



**IPB Petroleum Limited**

ABN 52 137 387 350

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**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

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Date of Meeting: 17 November 2016  
Time of Meeting: 10:00am  
Place of Meeting: Baker & McKenzie Offices  
Level 19, 181 William Street  
Melbourne VIC 3000  
Australia

**Note: To be valid, the proxy form enclosed for use at the Meeting must be completed and returned no later than 10:00am on Tuesday, 15 November 2016.**

**This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.**

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## IPB Petroleum Limited

ABN 52 137 387 350

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of IPB Petroleum Limited (the **Company** or **IPB**) will be held at 10:00am on Thursday 17 November 2016 at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne, Victoria, Australia.

#### **ORDINARY BUSINESS**

##### **Annual Financial Report**

To receive and consider the Financial Report of the Company and the related reports of the Directors and Auditor in respect of the financial year ended 30 June 2016.

##### **Resolution 1 Adoption of the Remuneration Report**

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

*“That the Remuneration Report of the Company for the year ended 30 June 2016, as set out in the Directors’ Report of the Annual Report, be adopted.”*

##### **Resolution 2 Re-election of Director - Mr Philip Smith**

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

*“That Mr Philip Smith, who being eligible, offers himself for election in accordance with Section 201H(3) of the Corporations Act, 2001 be re-elected as a director.”*

##### **Resolution 3 Approval of Additional 10% Placement Capacity.**

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

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Resolution 4 Renewal of the IPB Petroleum Limited Employee Option Plan (“IPBLEOP”).**

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

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the rules of the IPBLEOP and authorise the Directors to issue options in accordance with their discretion in accordance with the IPBLEOP from time to time.”*

**Voting Exclusion**

For the purpose of this Resolution the Company will disregard any votes cast by a Director of the Company (except one who is ineligible to participate in the IPBLEOP) and any associate of those persons. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

**Resolution 5 Issue of Options to the Managing Director – Mr Brendan Brown.**

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

*“For the purpose of ASX Listing Rule 10.14 and all other purposes, the Company be authorised to issue 1,500,000 Options to Mr Brendan Brown to subscribe for Shares in the Company on the terms and conditions set out in the attached Explanatory Memorandum which accompanies this Notice of Meeting and upon exercise, to allocate IPB Petroleum Limited shares”.*

**Resolution 6 Issue of Options to the Technical Director – Mr Philip Smith.**

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

*“For the purpose of ASX Listing Rule 10.14 and all other purposes, the Company be authorised to issue 1,250,000 Options to Mr Philip Smith to subscribe for Shares in the Company on the terms and conditions set out in the attached Explanatory Memorandum which accompanies this Notice of Meeting and upon exercise, to allocate IPB Petroleum Limited shares”.*

**Resolution 7 Issue of Options to the Non-Executive Chairman – Mr Bruce McKay.**

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

*“For the purpose of ASX Listing Rule 10.14 and all other purposes, the Company be authorised to issue 800,000 Options to Mr Bruce McKay to subscribe for Shares in the Company on the terms and conditions set out in the attached Explanatory Memorandum which accompanies this Notice of Meeting and upon exercise, to allocate IPB Petroleum Limited shares”.*

**Resolution 8 Issue of Options to Non-Executive Director – Mr Geoffrey King.**

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

*“For the purpose of ASX Listing Rule 10.14 and all other purposes, the Company be authorised to issue 500,000 Options to Mr Geoffrey King to subscribe for Shares in the Company on the terms and conditions set out in the attached Explanatory Memorandum which accompanies this Notice of Meeting and upon exercise, to allocate IPB Petroleum Limited shares”.*

**Resolution 9 Issue of Options to Non-Executive Director – Mr Brodrick Wray.**

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

*“For the purpose of ASX Listing Rule 10.14 and all other purposes, the Company be authorised to issue 500,000 Options to Mr Brodrick Wray to subscribe for Shares in the Company on the terms and conditions set out in the attached Explanatory Memorandum which accompanies this Notice of Meeting and upon exercise, to allocate IPB Petroleum Limited shares”.*

**Other business**

To conduct any other business that may be properly brought before the Meeting.

## **NOTES TO NOTICE OF ANNUAL GENERAL MEETING**

These Notes form part of the Notice of Meeting.

### **Right to Vote**

The Directors have determined that, for the purpose of voting at the meeting, members are those persons who are the registered holders of shares at 7.00pm (Melbourne Time) on 15 November 2016.

Each member entitled to attend and vote at the meeting may vote by:

- (a) attending the meeting in person; or
- (b) appointing a proxy to attend and vote at the meeting on their behalf.

### **Voting Exclusions**

The Corporation Act and the ASX Listing Rules require that certain persons must not vote, and the Company must disregard any votes cast by certain persons, on certain resolutions to be considered at the meeting. These voting exclusions are as follows:

Resolutions 1, 4, 5, 6, 7, 8 and 9

The Company will disregard any votes cast by a Director (Note Directors co-incidentally constitute the Company's total Key Management Personnel) and any closely related party of such a Director. Closely related party is defined in the Corporations Act and includes a spouse, dependent and certain other close family members, as well as any companies controlled by the Director.

Resolution 3 – Approval of Additional 10% Placement Capacity

The Company will disregard any votes cast by any person who may participate in an issue of securities that are issued pursuant to an approval granted by this resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed, and any associate of such a person.

However, a Director may cast a vote on Resolutions 1, 3, 4, 5, 6, 7, 8 and 9, if:

- (a) the person is acting as proxy for a person who is entitled to vote and the proxy form specifies how the proxy is to vote; or
- (b) the person is the Chairman of the meeting acting as a proxy for the person who is entitled to vote and who does not specify the way the proxy is to vote.

## Appointment of Proxies

A Proxy Form accompanies this Notice of Annual General Meeting. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint no more than two proxies to attend and vote in their place. A proxy may be either an individual or a corporation, and need not be a shareholder of the Company.

A single proxy exercises all voting rights. Where a shareholder wishes to appoint two proxies, an additional proxy form may be obtained by contacting the Company's Share Registry, or the shareholder may copy the enclosed Proxy Form. A shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify each proxy's voting rights, the rights are deemed to be 50% each. Fractions of votes are to be disregarded. Where two proxies are appointed, neither may vote on a show of hands.

A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the Meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of these Notes, including the voting exclusions noted above). If a proxy does not attend the meeting, then the Chairman of the Meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting.

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of these Notes, including the voting exclusions noted above).

Alternatively, you may register your proxy or proxy instructions electronically at the Share Registry website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## Direction to Chairman for Resolutions 1,4,5,6,7,8 and 9

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, a shareholder can direct the Chairman of the Meeting to vote for or against, or to abstain from voting on Resolutions 1, 4, 5, 6, 7, 8 and 9 by marking the appropriate boxes opposite the resolutions in the Proxy Form. However, if the Chairman of the Meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite the items 1, 4, 5, 6, 7, 8 and 9, the relevant shareholder will be directing and expressly authorising the Chairman to vote in favour of the Resolutions 1, 4, 5, 6, 7, 8 and 9 even though the related items are connected directly or indirectly with the remuneration of the Directors, also constituting the Company's Key Management Personnel.

## Lodging Proxy Forms

For an appointment of a proxy to be effective, the proxy's appointment (and, if the appointment is signed by an attorney, the authority under which it was signed or a certified copy of the authority) must be received by Company's share registry by 10:00am on 15 November 2016.

Proxy Forms and corporate appointment of representative forms may be lodged by posting, delivery or facsimile to the Company's share registry as follows:

(a) by delivery (by hand, mail, or facsimile) to the IPB Petroleum Limited share registry:

Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138  
Australia  
Facsimile: 61+2 9287 0309

(b) by delivery (by hand, mail, or facsimile) to the IPB Petroleum Limited share registry:

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000  
Australia  
Facsimile: 61+2 9287 0309

### **Corporate shareholders**

A Shareholder which is a body corporate and which is entitled to attend and vote at the Meeting, or a proxy which is a body corporate and which is appointed by a Shareholder entitled to attend and vote at the Meeting, may appoint a person to act as its representative in accordance with section 250D of the Corporations Act. The representative must present satisfactory evidence that they are authorised to act as the company's representative prior to admission to the Meeting. The authorisation may be effective either for this Meeting only or for all meetings of the Company.

### **Registration**

If you are attending the Meeting, please bring your personalised Proxy Form with you. If you do not bring your form with you, you will still be able to attend the Meeting, but on registration, representatives from the Company's share registry will need to verify your identity.

### **Questions from Shareholders**

There are two ways to ask the Directors or the Auditor a question:

#### **1. In Writing**

By post, facsimile or email to the Company Secretary, IPB Petroleum Limited at:  
Level 1  
181 Bay Street  
Brighton VIC 3186  
Australia  
Facsimile: 61+ 3 9598 0199  
Email: [admin@ipbpet.com.au](mailto:admin@ipbpet.com.au)

#### **2. Attend the meeting**

Questions to the Company should relate to matters that are relevant to the Meeting, including matters arising from the 2016 Annual Report and general questions regarding the Company's management or performance. Written questions to the Auditor should relate to the conduct of the audit or the content of the Auditor's Report.



*Please note that written questions to the Company should be received no later than 10:00 am (Melbourne time) on Tuesday, 15 November 2016. Questions to the Auditor must be received no later than five (5) business days before the Meeting, being Thursday, 10 November 2016.*

The Company is required by law to forward all questions to the Auditor, from which the Auditor is required to prepare a list of those questions that are considered to be relevant to the conduct of the audit or the content of the Auditor's Report. The Auditor may omit questions that are the same in substance to other questions. The list of questions prepared by the Auditor will be available on the Company's website, [www.ipbpet.com.au](http://www.ipbpet.com.au) prior to the Meeting. In addition, copies of the list of questions will be available at the Meeting.

The Chairman of the Meeting will answer as many of the frequently asked questions submitted to the Company as possible at the Meeting.

### **Explanatory Memorandum**

The accompanying Explanatory Memorandum forms part of this Notice of Annual General Meeting and should be read in conjunction with it. A Glossary of terms used in this Notice of Annual General Meeting and Explanatory Memorandum is contained in the Explanatory Memorandum.

By order of the Board

Martin Warwick  
Company Secretary  
13 October 2016

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum (which is included in, and forms part of, the Notice of Annual General Meeting) is provided to Shareholders to explain the Resolutions to be put to Shareholders at the Annual General Meeting and to assist Shareholders to determine how they wish to vote on the Resolutions.

The 2016 Annual General Meeting of IPB Petroleum Limited will be held at 10:00a.m. on Thursday, 17 November 2016 at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne, Victoria, Australia.

### **1. Annual Financial Report**

The full year results for the Company are available in the 2016 Annual Report sent to those Shareholders who elected to receive the annual report or online at [www.ipbpets.com.au](http://www.ipbpets.com.au). Any relevant announcements made by the Company after the date of the 2016 Annual Report will be available on the Company's website at [www.ipbpets.com.au](http://www.ipbpets.com.au).

The Corporations Act and the Company's Constitution require the following reports in respect of the financial year of the Company ended on 30 June 2016 to be presented to the Meeting:

- the Financial Report (which includes the Financial Statements and Directors' declaration);
- the Directors' Report (which includes the Remuneration Report); and
- the Auditor's Report.

Except for the non-binding advisory resolution in respect of the Remuneration Report (refer to Resolution 1 below), there is no requirement in the Corporations Act or the Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about or make comments on the management or performance of the Company.

The Auditor of the Company is required to attend the Meeting and will be available to take Shareholder's questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the 2016 financial statements of the Company and the independence of the Auditor in relation to the conduct of the audit. The Auditor will also be allowed a reasonable opportunity to answer written questions submitted in accordance with the process described previously.

### **2. Adoption of the Remuneration Report (Resolution 1)**

The Remuneration Report of the Company for the financial year ended 30 June 2016 is set out in the Directors' Report (included in the 2016 Annual Report) (Remuneration Report).

Shareholders are asked to adopt the Remuneration Report. The shareholder vote is advisory only and does not bind the Directors of the Company. However, pursuant to amendments to the Corporations Act which took effect from 1 July 2011, if the resolution to adopt the Remuneration Report receives a “no” vote of at least 25% of the votes cast at two consecutive Annual General Meetings, a resolution must then be put to Shareholders at the second AGM as to whether another general meeting of the Company should be held within 90 days at which all Directors (other than the Managing Director), who were in office at the time the Board approved the second Remuneration Report, would need to stand for re-election.

Recommendation:

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions above, that each Director (or any closely related party of a Director) is excluded from voting their shares on this resolution, the Directors recommend that Shareholders vote in favour of the resolution to adopt the Remuneration Report.

### **3. Re-election of Director – Mr. Philip Smith (Resolution 2)**

Mr Smith was appointed Technical Director of the Company in November 2013. He has over 30 years' experience working as an Exploration Geoscientist and commenced his career in London with Phillips Petroleum and Kufpec before coming to Australia to join Woodside Petroleum Limited and then BHP Petroleum Limited. Mr Smith's positions in his 15 years with BHP Petroleum Limited were in senior technical and managerial roles, mainly involved in offshore basins around Australia. He was involved in oil and gas discoveries in Elang, Laminaria, Maple and Argus. Later he joined Nexus Energy Limited where he was responsible for building the exploration portfolio and was involved in the Longtom and Crux appraisal and development projects.

Recommendation:

The Directors, other than Mr Smith, recommend that Shareholders vote in favour of the resolution to re-elect Mr Smith as a Director of the Company.

### **4. Approval of Additional 10% Placement Capacity (Resolution 3)**

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the Annual General Meeting (10% Placement Capacity).

The Company is an Eligible Entity, being a listed company that is not included in the S&P/ASX 300 Index and having a market capitalisation of less than \$300 million.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 3 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity available under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

### **Determination of the additional capacity to issue Securities if Resolution 3 is approved.**

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

$$(A \times D) - E$$

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

- plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

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

In the 12 months before the date of this Notice of Meeting the Company had on issue 113,668,586 Shares and as at 13 October 2016 had a capacity to issue:

- 17,050,288 equity securities under ASX Listing Rule 7.1 (15% of A); and
- Subject to Shareholder approval being sought under Resolution 3, 11,366,858 equity securities under ASX Listing Rule 7.1A (10% of A).

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2

**Notice requirements for approval under rule 7.1A**

1. Minimum price. The Company will only issue equity securities for which the aggregate issue price of the equity securities is 75% or more of the volume weighted average price (VWAP) of equity securities in the same class calculated over the 15 trading days immediately before the date on which the issue price of the equity securities is agreed, or the issue date (if the equity securities are not issued within five (5) trading days of the date on which the issue price is agreed).
  
2. Risk of economic and voting dilution. Shareholder approval of Resolution 3 and any subsequent issue of Shares pursuant to ASX Listing Rule 7.1A.2 may result in the economic and voting dilution of existing Shareholders. There is a risk that:
  - the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the approval at the Meeting under rule 7.1A; and
  - the equity securities may be issued at a price that is at a discount to the market price for Company's equity securities on the issue date.

The impact upon the funds raised and existing shareholder dilution under alternative scenarios of share price and increases in Variable A from the level as at 13 October 2016 is shown in the table below. The table provides a matrix showing the number of Shares issued for a 10% dilution and the funds raised assuming Variable A is as at the 13 October 2016 level, 50% higher and 100% higher and assuming the placement Share price is at the Current Price of 1.6¢ (Share price as at 13 October 2016), half the Current Price at 0.80¢ and double the Current Price at 3.2¢.

Variable A in LR 7.1A.2	Share Price (as at 13 October 2016)	Dilution		
		\$0.016/2= \$0.008 Half Share Price	\$0.016 Share Price	\$0.016 x 2= \$0.032 Double Share Price
<b>Current</b>	10% Voting Dilution	11,366,858	11,366,858	11,366,858
<b>Variable A</b>	Funds Raised	\$90,935	\$181,870	\$363,739
<b>50% Increase in Variable A</b>	10% Voting Dilution	17,050,288	17,050,288	17,050,288
	Funds Raised	\$136,402	\$272,804	\$545,609
<b>100% Increase in Variable A</b>	10% Voting Dilution	22,733,716	22,733,716	22,733,716
	Funds Raised	\$181,870	\$363,739	\$727,479

The table has been prepared on the following assumptions:

- a) The Company issues the maximum number of equity securities available if the additional 10% placement capacity is permitted by shareholders approving Resolution 3.
- b) No Options are issued and exercised into Shares before the date of the issue of the equity securities;
- c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- d) The table shows only the effect of issues of Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- e) The issue of equity securities under the 10% Placement Facility consists only of Shares. If the issue of equity securities includes Options or other convertible securities, it is assumed that those Options or other convertible securities are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders;

#### **Additional notice requirements for approval under rule 7.3A.6**

1.

- (a) The total number of equity securities issued in the 12 months preceding the date of this Notice of Meeting was nil which represents 0.00% of the total number of equity securities of 113,668,586 on issue on the commencement of that 12 month period.
- (b) The details of the equity issue referred to in 1(a) above are as follows:-
  - The number of equity securities issued was nil.

The Directors recommend that Shareholders vote in favour of this resolution.

## **5. Renewal of the Employee Option Plan (“IPBLEOP”) (Resolution 4)**

### Background

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15 percent of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under that plan as an exception to ASX Listing Rule 7.1.

The Company established the IPBLEOP in 2013 and a copy of the IPBLEOP Rules are on the Company’s website.

Resolution 4 seeks shareholder approval for the Company to issue options under the IPBLEOP as an exception to ASX Listing Rule 7.1 in accordance with ASX Listing Rule 7.2 (exception 9).

The IPBLEOP is to be utilised to incentivise, reward, attract and retain Directors and Officers of the Company who are currently being remunerated at rates below market.

The Directors recommend that Shareholders vote in favour of this resolution.

The Chairman of the meeting intends to vote undirected proxies in favor of this resolution.

## **6. Approval of the Issue of Options to the Managing Director, Technical Director, Non-Executive Chairman, Non-Executive Directors (Resolutions 5 to 9)**

In order to reduce the Company’s ongoing cash operating costs and give the Company the best chance of executing on its stated strategy, the Directors reduced their remuneration substantially during the year to June 2016 - (Refer Remuneration Report). A negative consequence of this initiative is an increase to Key Person Retention Risks as detailed in the Directors’ Report.

The objective of the issue of Options is to provide supplemental compensation to the recipient Directors in consideration of their reduced income and fees over the past twelve months, and to provide an additional loyalty bonus/retention mechanism in relation to such recipients.

The quantity of the options proposed to be granted to each individual Director are proportional to historical remuneration and have indicative values less than historical compensation received by each Director before recent remuneration reductions (Refer Table 1 below).

For the purposes of full disclosure, in addition to the issue of Options to the Directors, requiring shareholder approval, the Directors also intend to issue 200,000 options to the Company Secretary under the IPBLEOP.

The total number of Options proposed to be issued under the IPBLEOP should all resolutions be passed would be 4.75 million, representing approximately 4.2% of the Company’s total number of shares on issue.

The Company currently has no other options currently on issue. The Company had issued approximately 300,000 options under the IPBLEOP in 2014 representing 0.3% of the total number of ordinary shares on issue. These options lapsed unexercised in 2015.

**Key Terms of the Options issues are as follows:**

- Options are to be issued to each Recipient under the IPBLEOP for NIL consideration.
- Immediately Vesting
- Exercise Price: 100% above the share market price ( Underlying Share Price) on the Date of Issue
- Date of Grant: Approximately within 5 working days after AGM (17 November 2016).
- Expiry: 17 November 2020.
- Quantity to be issued as per Table 1 below.
- Note: Indicative total value/amount to be expensed in the Company's Accounts (Expense Charge) for the range of possible indicative share prices is also provided in Table 1 below.

Recipient	Proposed Number of Options to be Issued	Indicative Value/Expense Charge of Options at possible Share Price on Date of Grant			
		0.6 cents	1.1 cents	1.6 cents	2.1 cents
Brendan Brown Managing Director	1,500,000	\$ 3,713	\$ 6,807	\$ 9,901	\$ 12,995
Philip Smith Technical Director	1,250,000	\$ 3,094	\$ 5,673	\$ 8,251	\$ 10,830
Bruce McKay Non Executive Chairman	800,000	\$ 1,980	\$ 3,630	\$ 5,281	\$ 6,931
Geoffrey King Non Executive Director	500,000	\$ 1,238	\$ 2,269	\$ 3,300	\$ 4,332
Brodrick Wray Non Executive Director	500,000	\$ 1,238	\$ 2,269	\$ 3,300	\$ 4,332
Martin Warwick Company Secretary	200,000	\$ 495	\$ 908	\$ 1,320	\$ 1,733
<b>TOTALS</b>	<b>4,750,000</b>	\$ 11,758	\$ 21,556	\$ 31,354	\$ 41,152

**Table:1: Proposed Options to be Issued and indicative values to be expensed for various underlying share prices on the Date of Grant.**



Assumptions used in the determination of Options Indicative Value to be expensed as disclosed in Table 1 are as follows:

- Valuation Methodology: Black Scholes as per AASB2
- Underlying Share Price on Date of Issue = Range of possible share prices on Grant Date being : 0.6, 1.1, 1.6, 2.1 cents per share
- Exercise Price: 2.0x Underlying Share Price on Date of Issue
- Expiry Date of the Options: 17 November 2020
- Volatility 75%
- Risk Free Cost of Capital: 1.9% - Based on Australian Commonwealth Bond Market indicative rates

As at the date of this Notice of Meeting the underlying share price of the Company's shares was: 1.6 cents per share. Over the past twelve months the Company's shares have traded as low as 0.7 cents per share and as high as 1.9 cents per share.

As the Exercise Price of the Options has been set at 100% above the Underlying Share Price, on the Date of Grant the issue of Options will only become dilutive and deliver an economic profit to the Recipients once the share price of the company's shares rises above 100% above the share price on the date of Grant. Furthermore overall dilution is further limited by the expiry date of 17 November 2020 and by the quantity proposed to be issued representing less than 5% of the total number of ordinary shares on issue.

The Directors recommend that Shareholders vote in favour of these resolutions.

The Chairman of the meeting intends to vote undirected proxies in favor of these Resolutions.

## GLOSSARY

In this Notice and Explanatory Memorandum:

**\$ or A\$** means Australian dollars (AUD);

**AGM** means an Annual General Meeting;

**Annual General Meeting** or **Meeting** mean the annual general meeting of the Company to be held at 10:00am on Thursday 17 November 2016;

**ASX** means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires);

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

**Auditor** means Pitcher Partners;

**Board** means the Board of Directors of the Company;

**Constitution** means the constitution of the Company;

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

**Directors** mean the Directors of the Company;

**Explanatory Memorandum** means the Explanatory Memorandum which accompanies, and is incorporated as part of, the Notice of Meeting;

**IPB Petroleum, IPB** or **Company** means IPB Petroleum Limited ACN 137 387 350;

**IPBLEOP** means the IPB Petroleum Limited Employee Option Plan.

**Key Management Personnel** means key management personnel as defined by Section 9 of the Corporations Act;

**Notice, Notice of Meeting, or Notice of Annual General Meeting** means the attached Notice of Meeting;

**Options** means options to acquire Shares;

**Proxy Form** means the proxy form which accompanies this Notice;

**Resolution** means the resolution to be put to shareholders at the Meeting, as set out in the Notice of Annual General Meeting;

**Securities** means Shares, Options, securities convertible into Share or rights to Shares or Options that maybe granted by the Company;

**Shareholder** means the registered holder of Shares; and

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



## IPB Petroleum Limited

ABN 52 137 387 350

### LODGE YOUR VOTE



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



#### BY MAIL

IPB Petroleum Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



#### ALL ENQUIRIES TO

Telephone: +61 1300 554 474

### LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am on Tuesday, 15 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

### HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

#### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

#### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

#### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

#### SIGNING INSTRUCTIONS

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

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

# PROXY FORM

I/We being a member(s) of IPB Petroleum Limited and entitled to attend and vote hereby appoint:

STEP 1

## APPOINT A PROXY

the Chairman of the Meeting (*mark box*)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Thursday, 17 November 2016 at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne, Victoria, Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 4, 5, 6, 7, 8 and 9:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 4, 5, 6, 7, 8 and 9, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

STEP 2

## VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of Options to Non-Executive Director – Mr Brodrick Wray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Mr Philip Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Renewal of the Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Issue of Options to the Managing Director – Mr Brendan Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Issue of Options to the Technical Director – Mr Philip Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of Options to the Non-Executive Chairman – Mr Bruce McKay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of Options to Non-Executive Director – Mr Geoffrey King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



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

STEP 3

## SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

