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# **PENINSULA ENERGY LIMITED**

**ABN 67 062 409 303**

## **NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 9.00am (WST)

**DATE:** 28 November 2014

**PLACE:** Subiaco Arts Centre  
180 Hamersley Road  
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 (08) 9380 9920.*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The Annual General Meeting of the Shareholders of Peninsula Energy Limited to which this Notice of Meeting relates will be held at 9.00am (WST) on Friday, 28 November 2014 at:

Subiaco Arts Centre  
180 Hamersley Road  
SUBIACO WA 6008

### YOUR VOTE IS IMPORTANT

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The business of the Annual General 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 4.00pm (WST) on 26 November 2014.

### VOTING IN PERSON

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To vote in person, attend the Annual General Meeting on the date and at the 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, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member 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.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes 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 (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

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

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

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

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

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Peninsula Energy Limited will be held at Subiaco Arts Centre, 180 Hamersley Road, Subiaco at 9.00am (WST) on 28 November 2014.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

### AGENDA

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#### 1. ORDINARY BUSINESS

##### FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial statements and the related Directors' report, Directors' declarations and the independent audit report of Peninsula Energy Limited for the financial year ended 30 June 2014.

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#### 2. 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, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2014.”*

**Short Explanation:** The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company’s annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

##### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter 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:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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**3. RESOLUTION 2 – RE-ELECTION OF MR ALFRED GILLMAN AS A DIRECTOR**

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

*“That Mr Alfred Gillman, being a Director who retires by rotation in accordance with clause 11.3 of the Company’s Constitution, and being eligible for re-election, be re-elected as a Director of the Company.”*

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**4. RESOLUTION 3 – ELECTION OF MR JOHN HARRISON AS A DIRECTOR**

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

*“That Mr John Harrison, being a Director of the Company who was appointed on 1 September 2014, retires in accordance with clause 11.12 of the Company’s Constitution and, being eligible for election, be elected as a Director of the Company.”*

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**5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY – SHARES**

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

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution 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 will 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 5 – RATIFICATION OF PRIOR ISSUE – SHARES**

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 7.4 and for all other purposes, Shareholders ratify the issue of 206,483,154 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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**7. RESOLUTION 6 – ISSUE OF SHARES TO MR NEIL WARBURTON IN LIEU OF DIRECTOR'S FEES UNDER SALARY SACRIFICE PROGRAM**

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

*“That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,419,282 Shares to*

*Mr Neil Warburton (or his nominee) in lieu of director's fees under a salary sacrifice program on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Neil Warburton (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:

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

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## 8. RESOLUTION 7 – RENEWAL OF THE PERFORMANCE RIGHTS PLAN

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

*"That, for the purposes of Listing Rule 7.2, Exception 9(b), and for all other purposes, approval is given for the renewal of the Company's Performance Rights Plan (PRP) on the terms and conditions set out in the Explanatory Statement and the grant of Performance Rights from time to time under the PRP as an exception to Listing Rule 7.1."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by or on behalf of a Director or an associate of a Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associate of such person. 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:

- (a) the proxy is the Chair of the Meeting; and

- (b) 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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**9. RESOLUTION 8 – APPROVAL TO VARY TERMS OF EXISTING CLASS D PERFORMANCE RIGHTS**

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

*“That, for the purposes of section 208 of the Corporations Act, Listing Rule 6.23.4 and for all other purposes, Shareholders approve an amendment to the Expiry Date of the Class D Performance Rights previously issued to Directors, executives, key employees and key contractors of the Company, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by or on behalf of any person who holds a Class D Performance Right that is the subject of the approval or an associate 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.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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**10. RESOLUTION 9 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO A DIRECTOR – MR JOHN HARRISON**

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

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 6,000,000 Performance Rights to Mr John Harrison (and/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 any Director who is eligible to participate in the PRP in respect of which the approval is sought and, if ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in the PRP by anyone else, that person 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:

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

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**11. RESOLUTION 10 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO A DIRECTOR – MR NEIL WARBURTON**

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

*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 6,000,000 Performance Rights to Mr Neil Warburton (and/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 any Director who is eligible to participate in the PRP in respect of which the approval is sought and, if ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in the PRP by anyone else, that person 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:

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

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**12. RESOLUTION 11 – SHARE PLACEMENT FACILITY**

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 500,000,000 Shares at an issue price of not less than 80% of the average market price for Shares on the five trading days prior to the issue of the Shares, to institutional and professional and sophisticated investors and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** Under the Listing Rules, the Company may seek Shareholder approval prior to the issue of equity securities to allow it the flexibility to make future issues of securities beyond the threshold of 15% of its total ordinary securities in any one 12 month period. Please refer to the Explanatory Statement for further details.

**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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**BY ORDER OF THE BOARD**

**JONATHAN WHYTE  
COMPANY SECRETARY  
PENINSULA ENERGY LIMITED**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the annual general meeting to be held at Subiaco Arts Centre, 180 Hamersley Road, Subiaco, Western Australia on 28 November 2014 at 9.00am (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at [www.pel.net.au](http://www.pel.net.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for a financial year.

The chair of the Meeting must allow a reasonable opportunity for the Shareholders to ask questions about or make comments on the remuneration report at the Meeting.

#### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a listed company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

#### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

## 2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the remuneration report, or a Closely Related Party of such a member as your proxy:***

***You must direct your proxy how to vote on this Resolution.*** Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):***

You **do not** need to direct your proxy how to vote on this Resolution. However, if the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

***If you appoint any other person as your proxy:***

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

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## 3. RESOLUTION 2 – RE-ELECTION OF MR ALFRED GILLMAN AS A DIRECTOR

Clause 11.3 of the Company's Constitution requires that at each annual general meeting one-third of the Directors must retire from office.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

A profile of Mr Alfred Gillman is contained in the Company's annual report for the financial year ended 30 June 2014.

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## 4. RESOLUTION 3 – ELECTION OF MR JOHN HARRISON AS A DIRECTOR

Clause 11.12 of the Company's Constitution requires that a Director appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office until the next annual general meeting and then be eligible for re-election.

Mr John Harrison was appointed as an addition to the existing directors on 1 September 2014. In accordance with clause 11.12 of the Company's Constitution, Mr John Harrison retires from office and offers himself for election as a Director.

A profile of Mr John Harrison is contained in the Company's annual report for the financial year ended 30 June 2014.

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## 5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY – SHARES

### 5.1 General

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 4, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out in section 5.2 below).

The effect of Resolution 4 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

## 5.2 Listing Rule 7.1A

Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$82,518,305.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has quoted classes of two Equity Securities on issue, being the Shares (ASX Code: PEN) and listed Options (ASX Code: PENOC).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to 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 Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
  - (B) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (C) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
  - (D) less the number of Shares cancelled in the previous 12 months.
- 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 issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

### **5.3 Technical information required by Listing Rule 7.1A**

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

**(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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 5 ASX trading days of the date in Section 5.3(b), the date on which the Equity Securities are issued.

**(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under Listing Rules 11.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

| Number of Shares on Issue<br>(Variable 'A' in Listing Rule 7.1A.2) | Dilution                |                                                  |                                  |                                                   |
|--------------------------------------------------------------------|-------------------------|--------------------------------------------------|----------------------------------|---------------------------------------------------|
|                                                                    | Issue Price (per Share) | \$0.013<br>(50% decrease in current issue price) | \$0.026<br>(Current issue price) | \$0.052<br>(100% increase in current issue price) |
| 3,938,262,720<br>(Current Variable A)                              | Shares issued           | 393,826,272                                      | 393,826,272                      | 393,826,272                                       |
|                                                                    | Funds raised            | \$5,119,741.54                                   | \$10,239,483.07                  | \$20,478,966.14                                   |
| 5,907,394,080<br>(50% increase in Variable A)*                     | Shares issued           | 590,739,408                                      | 590,739,408                      | 590,739,408                                       |
|                                                                    | Funds raised            | \$7,679,612.30                                   | \$15,359,224.61                  | \$30,718,449.22                                   |
| 7,876,525,440<br>(100% increase in Variable A)*                    | Shares issued           | 787,652,544                                      | 787,652,544                      | 787,652,544                                       |
|                                                                    | Funds raised            | \$10,239,483.07                                  | \$20,478,966.14                  | \$40,957,932.29                                   |

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

- There are 3,938,262,720 Shares on issue comprising:
  - 3,438,262,720 existing Shares as at the date of this Notice of Meeting; and
  - 500,000,000 Shares which may be issued if Resolution 11 is passed at this Meeting.
- The issue price set out above is the closing price of the Shares on the ASX on 9 October 2014.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the development and construction of the Lance Projects in Wyoming, USA as well as the ongoing exploration program at the Lance Projects and Karoo Projects in South Africa and for working capital purposes; or
- (ii) as non-cash consideration for the acquisition of new projects, 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.

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) **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 29 November 2013 (**Previous Approval**).

The Company has issued the following Equity Securities pursuant to the Previous Approval.

On 14 March 2014 the Company issued 161,290,323 Shares at an issue price of 3.1 cents per Share to J.P Morgan Asset Management to raise \$5,000,000.

During the 12 month period preceding the date of the Meeting, being on and from 30 November 2013, the Company otherwise issued a total of 395,754,061 Shares and

22,777,778 Options which represents approximately 10.31% of the total diluted number of Equity Securities on issue in the Company on 30 November 2013, which was 4,058,880,380 Shares (on a fully diluted basis).

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 6.

(g) **Compliance with Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

## **5.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

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## **6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES**

### **6.1 General**

In December 2012, the Company entered into a share purchase agreement (**SPA**) with ARSA, a subsidiary of Areva, to acquire its portfolio of uranium and molybdenum projects in the Karoo Basin of South Africa.

The share consideration for this acquisition was US\$5,000,000 in Shares, based on the volume weighted average price (**VWAP**) of Shares over the thirty (30) days immediately prior to the date of their issue (**Share Consideration**), though the issue price for the Shares was nil.

US\$1,000,000 of the Share Consideration was payable within thirty (30) days of the signing of the SPA and in accordance with this condition the Company issued 21,077,635 Shares to the vendor subsidiary of ARSA on 19 December 2012 (**Tranche 1**).

US\$4,000,000 of the Share Consideration was payable at completion which was achieved in December 2013 and in accordance with the SPA the Company issued 206,483,154 Shares to the vendor subsidiary of ARSA on 19 December 2013 (**Tranche 2**).

ARSA and its subsidiaries are not Related Parties of the Company.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 2 Shares (**Share Ratification**).

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.

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

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 Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **6.2 Technical information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) a total of 206,483,154 Shares were issued;
- (b) the Shares were issued at 30 day VWAP as described above in section 6.1;
- (c) the Shares are fully paid ordinary shares in the capital of the Company and rank equally with the Company's current issued Shares;
- (d) the Shares were issued to Uramin Inc, a subsidiary of ARSA. Uramin Inc is not a Related Party of the Company; and
- (e) No funds were raised from the issue of the Shares.

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## **7. RESOLUTION 6 – ISSUE OF SHARES TO NEIL Warburton IN LIEU OF DIRECTOR'S FEES UNDER SALARY SACRIFICE PROGRAM**

### **7.1 Background**

In August 2013 the Company announced that the Directors and senior executives had unanimously agreed to adopt a salary sacrifice program (SSP) to re-direct the cash outflow of the Company in the lead up to the Lance Project's development and until such time as project financing had been secured. The SSP reduced the cash component of director and senior executive remuneration in exchange for Shares.

Non-executive Director Mr Neil Warburton has agreed to take 100% of his Director's fees for the period since the Company's most recent annual general meeting as Shares. The Company has therefore agreed, subject to obtaining Shareholder approval, to issue a total of 1,419,282 Shares, at an issue price which will be calculated at VWAP over the 5 days prior to the end of each month, being those Shares payable under the SSP as at the date of this Notice, to Mr Neil Warburton (who is a Related Party) on the terms and conditions set out below (SSP Shares).

If this Resolution 6 is not passed, Mr Warburton retains the right to receive in cash the portion of the Director's fees that he has to date elected not to receive.

### **7.2 Related Party Transaction**

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

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

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

The issue of SSP Shares to Mr Warburton under the SSP requires the Company to obtain Shareholder approval pursuant to Chapter 2E of the Corporations Act, unless one of the exceptions applies, as this constitutes giving a financial benefit and Mr Warburton is a Related Party of the Company by virtue of being a Director.

In addition, 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 Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances, but that Shareholder approval is not required for the purposes of Chapter 2E of the Corporations Act as the issue of the SSP Shares comprises "reasonable remuneration" for the purposes of section 211 of the Corporations Act.

Notwithstanding the above, the Company has elected to seek Shareholder approval for the issue of the SSP Shares to Mr Warburton.

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

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares to Mr Warburton:

- (a) the Related Party is Neil Warburton and he is a Related Party by virtue of being a Director;
- (b) the maximum number of SSP Shares (being the nature of the financial benefit being provided) to be granted under Resolution 6 to Mr Warburton is 1,419,282 Shares;
- (c) the issue price of the SSP Shares was calculated as VWAP over the 5 days prior to the end of each month, giving rise to the right to be placed each tranche of SSP Shares, and, accordingly, the SSP Shares will be issued at the following prices:

| <b>Month</b>   | <b>Number of SSP Shares</b> | <b>Issue price</b> |
|----------------|-----------------------------|--------------------|
| October 2013   | 122,668                     | 2.45 cents         |
| November 2013  | 138,077                     | 2.17 cents         |
| December 2013  | 140,962                     | 2.13 cents         |
| January 2014   | 130,581                     | 2.30 cents         |
| February 2014  | 116,869                     | 2.57 cents         |
| March 2014     | 84,890                      | 3.53 cents         |
| April 2014     | 84,877                      | 3.53 cents         |
| May 2014       | 104,625                     | 2.87 cents         |
| June 2014      | 127,894                     | 2.35 cents         |
| July 2014      | 122,818                     | 2.44 cents         |
| August 2014    | 123,139                     | 2.44 cents         |
| September 2014 | 121,881                     | 2.46 cents         |

;

- (d) the SSP Shares will be granted to Mr Warburton for nil consideration. Accordingly, no loans will be made in relation to, and no funds will be raised from, the issue of the SSP Shares;
- (e) the trading history of Shares on ASX in the 12 months before the date of this Notice of Meeting is as follows:

|         |                                             |
|---------|---------------------------------------------|
| Highest | 3.8 cents on 12 March 2014 and 1 April 2014 |
| Lowest  | 2.0 cents on 11 and 20 December 2013        |
| Last    | 2.4 cents on 13 October 2014                |

- (f) Mr Warburton currently has an interest in the following securities in the Company:

| Participating Director | Shares  |
|------------------------|---------|
| Mr Neil Warburton      | 225,168 |

- (g) Mr Warburton currently receives the following remuneration and emoluments from the Company:

- (i) \$36,000 per year plus superannuation.

- (h) If all SSP Shares are issued to Mr Warburton a total of 1,419,282 Shares would be issued under Resolution 6. This will increase the number of Shares on issue from 3,438,262,720 to 3,439,682,002 (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 as follows:

| Participating Director | Issued Shares as at the date of this Notice of Meeting | Number of SSP Shares to be issued | Issued Shares upon issue of SSP Shares | Dilutionary effect if all SSP Shares to Directors are issued |
|------------------------|--------------------------------------------------------|-----------------------------------|----------------------------------------|--------------------------------------------------------------|
| Mr Neil Warburton      | 225,168                                                | 1,419,282                         | 1,644,450                              | 0.04%                                                        |
| <b>TOTAL</b>           | <b>3,438,262,720</b>                                   | <b>1,419,282</b>                  | <b>3,439,682,002</b>                   | <b>0.04%</b>                                                 |

- (i) the SSP Shares will be issued to the Mr Warburton no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the SSP Shares will be issued on one date;
- (j) the primary purpose of the Issue of the SSP Shares is to ensure funds are directed to the Company's key priority, the advancement of the Lance Projects to production;
- (k) the SSP, including the SSP Shares to be issued to Mr Warburton, was approved by the Board. In making this determination, the Board considered it appropriate in the current market that the Company directs cash resources to the advancement of the Lance Projects;
- (l) the Board believes that the issue of SSP Shares provides cost effective consideration to the Mr Warburton for his ongoing commitment and contribution to the Company in his role as Director of the Company. Given this purpose, the Board does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the SSP Shares upon the terms proposed;
- (m) the Board acknowledges the grant of SSP Shares to Mr Warburton is contrary to recommendation 9.3 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the issue of SSP Shares to Mr Warburton is reasonable in the circumstances, given that it will assist the Company in

achieving its goals by aligning the interests of Mr Warburton with the interests of Shareholders;

- (n) should approval not be obtained for Resolution 6 then Mr Warburton will be paid all remuneration amounts owing under the SSP in cash rather than Shares; and
- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

### **Directors' Recommendation**

The Board, other than Mr Warburton (who declines to give a recommendation due to his material personal interest in the resolution) unanimously recommends that Shareholders vote in favour of the resolution.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares to the Related Party as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares to Mr Warburton will not be included in the calculation of the Company's annual 15% placement capacity pursuant to Listing Rule 7.1 or its additional 10% placement capacity pursuant to Listing Rule 7.1A.

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## **8. RESOLUTION 7 – RENEWAL OF PERFORMANCE RIGHTS PLAN**

### **8.1 Background**

Resolution 7 seeks Shareholder approval to renew the Performance Rights Plan (**PRP**), as required every 3 years under the Listing Rules to provide ongoing incentives to Directors, executives and employees of the Company.

On 13 October 2011, the Board adopted the PRP to allow the Directors, executives and employees to be granted Performance Rights, which confer the right to acquire Shares in the Company. The Company last obtained approval for the PRP when it was approved by Shareholders on 29 November 2011 and under Listing Rules, that approval will expire on 29 November 2014.

Accordingly, the Company is seeking to 'refresh' the approval of the PRP and the Company's ability to issue Performance Rights under the PRP for a period of a further 3 years.

The objective of the PRP is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of the Directors, executives and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the PRP are aligned with the successful growth of the Company's business activities.

The Directors, executives and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the PRP is an appropriate method to:

- (a) reward Directors, executives and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior consultants and employees; and
- (d) assist to retain the services of valuable Directors, executives and employees.

The PRP will be used as part of the remuneration planning for executive and non-executive Directors, key management personnel and employees. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals. The Performance Rights will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Guidelines, the Company considers that it is appropriate for non-executive Directors to be granted Performance Rights.

The material terms of the PRP have not changed, apart from an amendment to the treatment of the Performance Rights in the event of a change of control of the Company. The relevant term is set out at clause (h) of Schedule 2, in respect of the Class D Performance Rights, Class E Performance Rights and Class F Performance Rights, respectively.

## **8.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 6.1 above.

One of the exceptions to Listing Rule 7.1 is Listing Rule 7.2 – Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the 3 years before the issue date, shareholders have approved the issue as an exception to Listing Rule 7.1.

The effect of Resolution 7 will be to allow the Directors to grant Performance Rights to employees and executives of the Company pursuant to the PRP during the period of 3 years after the Meeting (or a longer period, if allowed by ASX), and to issue Shares to those executives and employees if they achieve the performance and vesting conditions of the Performance Rights, without using the Company's 15% annual placement capacity.

In the case of a Director, no Performance Rights may be issued to the Director without separate Shareholder approval pursuant to Listing Rule 10.14.

## **8.3 Information required by the Listing Rules - Terms of the PRP**

A summary of the terms of the PRP is provided in Schedule 1 to this Explanatory Statement. A copy of the PRP will be made available to any Shareholder on request.

## **8.4 Directors' recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 7.

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# **9. RESOLUTION 8 – APPROVAL TO VARY TERMS OF EXISTING CLASS D PERFORMANCE RIGHTS**

## **9.1 Background**

Resolution 8 seeks Shareholder approval to vary the terms of the Class D Performance Rights currently on issue to extend the expiry date of the Class D Performance Rights from 13 October 2014 to 13 October 2015 (**Expiry Date Amendment**).

As noted in Section 8.1, the Company received Shareholder approval to establish the PRP and issue certain Performance Rights on 29 November 2011. The purpose of these Performance Rights, as stipulated in the Company's notice of meeting dated 27 October 2011, was to motivate and reward the performance of the Company's Directors, executives and employees in achieving specified performance milestones within a specified performance period, whilst conserving cash.

## 9.2 Reasons for the proposed amendment

The Company has decided to seek approval to amend the Expiry Date of the existing Class D Performance Rights to 13 October 2015 as the Board believed that the existing Expiry Date is not correctly aligned with the current strategy and objectives of the Company and required amendment to ensure that key Directors, senior executives, officers and key employees are not disadvantaged by factors beyond their control and remain motivated towards creating further growth for the Company.

Since the Fukushima incident in March 2011, the global uranium market has remained subdued, with the uranium price falling to decade low prices earlier in 2014. Across the globe uranium companies have experienced declining share price values, reduced profitability and are reducing capacity, closing operations and deferring new production.

In that three year time period, no equity incentives have vested to senior executives, officers and key employees of the Company however the Company has achieved the following significant milestones:

- (a) Obtained all licenses and permits to enable construction and production from the Lance Projects;
- (b) Developed a lower cost three stage scalable production development plan for its Lance Projects which significantly reduces the initial funding required to initiate sustainable production and decreases the volume of uranium needed to be contracted in the initial stage of production, thereby allowing the Company to defer most of the planned uranium sales contracts until such time as the uranium price is more attractive and delivering greater value for shareholders and the Company;
- (c) Secured the employment of an experienced uranium in-situ recovery project development and operations team in Wyoming which has been the catalyst for a significant reduction in ongoing steady-state sustaining costs for the Lance Projects to under US\$30/lb U<sub>3</sub>O<sub>8</sub> making the Lance Projects once of the most cost competitive new uranium projects in the world;
- (d) Advanced negotiations with a syndicate of existing shareholder and international institutions on finalising the project funding for the initial stage of production at the Lance Projects;
- (e) Expanded the JORC-Code compliant resource at the Lance Projects to 53.7Mlbs U<sub>3</sub>O<sub>8</sub>, the largest In-Situ Recovery uranium resource in the United States;
- (f) Secured bridging finance from BlackRock Funds Management that has enabled early stage construction to be undertaken and the fabrication of long lead items;
- (g) Completed the acquisition of Uramin Inc (Areva) South African uranium portfolio for nil upfront cash outlay and at a significant discount to what Areva initially paid for these projects, thereby positioning the Company's Karoo Projects in South Africa as the second production centre for the Company; and
- (h) Declared a maiden JORC-Code Compliant resource for the Karoo Projects, subsequently increased to 56.9Mlbs U<sub>3</sub>O<sub>8</sub>.

If a Vesting Condition of a Performance Right is not achieved by its Expiry Date then the Performance Right will lapse. The purpose of the amendment to the Class D Expiry Date pursuant to Resolution 8 is to not penalise key personnel who have contributed to the significant milestones listed above over the past three years, achieved despite an extremely challenging environment, and recognises that the timing to achieve the Performance milestones has in a large part been out of the control of the Company and its key personnel.

The Board considers it is in Shareholder's interests to approve the Expiry Date Amendment as it will assist in the retention of key personnel, ensure that key personnel remain motivated and are not disadvantaged by factors beyond their control.

### 9.3 Related Party Transaction

The proposed Expiry Date Amendment to the Class D Performance Rights held by the Directors (excluding Mr Harrison) is intended to provide further incentive to perform and secure the ongoing commitment of the Directors (excluding Mr Harrison) to the continued growth of the Company.

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 Expiry Date Amendment to the existing Class D Performance Rights held by the Related Parties requires that the Company obtain Shareholder approval because this constitutes giving a financial benefit and the Directors (excluding Mr Harrison) are Related Parties of the Company by virtue of being Directors.

### 9.4 Technical information required by Chapter 2E of the Corporations Act

Pursuant to and in accordance with the requirements of sections 217 to 227 of the Corporations Act the following information is provided in relation to the proposed Expiry Date Amendment to the existing Class D Performance Rights:

- (a) the Related Parties are each of the Directors (excluding Mr John Harrison) and they are Related Parties by virtue of being Directors;
- (b) the number of Class D Performance Rights currently held by Related Parties, whose terms will be amended (being the nature of the financial benefit being provided) is:
  - (i) Mr John Simpson: 12,000,000 Class D Performance Rights;
  - (ii) Mr Alfred Gillman: 4,000,000 Class D Performance Rights; and
  - (iii) Mr Warwick Grigor: 2,000,000 Class D Performance Rights.
- (c) the Related Parties currently have an interest in the following securities in the Company:

| Participating Director | Shares     | Options    | Performance Rights |
|------------------------|------------|------------|--------------------|
| Mr John Simpson        | 52,716,277 | 7,003,101  | 36,000,000         |
| Mr Alfred Gillman      | 10,976,731 | 875,000    | 12,000,000         |
| Mr Warwick Grigor      | 10,622,899 | 11,462,060 | 6,000,000          |

- (d) the Related Parties currently receive the following remuneration and emoluments from the Company:

- (i) Mr John Simpson receives remuneration of \$3,000 per day up to a maximum of \$750,000 per year;
  - (ii) Mr Alfred Gillman receives remuneration of \$36,000 per year excluding superannuation; and
  - (iii) Mr Warwick Grigor receives remuneration of \$36,000 per year excluding superannuation.
- (e) the value of the proposed amendments to the terms of the Class D Performance Rights is set out in Schedule 3; and
- (f) the terms of the Class D Performance Rights will be amended no later than 15 months after the date of the Meeting (should Shareholder approval be obtained, it is the Company's present intention to amend the terms of the Class D Performance Rights as soon as practicable) and it is anticipated the terms of all Class D Performance Rights will be amended on one date.

## 9.5 Listing Rule 6.23.4

Listing Rule 6.23.3 provides that a change which has the effect of reducing the exercise price, increasing the period for conversion, or increasing the number of securities received on exercise of an option or conversion of a right, cannot be made. On 10 October 2014, ASX granted the Company a waiver in respect of Listing Rule 6.23.3 to allow the Expiry Date Amendment subject to Resolution 8 being passed.

As noted above, Listing Rule 6.23.3 prohibits certain changes to the terms of Performance Rights. As a result of the waiver granted by ASX, the Expiry Date Amendment is not prohibited by Listing Rule 6.23.3. However, Listing Rule 6.23.4 requires that a change which is not prohibited under Listing Rule 6.23.3 can only be made with Shareholder approval. Accordingly, Shareholder approval is being sought for the Expiry Date Amendment pursuant to Resolution 8.

A voting exclusion statement in respect of Resolution 8 is set out in this Notice.

## 9.6 Directors' Recommendation

The Directors (other than Mr John Harrison) decline to make a recommendation to Shareholders in relation to Resolution 8 due to their material personal interest in the outcome of the Resolution. Mr John Harrison, who does not have an interest in the outcome of Resolution 8, recommends that Shareholders vote in favour of Resolution 8. Mr John Harrison 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.

In forming his recommendation, Mr John Harrison considered that Resolution 8 is in the interests of Shareholders as it will assist in the retention of key personnel, ensure that key personnel remain motivated and are not disadvantaged by factors beyond their control.

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## 10. RESOLUTION 9 – ISSUE OF PERFORMANCE RIGHTS TO MR JOHN HARRISON

### 10.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 6,000,000 Performance Rights to Mr John Harrison on the terms and conditions set out below.

The Performance Rights will consist of:

- (a) 3,000,000 Class E Performance Rights; and
- (b) 3,000,000 Class F Performance Rights.

The Class E and Class F Performance Rights will each be convertible into fully paid ordinary Shares upon the satisfaction of various criteria, as set out in the terms of the Performance Rights contained in Schedule 2 or such similar terms as are acceptable to ASX and the Company.

## **10.2 Related Party Transaction**

The Performance Rights are to be issued to Mr John Harrison to provide further incentive to perform and secure the ongoing commitment of Mr Harrison to the continued growth of the Company.

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:

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

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

The issue of the Performance Rights to a Related Party under the PRP requires that the Company obtain Shareholder approval because this constitutes giving a financial benefit and Mr Harrison is a Related Party of the Company by virtue of being a Director.

## **10.3 Listing Rule 10.14**

Listing Rule 10.14 provides that a company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition:

- (a) a director of the company;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolution 9 is passed, Performance Rights will be issued to Mr Harrison, who is a Director of the Company. Therefore, the Company requires Shareholder approval to issue the Performance Rights to Mr Harrison (or his nominee).

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under Listing Rule 10.14 and Exception 9(b) of Listing Rule 7.2. The issue of Performance Rights to Mr Harrison will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Performance Rights to Mr Harrison.

## **10.4 Summary of the material terms of the Performance Rights**

It is proposed that Mr Harrison will be granted two classes of Performance Rights for nil cash consideration.

A summary of the material terms of the Performance Rights to be granted to Mr Harrison is set out in Schedules 1 and 2.

The following information is provided to satisfy the requirements of the Corporations Act and the Listing Rules:

## **10.5 Technical information required by Chapter 2E of the Corporations Act and Listing Rule 10.15**

Pursuant to and in accordance with the requirements of sections 217 to 227 of the Corporations Act and Listing Rule 10.15, the following information is provided in relation to the proposed grant of Performance Rights:

- (a) the related party is Mr John Harrison and he is a Related Party by virtue of being a Director;
- (b) the maximum number of Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Party is:
  - (i) 3,000,000 Class E Performance Rights; and
  - (ii) 3,000,000 Class F Performance Rights;
- (c) the Performance Rights will be granted to the Related Party for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights on the achievement of the specified Vesting Conditions. Accordingly, no loans will be made in relation to, and no funds will be raised from, the issue or vesting of the Performance Rights;
- (d) a total of 81,000,000 securities have previously been issued under the PRP, to the following persons referred to in Listing Rule 10.14:

| <b>Director</b>   | <b>Number of securities</b> | <b>Issue price</b> |
|-------------------|-----------------------------|--------------------|
| Mr John Simpson   | 36,000,000                  | Nil                |
| Mr Malcolm James  | 21,000,000                  | Nil                |
| Mr Alfred Gillman | 12,000,000                  | Nil                |
| Mr Michael Barton | 6,000,000                   | Nil                |
| Mr Warwick Grigor | 6,000,000                   | Nil                |

- (e) as at the date of this Notice, the Related Parties who are entitled to participate in the PRP are Messrs John Simpson, Alfred Gillman, Warwick Grigor, Neil Warburton and John Harrison;
- (f) details of any Equity Securities issued under the PRP will be published in each annual report of the Company relating to a period in which such securities have been issued, and that approval for the issue of such securities was obtained under Listing Rule 10.14;
- (g) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the PRP after Resolution 7 is approved and who were not named in the Notice will not participate in the PRP until approval is obtained under Listing Rule 10.14;
- (h) the value of the Performance Rights and the pricing methodology is set out in Schedule 5;

- (i) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is as follows:

|         |                                             |
|---------|---------------------------------------------|
| Highest | 3.8 cents on 12 March 2014 and 1 April 2014 |
| Lowest  | 2.0 cents on 11 and 20 December 2013        |
| Last    | 2.4 cents on 13 October 2014                |

- (j) the Related Party currently has an interest in the following securities in the Company:

| Participating Director | Shares | Options |
|------------------------|--------|---------|
| Mr John Harrison       | -      | -       |

- (k) the Related Party currently receives the following remuneration and emoluments from the Company:

- (i) Mr John Harrison receives remuneration of \$36,000 per year including superannuation.

- (l) If all Vesting Conditions attached to the Performance Rights granted to the Related Party are met, a total of 6,000,000 Shares would be allotted and issued under Resolution 9. This will increase the number of Shares on issue from 3,438,262,720 to 3,444,262,720 (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 as follows:

| Participating Director | Issued Shares as at the date of this Notice of Meeting | Number of Performance Rights to be issued | Issued Shares upon conversion of all Performance Rights | Dilutionary effect if all Performance Rights issued to Participating Director are converted |
|------------------------|--------------------------------------------------------|-------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------|
| John Harrison          | -                                                      | 6,000,000                                 | 6,000,000                                               | 0.17%                                                                                       |
| <b>TOTAL</b>           | <b>3,438,262,720</b>                                   | <b>6,000,000</b>                          | <b>3,444,262,720</b>                                    | <b>0.17%</b>                                                                                |

- (m) the Performance Rights become exercisable on achievement of the Vesting Conditions. The full terms and conditions of the Performance Rights are set out in Schedules 1 and 2. The Shares to be issued upon the vesting of the Performance Rights shall rank pari passu with existing Shares;
- (n) the Performance Rights will be issued to the Related Party no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
- (o) the primary purpose of the issue of the Performance Rights under the PRP is to retain the Related Party and link part of the remuneration paid to the Related Party to significant performance criteria, namely the achievement of the Vesting Conditions;
- (p) the number and terms and conditions, including Vesting Conditions, of the Performance Rights to be issued to the Related Party, were approved by the Board following recommendations made by the Company's remuneration committee. In making this determination, the remuneration committee considered an independent remuneration report and market levels of remuneration for companies of a similar size and nature to the Company;
- (q) the Board believes that the grant of Performance Rights pursuant to the PRP provides cost effective consideration to the Related Party for his ongoing commitment to the

Company in his role as a Director of the Company. Given this purpose, the Board does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed; and

- (r) the Board acknowledges the grant of Performance Rights to the Related Party is contrary to Recommendation 9.3 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the issue of Performance Rights to the Related Party is reasonable in the circumstances, given that it will assist the Company in achieving its goals by aligning the interests of the Related Party with the interests of Shareholders, whilst maintaining the Company's cash.

## **10.6 Directors' Recommendation**

Mr John Harrison declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 9, recommend that Shareholders vote in favour of Resolution 9. The Board (other than Mr John Harrison) 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.

In forming their recommendations, each Director considered the experience of the Director and current market practices when determining the number of Performance Rights to be granted.

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## **11. RESOLUTION 10 – ISSUE OF PERFORMANCE RIGHTS TO MR NEIL WARBURTON**

### **11.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 6,000,000 Performance Rights to Mr Neil Warburton on the terms and conditions set out below.

The Performance Rights will consist of:

- a) 2,000,000 Class D Performance Rights;
- b) 2,000,000 Class E Performance Rights; and
- c) 2,000,000 Class F Performance Rights.

The Class D, Class E and Class F Performance Rights will each be convertible into fully paid ordinary Shares upon the satisfaction of Vesting Conditions, as set out in the terms of the Performance Rights contained in Schedule 4 or such similar terms as are acceptable to ASX and the Company.

### **11.2 Related Party Transaction**

The Performance Rights are to be issued to Mr Neil Warburton to provide further incentive to perform and secure the ongoing commitment of Mr Warburton to the continued growth of the Company.

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

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

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

The issue of the Performance Rights to the Related Party under the PRP requires that the Company obtain Shareholder approval because this constitutes giving a financial benefit and Mr Warburton is a Related Party of the Company by virtue of being a Director.

### **11.3 Listing Rule 10.14**

Listing Rule 10.14 provides that a company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition:

- a) a director of the company;
- b) an associate of a director; or
- c) a person whose relationship with the company or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolution 10 is passed, approval will be given for the Performance Rights which were issued to Mr Warburton, who is a Director of the Company. Therefore, the Company requires Shareholder approval to issue the Performance Rights to Mr Warburton (or his nominee).

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under Listing Rule 10.14 and Exception 9(b) of Listing Rule 7.2. The issue of Performance Rights to Mr Warburton will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Performance Rights to Mr Warburton.

#### **11.4 Summary of the material terms of the Performance Rights**

It is proposed that Mr Warburton will be granted three classes of Performance Rights for nil cash consideration.

A summary of the material terms of the Performance Rights to be granted to Mr Warburton is set out in Schedules 1 and 4 of the this Explanatory Statement.

The following information is provided to satisfy the requirements of the Corporations Act and the Listing Rules:

#### **11.5 Technical information required by Chapter 2E of the Corporations Act and Listing Rule 10.15**

Pursuant to and in accordance with the requirements of sections 217 to 227 of the Corporations Act and Listing Rule 10.15, the following information is provided in relation to the proposed grant of Performance Rights:

- (a) the related party is Mr Neil Warburton and he is a related party by virtue of being a Director;
- (b) the maximum number of Performance Rights (being the nature of the financial benefit being provided) granted to the Related Party is:
  - (i) 2,000,000 Class D Performance Rights;
  - (ii) 2,000,000 Class E Performance Rights; and
  - (iii) 2,000,000 Class F Performance Rights;
- (c) the Performance Rights will be granted to the Related Party for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights on the achievement of the Vesting Conditions. Accordingly, no loans will be made in relation to, and no funds were raised from, the issue or vesting of the Performance Rights;
- (d) a total of 81,000,000 securities have previously been issued under the PRP, to the following persons referred to in Listing Rule 10.14:

| <b>Director</b>   | <b>Number of securities</b> | <b>Issue price</b> |
|-------------------|-----------------------------|--------------------|
| Mr John Simpson   | 36,000,000                  | Nil                |
| Mr Malcolm James  | 21,000,000                  | Nil                |
| Mr Alfred Gillman | 12,000,000                  | Nil                |
| Mr Michael Barton | 6,000,000                   | Nil                |
| Mr Warwick Grigor | 6,000,000                   | Nil                |

- (e) as at the date of this Notice, the Related Parties who are entitled to participate in the PRP are Messrs John Simpson, Alfred Gillman, Warwick Grigor, John Harrison and Neil Warburton;
- (f) details of any Equity Securities issued under the PRP will be published in each annual report of the Company relating to a period in which such securities have been issued, and that approval for the issue of such securities was obtained under Listing Rule 10.14;
- (g) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the PRP after Resolution 7 is approved and who were not named in the Notice will not participate in the PRP until approval is obtained under Listing Rule 10.14;
- (h) the value of the Performance Rights and the pricing methodology is set out in Schedule 5;
- (i) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is as follows:

|         |                                             |
|---------|---------------------------------------------|
| Highest | 3.8 cents on 12 March 2014 and 1 April 2014 |
| Lowest  | 2.0 cents on 11 and 20 December 2013        |
| Last    | 2.4 cents on 13 October 2014                |

- (j) the Related Party currently has an interest in the following securities in the Company:

| Participating Director | Shares  |
|------------------------|---------|
| Mr Neil Warburton      | 225,168 |

- (k) the Related Party currently receives the following remuneration and emoluments from the Company:

- (i) Mr Neil Warburton receives remuneration of \$36,000 per year excluding superannuation.

- (l) If the Vesting Conditions attached to the Performance Rights granted to the Related Party are met, a total of 6,000,000 Shares would be allotted and issued under Resolution 10. This will increase the number of Shares on issue from 438,262,720 to 444,262,720 (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 as follows:

| Participating Director | Issued Shares as at the date of this Notice of Meeting | Number of Performance Rights issued | Issued Shares upon conversion of all Performance Rights | Dilutionary effect if all Performance Rights issued to Participating Director are converted |
|------------------------|--------------------------------------------------------|-------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Neil Warburton         | 225,168                                                | 6,000,000                           | 6,000,000                                               | 0.17%                                                                                       |
| <b>TOTAL</b>           | <b>3,438,262,720</b>                                   | <b>6,000,000</b>                    | <b>3,444,262,720</b>                                    | <b>0.17%</b>                                                                                |

- (m) the Performance Rights become exercisable on achievement of the Vesting Conditions. The full terms and conditions of the Performance Rights are set out in Schedules 1 and 4. The Shares to be issued upon the vesting of the Performance Rights shall rank pari passu with existing Shares;

- (n) the Performance Rights will be issued to the Related Party no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
- (o) the primary purpose of the issue of the Performance Rights under the PRP is to retain the Related Party and link part of the remuneration paid to the Related Party to significant performance criteria, namely the achievement of the Vesting Conditions;
- (p) the number and terms and conditions, including Vesting Conditions, of the Performance Rights issued to the Related Party, were approved by the Board following recommendations made by the Company's remuneration committee. In making this determination, the remuneration committee considered an independent remuneration report and market levels of remuneration for companies of a similar size and nature to the Company;
- (q) the Board believes that the grant of Performance Rights pursuant to the PRP provides cost effective consideration to the Related Party for his ongoing commitment to the Company in his role as a Director of the Company. Given this purpose, the Board does not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed; and
- (r) the Board acknowledges the grant of Performance Rights to the Related Party is contrary to Recommendation 9.3 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the issue of Performance Rights to the Related Party is reasonable in the circumstances, given that it will assist the Company in achieving its goals by aligning the interests of the Related Party with the interests of Shareholders, whilst maintaining the Company's cash.

## 11.6 Directors' Recommendation

Mr Neil Warburton declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 10, recommend that Shareholders vote in favour of Resolution 10. The Board (other than Mr Neil Warburton) 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.

In forming their recommendations, each Director considered the experience of the Director and current market practices when determining the number of Performance Rights to be granted.

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## 12. RESOLUTION 11 – SHARE PLACEMENT FACILITY

### 12.1 General

Resolution 11 seeks Shareholder approval pursuant to Listing Rule 7.1 for the Directors to allot and issue up to 500,000,000 Shares under a share placement facility (**Placement Facility**).

None of the Shares the subject of the Placement Facility will be placed to Related Parties of the Company.

A summary of Listing Rule 7.1 is set out in Section 6.1 above.

The effect of passing Resolution 11 will be to allow the Directors to issue these Shares (if required) during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without eroding the Company's annual 15% placement capacity under Listing Rule 7.1, or its additional 10% capacity under Listing Rule 7.1A.

As at the date of this Notice of Meeting there has been no decision by the Directors whether to utilise the Placement Facility. The Directors believe that it is prudent for the Company to have a Placement Facility available so that the Company has the flexibility to raise additional equity funding without Shareholder approval.

## **12.2 Technical information required by Listing Rule 7.3**

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

- (a) the maximum number of securities to be issued is 500,000,000 Shares;
- (b) the Shares will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) as at the date of this Notice there has been no decision by the Directors to issue any Shares under the Placement Facility. Accordingly, the names of any allottees or proposed allottees are not known and it is not known whether any allotments will occur as a single allotment or will occur progressively. The allottees will be identified at the Directors discretion but the Shares will not be issued to Related Parties;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares. The Company will apply to ASX for quotation of the Shares; and
- (f) any funds raised under the Placement Facility will be used for ongoing construction activities at the Lance Projects, to progress feasibility studies at the Karoo Projects in South Africa and for general working capital purposes.

### **Directors' Recommendation**

The Board recommends that members vote in favour of Resolution 11.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 5.1.

**10% Placement Capacity Period** has the meaning given in Section 5.3(b).

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

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

**Business Day** has the meaning set out in the Listing Rules.

**Change of Control** means when, in relation to the Company, any person, either alone or together with any associate (as defined in the Corporations Act) in more than 50% of the issued Shares in the Company, or any similar event which the Board determines, in its discretion, is a change of control.

**Chair** means the chair of the Meeting, from time to time.

**Class D Expiry Date** has the meaning given in clause 1(c) of Schedule 2.

**Class D Vesting Conditions** has the meaning given in clause 1(b) of Schedule 2.

**Class E Expiry Date** has the meaning given in clause 2(c) of Schedule 2.

**Class E Vesting Conditions** has the meaning given in clause 2(b) of Schedule 2.

**Class F Expiry Date** has the meaning given in clause 3(c) of Schedule 2.

**Class F Vesting Conditions** has the meaning given in clause 3(b) of Schedule 2.

**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'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 dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

**Company** means Peninsula Energy Limited (ABN 67 062 409 303).

**Constitution** means the constitution of the Company.

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

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

**Eligible Entity** means an entity listed on ASX that, at the time of a relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Eligible Participants** has the meaning given in Schedule 1.

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

**Expiry Date** means the Class D Expiry Date, Class E Expiry Date or Class F Expiry Date, as the context requires.

**Expiry Date Amendment** means the extension of the expiry date of the Class D Performance Rights from 13 October 2014 to 13 October 2015.

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

**Meeting or General Meeting** means the annual general meeting convened by this Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including any Director of the Company.

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

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

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

**Performance Right** means a right to acquire a Share under the PRP.

**Placement Facility** has the meaning given in Section 12.1.

**Previous Approval** has the meaning given in Section 5.3(f).

**Proxy Form** means the proxy form attached to this Notice.

**PRP** means the Company's Performance Rights Plan, last approved by Shareholders on 29 November 2011.

**Related Party** has the meaning given to it in the Listing Rules.

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

**Schedule** means a schedule contained in this Explanatory Statement.

**Section** means a section contained in this Explanatory Statement.

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

**Share Consideration** has the meaning given in Section 6.1.

**Share Ratification** has the meaning given in Section 6.1.

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

**SPA** has the meaning given in Section 6.1.

**SSP** has the meaning given in Section 7.1.

**SSP Shares** has the meaning given in Section 7.1.

**Tranche 1** has the meaning given in Section 6.1.

**Tranche 2** has the meaning given in Section 6.1.

**US\$** means United States dollars.

**Vesting Conditions** means Class D Vesting Conditions, Class E Vesting Conditions or Class F Vesting Conditions, as the context requires.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time, Perth, Western Australia.

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## SCHEDULE 1 – SUMMARY OF PERFORMANCE RIGHTS PLAN TO BE RENEWED

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The full terms of the PRP may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the PRP is set out below.

- (a) Subject to any necessary approvals from the Company's shareholders or as required by law or by the Listing Rules, the Board may, from time to time, at its absolute discretion and only where any Director and full time or part time employee of the Company, who is determined by the Board to be eligible to participate in the PRP (**Eligible Participants**), grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the PRP and upon such additional terms and vesting conditions as the Board determines.
- (b) Each Performance Right will vest as an entitlement to one Share provided that certain Vesting Conditions are met. If the Vesting Conditions are not met, the Performance Rights will lapse and the Eligible Participant will have no entitlement to any Shares.
- (c) The Company shall notify the Eligible Participant when the relevant Vesting Conditions have been satisfied and the Eligible Participant may then exercise their right to accept the vesting of the Performance Rights and be issued the Shares, following which the Company will issue the Shares and deliver notification of the holding of Shares to the Eligible Participant.
- (d) Subject to the Company being listed on the ASX, the Company will, within 7 days of the date of the Shares being issued, make application to ASX for quotation of the Shares.
- (e) Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank pari passu with all other Shares on issue.
- (f) Performance Rights shall not be quoted on ASX.
- (g) Performance Rights shall not be transferred or assigned by an Eligible Participant except with the prior written consent of the Directors of the Company.
- (h) Subject to any right an Eligible Participant may have as a Shareholder, holders of Performance Rights may only participate in new issues of securities to holders of shares if the Vesting Conditions have been satisfied and the relevant Shares have been issued prior to the record date for determining entitlements to the issue. The Company shall give notice to holders of Performance Rights (as required under the Listing Rules) of any new issues of securities prior to the record date for determining entitlements to the issue.
- (i) If Shares are issued pro rata to the Company's shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation of reserves or distributable profits, the number of Shares over which each Performance Right is exercisable may be increased by the number of Shares which the participant would have received if the Performance Right had been exercised before the record date for the bonus issue.
- (j) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of a participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- (k) The holder of Performance Rights does not have any entitlement to vote at a general meeting of Shareholders.

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## **SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS**

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### **1. Class D Performance Rights**

The Class D Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the Class D Vesting Conditions, each Class D Performance Right vests to one Share.
- (b) The Class D Performance Rights shall vest and convert to Shares as follows:
  - (i) the price of the Company's shares as traded on ASX is at least 8 cents or more for thirty (30) consecutive trading days; and
  - (ii) the Director remains an employee of the Company for twelve (12) months from the date of grant of the Class D Performance Rights,prior to the Class D Expiry Date ((b)(i) and (ii) together, the **Class D Vesting Conditions**).
- (c) The Class D Performance Rights shall expire at 5.00 pm (WST) on 13 October 2015 (subject to Resolution 8 being passed at the Meeting) (**Class D Expiry Date**). Any Class D Performance Right not vested before the Class D Expiry Date shall automatically lapse on the Class D Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class D Performance Rights.
- (d) The Class D Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class D Performance Rights on the satisfaction of the Class D Vesting Conditions.
- (e) Immediately following the Class D Expiry Date the Company shall notify the holder of that proportion of Class D Performance Rights that have vested and shall, unless otherwise directed by the holder, allot the associated number of Shares within 10 Business Days of the Class D Expiry Date.
- (f) The Company will not apply for quotation of the Class D Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class D Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (g) All Shares allotted upon the vesting of Class D Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (h) The unvested Class D Performance Rights will vest upon the occurrence of a change of control. The Board may, at its discretion and subject to such terms and conditions as it determines, resolve that the relevant vesting requirements are deemed to have been satisfied in respect of some or all of the Class D Performance Rights granted under the PRP and/or have become vested Class D Performance Rights. For the purposes of the PRP, a "change of control" means, in relation to the Company, any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than 50% of the issued Shares in the Company, or any similar event which the Board determines, in its discretion, is a change of control.
- (i) In addition to (a) to (h) above, all terms and conditions set out in the PRP apply to the Class D Performance Rights. For further details of these terms, please see Schedule 1.

### **2. Class E Performance Rights**

The Class E Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the Class E Vesting Conditions, each Class E Performance Right vests to one Share.
- (b) The Class E Performance Rights shall vest and convert to Shares as follows:
  - (i) the price of the Company's shares as traded on ASX is at least 12 cents or more for thirty (30) consecutive trading days; and
  - (ii) the Director remains an employee of the Company for twenty four (24) months from the date of grant of the Class E Performance Rights,
 prior to the Class E Expiry Date ((b)(i) and (ii) together, the **Class E Vesting Conditions**).
- (c) The Class E Performance Rights shall expire at 5.00 pm (WST) on 13 October 2015 (**Class E Expiry Date**). Any Class E Performance Right not vested before the Class E Expiry Date shall automatically lapse on the Class E Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class E Performance Rights.
- (d) The Class E Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class E Performance Rights on the satisfaction of the Class E Vesting Conditions.
- (e) Immediately following the Class E Expiry Date the Company shall notify the holder of that proportion of Class E Performance Rights that have vested and shall, unless otherwise directed by the holder, allot the associated number of Shares within 10 Business Days of the Class E Expiry Date.
- (f) The Company will not apply for quotation of the Class E Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class E Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (g) All Shares allotted upon the vesting of Class E Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (h) The unvested Class E Performance Rights will vest upon the occurrence of a change of control. The Board may, at its discretion and subject to such terms and conditions as it determines, resolve that the relevant vesting requirements are deemed to have been satisfied in respect of some or all of the Class E Performance Rights granted under the PRP and/or have become vested Class E Performance Rights. For the purposes of the PRP, a "change of control" means, in relation to the Company, any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than 50% of the issued Shares in the Company, or any similar event which the Board determines, in its discretion, is a change of control.
- (i) In addition to (a) to (h) above, all terms and conditions set out in the PRP apply to the Class E Performance Rights. For further details of these terms, please see Schedule 1.

### 3. Class F Performance Rights

The Class F Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the Class F Vesting Conditions, each Class F Performance Right vests to one Share.
- (b) The Class F Performance Rights shall vest and convert to Shares as follows:
  - (i) the price of the Company's shares as traded on ASX is at least 16 cents or more for thirty (30) consecutive trading days; and

- (ii) the Director remains an employee of the Company for thirty six (36) months from the date of grant of the Class F Performance Rights,

prior to the Class F Expiry Date ((b)(i) and (ii) together, the **Class F Vesting Conditions**).

- (c) The Class F Performance Rights shall expire at 5.00 pm (WST) on 13 October 2016 (**Class F Expiry Date**). Any Class F Performance Right not vested before the Class F Expiry Date shall automatically lapse on the Class F Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class F Performance Rights.
- (d) The Class F Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class F Performance Rights on the satisfaction of the Class F Vesting Conditions.
- (e) Immediately following the Class F Expiry Date the Company shall notify the holder of that proportion of Class F Performance Rights that have vested and shall, unless otherwise directed by the holder, allot the associated number of Shares within 10 Business Days of the Class F Expiry Date.
- (f) The Company will not apply for quotation of the Class F Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class F Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (g) All Shares allotted upon the vesting of Class F Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (h) The unvested Class F Performance Rights vest upon the occurrence of a change of control. The Board may, at its discretion and subject to such terms and conditions as it determines, resolve that the relevant vesting requirements are deemed to have been satisfied in respect of some or all of the Class F Performance Rights granted under the PRP and/or have become vested Class F Performance Rights. For the purposes of the PRP, a "change of control" means, in relation to the Company, any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than 50% of the issued Shares in the Company, or any similar event which the Board determines, in its discretion, is a change of control.
- (i) In addition to (a) to (h) above, all terms and conditions set out in the PRP apply to the Class F Performance Rights. For further details of these terms, please see Schedule 1.

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**SCHEDULE 3 – VALUATION OF PERFORMANCE RIGHTS TO BE AMENDED**

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The Class D Performance Rights to be amended pursuant to Resolution 8 have been independently valued by BDO Corporate Finance (WA) Pty Ltd.

Using a hybrid employee share option pricing model that simulates the share price of the Company as at the test date (expiry) using a Monte-Carlo model and based on the assumptions set out below, the Performance Rights were ascribed a value range, as follows:

A breakdown of the maximum number and value of the Performance Rights is summarised below:

| <b>Performance Rights Class</b> | <b>Maximum number of Performance Rights</b> | <b>share price hurdle (\$)</b> | <b>Valuation per Performance Right</b> | <b>Total Value of Performance Rights (\$)</b> |
|---------------------------------|---------------------------------------------|--------------------------------|----------------------------------------|-----------------------------------------------|
| Class D Performance Rights      | 58,900,000                                  | 0.08                           | 0.008                                  | \$471,200                                     |
| <b>Total Value (\$)</b>         |                                             |                                |                                        | <b>\$471,200</b>                              |

Assumptions:

For those Performance Rights that pass the performance test (barrier), the share price at the test date is used to calculate the Performance Rights price for the remainder of the time to expiry. The Performance Rights price is discounted back to the present at the risk free rate. For the Performance Rights that do not pass the performance test a zero value is recorded. This process is repeated for over 50,000 iterations. The average Performance Right value for these iterations where the Company satisfies the performance test represents the implied Performance Right value.

The Australian Government 10 year bond rate of 2.57% as at the date of the valuation report was used in the pricing model.

The recent volatility of the share price of the Company was calculated by Hoadley's volatility calculator for a 7 year period, using data extracted from Bloomberg. For the purpose of the valuation, a future estimated volatility level of 75% was used.

Note: The valuation ranges noted above are not necessarily the market prices that the Performance Rights could be traded at and they are not automatically the market prices for taxation purposes.

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## **SCHEDULE 4 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS TO BE GRANTED TO MR NEIL WARBURTON**

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### **1. Class D Performance Rights**

The Class D Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the Class D Vesting Conditions, each Class D Performance Right vests to one Share.
- (b) The Class D Performance Rights shall vest and convert to Shares upon satisfaction of the Class D Vesting Conditions, prior to the Class D Expiry Date.
- (c) The Class D Performance Rights shall expire at 5.00 pm (WST) on the Class D Expiry Date. Any Class D Performance Right not vested before the Class D Expiry Date shall automatically lapse on the Class D Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class D Performance Rights.
- (d) The Class D Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class D Performance Rights on the satisfaction of the Class D Vesting Conditions.
- (e) Immediately following the Class D Expiry Date the Company shall notify the holder of that proportion of Class D Performance Rights that have vested and shall, unless otherwise directed by the holder, allot the associated number of Shares within 10 Business Days of the Class D Expiry Date.
- (f) The Company will not apply for quotation of the Class D Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class D Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (g) All Shares allotted upon the vesting of Class D Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (h) The unvested Class D Performance Rights vest upon the happening of any of the following events:
  - (i) if a takeover bid is made, the takeover bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's shares; or
  - (ii) on the date of despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act seeking approval for a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
  - (iii) on the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Class D Performance Rights, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
- (i) In addition to (a) to (h) above, all terms and conditions set out in the PRP apply to the Class D Performance Rights. For further details of these terms, please see Schedule 1.

### **2. Class E Performance Rights**

The Class E Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the Class E Vesting Conditions, each Class E Performance Right vests to one Share.
- (b) The Class E Performance Rights shall vest and convert to Shares upon satisfaction of the Class E Vesting Conditions, prior to the Class E Expiry Date.
- (c) The Class E Performance Rights shall expire at 5.00 pm (WST) on the Class E Expiry Date. Any Class E Performance Right not vested before the Class E Expiry Date shall automatically lapse on the Class E Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class E Performance Rights.
- (d) The Class E Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class E Performance Rights on the satisfaction of the Class E Vesting Conditions.
- (e) Immediately following the Class E Expiry Date the Company shall notify the holder of that proportion of Class E Performance Rights that have vested and shall, unless otherwise directed by the holder, allot the associated number of Shares within 10 Business Days of the Class E Expiry Date.
- (f) The Company will not apply for quotation of the Class E Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class E Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (g) All Shares allotted upon the vesting of Class E Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (h) The unvested Class E Performance Rights vest upon the happening of any of the following events:
  - (i) if a takeover bid is made, the takeover bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's shares; or
  - (ii) on the date of despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act seeking approval for a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
  - (iii) on the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Class E Class E Performance Rights, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
- (i) In addition to (a) to (h) above, all terms and conditions set out in the PRP apply to the Class E Performance Rights. For further details of these terms, please see Schedule 1.

### **3. Class F Performance Rights**

The Class F Performance Rights entitle the holder to Shares on the following terms and conditions:

- (a) Subject to the satisfaction of the Class F Vesting Conditions, each Class F Performance Right vests to one Share.
- (b) The Class F Performance Rights shall vest and convert to Shares upon satisfaction of the Class F Vesting Conditions, prior to the Class F Expiry Date.

- (c) The Class F Performance Rights shall expire at 5.00 pm (WST) on the Class F Expiry Date. Any Class F Performance Right not vested before the Class F Expiry Date shall automatically lapse on the Class F Expiry Date and the holder shall have no entitlement to Shares pursuant to those Class F Performance Rights.
- (d) The Class F Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Class F Performance Rights on the satisfaction of the Class F Vesting Conditions.
- (e) Immediately following the Class F Expiry Date the Company shall notify the holder of that proportion of Class F Performance Rights that have vested and shall, unless otherwise directed by the holder, allot the associated number of Shares within 10 Business Days of the Class F Expiry Date.
- (f) The Company will not apply for quotation of the Class F Performance Rights on ASX. However, subject to the Company being listed on the ASX, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Class F Performance Rights on ASX within 10 Business Days after the date of allotment of those Shares.
- (g) All Shares allotted upon the vesting of Class F Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (h) The unvested Class F Performance Rights vest upon the happening of any of the following events:
  - (i) if a takeover bid is made, the takeover bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's shares; or
  - (ii) on the date of despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act seeking approval for a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
  - (iii) on the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Class F Performance Rights, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.
- (i) In addition to (a) to (h) above, all terms and conditions set out in the PRP apply to the Class F Performance Rights. For further details of these terms, please see Schedule 1.

## SCHEDULE 5 – VALUATION OF PERFORMANCE RIGHTS TO BE ISSUED

The Performance Rights to be issued to Mr John Harrison and Mr Neil Warburton pursuant to Resolutions 9 and 10 respectively have been independently valued by BDO Corporate Finance (WA) Pty Ltd.

Using a hybrid employee share option pricing model that simulates the share price of the Company as at the test date (expiry) using a Monte-Carlo model and based on the assumptions set out below, the Performance Rights were ascribed a value range, as follows:

A breakdown of the maximum number and value of the Performance Rights is summarised below:

| Performance Rights Class   | Maximum number of Performance Rights | share price hurdle (\$) | Valuation per Performance Right | Total Value of Performance Rights (\$) |
|----------------------------|--------------------------------------|-------------------------|---------------------------------|----------------------------------------|
| Class D Performance Rights | 2,000,000                            | 0.08                    | 0.008                           | \$16,000                               |
| Class E Performance Rights | 5,000,000                            | 0.12                    | 0.005                           | \$25,000                               |
| Class F Performance Rights | 5,000,000                            | 0.16                    | 0.006                           | \$30,000                               |
| <b>Total Value (\$)</b>    |                                      |                         |                                 | <b>\$71,000</b>                        |

| Performance Rights         | John Harrison (\$) | Neil Warburton (\$) | Total (\$)      |
|----------------------------|--------------------|---------------------|-----------------|
|                            |                    |                     |                 |
| Class D Performance Rights | \$0                | \$16,000            | \$16,000        |
| Class E Performance Rights | \$15,000           | \$10,000            | \$25,000        |
| Class F Performance Rights | \$18,000           | \$12,000            | \$30,000        |
| <b>Total Value (\$)</b>    | <b>\$33,000</b>    | <b>\$38,000</b>     | <b>\$71,000</b> |
|                            |                    |                     |                 |

### Assumptions:

For those Performance Rights that pass the performance test (barrier), the share price at the test date is used to calculate the Performance Rights price for the remainder of the time to expiry. The Performance Rights price is discounted back to the present at the risk free rate. For the Performance Rights that do not pass the performance test a zero value is recorded. This process is repeated for over 50,000 iterations. The average Performance Right value for these iterations where the Company satisfies the performance test represents the implied Performance Right value.

The Australian Government 10 year bond rate of 2.57% as at the date of the valuation report was used in the pricing model.

The recent volatility of the share price of the Company was calculated by Hoadley's volatility calculator for a 7 year period, using data extracted from Bloomberg. For the purpose of the valuation, a future estimated volatility level of 75% was used.

Note: The valuation ranges noted above are not necessarily the market prices that the Performance Rights could be traded at and they are not automatically the market prices for taxation purposes.

## SCHEDULE 6 – ISSUE OF EQUITY SECURITIES SINCE 29 NOVEMBER 2013

| Date             | Quantity    | Class                       | Recipients                          | Issue price and discount to Market Price (if applicable) <sup>1</sup>                                                                                   | Form of consideration/ use of funds                                                                                                                    |
|------------------|-------------|-----------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10 December 2013 | 3,038,422   | Shares <sup>2</sup>         | Directors                           | Non-cash consideration (deemed issue price of \$0.027, being 22.7% premium to market price)                                                             | <u>Consideration</u><br>Satisfaction of cash remuneration owing to Directors.<br><u>Current Value</u><br>\$72,922.13 <sup>3</sup>                      |
| 19 December 2013 | 206,483,154 | Shares <sup>2</sup>         | Uramin Inc                          | No issue price (non-cash consideration). Shares were issued as part consideration for the acquisition of uranium/molybdenum properties in South Africa. | <u>Non-cash</u><br><u>No consideration</u><br><br><u>Current Value</u><br>\$4,955,595.70 <sup>3</sup>                                                  |
| 31 December 2013 | 17,777,778  | Quoted Options <sup>4</sup> | Pala Investments Holdings Limited   | Nil cash consideration (issued under existing equity facility agreement)                                                                                | Non-cash                                                                                                                                               |
| 14 January 2014  | 5,000,000   | Quoted Options <sup>4</sup> | Rockbury Capital                    | No issue price (non-cash consideration). Options were issued as part consideration for services rendered under a financing services agreement.          | <u>Non-cash</u><br><u>Consideration:</u> A corporate advisory fee in relation to the Company's financing<br>Current value <sup>3</sup> = \$55,000.     |
| 16 January 2014  | 500,000     | Shares <sup>2</sup>         | Employees of the Company            | No issue price (non-cash consideration)                                                                                                                 | <u>Non-cash</u><br><u>Consideration:</u> Performance based remuneration for services provided to the Company<br>Current value <sup>3</sup> = \$12,000. |
| 14 March 2014    | 161,290,323 | Shares <sup>2</sup>         | JP Morgan Asset Management (UK) Ltd | \$0.031 (being a 13.9% discount to market price)                                                                                                        | <u>Consideration</u><br>Satisfaction of cash remuneration owing to employees.<br><u>Current Value</u><br>\$3,870,967.75 <sup>3</sup>                   |
| 14 March 2014    | 208,333     | Shares <sup>2</sup>         | Consultants of the Company.         | No issue price (non-cash consideration). Shares were issued as part consideration for                                                                   | <u>Non-cash</u><br><u>Consideration:</u> A investor relations fee in relation to the                                                                   |

|                |           |                     |                                                  |                                                         |                                                                                                                                                              |
|----------------|-----------|---------------------|--------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                |           |                     |                                                  | services rendered under a investor relations agreement. | Current value <sup>3</sup> = \$5,000.                                                                                                                        |
| 14 March 2014  | 500,000   | Shares <sup>2</sup> | Employees of the Company.                        | No issue price (non-cash consideration)                 | <u>Non-cash Consideration:</u><br>Performance based remuneration for services provided to the Company<br>Current value <sup>3</sup> = \$12,000.              |
| 14 March 2014  | 5,500,000 | Shares <sup>2</sup> | Funds held by BlackRock Financial Management Inc | No issue price (non-cash consideration)                 | <u>Non-cash Consideration:</u><br>Shares issued under terms of existing note purchase agreement with BlackRock.<br>Current value <sup>3</sup> = \$132,000.   |
| 16 May 2014    | 2,373,614 | Shares <sup>2</sup> | Employees of the Company                         | No issue price (non-cash consideration)                 | <u>Non-cash Consideration:</u><br>Performance based remuneration for services provided to the Company<br>Current value <sup>3</sup> = \$56,966.74.           |
| 6 June 2014    | 4,000,000 | Shares <sup>2</sup> | Funds held by BlackRock Financial Management Inc | No issue price (non-cash consideration)                 | <u>Non-cash Consideration:</u><br>Shares issued under terms of existing note purchase agreement with BlackRock.<br>Current value <sup>3</sup> = \$96,000.    |
| 17 July 2014   | 2,016,129 | Shares <sup>2</sup> | EAS Advisors LLC                                 | No issue price (non-cash consideration)                 | <u>Non-cash Consideration:</u><br>Shares issued in relation to existing Note Purchase Agreement with BlackRock.<br>Current value <sup>3</sup> = \$48,387.10. |
| 11 August 2014 | 500,000   | Shares <sup>2</sup> | Employees of the Company                         | No issue price (non-cash consideration)                 | <u>Non-cash Consideration:</u><br>Performance based remuneration for services provided to                                                                    |

|                         |           |                     |                                                           |                                             |                                                                                                                                                                                  |
|-------------------------|-----------|---------------------|-----------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         |           |                     |                                                           |                                             | the Company<br>Current value <sup>3</sup> =<br>\$12,000.                                                                                                                         |
| 1 September<br>2014     | 8,000,000 | Shares <sup>2</sup> | Funds held by<br>BlackRock<br>Financial<br>Management Inc | No issue price (non-<br>cash consideration) | <u>Non-cash<br/>Consideration:</u><br>Shares issued under<br>terms of existing<br>note purchase<br>agreement with<br>BlackRock.<br>Current value <sup>3</sup> =<br>\$333,333.33. |
| 11<br>September<br>2014 | 1,344,086 | Shares <sup>2</sup> | EAS Advisors<br>LLC                                       | No issue price (non-<br>cash consideration) | <u>Non-cash<br/>Consideration:</u><br>Shares issued in<br>relation to existing<br>note purchase<br>agreement with<br>BlackRock.<br>Current value <sup>3</sup> =<br>\$32,258.06.  |

**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. Fully paid ordinary shares in the capital of the Company, ASX Code: PEN (terms are set out in the Constitution).
3. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.024) or PENOC options (\$0.011) on the ASX on the 10 October 2014.
4. Quoted Options, exercisable at \$0.03 each, on or before 31 December 2016, ASX Code: PENOC.



By mail:  
Peninsula Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



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All enquiries to: Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

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

### STEP 1

#### APPOINT A PROXY

☐

the Chairman  
of the Meeting  
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at 9:00am (WST) on Friday, 28 November 2014 at Subiaco Arts Centre, 180 Hamersley Road, Subiaco WA 6008 (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

### STEP 2

#### VOTING DIRECTIONS

| Resolutions                                                                                      | For                      | Against                  | Abstain*                 |    | For                      | Against                  | Abstain*                 |
|--------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|----|--------------------------|--------------------------|--------------------------|
| 1 Adoption of Remuneration Report                                                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Re-election of Mr Alfred Gillman as a Director                                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Election of Mr John Harrison as a Director                                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 9  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Approval of 10% Placement Facility                                                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 10 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Ratification of Prior Issue - Shares                                                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 Issue of Shares to Mr Neil Warburton in Lieu of Director's Fees Under Salary Sacrifice Program | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |    |                          |                          |                          |

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

### STEP 3

#### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

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

PEN PRX401R



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

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

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

### Votes on Items of Business - Proxy Appointment

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

### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

### Signing Instructions

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

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

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

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

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

### Corporate Representatives

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

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:00am (WST) on Wednesday, 26 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



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

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



**by mail:**

Peninsula Energy Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**