



# **Australian Oil Company Limited**

ABN 83 114 061 433

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25 June 2014

**ASX Limited**

**Electronic lodgement**

**ASX Code: AOC**

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## **DISPATCH OF NOTICE OF GENERAL MEETING**

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Attached is copy of a Notice of General Meeting, Explanatory Memorandum and Proxy Form for a General Meeting of shareholders to be held on Friday, 25 July 2014. This information has been dispatched to shareholders today.

A copy of the Notice of General Meeting will also be available on our website [www.australianoilcompany.com](http://www.australianoilcompany.com)

***On behalf of the Board of Directors***

For personal use only



**Australian Oil Company Limited**

**AUSTRALIAN OIL COMPANY LIMITED**

ABN 83 114 061 433

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**NOTICE OF GENERAL MEETING**

**PROXY FORM**

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**AND**

**EXPLANATORY MEMORANDUM**

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*Date of Meeting*

**Friday 25 July 2014**

*Time of Meeting*

**9.30 am (WST)**

*Place of Meeting*

**Level 2, 55 Carrington Street  
Nedlands, Western Australia**

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# AUSTRALIAN OIL COMPANY LIMITED

ABN 83 114 061 433

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Australian Oil Company Limited ("**Company**") will be held at 9.30 am (WST) on Friday 25 July, 2014, at Level 2, 55 Carrington Street, Nedlands, Western Australia.

In order to determine voting entitlements, the register of Shareholders will be closed at 5.00pm (Sydney time) on 23 July 2014.

An Explanatory Memorandum containing information in relation to each of the Resolutions to be put to the meeting accompanies this Notice.

### AGENDA

To consider and, if thought fit, to pass the following Resolutions.

#### ORDINARY BUSINESS

##### Ordinary Resolution 1 : Ratification of Issue of Shares

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

*“That, for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, the Company ratifies the issue of 11,930,326 fully paid ordinary shares on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 1 by any persons who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form or 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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##### Ordinary Resolution 2: Approval of Incentive Share Plan

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

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an incentive scheme titled Australian Oil Company Limited Incentive Share Plan and for the issue of securities under that Incentive Share Plan, on the terms and conditions set out in the Explanatory Statement.*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any incentive scheme of the Company) and any associate of that person. However, the Company need not disregard a vote if 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 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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**Ordinary Resolution 3: Approval of Issue of Shares to Director under Incentive Share Plan – Mr Gary Jeffery**

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

*“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue Plan Shares to Mr Gary Jeffery or his nominee pursuant to the Company’s Incentive Share Plan, on terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any incentive scheme of the Company) and any associate of that person. However, the Company need not disregard a vote if 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 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:

- (c) the proxy is the Chair of the Meeting; and
- (d) 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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**Ordinary Resolution 4: Approval of Issue of Shares to Director under Incentive Share Plan – Mr Keith Martens**

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

*“That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue Plan Shares to Mr Keith Martens or his nominee pursuant to the Company’s Incentive Share Plan, on terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any incentive scheme of the Company) and any associate of that person. However, the Company need not disregard a vote if 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 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:

- (c) the proxy is the Chair of the Meeting; and
  - (d) 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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**Ordinary Resolution 5: Issue of Options to Related Party – Keith Martens**

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 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to issue 500,000 Options to Mr Keith Martens (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Martens, 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:

- (c) the proxy is the Chair of the Meeting; and
- (d) 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.

**By Order of the Board**



D M McARTHUR  
**Company Secretary**

Dated: 18 June 2014

## **ENTITLEMENT TO ATTEND AND VOTE**

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

The Company's Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that all Shares of the Company that are quoted on ASX at 5:00pm (Sydney Time) on 23 July 2014 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

## **PROXIES**

Please note that in accordance with section 249L of the Corporations Act:

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

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

## **CORPORATE REPRESENTATIVE**

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A 'Certificate of Appointment of Corporate Representative' is enclosed if required.

## **ENQUIRIES**

Shareholders are invited to contact the Company Secretary, David McArthur on +61 8 9423 3200 if they have any queries in respect of the matters set out in this document.

# AUSTRALIAN OIL COMPANY LIMITED

ABN 83 114 061 433

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting (“**Notice**”) of the Company.

The Directors of the Company (“**Directors**”) recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

### **ORDINARY RESOLUTION 1: Ratification of Issue of Shares**

Resolution 1 seeks Shareholder ratification for the purposes of Listing Rule 7.4 for an issue of 11,930,326 fully paid ordinary shares.

As announced to ASX on 10 February 2014, the Company issued 11,930,326 fully paid ordinary shares at 10 cents each under s708 of the Corporations Act. The issue raised \$1,193,032 before costs, with the funds to be used to fund the Company’s exploration expenditure and working capital requirements.

11,642,826 shares were placed under Listing Rule 7.1 and 287,500 shares were placed under Listing Rule 7.1A.

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue during any 12 month period any equity securities which, when aggregated with the number of other securities issued within that 12 month period exceeds 15% of the number of ordinary shares on issue at the beginning of that 12 month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders, thereby ‘refreshing’ the company’s ability to issue shares within the 15% limit, and restoring the company’s ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

While the Shares described in this Resolution 1 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Shares for the purpose of Listing Rule 7.4 so that the Company’s ability to issue securities will be refreshed and it will have the flexibility to issue further securities should the need or opportunity arise.

Listing rule 7.4 also enables issues made pursuant to Listing Rule 7.1A to be ratified by shareholders, so that the Company’s ability to issue securities will be refreshed.

Accordingly shareholder ratification of 11,642,826 shares placed pursuant to Listing Rule 7.1 and 287,500 shares placed pursuant to Listing Rule 7.1A is sought from shareholders.



In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Shares the subject of this Resolution 1:

- (a) the number of Shares issued by the Company pursuant to Listing Rule 7.1 was 11,642,826 and pursuant to Listing Rule 7.1A was 287,500.
- (b) the shares were issued at a price of 10 cents per Share;
- (c) the Shares rank pari passu with the Company's existing Shares;
- (d) the shares were issued institutional and sophisticated investors, none of whom are related parties of the Company.:
- (e) the issue raised \$1,193,032 before costs.

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### **ORDINARY RESOLUTION 2: Approval of Incentive Share Plan**

Resolution 2 seeks Shareholders approval for the adoption of the new incentive scheme titled Australian Oil Company Limited Incentive Share Plan (**Share Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to issue Shares under the Share Plan (**Plan Shares**) to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Plan Shares have previously been issued under the Share Plan. However, Resolutions 3 and 4 seek Shareholder approval to issue shares to Gary Jeffery and Keith Martens under the Share Plan.

The objective of the Share Plan is to attract, motivate and retain key management and consultants and it is considered by the Company that the adoption of the Share Plan and the future issue of Plan Shares will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Plan Shares to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 3 and 4 for the issue of Plan Shares to Mr Jeffery and Mr Martens.

A summary of the key terms and conditions of the Plan is set out below. In addition, a copy of the Share Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Share Plan can also be sent to Shareholders upon request to the Company Secretary (Mr David McArthur). Shareholders are invited to contact the Company if they have any queries or concerns.

## Material terms and conditions of the Share Plan

The key terms of the Share Plan are as follows:

- (a) **Eligibility:** Participants in the Scheme may be Directors, full-time and part-time employees or consultants of the Company or any of its subsidiaries (**Participants**).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Share Plan and has a broad discretion to determine which Participants will be offered Shares under the Share Plan.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Share Plan. The offer:
- (i) will invite application for the number of Shares specified in the offer;
  - (ii) will specify the issue price for the Shares or the manner in which the Issue Price is to be calculated;
  - (iii) may invite applications for a loan up to the amount payable in respect of the Shares accepted by the Participant in accordance with the offer;
  - (iv) will specify any restriction conditions applying to the Shares;
  - (v) will specify an acceptance period; and
  - (vi) specify any other terms and conditions attaching to the Shares.
- (d) **Issue price:** the issue price of each Plan Share which shall be issued on a calendar quarterly basis will be not less the mathematical average of the volume weighted average price at which Shares were traded on the ASX over the 5 trading days at the commencement and the 5 trading days at the end of respective calendar quarters, subject to shareholder approval if required.
- (e) **Restriction Conditions:** Plan Shares may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Plan Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Share Plan.
- (f) **Loan:** A Participant who is invited to subscribe for Plan Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted by the Participant (**Loan**), on the following terms:
- (i) the Loan will be interest free;
  - (ii) the Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Plan Shares;
  - (iii) the Loan repayment date and the manner for making such payments shall be determined by the Board and set out in the offer;
  - (iv) a Participant must repay the Loan in full by the loan repayment date but may elect to repay the Loan amount in respect of any or all of the Shares at any time prior to the loan repayment date;
  - (v) the Company shall have a lien over the Plan Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Plan Shares in accordance with the terms of the Share Plan;
  - (vi) a Loan will be non-recourse except against the Shares held by the Participant to which the Loan relates; and

- (vii) the Board may, in its absolute discretion, agree to forgive a Loan made to a Participant.
- (g) **Unfulfilled Restriction Condition:** Where a restriction condition in relation to Plan Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the restriction condition is waived by the Board, either:
- (i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act at a price equal to the cash consideration paid by the Participant for the Plan Shares (with any Loan not being treated as cash consideration but any Loan Amount repayments by the Participant being treated as cash consideration); or
  - (ii) arrange to sell the Plan Shares as soon as reasonably practicable either on the ASX or to an investor who falls within an exemption under section 708 of the Corporations Act provided that the sale must be at a price that is no less than 80% of the volume weighted average price at which Shares were traded on the ASX on the 10 trading days before the sale date and apply the sale proceeds (**Sale Proceeds**) in the following priority:
    - (A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;
    - (B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and
    - (C) lastly, any remainder to the Company to cover its costs of managing the Share Plan.
- (h) **Sale of Shares to repay Loan:**
- (i) A Loan shall become repayable in full where:
    - (A) the Participant (or, where the Participant is an Associate of an Eligible Employee, the Eligible Employee) ceases to be an Eligible Employee for any reason (including death);
    - (B) the Participant suffers an event of insolvency;
    - (C) the Participant breaches any condition of the Loan or the Share Plan; or
    - (D) a Restriction Condition in relation to Shares subject to the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board (and is not waived).
  - (ii) Where a Loan becomes repayable and at that time a Restriction Condition in relation to Plan Shares subject to the Loan is not satisfied, or is incapable of being satisfied in the opinion of the Board (and is not waived), the Plan Shares must be sold and the Sale Proceeds applied to repay the Loan in accordance the Share Plan.

- (iii) Where a Loan in relation to Plan Shares becomes repayable and at that time Restriction Conditions in relation to the Plan Shares have either been satisfied or are waived, the Company must give the Participant a 30 day period to repay the Loan, failing which the Company must sell the Plan Shares and apply the Sale Proceeds in accordance with the Share Plan.
- (i) **Power of Attorney:** The Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the sale of the Participant's Shares in accordance with the Share Plan.
- (j) **Plan limit:** The Company must take reasonable steps to ensure that the number of Plan Shares offered by the Company under the Share Plan when aggregated with:
- (i) the number of Shares issued during the previous 5 years under the Share Plan (or any other employee share plan extended only to Eligible Employees); and
  - (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,
- does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).
- (k) **Restriction on transfer:** Participants may not sell or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid and any restriction conditions in relation to the Plan Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Plan Shares to implement this restriction.
- (l) **Quotation on ASX:** The Company will apply for each Plan Share to be admitted to trading on ASX upon issue of the Plan Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Plan Shares.
- (m) **Rights attaching to Shares:** Each Plan Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Share Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

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#### **ORDINARY RESOLUTIONS 3 and 4: Approval to Issue Shares to Directors pursuant to Share Plan**

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

An exception to ASX Rule 10.11 is set out in ASX Listing Rule 10.12 (exception 4) which provides that ASX Listing Rule 10.11 does not apply to issue made with the approval of Shareholders under ASX Listing Rule 10.14.

ASX Listing Rule 10.14 provides that an entity must only allow a Director or their associates to acquire securities with approval of Shareholders and provided the Notice of Meeting complies with ASX Listing Rules 10.15 or 10.15A.

Subject to shareholders passing resolution 8, the Company is able to issue Shares under the Share Plan (**Plan Shares**) to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. The Listing Rules require, however, that specific approval be obtained for the issue of shares to directors.

With effect from 1 November 2013 Mr Gary Jeffery, Managing Director of the Company, agreed, subject to shareholder approval, to receive shares for 50% of his executive director's fees. Based on fees of \$200,000 per annum, Mr Jeffery agrees to receive shares for \$100,000 of fees per annum.

With effect from 1 November 2013 Mr Keith Martens, a non executive director of the Company, agreed, subject to shareholder approval, to receive shares for 50% of his non executive director's fees. Based on fees of \$30,000 per annum, Mr Martens agrees to receive shares for \$15,000 of fees per annum.

The shares are to be issued to the above related parties on a quarterly basis, with the issue price to be determined based on the mathematical average of the 5 day VWAP at the commencement and the 5 day VWAP at the end of the respective quarter. The Company has however set a minimum cap on the deemed issue price, being not less than 10 cents. Therefore, the maximum number of Plan Shares the related parties could receive in aggregate in the period up to 12 months from the date of this meeting would be no more than 1,150,000 Plan Shares (that is the equivalent of \$115,000 at \$0.10 each).

The approval to issue shares to the related parties will be for a period of 12 months from the date of approval (until 31 May 2016).

As at 31 May 2014 the following amounts are owed to Mr Jeffery and Mr Martens:

	<b>G Jeffery</b>	<b>K Martens</b>	<b>5 day VWAP at end of Quarter</b>
Fees deferred Nov 2013 – Dec 2013	\$ 16,667	\$2,500	\$0.1017
Fees deferred Jan 2014 – Mar 2014	\$25,000	\$3,750	\$0.1387

Satisfaction of the amounts owing at 31 March 2014 will result in the issue of 344,128 shares to Mr Jeffery and 51,619 shares to Mr Martens.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue of Plan Shares forms part of the reasonable remuneration of the related parties pursuant to section 211 of the Corporations Act.

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders:

- (a) The Shares will be granted to Messrs Jeffery and Martens (Directors of the Company), or their nominees;
- (b) the maximum number of Plan Shares Messrs Jeffery and Martens could receive in aggregate in the period up to 12 months from the date of this meeting would be no more than 1,150,000 Plan Shares (that is the equivalent of \$115,000 at \$0.10 each);

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- (c) The Shares will be issued per the above pricing formula (being that number in total equivalent to \$115,000). Based on the floor on the deemed issue price of the Plan Shares of not less than \$0.10 each, the maximum number of Plan Shares the related parties could receive in aggregate would be no more than 1,150,000 Plan Shares (Mr Jeffery - 1,000,000 Plan Shares, and Mr Martens - 150,000 Plan Shares);
  - (d) No shares have been issued under the plan;
  - (e) The persons covered under Listing Rule 10.14 entitled to participate in the Plan are Messrs Jeffery, Martens and non executive Director Andrew Childs;
  - (f) The shares will rank equally with shares currently on issue;
  - (g) A voting exclusion statement has been included;
  - (h) There are no loans provided to related parties in relation to the acquisition of Shares under the Share Plan; and

The Shares will be issued to Messrs Jeffery and Martens (or their nominees) on a quarterly basis and no later than 12 months after the date of the General Meeting.

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#### **ORDINARY RESOLUTION 5: Grant of Options to Director**

The Company wishes to issue 500,000 options to Keith Martens (or his nominee), a director of the company.

Mr Martens is deemed a related party of the Company.

For a public company 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 Section 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.

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.

The grant of the Director Options to the Related Party requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit, and as such Mr Martens is a Related Parties of the Company by virtue of being a Director.

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 Participation will result in the issue of Shares which constitutes giving a financial benefit and Mr Martens is a related party of the Company by virtue of being a Director.

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 Director Options to the Related Parties.

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

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the Related Party is Mr Keith Martens.
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Party is 500,000 Director Options;
- (c) the options are exercisable at 25 cents each on or before 31 December 2016
- (d) the Director Options will otherwise be issued on the terms and conditions outlined in Appendix 1;
- (e) the Director Options will be ~~granted~~ issued to the Related Party no later than 1 month after the date of the General Meeting and it is anticipated the Director Options will be issued on one date;
- (f) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (g) the indicative value of the Director Options ( based on a share price of 12.5 cents on 30 May 2014) is \$12,750 and the pricing methodology is set out in Appendix 2;
- (h) the relevant interest of the Related Party in securities of the Company is 2,061,109 fully paid ordinary shares and 10,000,000 unlisted options;
- (i) if the Director Options granted to the Related Party are exercised, a total of 500,000 Shares would be issued. This will increase the number of Shares on issue from 91,465,838 to 91,965,838 (assuming that no other Options are exercised and no other Shares issued) with the effect that the share holding of existing shareholders would be diluted by 0.54%. The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time, any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;
- (j) If the options are exercised the Company will raise \$125,000, such funds to be used for working capital purposes.
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	PRICE	DATE
HIGHEST	\$0.165	20 FEBRUARY 2014
LOWEST	\$0.03	10 JULY 2013
LATEST	\$0.11	18 JUNE 2014

- (l) the primary purpose of the issue of the Director Options is to provide a market linked incentive to the Related Party to motivate and reward his performance;
- (m) Mr Martens declines to make a recommendation to Shareholders in relation to Resolution 5 due to Mr Marten's material personal interest in the outcome of the Resolution on the basis that Mr Martens (or his nominee) is to be granted Director Options in the Company should Resolution 5 be passed.
- (n) Mr Jeffery and Mr Childs recommend that Shareholders vote in favour of Resolution 5 for the following reasons:
- (i) the grant of Director Options to the Related Party will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Party; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Director Options upon the terms proposed;
- (o) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practise when determining the number of Director Options to be granted as well as the exercise prices and expiry dates of those Director Options; and
- (p) 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 the Resolutions.

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



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## GLOSSARY

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\$ means Australian dollars.

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

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

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

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

**Company** means Australian Oil Company Limited - ABN 83 114 061 433

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

**Director Options** mean options on the terms and conditions set out in Appendix 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.

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

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

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

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

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Plan Share** means a share issued under the Australian Oil Company Limited Incentive Share Plan the subject of approval under Resolution 2.

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

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

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

**WST** means Australian Western Standard Time (Perth, Western Australia).

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## Instructions for Completing 'Appointment of Proxy' Form

1. **(Changes to Proxy Voting):** 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. Section 250R(5) of the Corporations Act came into effect on 28 June 2012 and will affect the Chair's votes on undirected proxies. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:
- if proxy holders vote, they must cast all directed proxies as directed;
  - any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed; and
  - the Chair is able to vote undirected proxies in the non-binding vote on the Remuneration Report where the Shareholder provides express authorisation for the Chair to exercise the proxy.

Further details on these changes are set out below.

2. **(Appointing a Proxy):** A member with two or more votes entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
3. **(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);
  - 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;
  - 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).
4. **(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;
  - the appointed proxy is not the chair of the meeting;
  - 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;
    - 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.

5. **(Chair's votes on undirected proxies for Remuneration Reports):** Section 250R(5) of the Corporations Act provides:

A member of the Key Management Personnel or a Closely Related Party of such a member (the **voter**) may cast a vote on an advisory resolution to adopt a remuneration report as a proxy if the vote is not cast on their behalf and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the 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 the resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

6. **(Signing Instructions):**

- (a) **(Individual):** Where the holding is in one name, the member must sign.
- (b) **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
- (c) **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

7. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.

8. **(Voting in person):**

- (a) A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.
- (b) A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with Section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting

9. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return the Proxy Form (and any Power of Attorney under which it is signed):

- (a) In person to Level 2, 55 Carrington Street, Nedlands, Perth, WA;
- (b) By mail to PO Box 985, Nedlands, WA, 6909.
- (c) By Facsimile to +61 8 9389 8327;
- (d) By scan and email to davidm@broadwaymgt.com.au

**so that it is received at least 48 hours prior to commencement of the General Meeting.**

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

# AUSTRALIAN OIL COMPANY LIMITED

ABN 83 114 061 433

## APPENDIX 1

The material terms and conditions of the Options referred to in Resolution 5 are as follows:

- (a) The Options will be unlisted.
- (b) The Options will be issued in 1 tranche.
- (c) The Options are exercisable at 25 cents on or before 31 December 2016 (“Expiry Date”).
- (d) Each Option exercised will entitle the holder to one Share in the capital of the Company.
- (e) The notice attached to the certificate has to be completed when exercising the Options (“Notice of Exercise”).
- (f) Options may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the exercise price for each Option being exercised prior to the Expiry Date.
- (g) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company’s then existing Shares.
- (h) Shares issued pursuant to the exercise of Options will be issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Options.
- (i) The holder of Options cannot participate in new issues of securities to holders of Shares unless the Options have been exercised and the Shares have been registered in respect of the Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options can only be exercised in accordance with these terms and conditions.
- (j) If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted and registered in respect of the exercise of Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Options is entitled to subscribe on exercise of the Options is increased by the number of Shares or other securities that the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
- (k) If at any time the capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

# AUSTRALIAN OIL COMPANY LIMITED

ABN 83 114 061 433

## APPENDIX 2

### **Valuation of Options to be issued to Directors**

The Company has valued the Options to be issued to Director (“Director Options”) using the Black-Scholes option model and based on the assumptions as set out in the table below, with the Director Options ascribed a value range as follows:

#### *Assumptions:*

Value date	30 May 2014
Share price	\$0.125
Exercise price	\$0.25
Term	Expire 31/12/ 2016
Volatility	60.0%
Risk free interest rate	5.5%
Indicative value per Option (cents)	\$0.0255

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**CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE**

**Shareholder Details**

This is to certify that by a resolution of the directors of:

.....  
**(Company),**  
*Insert name of Shareholder Company*

the Company has appointed:

.....  
*Insert name of corporate representative*

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the general meeting of the members of Australian Oil Company Limited to be held on Friday 25 July 2014 commencing at 9.30 am (WST) and at any adjournments of that general meeting.

DATED: ..... 2014

**Please sign here**

Executed by the Company )  
in accordance with its constituent documents )

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

**Instructions for Completion**

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg “John Smith” or “each director of the Company”).
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Australian Oil Company Limited at Level 2, 55 Carrington Street, Nedlands WA 6009 or fax the Certificate to the registered office at +61 8 9389 8327

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# PROXY FORM

**APPOINTMENT OF PROXY  
AUSTRALIAN OIL COMPANY LIMITED  
ABN 83 114 061 433**

## GENERAL MEETING

I/We

Address

being a Member of Australian Oil Company Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit (except for Resolutions 2-4 which require the below express authorisation), at the General Meeting to be held at 9.30 am (WST) on Friday 25 July 2014 at Level 2, 55 Carrington St, Nedlands, Perth, Western Australia, and at any adjournment of that meeting.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

### Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1 – Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2 – Approval of Incentive Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3 – Issue of Shares under Incentive Share Plan- G Jeffery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4 – Issue of Shares under Incentive Share Plan- K Martens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 5 – Issue of Options to Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

### \*Important for Resolution 2-4

If Mr Childs is appointed as your proxy, and you do not wish to direct Mr Childs how to vote as your proxy in respect of resolutions 2-4, please place a mark in the box. By marking this box you acknowledge that Mr Childs may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by Mr Childs for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed Mr Childs how to vote, your vote will not be cast and your vote will not be counted in calculating the required majority if a poll is called on the resolution.

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

Signature of Member(s): \_\_\_\_\_ Date \_\_\_\_\_

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: \_\_\_\_\_ Contact Ph (daytime): \_\_\_\_\_ Date: \_\_\_\_\_