



PACIFICENERGY

**PACIFIC ENERGY LIMITED  
ACN 009 191 744**

**NOTICE OF ANNUAL GENERAL MEETING**

**The annual general meeting of Pacific Energy Limited will be held at the President's Room, The Celtic Club, 48 Ord Street, West Perth WA 6005 on Friday, 24 November 2017 at 10:00 am (WST).**

If you are unable to attend the meeting, you may complete the Proxy Form (enclosed) and return it to the Company as soon as possible and in any event so it is received by the Company Secretary at the place specified in the Proxy Form no later than 48 hours prior to the time of commencement of the meeting.

**THIS DOCUMENT IS IMPORTANT**

This Notice should be read in its entirety. If you do not understand it or are in any doubt about how to act, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9303 8888.

The **2017 Annual Report** can be viewed on the Company's website at [www.pacificenergy.com.au](http://www.pacificenergy.com.au)

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of shareholders of Pacific Energy Limited (**Company**) will be held at the President's Room, The Celtic Club, 48 Ord Street, West Perth WA 6005 on Friday, 24 November 2017 at 10:00 am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 22 November 2017 at 4:00 pm (WST). Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to vote.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

## **AGENDA**

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### **Annual Report**

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### **1. Resolution 1 – Adoption of Remuneration Report**

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

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."*

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### **Voting exclusion**

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

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

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

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## **2. Resolution 2 – Re-election of Director – Mr Alan Stuart Foster**

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

*"That, pursuant to and in accordance with, article 17.1 of the Constitution and for all other purposes, Mr Alan Stuart Foster, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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## **3. Resolution 3 – Election of Director – Mr Linton John Putland**

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

*"That, pursuant to and in accordance with Listing Rule 14.4, article 16.4(b) of the Constitution and for all other purposes, Mr Linton John Putland, Director, retires and being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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## **4. Resolution 4 – Issue of Performance Rights to Mr Brady Hall**

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

*"That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 28,402 Performance Rights to Mr Brady Hall (and/or his nominee) under the Performance Rights Plan on the terms and conditions in the Explanatory Memorandum."*

### **Voting exclusion**

The Company will disregard any votes cast on this Resolution by Mr Brady Hall or his nominee, any Director (except one who is ineligible to participate in the Performance Rights Plan) and any of their associates.

However, the Company will not disregard a vote if:

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

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## **5. Resolution 5 – Approval of Performance Rights Plan**

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

*"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 and for all other purposes, Shareholders approve the Pacific Energy Limited Performance Rights Plan and the grant of Performance Rights and the issue of the underlying Shares of such Performance Rights on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.

The Company will not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **6. Resolution 6 – Approval of Increase in Non-Executive Director Fees**

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

*“That, for the purposes of article 20.1 of the Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum aggregate fees which may be paid to the non-executive Directors increased from the maximum level approved in 2004 of \$250,000 to a new maximum level of \$350,000 per annum, on the terms and conditions in the Explanatory Memorandum.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a Director and any of their associates.

However, the Company need not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **7. Resolution 7 – Approval of Deeds of Indemnity, Insurance and Access**

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

*“That, pursuant to and in accordance with Chapters 2D and 2E of the Corporations Act and for all other purposes, approval be given to the Company to:*

- (a) *indemnify each Indemnified Person, during their Office and after the cessation of that Office, in respect of certain claims made against that Officer in relation to the period of their Office;*

- (b) *use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates for each Indemnified Person in respect of certain claims made against each such Officer in relation to the period of their Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);*
- (c) *use its reasonable endeavours to ensure that each Indemnified Person is at all times covered under an insurance policy for the period of seven years from the date that the Indemnified Person ceases to hold Office (**Insurance Run-Off Period**), which will be on terms not materially less favourable to the Indemnified Person than the terms of insurance applicable at the date of termination of their Office, and to continue to pay those premiums during that Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*
- (d) *provide each Indemnified Person with access, upon the termination of their Office, for a period of not less than seven years following that termination, to any Group Company records which are either prepared by or provided to him/her during the Retention Period,*

*on the terms and conditions in the Explanatory Memorandum.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by an Indemnified Person and any of their associates.

However, the Company need not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **8. Resolution 8 – Appointment of Auditor**

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

*"That, for the purposes of section 327B of the Corporations Act and for all other purposes, BDO Audit (WA) Pty Ltd, having consented to act as the Company's auditor, be appointed as auditor of the Company effective from the date of the Meeting and the Directors be authorised to agree the remuneration on the terms and conditions in the Explanatory Memorandum."*

**BY ORDER OF THE BOARD**

**Michael Kenyon**  
**Company Secretary**  
**Dated: 16 October 2017**

## **EXPLANATORY MEMORANDUM**

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### **1. Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the President's Room, The Celtic Club, 48 Ord Street, West Perth WA 6005 on Friday, 24 November 2017 at 10:00 am (WST).

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

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

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### **2. Action to be taken by Shareholders**

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

#### **2.1 Proxies**

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

Please note that:

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

Proxy Forms must be received by the Company no later than 10:00 am (WST) on 22 November 2017, being at least 48 hours before the Meeting.

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



## **2.2 Voting Prohibition by Proxy holders (Remuneration of Key Management Personnel)**

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

A vote on Resolutions 5 and 6 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

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

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

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## **3. Annual Report**

In accordance with section 317(1) of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2017.

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

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available by contacting the registered office on +61 8 9303 8888 or emailing [info@pacificenergy.com.au](mailto:info@pacificenergy.com.au);
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and preparation and content of the Auditor's Report.

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

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit, may be submitted no later than five (5) Business Days before the Meeting to the Company Secretary at the Company's registered office.

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## **4. Resolution 1 - Adoption of Remuneration Report**

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified management and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report will cease to hold office and may stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2016 annual general meeting. Please note, if the Remuneration Report receives a Strike at this Meeting and a second Strike is received at the 2018 annual general meeting, this may result in the re-election of the Board.

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

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson'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.

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## **5. Resolution 2 - Re-election of Director – Mr Alan Stuart Foster**

Article 17.1 of the Constitution requires that one third of Directors (excluding the Managing Director and rounded down to the nearest whole number) must retire at each annual general meeting of the Company and will be eligible for re-election. The Company currently has 4 Directors excluding the Managing Director, and therefore, one Director must retire under Article 17.1.

Mr Foster was last appointed as a Director at the Company's 2015 annual general meeting and therefore will retire pursuant to Article 17.1 and, being eligible, seeks re-election as a Director.

A brief CV of Mr Foster is included in the Directors' Report.

The Board (excluding Mr Foster) recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

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## **6. Resolution 3 - Election of Director – Mr Linton John Putland**

In accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 16.4 of the Constitution allows the Directors to appoint a person to fill a casual vacancy at any time. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for election at that meeting.

Mr Putland was appointed to fill a casual vacancy. Resolution 3 therefore provides that he retires from office and seeks election as a Director.

A brief CV of Mr Putland is included in the Directors' Report.

The Board (excluding Mr Putland) recommends that Shareholders vote in favour of Resolution 3.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

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## **7. Resolution 4 – Issue of Performance Rights to Mr Brady Hall**

### **7.1 General**

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 10.11 for the grant of 28,402 Performance Rights to Mr Brady Hall (and/or his nominee) under the Performance Rights Plan.

Mr Brady Hall is an employee of the Company, and is eligible to receive Performance Rights pursuant to the Performance Rights Plan for the entitlement period ended 31 August 2017.

The purpose of the issue of the Performance Rights is for the Company to retain, motivate and reward its employees. Mr Brady Hall has maintained a senior position within the Company for several years and the issue of Performance Rights to him is solely for his efforts as an employee of the Company. The Performance Rights issued to Mr Brady Hall are not subject to any vesting conditions and may be exercised at any time after issue.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

## **7.2 Section 208 of the Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party the Company must obtain Shareholder approval, unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

Mr Brady Hall is a related party of the Company as he is the child of a Director, Mr Kenneth Hall.

The Directors have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the granting of the Performance Rights to Mr Brady Hall as the exception in section 211 of the Corporations Act applies. The Directors have determined that the Performance Rights are reasonable remuneration for Mr Brady Hall's responsibilities in the Company.

## **7.3 Listing Rule 10.11**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party unless it obtains Shareholder approval.

Mr Brady Hall is a related party of a Director, Mr Kenneth Hall as he is a child of Mr Kenneth Hall. Mr Brady Hall is therefore taken to be an associate of that Director pursuant to Listing Rule 19.2.

As Shareholder approval is sought under Listing Rule 10.11, no approval is required under Listing Rules 7.1.

Shareholder approval of Resolution 4 means that the issue of the Performance Rights to Mr Brady Hall will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

## **7.4 Specific information required by Listing Rule 10.15**

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Performance Rights will be issued to Mr Brady Hall. Mr Brady Hall is an associate of a Director, Mr Kenneth Hall, as he is a related party to that Director, being a child of Mr Kenneth Hall.
- (b) The maximum number of securities to be issued under this Resolution is 28,402 Performance Rights.
- (c) Each Performance Right will be issued for nil cash consideration. No funds will therefore be raised by the issue of the Performance Rights.
- (d) No securities have been issued under the Performance Rights Plan.
- (e) Under the rules of the Performance Rights Plan, Mr Brady Hall and Directors are the only persons referred to in Listing Rule 10.14 that are entitled to participate in the Performance Rights Plan.
- (f) A voting exclusion statement is included for Resolution 4 in the Notice.

- (g) No loans have been provided by the Company in connection with the issue of the Performance Rights.
- (h) The Performance Rights will be issued no later than 12 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

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## **8. Resolution 5 - Approval of Performance Rights Plan**

### **8.1 General**

To achieve its corporate objectives, the Company needs to attract and retain its key staff, whether employees or contractors. To ensure that it meets these objectives, Resolution 5 seeks Shareholder approval, pursuant to Listing Rule 7.2, Exception 9, to adopt the 'Pacific Energy Limited Performance Rights Plan' (**Performance Rights Plan**).

The Board believes that grants made to eligible employees under the Performance Rights Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Performance Rights Plan will:

- (a) enable the Company to incentivise and retain existing or additional key management personnel and other eligible employees needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievement of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the Performance Rights Plan with those of Shareholders; and
- (d) provide incentives to participants of the Performance Rights Plan to focus on superior performance that creates Shareholder value.

Resolution 5 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

### **8.2 Listing Rule 7.1 and Listing Rule 7.2, Exception 9**

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

Listing Rule 7.2, Exception 9 operates as one of the exceptions to Listing Rule 7.1, which provides that issues under an employee incentive scheme are exempt for a period of three years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 5 is passed, the Company will have the ability to issue Performance Rights to eligible employees under the Performance Rights plan over a period of three years without impacting on the Company's 15% placement capacity under Listing Rule 7.1.

A summary of the material terms of the Performance Rights Plan is detailed in Schedule 2. A Copy of the Performance Rights Plan can be obtained by contacting the Company.

### **8.3 Specific Information Required by Listing Rule 7.2**

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the following information is provided:

- (a) The material terms of the Performance Rights Plan are summarised in Schedule 2.
- (b) This is the first approval sought under Listing Rule 7.2, Exception 9 with respect to the Performance Rights Plan.
- (c) A voting exclusion statement is included for Resolution 5 in the Notice.

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## **9. Resolution 6 – Approval of Increase in Non-Executive Director Fees**

### **9.1 General**

Under the Company's Constitution and the Listing Rules, the fees payable to non-executive Directors for their services as Directors are determined by the Board with a maximum annual aggregate limit approved by Shareholders. The current maximum remuneration payable to non-executive Directors is \$250,000 per annum. This aggregate amount was approved by Shareholders in 2004.

Resolution 6 seeks Shareholder approval to increase the maximum aggregate remuneration payable to non-executive Directors by \$100,000 to \$350,000 per annum.

The Board believes that the remuneration of the Directors must be maintained at a level consistent with similarly sized ASX listed companies, taking into account the time commitment of their role and the Company's performance. The increase in the annual aggregate remuneration pool sought by Resolution 6 is designed to:

- (a) accommodate the expected growth of the Company and increase responsibilities for non-executive Directors;
- (b) attract new Directors of a calibre required to effectively guide and monitor the business of the Company;
- (c) remunerate Directors appropriately for the expectations placed upon them by both the Company and the regulatory environment in which it operates;
- (d) accommodate an increase in the number of non-executive Directors, if such an increase is considered appropriate; and
- (e) allow for future increases in remuneration to current or future non-executive Directors, should this be considered appropriate.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

Resolution 6 if passed, will ensure the Company has adequate flexibility to increase the size of the Board or the remuneration of non-executive Directors, as and when the business of the Company requires.

Resolution 6 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 6.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 6, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Directors do not give a recommendation on Resolution 6 in view of their personal interest in the Resolution.

## **9.2 Article 20.1 of the Constitution and Listing Rule 10.17**

Article 20.1 of the Constitution provides for the Company to fix the maximum aggregate amount of fees payable to non-executive Directors Shareholders at a general meeting.

Listing Rule 10.17 provides that an entity must not increase the total amount of Directors' fees payable by it or any of its controlled entities without the approval of holders of its ordinary securities. Listing Rule 10.17 does not apply to the salary of an executive Director.

Listing Rule 10.17 requires that the following information be provided to Shareholders:

- (a) The amount of the increase sought is \$100,000 per annum.
- (b) The maximum aggregate amount of Directors' fees that may be paid to all of the Company's non-executive Directors is \$350,000 per annum.
- (c) In the preceding 3 years the Company has not issued any securities to non-executive Directors under Listing Rules 10.11 or 10.14 with the approval of Shareholders.
- (d) A voting exclusion statement is included in the Notice.

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## **10. Resolution 7 – Deeds of Indemnity, Insurance and Access**

### **10.1 General**

The purpose of Resolution 4 is to enable the Company to provide Mr Linton John Putland and Mr Michael Kenyon (each an **Indemnified Person**) with a reasonable level of protection in relation to claims made against him in relation to the period of his Office.

Given the duties and responsibilities of each Indemnified Person and their potential liabilities, the Board considers it appropriate that each Indemnified Person be suitably protected from certain claims made against them. The proposed protection will not extend to the extent it is prohibited by the Corporations Act.

As each Indemnified Person may be called to account for their actions several years after ceasing to hold Office, it is considered reasonable that suitable protection should extend for a period of time after each Indemnified Person has ceased to hold Office.

It is generally recognised that an officer or former officer of a company may face considerable difficulty in properly answering or defending any claim made against him or her, particularly, as is often the case, where the claim is brought after the officer ceases to hold office. Difficulties may arise by reason of the following:

(a) **No indemnity after cessation of Office**

While a company's constitution provides officers with an indemnity in respect of claims made while they hold office, the indemnity arguably ceases if they cease to hold office and does not extend to cover roles as an officer of a bodies corporate associated with the company. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of an officer or former officer, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual officer.

(b) **Maintenance of insurance policies**

Officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy. Generally, unless insurance premiums continue to be paid after the time an officer ceases to hold office, claims made after cessation of office will not be covered by the insurance policy. The cost to a former officer of personally maintaining insurance cover after ceasing to hold office can be prohibitive, particularly given the number of years for which insurance must be maintained and given the former officer is unlikely to be receiving income from the company.

(c) **Access to Board papers**

In accordance with section 198F of the Corporations Act, officers have a right to inspect the books of the Company:

- (i) whilst they hold office; and
- (ii) for seven years after ceasing to hold office,

at all reasonable times for the purposes of a legal proceeding to which the officer is a party, that the person proposes in good faith to bring or that the person has reason to believe will be brought against him or her.

Despite this statutory right, officers may require access to company documents which are relevant to the officer's office and not strictly required for the purpose of anticipated, threatened or commenced legal proceedings. Furthermore, although a proceeding may be instituted within six years after a cause of action arises, that six year period is calculated from the date the damage is found to have occurred – this may be long after the conduct which allegedly caused the damage occurred.

Given these difficulties a person may be unwilling to become or to remain as an officer of a company without suitable protection being provided by the company. The benefit to such company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as officers.

Resolution 7 is an ordinary resolution.



The Chairman intends to exercise all available proxies in favour of Resolution 7.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 7, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## **10.2 Summary of the Deed of Indemnity, Insurance and Access**

The Company and each Indemnified Person has entered into a deed of indemnity, access and insurance (**Deed of Indemnity**) which, subject to Shareholder approval, requires:

- (a) the Company to indemnify each Indemnified Person during their Office and after the cessation of that Office, in respect of certain claims made against such in relation to the period of his Office to the extent allowable under the Corporations Act;
- (a) the Company to indemnify each Indemnified Person in respect of all liabilities incurred by each Indemnified Person during the period of their Office to the extent allowable under the Corporations Act;
- (b) the Company to maintain an insurance policy and pay the premiums of insurance for each Indemnified Person to the extent available under the Corporations Act, in respect of all liabilities (including legal expenses) incurred by each Indemnified Person in relation to the period of his Office and to continue to pay those premiums for a period of up to seven years following the termination of their Office;
- (c) the Company to provide each Indemnified Person with access, upon ceasing for any reason to hold Office and for a period of up to seven years following that cessation, to any Company records which are either prepared or provided by the Indemnified Person during the period which the person held Office; and
- (d) the Company to provide each Indemnified Person with access for a period of up to seven years following the cessation of their Office, to any Company records which were either prepared or provided by the Indemnified Person during the period which they held Office.

## **10.3 Summary of indemnity and insurance provisions in the Corporations Act**

In considering Resolution 7, please note the following limitations in the Corporations Act concerning the provision of indemnities and insurance to Company officers. The deeds for which Shareholder approval is sought under Resolution 7 comply with these limitations.

### **(a) Section 199A of the Corporations Act**

The Corporations Act sets out specific prohibitions to the Company's ability to grant indemnities for liabilities and legal costs.

The Company is prohibited from indemnifying its officers against a liability if it is a liability:

- (i) to the Company and any of its related bodies corporate;
- (ii) to a third party that arose out of conduct involving a lack of good faith; or
- (iii) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of director's duties, the related party rules and insolvent trading rules).

The Company is also prohibited from indemnifying its officers against legal costs incurred:

- (i) in defending actions where an officer is found liable for a matter for which he cannot be indemnified by the Company as set out immediately above;
- (ii) in defending criminal proceedings where the officer is found guilty;
- (iii) in defending proceedings brought by the ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or
- (iv) in connection with proceedings for relief to the director under the Corporations Act where the court denies the relief.

**(b) Section 199B of the Corporations Act**

If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of an officer, section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the officer arising out of conduct involving either:

- (i) a wilful breach of duty in relation to the Company; or
- (ii) contravention of the provisions relating to an officer making improper use of information or improper use of his or her position for his or her advantage or gain, or to the detriment of the Company.

#### **10.4 Section 200B of the Corporations Act**

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Section 200B applies where the benefit is given to a person whose details are included in the Director's Report for the previous financial year. Details for each Indemnified Person were included in the 2017 Director's Report.

The Directors consider that as the:

- (a) proposed payment of insurance premiums;
- (b) benefit of the indemnity in relation to liabilities incurred during the period each Indemnified Person holds Office; and
- (c) access to Company records,

continue for a period of up to seven years after each Indemnified Person ceases to hold Office, each may be viewed as the provision of a benefit given "in connection with" the retirement for the purposes of section 200B of the Corporations Act.

## **10.5 Section 208 of the Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

For the purposes of section 208 of the Corporations Act, Mr Linton John Putland is considered to be a related party of the Company.

The provision of insurance and indemnity to Mr Linton John Putland may involve the provision of a financial benefit to a related party of the Company within the prohibition in chapter 2E of the Corporations Act. The Directors consider that, although the payment of insurance premiums and the provision of indemnity by the Company are "reasonable in the circumstances" of the Company and therefore are exceptions from the prohibition in Chapter 2E of the Corporations Act, consideration of the reasonable nature of the provision of any indemnity or insurance is an appropriate matter for the Shareholders of the Company.

## **10.6 Specific Information required by sections 200E and 219 of the Corporations Act**

In accordance with section 200E and section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed Resolution 7:

- (a) The Company has taken out an insurance policy which will provide insurance cover for each Indemnified Person against all permitted liabilities incurred by each Indemnified Person.
- (b) The annual insurance premium is calculated at market rates applicable at the time of renewal.
- (c) Mr Linton John Putland is a related party of the Company to whom the proposed Resolution would permit the giving of a benefit.
- (d) The nature of the benefit to be given to each Indemnified Person is the benefit under the Deed of Indemnity, the terms of which are summarised in Section 10.2.
- (e) The Directors of the Company (excluding Mr Linton John Putland) each of whom has no interest in the outcome of Resolution 7, recommends Shareholders vote in favour of Resolution 7 as they consider, given the duties and responsibilities of each Indemnified Person, they should be suitably protected from certain claims made against them in relation to the period of their Office. Mr Linton John Putland has an interest in Resolution 7 and therefore believes it inappropriate to make a recommendation.
- (f) A voting exclusion is contained in the Notice for this Resolution 7.
- (g) Other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 7.

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## **11. Resolution 8 – Appointment of Auditor**

The Directors understand that the Company's current auditor, Crowe Horwath Perth will give notice to ASIC of their intention to resign as auditor of the Company (under section 329(5) of the Corporations Act), and upon receipt of the consent of ASIC, will resign as auditor of the Company.

The Company has received a written notice of nomination from a Shareholder for BDO Audit (WA) Pty Ltd to be appointed as the Company's auditor pursuant to section 328B of the Corporations Act. A copy of the notice of nomination is included in Schedule 3.

BDO Audit (WA) Pty Ltd has consented to act in the capacity of auditor, subject to the passing of Resolution 7, and all other requirements of the Corporations Act in relation to the appointment of an auditor have been, or, at the date of the Notice are being met.

Resolution 7 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 7.

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

## Schedule 1 - Definitions

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

**\$** means Australian Dollars.

**Annual Report** means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2017.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Associated Body Corporate** means:

- (a) a body corporate that is a Related Body Corporate of the Company; or
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%

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

**ASIC** means *Australian Securities and Investments Commission*.

**Bad Leaver** means a participant under the Performance Rights Plan who ceases to be an eligible participant and:

- (a) does not meet the Good Leaver criteria; or
- (b) meets the Good Leaver criteria but the Board has determined in writing that they be treated as a Bad Leaver.

**Board** means the board of Directors.

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

**Change of Control Event** means:

- (a) a change in Control of the Company;
- (b) where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person (either alone or together with its associates) owning 50% or more of the Shares of the Company;
- (c) where a Takeover Bid (as defined under the Corporations Act) is made to acquire 50% or more of the Shares (or such lesser number of Shares that when combined with the Shares that the bidder (together with its associates) already owns will amount to 50% or more of the Shares of the Company) and the Takeover Bid becomes unconditional and the bidder (together with its associates) has a relevant interest in 50% or more of the Shares of the Company;

- (d) where a person (either alone or together with its associates) becomes the legal or the beneficial owner of, or acquires a relevant interest in, 50% or more of the Shares of the Company;
- (e) where a person (either alone or together with its associates) becomes entitled to acquire or acquires an equitable interest in 50% or more of the Shares of the Company;
- (f) a resolution is passed for the voluntary winding-up of the Company;
- (g) an order is made for the compulsory winding up of the Company; or
- (h) any other event determined by the Board in good faith to constitute a “Change of Control Event” for the purposes of these Performance Rights Plan,

but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of a Group Company.

**Chairperson** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** or **Pacific Energy** means Pacific Energy Limited ABN 22 009 191 744.

**Constitution** means the constitution of the Company as at the date of the Meeting.

**Control** has the meaning given to that term in the Corporations Act.

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

**Deed of Indemnity** has the meaning in Section 10.2.

**Director** means a director of the Company as at the date of this Notice.

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

**Explanatory Memorandum** means this explanatory memorandum which forms part of the Notice.

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

**Good Leaver** means a participant who ceases to be an eligible participant in any of the following circumstances:

- (a) the participant and Board have agreed in writing that the participant has entered into bona fide retirement;
- (b) the Board has determined that the participant is no longer able to perform their duties under their engagement with the Company due to poor health, injury or disability;
- (c) the participant's death; or

(d) any other circumstance determined by the Board in writing.

**Group Company** means any one of the Company or Associated Body Corporate.

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

**Indemnified Person** has the meaning in Section 10.1.

**Insolvent** means, in respect of a person:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it has had a controller appointed or is in liquidation, in provisional liquidation, under administration, wound up or has had a receiver appointed to any part of its property;
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the Company);
- (d) an application or order has been made (and in the case of the application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is likely to result in any of (a), (b) or (c) above);
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand);
- (f) it is subject to an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (g) it is otherwise unable to pay its debts when they fall due; or

something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

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

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

**Notice** means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

**Office** means an office as an Officer.

**Officer** has the same meaning, as the context requires, given in paragraphs (a) and (b) of the definition of 'officer' of a corporation, or in paragraphs (a) and (b) of the definition of 'officer' of an entity that is neither an individual nor a corporation, in each case in section 9 of the Corporations Act.

**Performance Right** means a performance right issued under the Performance Rights Plan.

**Performance Rights Plan** has the meaning given in Section 8.1.

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

**Related Body Corporate** has the meaning given to that term in the Corporations Act

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

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Explanatory Memorandum.

**Secretary** means a company secretary of the Company as at the date of this Notice.

**Section** means a section of this Explanatory Memorandum.

**Share** means an ordinary share in the issued capital of the Company.

**Shareholder** means a shareholder of the Company.

**Strike** means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

**Trading Day** has the same meaning as in the Listing Rules.

**VWAP** means volume weighted average price.

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



## Schedule 2 - Summary of Key Terms of Performance Rights Plan

The Performance Rights entitle the holder to Shares on the following terms and conditions. A full copy of the Performance Rights Plan (**Plan**) is available for inspection at the Company's registered office until the date of the Meeting.

### Eligibility

The Plan is open to full time and part-time employees of the Company or its related bodies corporate (**Group**), Directors of any member of the Group, eligible contractors engaged by the Group and any other person who is declared by the board of the Company (**Board**) to be eligible to participate in the Plan. Eligible employees may request that some or all of their Performance Rights are held by a nominee, however the Board has sole discretion to accept or reject a nominee.

### Instruments

The Plan allows the Board to grant Performance Rights, with each Performance Right representing a right to acquire one Share, provided that the relevant vesting conditions are satisfied.

### Equity Pool

The number of Performance Rights granted under the Plan (**Awards**), and the number of Shares underlying any Awards, granted on any day must not exceed the maximum permitted under any ASIC Class Order (including, without limitation, ASIC CO [14/1000]) providing relief from the disclosure regime of the Corporations Act to ensure compliance with any such ASIC Class Order.

### Grant of Performance Rights

The individual grants of Performance Rights to those eligible to participate in the Plan will be made on an annual basis commencing on 1 September and ending 31 August of each year (**Entitlement Period**). The number of Performance Rights that a participant will be entitled to each year is determined by:

- (a) the number of hours worked by a participant during the Entitlement Period; and
- (b) duration of the participant's employment with the Company at the expiry of the Entitlement Period,

(together the **Annual Allocation Entitlement**). The Board has the discretion to offer and issue Performance Rights to any participant outside of and in addition to the Annual Allocation Entitlement. The Board will review the Annual Allocation Entitlement every three years any make any changes it deems appropriate.

### Exercise Price

Unless the Board determines otherwise, Performance Rights will be granted with a nil exercise price.

### Life of Performance Rights

Unless otherwise determined by the Board in its sole and absolute discretion, Performance Rights granted will have a maximum life of 15 years, such that if they are not exercised before the 15 year anniversary of their grant (**Expiry Date**) they will lapse.

### Transferability of Performance Rights

Performance Rights will not be transferable, other than on a participant's death, to the participant's legal personal representative.

### **Rights Attaching to Performance Rights**

Participants will have no voting or dividend rights until performance Rights are exercised and the participants hold Shares.

### **Vesting Conditions**

The vesting of Performance Rights will be conditional on the satisfaction of any vesting conditions which the Board has determined will attach to any Performance Rights.

### **Vesting Notification**

A Performance Right vests upon the applicable vesting condition being satisfied and the Company issuing a vesting notification to the relevant participant, after which the vested Performance Right will be exercisable.

### **Lapsing Conditions**

Unless otherwise determined by the Board in its sole and absolute discretion, any unvested Performance Rights will lapse on the earlier of:

- (a) the cessation of a participant's employment or office (subject to the rules governing cessation of employment summarised below);
- (b) where a participant has acted fraudulently, dishonestly or wilfully breaching their duties. At the discretion of the Board, vested Performance Rights may also lapse in these circumstances;
- (c) if an applicable vesting condition and/or performance hurdle are not, or, in the opinion of the Board, cannot be, achieved by the relevant time;
- (d) where a participant becomes Insolvent; or
- (e) the Expiry Date.

### **Cessation of Employment or Office**

On cessation of employment:

- (a) unless the Board determines otherwise, a Good Leaver is entitled to keep their Performance Rights that have vested but have not been exercised and those unvested Performance Rights determined by the Board. All other unvested Performance Rights forfeited.
- (b) unless the Board determines otherwise, all Performance Rights held by a Bad Leaver are forfeited.

### **Rights Attaching to Shares**

All Shares acquired by participants upon the exercise of Performance Rights will rank equally with existing Shares on and from the date of acquisition.

### **Disposal Restrictions on Shares**

Prior to the grant of any Performance Rights, the Board may impose disposal restrictions on Shares acquired by participants following the exercise of Performance Rights, for example,

by way of the use of an employee share trust or an Australian Securities Exchange holding lock. During any Share disposal restriction period, participants will have full dividend and voting rights.

### **Change of Control Event**

If a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its absolute discretion determine the manner in which all unvested and vested Performance Rights will be dealt with, including in a manner allowing the participant to participate in and/or benefit from the Change of Control Event transaction.

### **Bonus Issues**

If there is a bonus issue to the holder of Shares, then the number of Shares over which a Performance Right is exercisable will be increased by the number of Shares which the holder of the Performance Right would have received if the Performance Right had been exercised before the record date for the bonus issue.

### **Pro Rata Issues**

If the Company makes a pro rata issue to the holder of Shares and a Performance Right has a nil exercise price, no adjustment will be required.

If the Company makes a pro rata issue to the holders of Shares and a Performance Right has an exercise price, then the exercise price will be adjusted in accordance with the following formula:

$$O' = \frac{O - E[P - (S + D)]}{N + 1}$$

where:

O' = the new exercise price of the Performance Right;

O = the old exercise price of the Performance Right;

E = the number of underlying securities into which one option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

### **Reorganisation**

In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issue capital of the Company, the Board may make such amendments to the number of Performance Rights to which each participant is entitled in accordance with the Listing Rules.

## Schedule 3 Audit Nomination Letter

6 October 2017

The Directors  
Pacific Energy Limited  
338 Gnangara Road  
Landsdale WA 6065

Dear Sirs,

### NOMINATION OF AUDITOR

For the purposes of section 328B(1) of the *Corporations Act 2001*, as a member Pacific Energy Limited (**Company**), I hereby nominate BDO Audit (WA) Pty Ltd of 38 Station Street, Subiaco, Western Australia 6008 for appointment as auditor of the Company at the Company's annual general meeting.

Yours faithfully

Mr Kenneth Joseph Hall  
Trustee – Hall Park Trust

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# PROXY FORM

The Company Secretary, Pacific Energy Limited ACN 009 191 744

**By delivery:**  
 338 Gnangara Road  
 LANDSDALE WA 6065

**By post:**  
 PO Box 5  
 KINGSWAY WA 6065

**By facsimile:**  
 +61 8 9303 8899

**By email:**  
 info@pacificenergy.com.au

**Name of Shareholder:**

**Address of Shareholder:**

**Number of Shares entitled to vote:**

Please mark  to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

**Step 1 - Appoint a Proxy to Vote on Your Behalf**

**The Chairperson (mark box)**  **OR** if you are **NOT** appointing the Chairperson as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairperson of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at 10.00am (WST) on 24 November 2017 at the President's Room, The Celtic Club, 48 Ord Street, West Perth WA 6005 and at any adjournment or postponement of that Meeting.

**Important – If the Chairperson is your proxy or is appointed as your proxy by default**

The Chairperson intends to vote all available proxies in favour of all Resolutions. If the Chairperson is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to all Resolutions you will be expressly authorising the Chairperson to vote in accordance with the Chairperson's voting intentions on all Resolutions even if any of the Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel and even if the Chairperson is a member of Key Management Personnel or a Closely Related Party of Key Management Personnel.

**Step 2 - Instructions as to Voting on Resolutions**

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Mr Kenneth Joseph Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director - Mr Linton John Putland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Performance Rights to Mr Brady Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Increase in Non-Executive Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Deeds of Indemnity, Insurance and Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**The Chairperson intends to vote all available proxies in favour of each Resolution.**

**Authorised signature/s**

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Joint Holding:                    where the holding is in more than one name all of the holders must sign.

Power of Attorney:            if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies:                      a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Landsdale office of the Company (338 Gnangara Road, Landsdale WA, 6065, by post to PO Box 5, Kingsway, WA, 6065, by email to info@pacificenergy.com.au or Facsimile (08) 9303 8899 if faxed from within Australia or +618 9303 8899 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).