<b>8,061,249</b>

---

## SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

---

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 June 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 5 Business Days after the Exercise Date, the Company will:

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

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the beholder will be provided with at least ten business days' notice prior to the record date. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(k) **Change in exercise price**

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

(l) **Transferability**

The Options are non-transferable (except to an Associate of the Optionholder) subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 3 – CONVERTIBLE NOTEHOLDERS

Note holder	Funds received \$	Convertible notes issued	Conversion shares entitlement <sup>1</sup>	Conversion options entitlement <sup>1</sup>
Hay Street Property Pty Ltd <Hay Street Property Trust>	\$25,000	25,000	1,250,000	625,000
Jathro Pty Ltd <IMON>	\$20,000	20,000	1,000,000	500,000
Karl DeMong	\$25,000	25,000	1,250,000	625,000
Protax Nominees Pty Ltd <Richards Super Fund>	\$25,000	25,000	1,250,000	625,000
Celtic Capital Pty Ltd	\$130,000	130,000	6,500,000	3,250,000
10 Bolivianos Pty Ltd	\$25,000	25,000	1,250,000	625,000
Saradon Pty Ltd <Saradon Family>	\$40,000	40,000	2,000,000	1,000,000
Agens Pty Ltd <The Mark Collins S/F>	\$25,000	25,000	1,250,000	625,000
Broadcoola Nominees Pty Ltd <Spyglass Super Fund>	\$10,000	10,000	500,000	250,000
N Gallen & K Haynes <GH Super Fund>	\$20,000	20,000	1,000,000	500,000
Woodchester Capital Pty Ltd	\$30,000	30,000	1,500,000	750,000
<b>TOTAL</b>	<b>\$375,000</b>	<b>375,000</b>	<b>18,750,000</b>	<b>9,375,000</b>

**Notes:**

1. On a post-Consolidation basis.

## PROXY FORM

HAWKLEY OIL AND GAS LIMITED  
ACN 115 712 162

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR:

the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00 am (WST), on 30 March 2020 at the GP Kailis Room, Kailis Bros, 101 Oxford Street, Leederville, Western Australia, and at any adjournment thereof.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Consolidation of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Consideration Shares Burke County Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Consideration Shares to Radian Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of Director – Kane Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Jason Spittlehouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Securities upon conversion of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Shares to CPS Capital Group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval to issue Shares to Woodchester Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval to issue Options to Woodchester Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Issue of Shares to International Island Group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approval to issue Shares to Tom Fontaine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Approval to issue Shares to Murray Wylie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Approval to issue Shares to Kane Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Issue of Options to Tom Fontaine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17	Issue of Options to Murray Wylie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18	Issue of Options to Kane Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 19	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail  
in relation to this Proxy Form:

YES  NO



## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Lodgement of Proxy Form):** Proxy forms can be lodged:
  - (a) by completing and signing the enclosed Proxy Form and returning by:
    - (i) post to Hawklely Oil and Gas Limited, GPO Box 2870 WEST PERTH WA 6005;
    - (ii) facsimile to the Company on facsimile number +61 8 9322 4073;
    - (iii) hand delivering to Automic Registry Services, Level 2, 267 St Georges Terrace PERTH WA 6000; or
    - (iv) email to the Company at [information@hawklelyoilandgas.com](mailto:information@hawklelyoilandgas.com);

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**