

Notice of Annual General Meeting 2017

Sundance Energy Australia Limited

ABN 76 112 202 883

Date: Thursday, 25 May 2017
Time: 10:00 am (Adelaide time)
Venue: Minter Ellison Boardroom
Level 10, 25 Grenfell Street
Adelaide, South Australia





Dear Shareholder,

Notice is hereby given that the Annual General Meeting of the shareholders of Sundance Energy Australia Limited (Company) will be held at the Minter Ellison Boardroom, Level 10, 25 Grenfell Street, Adelaide, South Australia on Thursday, 25 May 2017 at 10:00 am (Adelaide time) for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

The Explanatory Memorandum that accompanies and forms a part of this Notice of Annual General Meeting describes the Ordinary and Special Business to be considered.

ORDINARY BUSINESS:

A) Financial Statements and Reports

'To receive and consider the financial statements of the Company for the year ended 31 December 2016, and related Directors' Report, Directors' Declaration and Auditor's Report.'

B) To consider, and if thought fit, to pass, with or without modification, the following Ordinary Resolutions:

Ordinary Resolution 1: Adoption of Remuneration Report

'That the Remuneration Report for the year ended 31 December 2016, as set out in the Annual Report for that period, be adopted.'

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

Voting Exclusion Statement

In accordance with the *Corporations Act*, a vote must not be cast on this resolution in any capacity (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report, and any closely related party of such a member.

However, the member or any closely related party of such a member may vote if:

- a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution, or by a person who is the chair of the meeting at which the resolution is voted on and the appointment does not specify the way the proxy is to vote on the resolution and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel; and
- b) it is not cast on behalf of the member or any closely related party of such a member.

See note on 'Voting Entitlements' below.

Ordinary Resolution 2: Re-election of Michael Damer Hannell as a Director

'That Michael Damer Hannell, a Director retiring by rotation in accordance with ASX Limited (ASX) Listing Rule 14.4 and clause 59.1 of the Constitution of the Company, being eligible, is re-elected as a Director of the Company.'

Ordinary Resolution 3: Re-election of Henry Weldon Holcombe as a Director

'That Henry Weldon Holcombe, a Director retiring by rotation in accordance with ASX Limited (ASX) Listing Rule 14.4 and clause 59.1 of the Constitution of the Company, being eligible, is re-elected as a Director of the Company.'



Ordinary Resolution 4: Approval to Issue Restricted Share Units to Managing Director

That for the purposes of the Corporations Act 2001 and ASX Listing Rule 10.14 and all other purposes, approval is given for the issue of a maximum of 3,724,191 restricted share units (in relation to the 31 December 2016 Financial Year – 2016 ATSR RSUs) and the issue of any shares upon the subsequent vesting of those units, under the Company's Long Term Incentive Plan to Eric McCrady, Managing Director of the Company, being:

- *3,724,191 Absolute Total Shareholder Return restricted share units each carrying a right to receive a maximum of 1.5 ordinary fully paid shares in the Company subject to the terms of issue, (with the final number of shares received based on performance, assessed on absolute shareholder return);*

any such issue to take place within one month of the date of this resolution, and otherwise on the terms and conditions summarised in the accompanying Explanatory Memorandum, and that in addition the terms and conditions on which Restricted Share Units have previously been issued to Eric McCrady be revised to be consistent with the current terms and conditions in limited circumstances, as summarised in the accompanying Explanatory Memorandum.'

Voting Exclusion Statement

In accordance with the ASX Listing Rules and the *Corporations Act*, the Company will disregard any votes cast on this ordinary resolution by any director or associate of any director and any votes cast as a proxy by any member of the Company's key management personnel and any closely related party of any member of the Company's key management personnel (each of whom will be a '**Prohibited Person**'). However, the Company will not disregard a vote if:

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

Further, in accordance with the *Corporations Act*, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the key management personnel, and any closely related party of such a member, acting as proxy if their appointment does not specify the way the proxy is to vote on this resolution or expressly authorises the person who is the chair of the meeting to exercise the proxy. However, the member or any closely related party of such a member may vote, if the vote is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution or by a person who is the chair of the meeting at which the resolution is voted on, and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Finally, for the purposes of Part 2D.2 of the *Corporations Act*, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) in any capacity by or on behalf of the Managing Director or an associate of the Managing Director. However, the Managing Director or an associate of the Managing Director may vote, if the vote is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution, and it is not cast on behalf of the Managing Director or an associate of the Managing Director.

See note on 'Voting Entitlements' below.



c) To consider, and if thought fit, to pass, with or without modification, the following Special Resolution:

Special Resolution 5: Approval of 10% Additional Placement Capacity

'That, for the purpose of Listing Rule 7.1A, approval is given for the Company to issue Equity Securities totaling up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue, or who might obtain a benefit (other than a benefit solely in the capacity of a holder of Shares) if this resolution is passed, and any associates of such person. However, the Company need not disregard a vote if:

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

As at the date of this Notice of Meeting the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A (if approved), therefore it is not known who (if any) may participate in a potential (if any) issue of Equity Securities under ASX Listing Rule 7.1A (if approved).

See note on 'Voting Entitlements' below.

OTHER BUSINESS:

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

Explanatory notes for Agenda Items A, B and C appear on the following pages.

You may review the Company's Annual Report for the year ended 31 December 2016 at the Sundance Energy website.

http://www.sundanceenergy.net/Annual_Report_31_December_2016/

The Annual Report has not been sent to Shareholders unless the member has specifically requested a printed copy.

By order of the Board

Company Secretary

10 April 2017



VOTING ENTITLEMENTS

The Board has determined that, in accordance with the Company's Constitution and the Corporations Regulations 2001 (Cth), the members entitled to attend and vote at the Annual General Meeting shall be those persons who are recorded in the register of members at 7.00pm Sydney time on Tuesday, 23 May 2017.

PROXIES

Appointment of a proxy

A shareholder who is entitled to attend and vote at the Annual General Meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. A proxy form is included with this Notice of Annual General Meeting.

If a shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.

A proxy need not be a shareholder of the Company. Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.

To be effective, the Company must receive the completed proxy form and, if the form is signed by the shareholder's attorney or authorised officer, the authority under which the proxy form is signed (or a certified copy of the authority) **by no later than 10:00 am (Adelaide time) on Tuesday, 23 May 2017** (being 48 hours before the commencement of the meeting) to:

- the Company's registered office at Ground Floor, 28 Greenhill Road WAYVILLE SA 5034 (facsimile number (08) 8132 0766);
- the Company's share registrar, Computershare Investor Services Pty Limited, as listed below; or
- **Custodian Voting** – for Intermediary Online subscribers only (Custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Online:	Mail:	Fax:
Enter the control number, SRN/HIN and postcode shown on the first page of the proxy form at: www.investorvote.com.au	Sundance Energy Australia Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001, Australia	Sundance Energy Australia Limited C/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447 (outside Australia) +613 9473 2555

If you require an additional proxy form, please contact Computershare Investor Services Pty Limited.

Appointment of company representative

A body corporate may elect to appoint a representative, rather than appoint a proxy, in accordance with the *Corporations Act*. Where a body corporate appoints a representative, the Company requires written proof of the representative's appointment to be lodged with or presented to the Company before the meeting.

Voting by proxies

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit. If a proxy abstains from voting and the directions on the proxy require that person to vote, the votes not exercised by the proxy will be given to the Chair to vote in accordance with the directions on the proxy form.

Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands.

If the Chair or a member of the key management personnel or one of their closely related parties is appointed as a proxy, they are not permitted to vote undirected proxies on various matters, including some remuneration matters and related party matters, subject to limited exceptions.

Please read the directions on the proxy form carefully, especially if you intend to appoint the Chair of the meeting or a member of the key management personnel as your proxy.



Annual General Meeting – Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders in connection with the Annual General Meeting (AGM) of shareholders to be held on:

Date: Thursday 25 May 2017
Time: 10:00 am (Adelaide time)
Venue: Minter Ellison Boardroom
Level 10, 25 Grenfell Street
Adelaide, South Australia

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting, and is a brief explanation of the Ordinary and Special Business in the Notice of Annual General Meeting, and why the Company is seeking this shareholder approval.

Agenda Item A

Financial Statements and Reports

The *Corporations Act* requires the Financial Report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and Auditor's Report to be laid before the AGM. There is no requirement either in the *Corporations Act* or the Company's Constitution for shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

While no resolution is required in relation to this item, the auditor of the Company or their representative will be available to receive questions relevant to:

- a) the conduct of the audit;
- b) the preparation and content of the Auditor's Report;
- c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

A shareholder of the Company who is entitled to cast a vote at the AGM may submit a written question to the auditor if:

- a) the question is relevant to:
 - i) the content of the Auditor's Report to be considered at the AGM; or
 - ii) the conduct of the audit of the annual financial report to be considered at the AGM; and
- b) the shareholder gives the question to the Company no later than the fifth business day before the day on which the AGM is held.

Agenda Item B

Ordinary Resolution 1: Adoption of Remuneration Report

In accordance with section 250R of the *Corporations Act*, the Company submits to shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 31 December 2016.

The remuneration report is a distinct section of the Directors' Report that deals with the remuneration of directors and other key management personnel of the Company and is contained in the Company's Annual Report for the year ended 31 December 2016, which is also available on the Company's website at:

http://www.sundanceenergy.net/Annual_Report_31_December_2016/.

The Remuneration Report sets out the Company's remuneration arrangements for its directors, officers and senior management.

Shareholders are asked to keep in mind that the Company's operations are all in the US, and the Company's management team and technical and administrative staff are all based in the US. Even with the challenges in the oil and gas industry, the US employment market for oil and gas personnel continues to be very competitive, and it is necessary for the Company to offer comparable remuneration in order to attract and retain suitably qualified US executives and technical staff.

Shareholders are also asked to keep in mind that for the years ended 31 December 2015 and 2016, the Directors resolved that the Managing Director and the senior executives of the Company would not be paid a short term incentive payment, as a result of the sustained depressed commodity price environment.



Annual General Meeting – Explanatory Memorandum

In addition, the Managing Director and executives of the Company agreed to take a 10% cut in base salary, commencing in January 2016. The Directors resolved that the same percentage reduction was to be applied to the Non-Executive Directors' fees, also commencing in January 2016. Salaries for the Managing Director and executives and fees for Directors were reinstated to 2015 levels effective 1 January 2017.

Section 300A of the Corporations Act requires the directors to include a Remuneration Report in their report for the financial year. Section 250R(2) of the Corporations Act requires the Remuneration Report be put to the vote at the Company's AGM. Shareholders should note that the vote will be advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

In relation to the non-binding shareholder vote, if 25% or more of the votes that are cast are against the adoption of the Remuneration Report at an AGM and comments are made on the Remuneration Report, the company's subsequent Remuneration Report is required to include an explanation of the board's proposed action or why no action has been taken.

Where 25% or more of the votes that are cast are against the adoption of the Remuneration Report at a company's second AGM, then if shareholders at that second AGM pass an ordinary resolution to hold a further meeting ("Spill Resolution"), the directors who approved the directors' report, other than the managing director, must resign or cease to hold office and may be reappointed to the vacated positions.

At the 2016 AGM, the Company's Remuneration Report for the financial year ended 31 December 2015 received 98.9% of votes cast for the Remuneration Report.

Shareholders attending the AGM will be given a reasonable opportunity to discuss the Remuneration Report.

If you elect to appoint a member of the key management personnel (other than the Chair) or a closely related party of such a person as a proxy, then you must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be included in any vote on Resolution 1. If you elect to appoint the Chair as your proxy, you do not need to direct the Chair how you wish the Chair to exercise your vote on this resolution. However please carefully read the proxy form enclosed with this Notice of Meeting before completing it.

In completing the proxy form, if you appoint the Chair as your proxy and do not direct the Chair how to vote and provide the relevant authorization to the Chair, this will allow the Chair to exercise their discretion in exercising your proxy, even though this resolution is connected directly or indirectly with the remuneration of the key management personnel, which includes the Chair.

If your proxy is not a member of the key management personnel or one of their closely related parties and is not the Chair, you do not need to direct your proxy how to vote.

Directors' Recommendation

The Directors, while noting that each Director has a personal interest in their own remuneration from the Company, recommend that Shareholders vote **IN FAVOUR** of adopting the Remuneration Report.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolution 1, subject to compliance with the voting restrictions discussed above.

Ordinary Resolution 2: Re-Election of Michael Damer Hannell as a Director

In accordance with clause 59.1 of the Constitution, at every Annual General Meeting one third of the Directors for the time being must retire from office and are eligible for re-election.

ASX Listing Rule 14.4 provides that a director (excluding the Managing Director) must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is longer. However, a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next AGM of the entity.

Michael Damer Hannell retires by rotation and offers himself for re-election pursuant to ASX Listing Rule 14.4 and the Company's Constitution. His qualifications and experience are set out below.

Michael D Hannell

Chairman, BSc Eng (Hons), FIEAust
(Director since March 2006)

Mike has been a Director of Sundance since March 2006 and Chairman of our Board of Directors since December 2008. Mike is Chairman of the Company's Remuneration and Nominations Committee, and he is also a member of the Company's Audit and Risk Management Committee and Reserves Committee.



Annual General Meeting – Explanatory Memorandum

Ordinary Resolution 2: Re-Election of Michael Damer Hannell as a Director *continues*

Mr. Hannell has wide experience in the oil and gas industry, spanning some 50 years, initially in the downstream sector and subsequently in the upstream sector. His extensive experience has been in a wide range of design and construction, engineering, operations, exploration and development, marketing and commercial, financial and corporate areas in the United States, United Kingdom, continental Europe and Australia at the senior executive level with Mobil Oil (now Exxon) and Santos Ltd. Mr. Hannell has previously held a number of board appointments the most recent being the chairman of Rees Operations Pty Ltd (doing business as Milford Industries Pty Ltd), an Australian automotive components and transportation container manufacturer and supplier; and the chairman of Sydac Pty Ltd, a designer and producer of simulation training products for industry. Mr. Hannell has also served on a number of not-for-profit boards, with appointments as president of the Adelaide-based Chamber of Mines and Energy, president of Business SA (formerly the South Australian Chamber of Commerce and Industry), chairman of the Investigator Science and Technology Centre, chairman of the Adelaide Graduate School of Business, and a member of the South Australian Legal Practitioners Conduct Board. Mr. Hannell holds a Bachelor of Science degree in Mechanical Engineering (with Honours) from the University of London and is a Fellow of the Institution of Engineers Australia.

The Board considers Michael Damer Hannell to be an independent director.

Director's Recommendation

The Directors (other than Director Hannell, who makes no recommendation) recommend that shareholders vote **IN FAVOUR** of Resolution 2.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolution 2.

Ordinary Resolution 3: Re-Election of Henry Weldon Holcombe as a Director

An additional director must retire from office, and is eligible for re-election, pursuant to ASX Listing Rule 14.4 and the Company's Constitution (as discussed above).

Henry Weldon Holcombe retires by rotation and offers himself for re-election pursuant to ASX Listing Rule 14.4 and the Company's Constitution. His qualifications and experience are set out below.

H Weldon Holcombe

Director, BS in Civil Engineering
(Director since December 2012)

Weldon has been a Director since December 2012 and is Chairman of the Company's Reserves Committee. Weldon is also a member of the Company's Remuneration and Nominations Committee.

Mr. Holcombe has over 30 years of onshore and offshore U.S. oil and gas industry experience, including technology, reservoir engineering, drilling and completions, production operations, construction, field development and optimization, Health, Safety and Environmental ("HSE"), and management of office, field and contract personnel. Most recently, Mr. Holcombe served as the Executive Vice President, Mid Continental Region, for Petrohawk Energy Corporation from 2006 until its acquisition by BHP Billiton in 2011, after which Mr. Holcombe served as Vice President of New Technology Development for BHP Billiton. In his capacity as Executive Vice President for Petrohawk Energy Corporation, Mr. Holcombe managed development of leading unconventional resource plays, including the Haynesville, Fayetteville and Permian areas. In addition, Mr. Holcombe served as President of Big Hawk LLC, a subsidiary of Petrohawk Energy Corporation, a provider of basic oil and gas construction, logistics and rental services. Mr. Holcombe also served as corporate HSE officer for Petrohawk and joint chairperson of the steering committee that managed construction and operation of a gathering system in Petrohawk's Haynesville field with one billion cubic feet of natural gas of production per day. Prior to Petrohawk, Mr. Holcombe served in a variety of senior level management, operations and engineering roles for KCS Energy and Exxon. Mr. Holcombe holds a Bachelor of Science degree in civil engineering from the University of Auburn.

The Board considers Henry Weldon Holcombe to be an independent director.

Director's Recommendation

The Directors (other than Director Holcombe, who makes no recommendation) recommend that shareholders vote **IN FAVOUR** of Resolution 3.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolution 3.



Annual General Meeting – Explanatory Memorandum

Ordinary Resolution 4: Approval to Issue Restricted Share Units to Managing Director

The Company's executive incentive compensation program is comprised of short-term incentives (STI) and long-term incentives (LTI). No STI was paid for 2015 or 2016. LTI is comprised of a grant of Restricted Share Units (RSUs) and a Deferred Cash Award, both of which vest based on the performance of the Company. The RSUs vest based on achieving certain absolute total shareholder return performance thresholds (ATSR RSUs). The Deferred Cash Award vests based on achieving designated share price targets thereby allowing executives to participate in a portion of any future share price appreciation while limiting dilution.

As a consequence, the Company proposes to issue to Eric McCrady, Managing Director of the Company 3,724,191 ATSR RSUs with each ATSR RSU carrying the right to receive up to 1.5 ordinary fully paid shares. **The final number of shares (if any) granted on conversion is dependent on meeting certain performance conditions as detailed later in this Explanatory Memorandum.**

The Board seeks shareholder approval under ASX Listing Rule 10.14 for the issue of RSUs and/or shares to the Managing Director, under the Company's executive remuneration program discussed below. Shareholder approval is also sought for the purposes of the Corporations Act, to the extent that the issue of Restricted Share Units and/or shares in some circumstances might be considered to be a retirement benefit for the purposes of Part 2D.2 of the Corporations Act. The Restricted Share Units have been designed to assist the Company to attract and retain key members of management and officers, since those units will generally be forfeited if the holder leaves the service of the Company before the units vest (refer to further details below). Under the ASX Listing Rules, the Company may not issue securities (including shares, options over unissued shares and other convertible securities) to Directors and various other parties without shareholder approval. For these reasons, shareholder approval is sought for the proposed issue of Restricted Share Units and shares to the Managing Director.

Eric McCrady – Managing Director

Eric McCrady joined the Company in June 2010 as Chief Financial Officer and has been Managing Director of the Company since November 2011. Eric has responsibility for building the Company's operating capability and implementing the Company's approved growth strategy, which includes the exploration and development program and opportunities relating to asset acquisitions and divestments. Eric has extensive corporate, financial, and oil and gas industry experience.

Summary of the Company's Executive Remuneration Program

The elements of the Company's executive remuneration program are base salary, short-term incentives (STI) and long term incentives (LTI). No STI was paid in 2015 or 2016. All of the LTI is performance related and therefore 'at risk'.

The objectives of the Plan are to:

- reward the Managing Director, executives, and employees of, and consultants to, the Company and its subsidiaries, for achieving the Company's financial and operational performance targets established by the Board;
- align the interests of executives and other recipients, and shareholders; and
- attract and retain high quality executives and other potential recipients.

The Board may offer Restricted Share Units as LTI to the Managing Director, executives and employees of the Company and its subsidiaries. The Restricted Share Units carry the right to receive ordinary fully paid shares in the Company, subject to the terms of issue, and on the terms summarised in this Explanatory Memorandum.

The Company's long-term incentives are based entirely on company performance, with 50% of the LTI award value being allocated to ATSR RSUs and 50% allocated to the Deferred Cash Award. The ATSR RSUs will be granted in 2017 and will vest based on the achievement of performance targets over a three-year period. The Deferred Cash Award will vest in three equal tranches based on the achievement of specified share price targets for 2017, 2018 and 2019. Further details on vesting of the ATSR RSUs and the Deferred Cash Award are provided in the remuneration section of the Company's Annual Report.

Remuneration Committee

The Remuneration Committee reviewed the market standard of remuneration for the position of the managing director of a publicly listed company with all operations in the US, and of a size comparable to the Company. For this review, the Remuneration Committee again employed the services of an independent US-based remuneration consultant (**Remuneration Consultant**), to advise it on best practice remuneration policies in the environment in which the Company operates in the US.



Annual General Meeting – Explanatory Memorandum

Ordinary Resolution 4: Approval to Issue Restricted Share Units to Managing Director *continues*

While current practices have proved to vary in the current low commodity business environment, the findings confirmed that providing equity-based remuneration, with vesting restrictions tied to performance, is prevalent among mid-sized public oil and gas companies in the US, as a means to link the managing director's and executives' interests with those of shareholders, and to deliver competitive remuneration to promote the recruitment and retention of critical talent.

Based on these inputs and its own assessment of the current business conditions, the Remuneration Committee considers it appropriate to issue the Restricted Share Units as described in this Explanatory Memorandum to the Managing Director. These Restricted Share Units are subject to vesting conditions, including the holder still being employed by the Company, or providing services to the Company, at the relevant vesting date, as well as performance conditions where applicable.

Resolution 4 seeks shareholder approval for the allotment and issue of these Restricted Share Units for the purpose of ASX Listing Rule 10.14 and the Corporations Act. ASX Listing Rule 10.14 provides that a company must not issue or agree to issue securities under any employee incentive scheme to a related party, including a director, without first obtaining the approval of shareholders. ASX Listing Rule 10.14 provides that the following information must be provided to shareholders:

- the Restricted Share Units are proposed to be issued to Eric McCrady at no cost to him under the LTI Plan, and on the terms summarised in this Explanatory Memorandum;
- the total number of Restricted Share Units to be issued under the resolution is 3,724,191;
- the Restricted Share Units will be issued as soon as practicable after this meeting and in any event no later than 1 month after the date of this meeting;
- the Restricted Share Units will be held and exercised in accordance with the terms and conditions as summarised below;
- the Restricted Share Units will vest, subject to various conditions as more fully described in the Remuneration Report section of the Company's Annual Report. Each share issued pursuant to the vesting of the Restricted Share Units will rank *pari passu* with all existing ordinary fully paid shares of the Company; and
- no funds will be raised by the issue of the Restricted Share Units, and no loans will be made in relation to the Restricted Share Units.

In accordance with Listing Rule 14.11.1, the Managing Director (since he is eligible to participate in this employee incentive scheme in relation to the Company) and his associates are excluded from voting on this resolution. The voting exclusion statement (required under ASX Listing Rule 10.15) is contained in the Notice of Meeting.

With reference to section 211 of Chapter 2E of the *Corporations Act 2001*, the Remuneration Committee considers that the grant of the Restricted Share Units is appropriate and reasonable as part of the remuneration of the Managing Director, and the Board agrees. The Company considers that the grant of the Restricted Share Units comes within one of the exceptions to Chapter 2E of the *Corporations Act 2001* (being reasonable remuneration for an executive or officer of the Company), and shareholder approval is not required for that purpose.

However shareholder approval is being sought in Resolution 4 pursuant to ASX Listing 10.14 which requires shareholder approval prior to issuing securities to a director.

Executive Officer Long Term Incentive Assessment and Calculations

Overall design

The restricted share units granted for 2016 will be subject to the following vesting conditions.

The total LTI value calculated in dollar terms is the base salary of the executive multiplied by the relevant LTI target percentage. For the Managing Director his base salary for 2016 was US\$333,000 and the target percentage is 325%.

The total LTI value is then apportioned as follows:

- 50% of the total dollar amount will be in the form of Absolute Total Shareholder Return Restricted Share Units (ATSR RSUs). The number of ATSR RSUs granted was calculated by dividing the dollar amount by the volume weighted average price (VWAP) for the last twenty days of 2016 (the measurement period). Vesting of the ATSR RSUs will be based on appreciation of the Company's share price over a three-year period. At the end of the three-year period, the performance of the Company's share price will be assessed against the ATSR measurement chart (see later).
- The other 50% of the total dollar amount will be paid out, if any, in deferred cash.



Annual General Meeting – Explanatory Memorandum

Ordinary Resolution 4: Approval to Issue Restricted Share Units to Managing Director *continues*

Absolute Total Shareholder Return

Absolute total shareholder return (ATSR) is calculated by the change in the Company's ordinary share price plus dividends paid, if any, over the specified time period. The number of shares that can be earned under the ATSR component of the award, ranges from 0% to 150% of the target share grant, based on ATSR calculated at the end of the three-year assessment period according to the following multiples:

Absolute TSR Goal	Payout % of Target
25% preferred return	150%
15% preferred return	100%
8% preferred return	50%
< 8% preferred return	0%

No proration will be applied to the above thresholds

Deferred Cash

The deferred cash awards are only earned if the target share prices shown below are achieved. If the full year VWAP share price for each respective year is less than the target share price for the 50% payout level, no award will be earned. If the full VWAP share price is between the target share prices shown, the payout percentage will be prorated. The maximum payout will be 300% of the base award for the year if the target share price meets or exceeds the 300% level as shown below.

Target Share Price (Annual VWAP) Payout Percentage	2017	2018	2019
50%	\$ 0.2182	\$ 0.2356	\$ 0.2525
100%	\$ 0.2323	\$ 0.2671	\$ 0.3072
150%	\$ 0.2525	\$ 0.3156	\$ 0.3945
300%	\$ 0.5050	\$ 0.6313	\$ 0.7891

The range of potential deferred cash awards payable to Eric McCrady for the 2016 fiscal year for each tranche is \$0 - \$541,125

Note: Shareholder approval is only being sought for the grant of the RSUs to the Managing Director.

Terms of ATSR Restricted Share Units

Vesting - ATSR Restricted Share Units

Under the terms of issue of the ATSR Restricted Share Units, the ATSR Restricted Share Units will usually vest on the 3rd anniversary of the Commencement Date (1 January in the year of grant), provided the holder is still employed by the Company, or providing services to the Company, at the relevant vesting date. This is subject to limited exceptions. If not vested, each ATSR Restricted Share Unit will be forfeited at the date of termination, subject to the terms of the LTI Plan.

When the ATSR Restricted Share Units vest, the holder will be issued fully paid ordinary shares in the Company, based on the Absolute TSR payout % target (provided the threshold of at least 8% preferred return is first satisfied). The number of shares issued may range between 50% and 150% of the ATSR Restricted Share Units, depending on absolute TSR. Refer to example below.

Absolute TSR Goal Categories	Absolute TSR Goal	Payout % of target	Shares issued on vesting of 100,000 ATSR Restricted Share Units
Maximum	25% preferred return	150%	150,000
Target	15% preferred return	100%	100,000
Threshold	8% preferred return	50%	50,000
Below threshold	8% preferred return	0%	0



Annual General Meeting – Explanatory Memorandum

Ordinary Resolution 4: Approval to Issue Restricted Share Units to Managing Director *continues*

The number of ATSR Restricted Share Units held by the executive is then multiplied by that Absolute TSR payout % target, to calculate the number of shares to be issued to the executive on vesting.

In summary the holder of ATSR Restricted Share Units will receive:

- a maximum of 1.50 ordinary fully paid shares for each unit, if the maximum Absolute TSR Goal is achieved;
- a minimum of 0.5 ordinary fully paid share for each unit, if the threshold Absolute TSR Goal is achieved; and
- nothing if the threshold Absolute TSR Goal is not achieved (in which case the ATSR Restricted Share Units will be forfeited), (as described above).

Vesting of the Restricted Share Units – Example

The table below shows how the vesting terms will operate*.

Example – timetable for vesting of Restricted Share Units	
Year	Outcome*
0	Long term incentive (LTI) performance standards (metrics) and awards under the Plan are determined by the Remuneration and Nominations Committee, and approved by the Board.
1	RSUs granted All RSUs are unvested at time of grant. Commencement Date is defined as 1 January in the year of grant and is the date used to 'start the clock'. 100% of LTI RSUs awarded as ATSR RSUs
2	1 st anniversary of Commencement Date No vesting
3	2 nd anniversary of Commencement Date No vesting
4	3 rd anniversary of Commencement Date The ATSR RSUs will 'convert' into shares once the threshold has been reached at a ratio of between 50-150% depending on absolute TSR, as long as the Company's actual Absolute TSR is at least equivalent to an 8% preferred return at the conclusion of the 3 year performance period.

* The term 'convert' is used for convenience, however technically the RSUs carry a right to receive shares, subject to the LTI Plan, and are not converted into shares.

General terms of all LTI Restricted Share Units

Vesting – General – LTI Restricted Share Units

In summary, if the holder ceases employment with the Company before the vesting of their Restricted Share Units (whether ATSR, RTSR or TBV Restricted Share Units), those units will be forfeited, unless a relevant exception applies. In limited cases, including where the holder dies, becomes disabled or is made redundant, the Board may, acting in good faith, deem some or all unvested Restricted Share Units to be vested.

A holder is not entitled to participate in any new issue to existing shareholders of securities in the Company unless the Restricted Share Units have vested before the record date for determining entitlements to the new issue of securities, and the holder participates as a result of holding shares.

The holder does not pay anything for the shares. The conditions of the Restricted Share Units do not restrict the holder from transferring any of the shares acquired on vesting of the units, or using them as security for a loan, or dealing with them in any other way. The value of any benefit received by the holder will depend on the Company's share price when any shares are acquired on vesting of the units, and cannot be ascertained at the date of this Explanatory Memorandum. The share price at the time will depend on a number of factors, including the Company's performance, general economic conditions, and the specific conditions which apply to the industry in which the Company operates.



Ordinary Resolution 4: Approval to Issue Restricted Share Units to Managing Director *continues***Term**

The terms of Restricted Share Units are intended to be for up to 3 years, subject to the relevant vesting date, Commencement Date and the terms of grant.

Change in Control

While offers under a takeover bid remain open for acceptance, or on the occurrence of a Change in Control event (as defined in the LTI Plan), the Board must give written notice to the holder of the accelerating vesting of all unvested Restricted Share Units (on a one share for one unit basis), unless in its absolute discretion the Board determines that the holder will receive at least comparable consideration from the acquirer for their unvested Restricted Share Units consequent on the bid or Change of Control proceeding, in which case the unvested Restricted Share Units will be forfeited. The steps taken by the Board will be subject to the LTI Plan, any applicable laws and the ASX Listing Rules. Note that, subject to obtaining shareholder approval, these new arrangements will also apply to all Restricted Share Units granted to the Managing Director before 1 January 2016, and modify the original terms on which they were issued (so the Board will no longer have discretion to cancel those Restricted Share Units, in return for a cash payment equal to the then market value of the Restricted Share Units).

Loans

No loans will be made by the Company under the LTI Plan.

Ordinary Shares Issued

Shares acquired by a participant on vesting of the Restricted Share Units will be ordinary fully paid shares in the Company, and the Company will apply for listing of those shares.

Claw Back Conditions

In limited cases under the LTI Plan the Board may, at its absolute discretion, claw back and cancel without compensation Restricted Share Units granted under the LTI Plan. For example, the Board may do so where there is evidence of fraud by an employee, resulting in a material adverse change to the Company's financial statements, or where there is a material adverse change in the circumstances of the Company.

Capital Reconstruction participants will have their entitlements in respect of Restricted Share Units adjusted to take account of capital reconstructions and bonus issues, to comply with the ASX Listing Rules or ensure that participants are not unfairly disadvantaged and do not receive a benefit that shareholders do not receive.

Updating the terms of issue of previous Restricted Share Units

In the case of TBV Restricted Share Units and RTSR Restricted Share Units previously granted to the Managing Director, the original terms on which they were issued will be updated where appropriate, to be consistent with the arrangements applying in the event of a Change in Control, as set out above. This is important for consistency and administrative convenience, since it will enable the Company to align the terms of issue of the Managing Director's Restricted Share Units in these limited circumstances, and provide certainty. The proposed change has been approved by the Board, and is permitted under the LTI Plan.

For the avoidance of doubt, this proposed change to the terms of issue is limited to the Change in Control arrangements. In all other respects any such Restricted Share Units will continue to be subject to the original vesting terms on which they were issued, including the original performance hurdles and the maximum number of shares which may be granted.

Other holders of LTI Restricted Share Units

Note that the terms described above apply to the LTI Restricted Share Units previously granted or to be issued to the Managing Director, after obtaining shareholder approval. The Board may, in its absolute discretion and subject to the terms of the LT Plan, grant LTI Restricted Share Units to other executives and other eligible recipients on modified terms, where shareholder approval is not required for the grant. In substance however the terms applicable to LTI Restricted Share Units are not anticipated to vary significantly.



Annual General Meeting – Explanatory Memorandum

Ordinary Resolution 4: Approval to Issue Restricted Share Units to Managing Director *continues*

Important information for ASX purposes

Disclosure of previous grants

This is the sixth time shareholders have been asked to approve grants of Restricted Share Units. The fifth time was at the Company's 2016 Annual General Meeting held on 27 May 2016 (2016 AGM).

In accordance with ASX Listing Rule 10.15, the Company is required to inform shareholders of the number of Restricted Share Units and/or shares granted to Directors (and their associates) under the LTI Plan since the date of the approval most recently given by shareholders, together with details of those persons who have received Restricted Share Units and/or shares under the LTI Plan since the last approval. The table below sets out the required information.

Details of those persons who have received Restricted Share Units and/ or shares under the LTI Plan since the Company's 2016 Annual General Meeting are as follows:

Details of the relevant persons who have received RSUs and/ or shares under the LTI Plan since the Company's 2016 Annual General Meeting	Number of RSUs granted and shares issued to the relevant persons under the LTI Plan since the Company's 2016 Annual General Meeting
Eric McCrady Managing Director of the Company	RSUs granted <hr/> 4,342,331 - 2015 ATSR RSUs (in relation to the 2015 financial year and approved at the 2016 AGM). 770,950 – 2014 STI RSUs (in relation to the 2014 financial year and approved at the 2016 AGM). Shares issued <hr/> 93,563 shares issued in respect of vested SY2012 RSUs. 167,997 shares issued in respect of vested 2013 RSUs. 515,038 shares issued in respect of vested 2014 TBV RSUs. 770,950 shares issued in respect of vested 2014 STI RSUs.

Participation

The LTI Plan provides that in the case of any grant to a non-executive of the Company and its subsidiaries, only TBV Restricted Share Units will be granted, with ATSR and RTSR Restricted Share Units only to be granted to executives. Currently none of the Non-Executive Directors participate in the LTI Plan and there is no intention that they participate in future.

Voting exclusion

In accordance with Listing Rule 14.11.1, each of the Directors (since they are each eligible to participate in this employee incentive scheme in relation to the Company), and any of their associates, are excluded from voting on this resolution. The voting exclusion statement (required under ASX Listing Rule 7.2, exception 9(b)) is contained in the Notice of Meeting. In practice, only the Managing Director participates in this employee incentive scheme, and as noted above there is no intention that any of the Non-Executive Directors participate in future.

Please note, in accordance with sections 250BD(1) and (2) of the Corporations Act the Chairman will not vote any undirected proxies in relation to this resolution, unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. Please note that if the Chairman of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form you expressly authorise the Chairman to exercise your proxy on this resolution (and any other applicable resolutions) even though the resolution is connected directly or indirectly with the remuneration of a member of key management personnel for the Company, which includes the Chairman.

If you appoint the Chairman as your proxy, you can direct the Chairman to vote for or against or abstain from voting on Resolution 4 by marking the appropriate box on the proxy form.

Directors' Recommendation

The Directors (other than the Managing Director, who makes no recommendation) recommend that shareholders vote **IN FAVOUR** of Resolution 4 for the grant of Restricted Share Units to the Managing Director.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolution 4, where permitted to do so under the Listing Rules and the *Corporations Act*.



Annual General Meeting – Explanatory Memorandum

Agenda Item c

Special Resolution 5: Approval of 10% Additional Placement Capacity

Background to Resolution 5

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting at which approval of the issue is obtained (10% Placement Capacity). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1 and allows the Company to issue up to 25% of its issued capital in total.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity at the date of this Notice of Annual General Meeting and must remain compliant with the requirements of Listing Rule 7.1A at the date of the Meeting to be able to utilise the additional capacity to issue Equity Securities under that Listing Rule.

The Company is now seeking shareholder approval by way of a Special Resolution which requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) to have the ability to issue Equity Securities under the 10% Placement Capacity. The exact number of Equity Securities to be issued under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Number of Shares

The formula for calculating the maximum amount of securities to be issued under the 10% Placement Capacity is calculated as follows:

(A x D) – E

A is the number of fully paid ordinary shares on issue 12 months before the date of issue:

- plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- plus the number of fully paid ordinary shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4 (excluding an issue of shares under the Company's 15% placement capacity without Shareholder approval);
- less the number of fully paid ordinary shares cancelled in the 12 months.

D is 10%

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

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

At the date of this Notice, the Company has on issue 1,249,351,617 Shares and therefore has capacity to issue:

- 1) 187,402,742 Equity Securities under Listing Rule 7.1 and
- 2) 124,935,161 Equity Securities under Listing Rule 7.1A (subject to approval of this Resolution 5).

A number of scenarios showing potential issues under Listing Rule 7.1A are detailed in the table below.

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Capacity as follows:

1) Minimum issue price

For the purpose of Listing Rule 7.1A.3, the issue price of Equity Securities under this 10% Placement Capacity will be no less than 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i) the date on which the price at which the securities are to be issued is agreed; or
- ii) if the securities are not issued within 5 trading days of the date in paragraph i), the date on which the securities are issued.



Annual General Meeting – Explanatory Memorandum

Special Resolution 5: Approval of 10% Additional Placement Capacity *continues*

2) Risk of economic and voting dilution

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the table below (in the case of unlisted options, only if the unlisted options are exercised).

There is a risk that:

- i) 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 under rule 7.1A; and
- ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below describes the potential dilution of existing ordinary security holders on the basis of at least three different assumed issue prices and values for the variable "A" in the formula in rule 7.1A.2, and also shows:

- i) at least one example that assumes variable "A" is double the number of ordinary securities on issue at the time of the approval under rule 7.1A. Variable "A" is the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future meeting of Shareholders; and
- ii) at least one example where the issue price of ordinary securities has fallen by at least 50%.

Variable 'A' in Listing rule 7.1A.2		\$0.06 (50% decrease)	\$0.12 (Issue Price)	\$0.24 (100% increase)
Current Variable A 1,249,351,617 Shares	10% voting dilution	124,935,161 Shares	124,935,161 Shares	124,935,161 Shares
	Funds raised	\$7,496,109	\$14,992,219	\$29,984,438
50% increase in current Variable A 1,874,027,425 Shares	10% voting dilution	187,402,742 Shares	187,402,742 Shares	187,402,742 Shares
	Funds raised	\$11,244,164	\$22,488,329	\$44,976,658
100% increase in current Variable A 2,498,703,234 Shares	10% voting dilution	249,870,323 Shares	249,870,323 Shares	249,870,323 Shares
	Funds raised	\$14,992,219	\$29,984,438	\$59,968,877

The table has been prepared on the following assumptions:

- i) The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity;
- ii) No Restricted Share Units are exercised into Shares before the date of the issue of the Equity Securities;
- iii) 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%.
- iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1 or as a result of any issues of Equity Securities pursuant to any other approval under Chapter 7 of the Listing Rules.
- vi) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- vii) The issue price is \$0.12, being the closing price of the Shares on ASX on 7 April 2017.



Annual General Meeting – Explanatory Memorandum

Special Resolution 5: Approval of 10% Additional Placement Capacity *continues*

3) Timing

The date by which the Equity Securities may be issued is the earlier of:

- i) the date that is 12 months after the date of this Annual General Meeting; and
- ii) the date of approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (change involving main undertaking).

The approval will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (change involving main undertaking).

4) Purposes for which Equity Securities may be issued

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

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

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities under the 10% Additional Placement Capacity.

5) Allocation Policy

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

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

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

6) Previously obtained approval under rule 7.1A

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

7) Voting Exclusion

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

Directors' Recommendation

The Directors considers that the approval of the issue of the 10% Placement Capacity described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required.

Accordingly, the Directors unanimously recommend that Shareholders vote **IN FAVOUR** of Resolution 5.

A voting exclusion statement for this Resolution 5 is set out in the Notice.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolution 5.



Annual General Meeting – Explanatory Memorandum

Definitions

The following definitions are used in this Explanatory Memorandum:

'ATSR' means absolute total shareholder return

'Absolute TSR Goal' means absolute total shareholder return calculated under the LTI Plan and placed into the relevant category under the LTI Plan.

'ATSR Restricted Share Units' means the absolute total shareholder return Restricted Share Units.

'Closely Related Party' has the same meaning as in the Corporations Act.

'Commencement Date' means 1 January in the year the Restricted Share Units are granted (unless modified, where a person becomes an employee or otherwise eligible to receive Restricted Share Units during the Company's financial year), as defined in the LTI Plan.

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

'Director' means a director of the Company.

'Equity Securities' has the same meaning as in the Listing Rules

'Grant Date' means the date the RSUs are granted by the Company.

'Key Management Personnel' means a member of the key management personnel as disclosed in the Remuneration Report.

'Listing Rules' means the listing rules of ASX

'LTI' means long term incentive.

'LTI Plan' means the Long Term Incentive Plan which forms part of the Company's overarching Executive Incentive Remuneration Plan, or any successor or amended plan.

'Meeting' means the Annual General Meeting of Shareholders to be held at Minter Ellison Boardroom, Level 10, 25 Grenfell Street, Adelaide, South Australia on Thursday, 25 May 2017 at 10:00 am (Adelaide time).

'Member' or **'Shareholder'** means each person registered as the holder of a Share.

'Notice' means this Notice of Annual General Meeting.

'Ordinary Resolution' means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

'Plan' means the Company's Executive Incentive Remuneration Plan or any successor or amended plan.

'Remuneration Consultant' means the Company's independent US-based remuneration consultant.

'Resolution' means a resolution referred to in this Notice.

'RSU' means the Restricted Share Units granted under the LTI Plan.

'RTSR Restricted Share Units' means the relative total shareholder return Restricted Share Units.

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

'Special Resolution' means a resolution passed by 75% or more of the votes at a general meeting of Shareholders.

'STI' means short term incentive.

'Sundance' or the **'Company'** means Sundance Energy Australia Limited (ABN 76 112 202 883).

'TBV Restricted Share Units' means the time based vesting Restricted Share Units.

'TSR' means total shareholder return calculated under the LTI Plan.

'VWAP' means volume weighted average market price.


This is a summary only. Refer to the full terms of the LTI Plan, and the terms and conditions of the Restricted Share Units, for more details.





Sundance Energy Australia Limited
ABN 76 112 202 883
28 Greenhill Road
Wayville SA 5034 Australia
Telephone +61 (0)8 8363 0388
Facsimile +61 (0)8 8132 0766
www.sundanceenergy.com.au

Lodge your vote:

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GPO Box 242 Melbourne
Victoria 3001 Australia



Alternatively you can fax your form to
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(custodians) www.intermediaryonline.com

For all enquiries call:
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(outside Australia) +61 3 9415 4000

Proxy Form

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 <p>Vote and view the annual report online</p> <ul style="list-style-type: none"> • Go to www.investorvote.com.au or scan the QR Code with your mobile device. • Follow the instructions on the secure website to vote. 	
<p>Your access information that you will need to vote:</p> <p>Control Number:</p> <p>SRN/HIN:</p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 10:00am (Adelaide time) Tuesday 23 May 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Sundance Energy Australia Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Sundance Energy Australia Limited to be held at the Minter Ellison Boardroom, Level 10, 25 Grenfell Street, Adelaide, South Australia on Thursday 25 May 2017 at 10:00am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 & 4** (except where I/we have indicated a different voting intention below) even though **Items 1 & 4** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1 & 4** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Michael Damer Hannell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Henry Weldon Holcombe as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval to Issue Restricted Share Units to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of 10% Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /