
XCD ENERGY LIMITED

ACN 108 403 425

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Level 1, 35 Outram Street, West Perth WA 6005 on Friday 29 November 2019 at 11.00am (WST)

This Notice of Annual General Meeting 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.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9381 4975.

XCD ENERGY LIMITED

ACN 108 403 425

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of XCD Energy Limited (**Company**) will be held at Level 1, 35 Outram Street, West Perth WA 6005 on Friday 29 November 2019 at 11.00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday 27 November 2019 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 14.

AGENDA

Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 - Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Note: the vote on this Resolution is advisory and does not bind the Directors of the Company.

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or

- (b) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 - Spill Resolution (conditional item)

Condition for Resolution 2

Resolution 2 will be considered at the Meeting only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. The Explanatory Statement further explain the circumstances in which Resolution 2 will be put to the meeting.

Resolution

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

"That, in accordance with section 250V(1) of the Corporations Act and for all other purposes, Shareholders approve the following:

- (a) *the Company holding another meeting of Shareholders within 90 days of this Meeting (**Spill Meeting**);*
- (b) *all Vacating Directors ceasing to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated pursuant to (b) being put to the vote at the Spill Meeting."*

Voting Prohibition

In accordance with section 250BD, 250R and 250V of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

Note: If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw Resolution 2.

3. Resolution 3 - Re-election of Mr Peter Stickland as a Director

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

"That Mr Peter Stickland, who retires by rotation in accordance with Article 7.2 of the Constitution and for all other purposes, being eligible and offering himself for re-election, be re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolutions 4(a) and 4(b) - Ratification of Tranche 1 Placement

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

"That for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of:

- (a) *48,000,000 Shares (Tranche 1 Placement Shares) at an issue price of \$0.01 each, subject to the Shareholders approving Resolution 4(b); and*
- (b) *24,000,000 free attaching Options (Tranche 1 Placement Options), exercisable at \$0.02 each on or before 30 November 2022, subject to the Shareholders approving Resolution 4(a),*

(together Tranche 1 Placement) to the Tranche 1 Participants on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue of the Tranche 1 Placement, or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

5. Resolutions 5(a) and 5(b) - Approval of Tranche 2 Placement

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to:

- (a) *152,000,000 Shares (Tranche 2 Placement Shares) at an issue price of \$0.01 each, subject to the Shareholders approving Resolution 5(b); and*
- (b) *76,000,000 free attaching Options (Tranche 2 Placement Options), exercisable at \$0.02 each on or before 30 November 2022, subject to the Shareholders approving Resolution 5(a),*

(together Tranche 2 Placement) to the Tranche 2 Participants on the terms and conditions set out in the Explanatory Memorandum".

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue of the Tranche 2 Placement or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

6. Resolution 6 - Authority to grant Broker Options

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

"That, subject to Resolutions 4 and 5 being passed, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders authorize and approve the Directors to grant up to 17,500,000 Broker Options each exercisable at \$0.02 on or before 30 November 2022, to the Brokers of the Placement (and/or their nominees) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by the Brokers and their nominees and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

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

7. Resolution 7 - Authority for Mr Peter Stickland to participate in the Tranche 2 Placement

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

"That, subject to Resolution 4 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Peter Stickland (and/or his nominees) to participate in the Tranche 2 Placement to the extent of up to 2,000,000 Tranche 2 Placement Shares each at an issue price of \$0.01 and 1,000,000 Tranche 2 Placement Options each exercisable at \$0.02 on or before 30 November 2022, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by Mr Peter Stickland and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

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

8. Resolution 8 - Authority for Mr Dougal Ferguson to participate in the Tranche 2 Placement

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

"That, subject to Resolution 4 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Dougal Ferguson (or his nominees) to participate in the Tranche 2 Placement to the extent of up to 10,000,000 Tranche 2 Placement Shares each at an issue price of \$0.01 and 5,000,000 Tranche 2 Placement Options each exercisable at \$0.02 on or before 30 November 2022, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by Mr Dougal Ferguson and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

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

9. Resolution 9 - Authority for Mr Anthony Walsh to participate in the Tranche 2 Placement

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

"That, subject to Resolution 4 being passed, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise Mr Anthony Walsh (or his nominees) to participate in the Tranche 2 Placement to the extent of up to 1,500,000 Tranche 2 Placement Shares each at an issue price of \$0.01 and 750,000 Tranche 2 Placement Options each exercisable at \$0.02 on or before 30 November 2022, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by Mr Anthony Walsh and his nominees and any associates of those persons.

However, the Company will not disregard a vote if:

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

10. Resolution 10 - Authority to issue Shares to the Adviser

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

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 10,000,000 Shares to the Adviser (or its nominees) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Adviser and its nominees, and a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder), and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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

11. Resolution 11 - Approval of 10% Placement Facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity 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 Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the 10% Placement Facility issue (except a benefit solely by reason of being a Shareholder), and any associates of those persons.

However, the Company will not disregard a vote if:

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

12. Resolution 12 - Amendment to the Constitution

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

"That, pursuant to and in accordance with section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its Constitution by making the amendment contained in the document tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from the close of the Meeting."

Dated 29 October 2019

BY ORDER OF THE BOARD

Dougal Ferguson
Managing Director

XCD ENERGY LIMITED

ACN 108 403 425

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 1, 35 Outram Street, West Perth WA 6005 on Friday 29 November 2019 at 11.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is enclosed to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolutions 1, 2, 7, 8 or 9 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolutions 1, 2, 7, 8 or 9 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolutions 1, 2, 7, 8 or 9; or
- (b) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to exercise the proxy even if Resolutions 1, 2, 7, 8 or 9 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 1, 2, 7, 8 or 9 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; or
 - (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolutions 1, 2, 7, 8 or 9.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 1, 2, 7, 8 or 9 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website www.xcdenergy.com or by contacting the Company on +61 8 9381 4975.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2019;
- (b) ask questions about, or make comment on, the management of the Company;
- (c) ask questions about, or make comment on, the Remuneration Report;
- (d) ask the auditor questions about:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the Auditor's Report;

- (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report; and
- (b) the conduct of the audit of the Financial Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

Section 250R(3) of the Corporations Act provides that this Resolution is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass this Resolution will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, if at least 25% of the votes cast are voted against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put to shareholders at the second annual general meeting a resolution proposing that another general meeting be held within 90 days, at which all of the Company's Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report would go up for re-election.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about or make comments on the Remuneration Report.

At the Company's 2018 Annual General Meeting the remuneration report was not approved by over 75% of shareholders and accordingly a Spill Resolution (refer to Resolution 2 of this Notice of Meeting) is required at this 2019 Annual General Meeting.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolution 2 - Spill Resolution

If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw Resolution 2.

The Corporations Act requirements for this Resolution 2 to be put to vote are set out in Section 2.

The effect of this Resolution being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**) and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

Resolution 2 is an ordinary resolution.

6. **Resolution 3 - Re-election of Mr Peter Stickland as a Director**

Article 7.2(a) of the Constitution requires that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number). Article 7.5(a) of the Constitution provides that a Director who retires under Article 7.2(a) is eligible for re-election.

Pursuant to the Constitution, Mr Peter Stickland will retire by rotation and, being eligible, seek re-election.

Mr Stickland has over 25 years global experience in oil and gas exploration. He was the CEO and then Managing Director of Melbana from 2014 until early 2018 during which time he led the restructuring of the company and secured the Block 9 PSC in Cuba. Mr Stickland was also CEO and then Managing Director of Tap Oil Limited (ASX: TAP) from 2008 until late 2010 during which time he oversaw the evolution of the company into a South East Asia/Australia focused E&P Company. Earlier, Mr Stickland had a successful career with BHP Billiton including a range of technical and management roles. Peter is an Honorary Life Member of the Australian Petroleum Production and Exploration Association Limited (APPEA) and was a member of the APPEA Board from 2009 to 2017.

The Board (other than Mr Stickland) believes that Mr Stickland has performed the duties and responsibilities of a Director diligently and professionally, in the best interests of all Shareholders.

The Board (other than Mr Stickland) unanimously supports the re-election of Mr Stickland.

Resolution 3 is an ordinary resolution.

7. **Resolutions 4(a) and 4(b) - Ratification of Tranche 1 Placement**

7.1 **General**

On or about 1 November 2019, the Company issued 48,000,000 Shares (**Tranche 1 Placement Shares**) at an issue price of \$0.01 each and agreed to issue 24,000,000 free attaching Options (**Tranche 1 Placement Options**), exercisable at \$0.02 each on

or before 30 November 2022 (together, the **Tranche 1 Placement**). The Placement was managed by Nascent Capital Partners and Originate Capital.

The funds raised from the issue of the Tranche 1 Placement will be used to advance exploration on the Company's Alaskan projects and to provide general working capital for the business and administration costs (including the costs of the Tranche 1 Placement).

The Placement Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 without the need for Shareholder approval.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) the issue of those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

Resolutions 4(a) and 4(b) seek Shareholder approval to ratify the prior issue of the Tranche 1 Placement pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolutions 4(a) and 4(b) will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months without the requirement to obtain prior Shareholder approval.

Resolution 4(a) is conditional on and subject to Shareholders passing Resolution 4(b).

Resolution 4(b) is conditional on and subject to Shareholders passing Resolution 4(a).

The resolutions that form Resolution 4 are ordinary resolutions.

7.2 Specific Information Required by Listing Rule 7.5

For the purposes of Listing Rule 7.5, information regarding the issue of the Tranche 1 Placement is provided as follows:

- (a) A total of 48,000,000 Shares and 24,000,000 free attaching Options were issued by the Company on or about 1 November 2019.
- (b) The Tranche 1 Placement Shares were issued at an issue price of \$0.01 per Share to raise \$480,000 (before costs). The funds raised from the issue of the Placement Shares will be used for the purposes set out in Section 7.1 above.
- (c) The Tranche 1 Placement Options were issued for nil cash consideration as they were issued as free-attaching to the Tranche 1 Placement Shares issued.
- (d) The Placement Shares are fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company and the Tranche 1 Placement Options will be exercisable at \$0.02 each on or before 30 November 2022, and will otherwise be issued on the terms and conditions set out in Schedule 1.

- (e) The Tranche 1 Placement Shares and Tranche 1 Placement Options were issued to various sophisticated and professional investors, none of whom is a related party of the Company, introduced to the Company by the Brokers.
 - (f) A voting exclusion statement is included in the Notice.
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8. Resolutions 5(a) and 5(b) - Approval of Tranche 2 Placement

8.1 General

As announced on 23 October 2019, the Company intends to issue a further 152,000,000 Shares (**Tranche 2 Placement Shares**) at an issue price of \$0.01 each and 76,000,000 free attaching Options (**Tranche 2 Placement Options**), exercisable at \$0.02 each on or before 30 November 2022 (together **Tranche 2 Placement**).

The funds raised from the issue of the Tranche 2 Placement will be used for the purposes set out in Section 7.1.

A summary of Listing Rule 7.1 is provided in Section 7.1.

Given the Tranche 2 Placement to be issued under Resolutions 5(a) and 5(b) will exceed the 15% threshold set out in Listing Rule 7.1, and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolutions 5(a) and 5(b) seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Tranche 2 Placement.

Resolution 5(a) is conditional on and subject to Shareholders passing Resolution 5(b).

Resolution 5(b) is conditional on and subject to Shareholders passing Resolution 5(a).

Resolutions 5(a) and 5(b) are an ordinary resolution.

8.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3 information regarding the issue of the Tranche 2 Placement is provided as follows:

- (a) The maximum number of securities the Company will issue is 152,000,000 Shares and 76,000,000 free attaching Options pursuant to the Tranche 2 Placement.
- (b) The Tranche 2 Placement Shares will be issued at \$0.01 each. The Placement Options are free-attaching to the Placement Shares issued and therefore will be issued at an issue price of nil.
- (c) The Tranche 2 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue, and the Tranche 2 Placement Options will be exercisable at \$0.02 each on or before 30 November 2022, and will otherwise be issued on the terms and conditions set out in Schedule 1.
- (d) The Tranche 2 Placement Shares and Tranche 2 Placement Options will be issued to sophisticated and professional investors, none of who will be related parties of the Company.

- (e) The Company will issue the Tranche 2 Placement Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules) and it is intended that all of the Tranche 2 Placement Shares will be issued on the same date.
- (f) The funds raised from the issue of the Tranche 2 Placement Shares will be used for the purposes set out in Section 7.1. No funds will be raised from the issue of the Tranche 2 Placement Options as they are free-attaching to the Tranche 2 Placement Shares.
- (g) A voting exclusion statement is included in the Notice.

9. Resolution 6 - Authority to grant Broker Options

9.1 General

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 17,500,000 Options (**Broker Options**) to parties who have assisted in placing the Tranche 1 Placement Shares, and will assist in the placing of the Tranche 2 Placement Shares (**Brokers**) (or their nominees).

The Company has agreed (subject to Shareholder approval) to issue the Brokers (or their nominees) the Broker Options in part consideration for facilitating the Tranche 1 Placement and the Tranche 2 Placement (together the **Capital Raising**) as announced on 23 October 2019. The Company only intends to issue the Broker Options to the Brokers if the Capital Raising is fully subscribed for.

Resolution 6 is an ordinary resolution and is subject to Resolution 6 being passed.

9.2 Specific information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the grant of the Broker Options is provided as follows:

- (a) The maximum number of Broker Options the Company will grant to the Brokers (or their nominees) is 17,500,000.
- (b) The Company will grant the Broker Options no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Broker Options will be granted as part of the fee payable to the Brokers for assisting in placing the Tranche 1 Placement Shares and the Tranche 2 Placement Shares and accordingly no funds will be raised from the grant of the Broker Options.
- (d) The Broker Options will be issued to Nascent Capital Partners and Originate Capital (or their nominees), who are not related parties of the Company.
- (e) The Broker Options will each be exercisable at \$0.02 on or before 30 November 2022, and will otherwise have the terms and conditions set out in Schedule 2. The Broker Options will be subject to a six-month period of voluntary escrow.
- (f) The grant of the Broker Options may occur progressively subject to Section 9.2(b).

- (g) A voting exclusion statement is included in the Notice.

10. Resolutions 7 to 9 - Authority for the Directors to participate in the Tranche 2 Placement

10.1 General

- (a) It is proposed that each of the Directors and/or their nominees, participate in the Placement by subscribing for up to a total of 13,500,000 Shares at an issue price of \$0.01 each (**Director Placement Shares**) together with 6,750,000 Placement Options (**Director Placement Options**) granted as free attaching Options on the basis of one Placement Option for every two Shares subscribed for. Further details of the Placement are set out in Section 7.1.
- (b) Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Each of the Directors is a related party of the Company by virtue of being a Director. Therefore, approval is required under Listing Rule 10.11 for the issue of the Director Placement Shares and Director Placement Options (together the **Director Placement Securities**) to them.

Resolutions 7 to 9 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Director Placement Securities to the Directors. If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

Furthermore, Shareholder approval of the issue of the Director Placement Securities means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 7 to 9 are ordinary resolutions.

10.2 Specific information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Director Placement Securities is provided as follows:

- (a) The maximum number of Securities to be issued to the Directors (or their nominees) is:
- (i) Mr Peter Stickland - up to 2,000,000 Shares and 1,000,000 Placement Options;
 - (ii) Mr Dougal Ferguson - up to 10,000,000 Shares and 5,000,000 Placement Options; and
 - (iii) Mr Anthony Walsh - up to 1,500,000 Shares and 750,000 Placement Options.
- (b) The Director Placement Securities will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all of the Director Placement Securities will be issued on the same date.
- (c) Each of the Directors is a related party of the Company by virtue of being a Director.

- (d) The Director Placement Shares will be issued at an issue price of \$0.01 each and the Director Placement Options will be granted as free attaching Options on the basis of one Placement Option for every two Shares subscribed for.
- (e) The Director Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The Director Placement Options will each be exercisable at \$0.02 on or before 30 November 2022, and will otherwise have the terms and conditions set out in Schedule 1.
- (g) The funds raised from the issue of the Director Placement Securities will be aggregated with and used for the same purpose as the funds raised from the Placement.
- (h) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.
- (i) A voting exclusion statement is included in the Notice.

11. Resolution 10 - Approval to issue Shares to the Adviser

11.1 Background

The Company has appointed Stocks Digital as its marketing adviser (**Adviser**). The Company has agreed, subject to Shareholder approval, to issue the Adviser 10,000,000 Shares in lieu of fees payable to the Adviser for providing marketing consultancy services to the Company.

The Shares will be issued at \$0.01 each in satisfaction of \$100,000 of fees payable to the Adviser for marketing services over the next 12 months. The Shares issued to the Adviser will be subject to voluntary escrow as follows:

- (a) 2,500,000 will be escrowed until 31 March 2020;
- (b) 2,500,000 shares will be escrowed until 30 June 2020; and
- (c) 5,000,000 will be escrowed until 31 December 2020.

Resolution 10 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 10,000,000 Shares to the Adviser (or its nominees) in lieu of fees payable to the Adviser for providing marketing consultancy services to the Company. If Shareholders do not approve Resolution 10 then the Company will be required to pay the Adviser's marketing consultancy fees in cash monthly in arrears.

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

The effect of Shareholders passing Resolution 10 will be to allow the Company to issue 10,000,000 Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX) without using the Company's 15% annual placement capacity.

Resolution 10 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 10.

11.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3 information regarding the issue of Securities under Resolution 6 is provided as follows.

- (a) The maximum number of Securities to be issued under Resolution 10 is 10,000,000 Shares.
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Shares will be issued for nil cash consideration as part of the fees payable to the Adviser for marketing consultancy services provided to the Company. Accordingly, no funds will be raised from the issue of the Shares and it is intended that the issue of the Shares will occur shortly after the Meeting.
- (d) The Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on Issue.
- (e) The Shares will be issued to the Adviser (or its nominees) who is not a related party the Company.
- (f) the Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (g) A voting exclusion statement is included in the Notice.

12. Resolution 11 - Approval of 10% Placement Facility

12.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

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.

While the Company has no current intention to use the 10% Placement Facility, the Company is seeking Shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility.

If Shareholders approve Resolution 11 the number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 12.2(c) below).

The Directors of the Company believe that this Resolution is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

12.2 Description of Listing Rule 7.1A

- (a) Shareholder approval

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

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has only one class of quoted Equity Securities, being Shares (ASX Code: XCD).

(c) Formula for calculating 10% Placement Facility

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:

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

Where:

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

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under 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;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in 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 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 Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

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

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the

Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 12.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same 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 Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the 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 (disposal of main undertaking),

(10% Placement Period).

12.3 Listing Rule 7.1A

The effect of Resolution 11 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 11 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

12.4 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 Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of Equity Securities in the same 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 Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 11 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. 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 Meeting; and
- (ii) the Equity Securities issued under the 10% Placement Facility 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 the 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 shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities as at the date of this Meeting for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues 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 Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A2		Dilution		
		\$0.005 50% decrease in Issue Price	\$0.01 Issue Price	\$0.02 100% increase in Issue Price
Current Variable A 537,728,934 Shares	10% voting dilution	53,772,893	53,772,893	53,772,893
	Funds raised	\$268,864	\$537,729	\$1,075,458
50% increase in current Variable A 806,593,401 Shares	10% voting dilution	80,659,340	80,659,340	80,659,340
	Funds raised	\$403,297	\$806,593	\$1,613,187

100% increase in current Variable A 1,075,457,868 Shares	10% voting dilution	107,545,787	107,545,787	107,545,787
	Funds raised	\$537,729	\$1,075,458	\$2,150,916

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Options 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 Facility, 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.
 - (vi) The issue of Equity Securities under the 10% Placement Facility 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 \$0.01, being the closing price of the Shares on ASX of \$0.01 on 23 October 2019.
 - (viii) The Tranche 1 Placement Shares (48 million shares) have been included Variable A for the purposes of this table.
- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 11 for the issue of Equity Securities pursuant to the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration in relation to the acquisition of new oil and gas 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
 - (ii) cash consideration. In such circumstances, the Company intends to use funds raised towards the ongoing costs associated with the exploration of its existing projects and to investigate additional

acquisitions to complement these projects. Funds raised will be used to meet cash payments in connection with these projects or any additional acquisitions, while also being used to fund subsequent exploration activities associated with any new acquisitions.

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

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the recipients of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

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

Further, if the Company is successful in acquiring new oil and gas assets or investments, it is likely that the recipients under the 10% Placement Facility will be the vendors of the new oil and gas assets or investments.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the Company's 2017 AGM.
- (g) In the 12 months preceding the date of this Meeting, the Company issued a total of 233,000,000 Shares, being made up of 185,000,000 shares issued on 15 April 2019 to acquire Emerald House LLC and 48,000,000 issued on or about 1 November 2019 to raise \$480,000 (before costs) which in total represents an increase of approximately 76.5% of the total shares on issue 12 months prior to the date of this Meeting. Further details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in Schedule 3.
- (h) The Company's cash balance on 30 September 2019 was approximately \$1.3 million. No cash has been raised from issues in the previous 12 months other than the \$480,000 referred to above. The Company's cash balance at the date of this Notice is approximately \$1.7 million including the \$480,000 referred to above. Approximately \$1.2 million has been expended in the previous 12 months in relation to exploration and evaluation of the Company's existing projects, leasing of petroleum permits, evaluating new projects and for general and administrative expenses. The Company's remaining funds are intended to be applied to expenditure on the Company's existing projects and any new projects and for general working capital.

- (i) 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.

13. Resolution 12 - Amendment to the Constitution

13.1 General

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 12 seeks the approval of Shareholders to modify the Company's Constitution as set out in Section 13.2 below.

A copy of the amended constitution is available for review by Shareholders at the office of the Company. A copy of the amended constitution can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 12 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 12.

13.2 Proposed amendment

(a) Restricted Securities

ASX is proposing to introduce a number of changes to the escrow regime in the Listing Rules in December 2019 to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient for issuers and for ASX.

Amongst these, ASX is proposing to introduce a two-tier escrow regime where ASX can and will require certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of restricted securities and to simply give a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions.

Accordingly, the Company is seeking Shareholder approval to amend the Constitution to meet the requirements of proposed amended Listing Rules 9 and 15.12 as follows:

Insert the following new defined terms in Article 1.1:

'Dispose has the meaning given to that term in the Listing Rules and Disposal has the corresponding meaning.'

"Restricted Securities has the meaning given to it by the Listing Rules."

Amend the definition of 'Restriction Agreement' in Article 1.1 to the following:

'Restriction Agreement or Restriction Deed means a restriction deed in a form prescribed by the Listing Rules or otherwise approved by a Stock Exchange.'

Insert new Article 2.7:

"2.7 Restricted Securities

- (a) *While the Company is on the official list of ASX, the Company must recognise and comply with the Listing Rules with respect to Restricted Securities.*
- (b) *Notwithstanding the generality of article 2.7(a):*
 - (i) *a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX;*
 - (ii) *if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*
 - (iii) *the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer), of Restricted Securities during the escrow period except as permitted by the Listing Rules or the ASX;*
 - (iv) *a holder of Restricted Securities will not be entitled to participate in any return of capital on those Restricted Securities during the escrow period applicable to those Restricted Securities except as permitted by the Listing Rules or ASX; and*
 - (v) *if a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those Restricted Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Restricted Securities for so long as the breach continues."*

14. Definitions

In this Notice, words importing the singular include the plural and vice versa.

10% Placement Facility has the meaning given in Section 12.1.

10% Placement Period has the meaning given in Section 12.2(f).

Adviser means the business trading as Stocks Digital.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2019.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Brokers means Nascent Capital Partners and Originate Capital.

Broker Options has the meaning given in Section 9.1.

Capital Raising means the Tranche 1 Placement and the Tranche 2 Placement.

Chair or Chairman means the person appointed to chair the Meeting.

Closely Related Party has the meaning in section 9 of the Corporations Act.

Company or XCD means XCD Energy Limited ACN 108 403 425.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Placement Options means the unquoted Options with an exercise price of \$0.02 on or before the date that is three years from the date of issue, on the terms set out in Schedule 2.

Director Placement Securities has the meaning given in Section 10.1.

Director Placement Shares has the meaning given in Section 10.1.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

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

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share.

Placement Options means the Tranche 1 Placement Options and the Tranche 2 Placement Options.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Security means a Share or Option.

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

Shareholder means a shareholder of the Company.

Spill Meeting has the meaning given in Section 5.

Tranche 1 Participants means various sophisticated and professional investors, none of whom is a related party of the Company, introduced to the Company by the Brokers.

Tranche 1 Placement has the meaning given in Section 7.

Tranche 1 Placement Options means the 24,000,000 unquoted Options issued on or about 1 November 2019 to the Tranche 1 Participants under the Tranche 1 Placement on the terms and conditions set out in Schedule 1, which are the subject of Resolution 4(b).

Tranche 1 Placement Shares means the 48,000,000 Shares issued to the Tranche 1 Placement Participants.

Tranche 2 Participants means various sophisticated and professional investors, none of whom is a related party of the Company, introduced to the Company by the Brokers.

Tranche 2 Placement has the meaning given in Section 8.

Tranche 2 Placement Options means the 76,000,000 unquoted Options to be issued to the Tranche 2 Participants under the Tranche 2 Placement on the terms and conditions set out in Schedule 1, which are the subject of Resolution 5(b).

Tranche 2 Placement Shares means the 152,000,000 Shares issued to the Tranche 2 Placement Participants.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Vacating Directors means the Directors who were directors of the Company when the resolution to make the Director's Report considered at the Meeting was passed, other than the managing director at that time (if any).

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 - Key terms and conditions of the Placement Options

The terms of the Placement Options are as follows:

1. **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **(Issue Price):** No cash consideration is payable for the issue of the Options.
3. **(Exercise Price):** The Options have an exercise price of \$0.02 per Option (**Exercise Price**).
4. **(Expiry Date):** The Options expire at 5:00pm (WST) on 30 November 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. **(Quotation of the Options):** The Company will not immediately apply for quotation of the Options on ASX, but intends to seek quotation of the Options following the completion of the Tranche 2 Placement, subject to the Listing Rules and Corporations Act. In the event that the Company is unable to successfully apply for quotation of the Options, the Options will remain unquoted.
7. **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company or subject to the Company successfully applying for quotation of the Options.
8. **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

9. **(Timing of issue of Shares on exercise):** Within 5 Business Days after the later of the following:
 - (a) the Exercise Date; and
 - (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (c) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

- (e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under paragraph 9(d) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company or until 12 months has elapsed from the date of issue of the Shares, whichever is the shorter.

- 10. **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- 11. **(Quotation of Shares on exercise):** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
- 12. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- 13. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- 14. **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.

Schedule 2 - Key terms and conditions of the Broker Options

The terms of the Broker Options are as follows:

1. **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **(Issue Price):** No cash consideration is payable for the issue of the Options.
3. **(Exercise Price):** The Options have an exercise price of \$0.02 per Option (**Exercise Price**).
4. **(Expiry Date):** The Options expire at 5:00pm (WST) on 30 November 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. **(Quotation of the Options):** The Company will not immediately apply for quotation of the Options on ASX, but intends to seek quotation of the Options following the completion of the Tranche 2 Placement, subject to the Listing Rules and Corporations Act. In the event that the Company is unable to successfully apply for quotation of the Options, the Options will remain unquoted.
7. **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company or subject to the Company successfully applying for quotation of the Options.
8. **The Broker Options** will be subject to a six month period of voluntary escrow.
9. **(Notice of Exercise):** The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

10. **(Timing of issue of Shares on exercise):** Within 5 Business Days after the later of the following:
 - (a) the Exercise Date; and
 - (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (c) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

- (e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under paragraph 9(d) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company or until 12 months has elapsed from the date of issue of the Shares, whichever is the shorter.

- 11. **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- 12. **(Quotation of Shares on exercise):** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
- 13. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- 14. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- 15. **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.

Schedule 3 - Securities issued in the previous 12 months

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of the Meeting are set out in the table below:

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount to Market Price ¹ (if applicable)	Consideration, Use of Funds and Current Value ² as at the date of this Notice
04/12/2018	3,000,000	Unquoted Options ⁵	Peter Stickland (or his nominees), as approved at the Shareholders' meeting on 30 November 2018	Nil issue price (nil cash consideration)	<p>The issue of sign-on options to Mr Stickland is to encourage Mr Stickland to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share Ownership.</p> <p>Current Value: \$4,153</p>
04/12/2018	2,000,000	Unquoted Options ³	Nerida Schmidt (or her nominees), as approved at the Shareholders' meeting on 30 November 2018	Nil issue price (nil cash consideration)	<p>The grant and issue of Incentive Options recognizes the contributions of the Previous Director and encourages Ms Schmidt as a continuing consultant and officer to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share Ownership.</p> <p>Current Value: \$3,984</p>

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount to Market Price ¹ (if applicable)	Consideration, Use of Funds and Current Value ² as at the date of this Notice
04/12/2018	2,000,000	Unquoted Options ⁴	Consultants under the Company's Employee Equity Incentive Plan approved at the 2018 annual general meeting.	Nil issue price (nil cash consideration).	Performance based remuneration for services provided to the Company. Current Value: \$3,984
15/04/2019	185,000,000	Shares	Holders of Convertible Preference Shares.	Nil issue price (nil cash consideration).	Nil cash consideration. Conversion of Preference Shares. The Shares were issued as part consideration pursuant to the binding term sheet dated 29 November 2018 between the Company, Elixir, Elixir Petroleum (Colorado) Inc. and Emerald House granting the Company an exclusive option to acquire, through the acquisition of Emerald House, a wholly owned subsidiary of Elixir, Elixir's Alaskan portfolio along a highly prospective trend on the Alaskan north slope. Current Value: \$1.85 million

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount to Market Price ¹ (if applicable)	Consideration, Use of Funds and Current Value ² as at the date of this Notice
05/08/2019	20,000,000	Performance Rights ⁵	Mr Dougal Ferguson, as part of Mr Ferguson's employment contract and approved at the Shareholders' meeting on 1 August 2019.	Nil issue price (nil cash consideration).	Performance-based remuneration for services to be provided to the Company as Managing Director. Current Value: Nil (based on none of the hurdles yet being met).
30/10/2019	48,000,000	Shares	Sophisticated and professional investors under the Placement.	\$0.01 per Share, representing a premium of 11% to the Market Price on the date of this Notice.	\$480,000 (before costs) was raised, of which none has been expended, but which is intended be spent on exploration of the Alaskan Leases and working capital requirements.
30/10/2019	24,000,000	Unquoted Options	Sophisticated and professional investors under the Placement	Nil issue price. The options are free-attaching to the Tranche 1 Placement Shares.	Nil cash consideration. Current Value: \$119,381

Notes:

1. "Market Price" means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. In respect of quoted Equity Securities the current value is based on the closing price of the Shares (\$0.01) on ASX on 23 October 2019. The value of unquoted Equity Securities (unquoted Options and Performance Rights) is measured using the Black & Scholes pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Equity Security, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend

yield and the risk-free interest rate for the term of the Equity Security. No account is taken of any performance conditions included in the terms of the Equity Security other than market-based performance conditions (i.e. conditions linked to the price of Shares).

3. Unquoted Options exercisable at \$0.048 each on or before 4 December 2021.
4. Unquoted Options exercisable at \$0.048 each on or before 4 December 2021.
5. Comprised of:
 - a. 5,000,000 Class A Performance Rights vesting and converting into Shares upon milestone A as set out in the notice of general meeting dated 1 August 2019; and
 - b. 5,000,000 Class B Performance Rights vesting and converting into Shares upon milestone B as set out in the notice of general meeting dated 1 August 2019;
 - c. 5,000,000 Class C Performance Rights vesting and converting into Shares upon milestone C as set out in the notice of general meeting dated 1 August 2019; and
 - d. 5,000,000 Class D Performance Rights vesting and converting into Shares upon milestone D as set out in the notice of general meeting dated 1 August 2019.

XCD Energy Limited

ABN 43 108 403 425

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (WST)** **Wednesday 27 November 2019**

Proxy Form

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

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 103288

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of XCD Energy 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 XCD Energy Limited to be held at Level 1, 35 Outram Street, West Perth, Western Australia on Friday, 29 November 2019 at 11:00am (WST) 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 Resolutions 1 and 2 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 2 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception Resolution 2 where the Chairman of the Meeting intends to vote against.

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 Resolutions 1 and 2 by marking the appropriate box in step 2.

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		For	Against	Abstain	
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	Authority for Mr Peter Stickland to participate in the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Spill Resolution (conditional item)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	Authority for Mr Dougal Ferguson to participate in the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-election of Mr Peter Stickland as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	Authority for Mr Anthony Walsh to participate in the Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4a	Ratification of Tranche 1 Placement- Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Authority to issue Shares to the Adviser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4b	Ratification of Tranche 1 Placement- Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5a	Approval of Tranche 2 Placement- Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12	Amendment to the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5b	Approval of Tranche 2 Placement- Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
6	Authority to grant Broker Options	<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 with the exception of Resolution 2 where the Chairman of the Meeting intends to vote against. 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.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

