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**BROOKSIDE ENERGY LIMITED****ACN 108 787 720****NOTICE OF GENERAL MEETING**

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**TIME:** 10:00am WST

**DATE:** 28 March 2017

**PLACE:** Suite 9, 330 Churchill Avenue  
Subiaco WA 6008

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6489 1600.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10:00am (WST) on Tuesday the 28<sup>th</sup> of March 2017 at:

Suite 9, 330 Churchill Avenue, Subiaco, Western Australia.

### Your vote is important

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

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am (WST) on Sunday the 26<sup>th</sup> of March 2017.

### Voting in person

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

### Voting by proxy

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

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

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

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

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

Further details on these changes are set out below.

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

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

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

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

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

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

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – SHARES – ASX LISTING RULE 7.1

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 22,500,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

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#### 2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – SHARES – ASX LISTING RULE 7.1A

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 67,500,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

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#### 3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – OPTIONS – ASX LISTING RULE 7.1

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 82,500,000 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

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#### 4. RESOLUTION 4 – ISSUE OF OPTIONS TO BROKERS

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 the allotment and issue of 16,000,000 Broker Options on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

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#### 5. RESOLUTION 5 – ISSUE OF OPTIONS TO ADVISERS

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 the allotment and issue of 11,500,000 Adviser Options on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

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#### 6. RESOLUTION 6 – ISSUE OF UNLISTED OPTIONS TO DAVID PRENTICE

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

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 15,000,000 unlisted Director Options to David Prentice (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by David Prentice (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

**Voting Prohibition Statement:**

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

- (a) the proxy is either:

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

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 7. RESOLUTION 7 – ISSUE OF UNLISTED OPTIONS TO MICHAEL FRY

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

*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,000,000 unlisted Director Options to Michael Fry (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Michael Fry (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Dated:** 22 February 2017

**BY ORDER OF THE BOARD**

  
**Michael Fry**  
Chairman

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## EXPLANATORY STATEMENT

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

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### 1. BACKGROUND

On 25 January 2017 the Company announced a placement of a total of 165,000,000 new fully paid ordinary shares (**Shares**) at an issue price of \$0.012 to raise A\$1,980,000 (before costs of the issue) (**Placement**). The Placement of Shares would also be accompanied by one free attaching listed option (**Options**) (exercisable on or before December 31, 2018 at \$0.02) for every two new shares issued under the Placement.

On 3 February 2017, the Company announced that it had finalised the issue of securities using the following ASX Listing Rules:

- (a) having obtained Shareholder approval at the Company's 11 January 2017 General Meeting, the Company issued 75,000,000 of the Shares under ASX Listing Rule 7.3;
- (b) 82,500,000 Options and 22,500,000 Placement Shares were issued using the Company's placement capacity under ASX Listing Rule 7.1; and
- (c) 67,500,000 Shares were issued using the Company's placement capacity under ASX Listing Rule 7.1A.

Resolutions 1 to 5 in this Notice of Meeting all relate to the capital raising as follows:

- Resolution 1 - seeks the ratification of the issue of the Shares issued under the Placement, issued under the Company's placement capacities under Listing Rules 7.1.
- Resolution 2 - seeks the ratification of the issue of the Shares issued under the Placement, issued under the Company's placement capacities under Listing Rules 7.1A.
- Resolution 3 - seeks the ratification of the issue of the Options issued under the Placement, issued under the Company's placement capacities under Listing Rules 7.1.
- Resolution 4 - seeks approval from Shareholders for the Company to issue 16,000,000 Broker Options to various brokers (or their nominees) for their ongoing role in capital raising advice and support for the Company including their role in assisting the Company with the completion of the Placement.
- Resolution 5 - seeks approval from Shareholders for the Company to issue 11,500,000 Adviser Options to an adviser (or their nominees) for their ongoing role in corporate advisory support for the Company including their role in managing the Placement.



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## **2. RESOLUTIONS 1, 2 AND 3 – RATIFICATION OF PRIOR ISSUE – SHARES AND OPTIONS**

### **2.1 General**

As outlined in Section 1 above, Resolutions 1, 2 and 3 seek the ratification of the prior issue of 90,000,000 Shares issued pursuant to the Placement at an issue price of \$0.012 per Share to raise \$1,980,000 and 82,500,000 free attaching Options issued under the Company's placement capacities under Listing Rules 7.1 and 7.1A.

Resolutions 1, 2 and 3 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

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

ASX Listing Rule 7.1A further provides that a company may seek approval at its annual general meeting to issue up to a further 10% of the number of fully paid ordinary securities on issue at the commencement of the 12-month period commencing on the annual general meeting date. The Company received approval under Listing Rule 7.1A at its annual general meeting on 30 May 2016.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rules 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rules 7.1 or 7.1A (and provided that the previous issue did not breach ASX Listing Rules 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rules 7.1 or 7.1A (as appropriate).

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 or a further 10% under Listing Rule 7.1A until the Company's next annual general meeting without the requirement to obtain prior Shareholder approval.

### **2.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolutions 1, 2 and 3:

- (a) The securities were issued on the following basis:
  - (i) 22,500,000 Shares issued pursuant to ASX Listing Rule 7.1;
  - (ii) 67,500,000 Shares issued pursuant to ASX Listing Rule 7.1A; and
  - (iii) 82,500,000 Options issued pursuant to ASX Listing Rule 7.1;
- (b) the issue price for the Shares were as follows:
  - (i) 22,500,000 Shares were issued at \$0.012 per Share;
  - (ii) 67,500,000 Shares were issued at \$0.012 per Share; and
  - (iii) 82,500,000 Options were issued for nil consideration as free attaching options;

- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Options issued were all listed Options of the Company issued on the same terms and conditions as the Company's existing Options;
- (e) the Shares and Options were issued to sophisticated and professional investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act. None of these subscribers are related parties of the Company; and
- (f) the funds raised from the Capital Raising after costs of the raising are being used to fund BRK Oklahoma's ongoing leasing and acquisition activities in the core of the STACK Play in Oklahoma and for general working capital.

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### **3. RESOLUTION 4 – ISSUE OF OPTIONS TO BROKERS**

#### **3.1 General**

Resolution 4 seeks Shareholder approval for the allotment and issue of 16,000,000 Options (**Broker Options**) to various Brokers (or their nominees) for ongoing capital raising advice and support including their role in assisting the Company with the completion of the Placement as managed by Cicero Advisory Services Pty Ltd (**CAS**).

A summary of ASX Listing Rule 7.1 is set out in Section 2.1.

The effect of Resolution 4 will be to allow the Company to issue the Broker Options 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.

#### **3.2 Technical information required by ASX Listing Rule 7.1**

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

- (a) the maximum number of Options to be issued is 16,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for no cash, as they are being issued as part consideration for the assistance of selected brokers for ongoing capital raising advice and support;
- (d) the Options will be allotted and issued to various Brokers, or their nominees;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (a) no funds will be raised from the issue of these Options.

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## 4. RESOLUTION 5 – ISSUE OF OPTIONS TO ADVISERS

### 4.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of 11,500,000 Options (**Advisers Options**) to Cicero Advisory Services Pty Ltd (**CAS**) (or its nominees) for their ongoing role in corporate advisory support for the Company including their role in assisting the Company with the completion of the Placement.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1.

The effect of Resolution 5 will be to allow the Company to issue the Adviser Options 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.

### 4.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Options to be issued is 11,500,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for no cash, as they are being issued as part consideration for the assistance of selected brokers for ongoing capital raising advice and support;
- (d) the Options will be allotted and issued to CAS, or its nominees;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue of these Options.

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## 5. RESOLUTIONS 6 AND 7 – ISSUE OF UNLISTED OPTIONS TO DIRECTORS

### 5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to grant a total of 25,000,000 unlisted Options (**Director Options**) to David Prentice and Michael Fry (**Related Parties**), on the terms and conditions set out below.

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

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

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

The grant of the Director Options constitutes the giving of a financial benefit, and Messrs Prentice and Fry are related parties of the Company by virtue of being Directors.

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

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

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

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

- (a) the related parties are Messrs Prentice and Fry and they are related parties by virtue of being Directors of the Company;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 15,000,000 Director Options to David Prentice; and
  - (ii) 10,000,000 Director Options to Michael Fry;
- (c) the Director Options will be granted to the Related Parties no later than one (1) month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 2;
- (f) the value of the Director Options and the pricing methodology is set out in Schedule 3;

- (g) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares	Listed Options <sup>1</sup>	Unlisted Options <sup>2</sup>
David Prentice	1,437,372	40,000,000	-
Michael Fry	1,542,870	26,274,924	-

<sup>1</sup> Exercisable on or before December 31, 2018 at \$0.02.

<sup>2</sup> Exercisable on or before December 31, 2020 at \$0.03.

- (h) the remuneration and emoluments from the Company for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
David Prentice	150,000	150,000
Michael Fry	45,000	45,000

- (i) if the Director Options granted to the Related Parties are exercised, a total of 25,000,000 Shares would be issued. This will increase the number of Shares on issue from 790,000,000 to 815,000,000 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 3.16%. The issue of Shares upon exercise of Director Options issued to each of the Related Parties will dilute the shareholding of existing Shareholders by the following percentages: 1.9% by David Prentice and 1.26% by Michael Fry.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
<b>Highest</b>	\$0.019	20 February 2017
<b>Lowest</b>	\$0.007	26 May 2016
<b>Last</b>	\$0.017	20 February 2017

- (j) the primary purpose of the grant of Director Options to Mr Prentice and Mr Fry is to provide cost effective consideration to Mr Prentice and Mr Fry for their ongoing commitment and contribution to the Company and to align their interests with those of the Shareholders. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;

- (k) David Prentice declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that Mr Prentice is to be granted Director Options should Resolution 6 be passed. The other Directors, who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6. The Board (other than David Prentice) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (l) Michael Fry declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that Mr Fry is to be granted Director Options should Resolution 7 be passed. The other Directors, who do not have a material interest in the outcome of Resolution 7, recommend that Shareholders vote in favour of Resolution 7. The Board (other than Michael Fry) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (m) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Director Options to be granted as well as the exercise price and expiry date of those Director Options.

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

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## GLOSSARY

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**\$** means Australian dollars.

**Advisor Options** has the meaning given to that term in Section 4.1.

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

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

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

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

**Broker** means various stock brokers who participated in the Placement as managed by CAS.

**Broker Options** has the meaning given to that term in Section 3.1.

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

**CAS** means Cicero Advisory Services Pty Ltd (ACN 166 321 393) is Corporate Authorised Representative (No. 449190) of ACN 608 646 251 Pty Ltd (ACN 608 646 251 and AFSL 482173).

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

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Brookside Energy Limited (ACN 108 787 720).

**Constitution** means the Company's constitution.

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

**Director Options** means the unlisted Options proposed to be issued to Messrs Prentice and Fry subject to Shareholder approval of Resolution 6.

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

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

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

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

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

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

**Placement** has the meaning given to that term in Section 1

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

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

**Schedule** means a schedule to this Notice.

**Section** means a section of the Explanatory Statement.

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

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

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



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## SCHEDULE 1 – TERMS AND CONDITIONS OF LISTED OPTIONS

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(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 December 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

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

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued 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.

(j) **Reconstruction of capital**

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

(k) **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.

(l) **Change in exercise price**

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

(a) **Quoted**

The Company will apply for quotation of the Options on ASX.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF UNLISTED OPTIONS

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(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 December 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

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

If a notice delivered under (g)(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued 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.

(j) **Reconstruction of capital**

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

(k) **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.

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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### **SCHEDULE 3 – VALUATION OF UNLISTED DIRECTOR OPTIONS**

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The unlisted Director Options to be issued to Messrs Prentice and Fry pursuant to Resolutions 6 and 7 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the unlisted Director Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	20 February 2017
Market price of Shares	\$0.015
Exercise price	\$0.03
Expiry date (length of time from issue)	3.78
Risk free interest rate	1.57% (3-year Commonwealth Bonds)
Volatility (discount)	
<b>Indicative value per Related Party Option</b>	\$0.00299
<b>Total Value of Related Party Options</b>	
- <i>David Prentice</i>	\$44,842.45
- <i>Michael Fry</i>	\$29,894.97

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

**PROXY FORM**

**BROOKSIDE ENERGY LIMITED  
ACN 108 787 720**

**GENERAL MEETING**

I/We

of:

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

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (WST), on Tuesday the 28<sup>th</sup> of March 2017 at Suite 9, 330 Churchill Avenue, Subiaco, Western Australia, and at any adjournment thereof.

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

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

**VOTING ON BUSINESS OF THE MEETING**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 Ratification of prior issue – Shares – ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of prior issue – Shares – ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of prior issue – Options – ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Options to Brokers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Options to Advisors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Issue of unlisted Options to David Prentice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Issue of unlisted Options to Michael Fry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail in relation to this Proxy Form:** YES  NO

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Brookside Energy Limited, PO Box 866, Subiaco WA 6008; or
  - (b) facsimile to the Company on facsimile number +61 8 6489 1601; or
  - (c) email to the Company at [loren@brookside-energy.com.au](mailto:loren@brookside-energy.com.au).

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

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