

# NOTICE OF ANNUAL GENERAL MEETING 2017

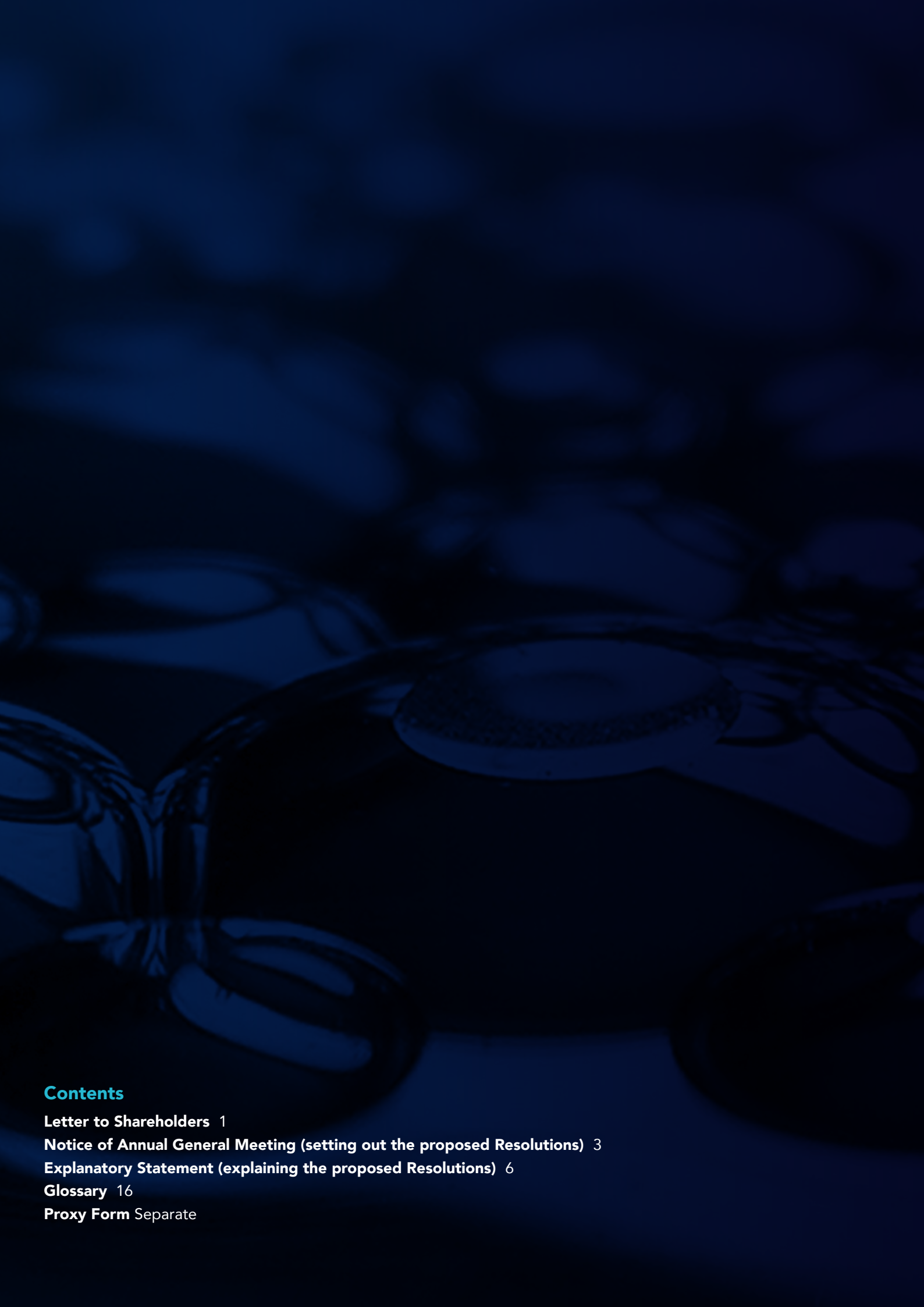


ABN 38 112 566 499

**TIME:** 10.00 am (AEDT)  
**DATE:** Monday, 20 November 2017  
**PLACE:** Portside Centre  
Symantec House  
Level 5, 207 Kent Street  
Sydney, NSW 2000

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, using the contact details on page 15.



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# LETTER TO SHAREHOLDERS

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12 October 2017

Dear Shareholder

## Annual General Meeting

On behalf of the Board, I am pleased to invite you to attend the Annual General Meeting ("AGM") of Elk Petroleum Limited. This meeting will be held at 10.00 am (AEDT) on Monday 20 November 2017 at:

Portside Centre  
Symantec House  
Level 5, 207 Kent Street  
Sydney, NSW 2000

Enclosed are the following documents:

- Notice of Meeting and Explanatory Statement;
- Proxy Form for the Annual General Meeting; and
- Shareholder Review and Annual Report for the year ended 30 June 2017 - for those Shareholders who have requested a printed copy.

This Notice of AGM contains resolutions relating to:

- Adoption of Remuneration Report (Resolution 1);
- Re-election of Director (Resolution 2);
- Approval of Non-Executive Director and Advisor Plan (Resolution 3); and
- Grant of Performance and Retention Rights to Non-Executive Directors (Resolutions 4, 5, and 6).

## Important Notice – 2017 Annual Report

Shareholders are reminded that the Annual Report is only mailed to those Shareholders who have elected to receive it in hard copy. The 2017 Annual Report can be viewed on the Company's website at <http://www.elkpet.com/>

We look forward to seeing you at the Annual General Meeting.

Yours faithfully,



Neale Taylor  
Chairman

## YOUR VOTE IS IMPORTANT

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

## VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out on page 3.

## APPOINTING A PROXY

A Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a Shareholder of Elk.

If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If the proxy form does not specify the percentage or number of the Shareholder's votes that each proxy may exercise, each proxy may exercise half of the Shareholder's votes on a poll. Fractions will be disregarded.

### Online:

At [www.investorvote.com.au](http://www.investorvote.com.au)

### By Mobile:

Scan the QR Code on your Proxy form and follow the prompts

### By Mail to:

Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Victoria 3001  
Australia

### By Facsimile Transmission to:

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

### By Hand to:

Computershare Investor Services Pty Ltd  
Level 4  
60 Carrington Street  
Sydney, NSW 2000

### Custodian voting:

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

The deadline for receipt of proxy appointments is 10.00am (AEDT) on Saturday 18 November 2017.

Proxy appointments received later than this time will be invalid.

## POWER OF ATTORNEY

If the proxy form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to the Share Registry.

## INTERMEDIARY ONLINE

Participating intermediaries can lodge their proxy appointments online through <http://www.intermediaryonline.com>

## CORPORATE REPRESENTATIVES

If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

An appointment of corporate representative form may be obtained from the Share Registry by calling (+61 3) 9415 4000 or online at <https://www.au.computershare.com/Investor/help/PrintableForms>

# NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting (AGM) of Shareholders of Elk Petroleum Limited will be held at Portside Centre, Symantec House, Level 5, 207 Kent Street Sydney, NSW 2000 at 10.00 am (AEDT) on Monday, 20 November 2017. Registration will open at 9.15am (AEDT).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the AGM. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

The Directors have determined under Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at 7.00pm (AEDT) on Saturday, 18 November 2017.

## AGENDA

### ADOPTION OF ANNUAL REPORT

To receive and consider the Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2017.

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolution below, which will be proposed as a **Non-Binding Ordinary Resolution**:

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

*"To adopt the Elk Remuneration Report for the year ended 30 June 2017."*

Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the Resolutions below, which will be proposed as **Ordinary Resolutions**:

#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR TIMOTHY HARGREAVES

*"That Mr Timothy Hargreaves, being a Director of the Company who retires by rotation in accordance with clause 69.2 of the Constitution and, being eligible for re-election, is re-elected as a Director of the Company."*

#### 3. RESOLUTION 3 – APPROVAL OF NON-EXECUTIVE DIRECTOR AND ADVISER RIGHTS PLAN

*"That the Non-Executive Director and Adviser Rights Plan (NEDA Plan), a summary of the rules of which are set out in the Explanatory Statement accompanying this Notice of Meeting, and the issue of shares under the NEDA Plan, be approved for all purposes including ASX Listing Rule 7.2 Exception 9."*

#### 4. RESOLUTION 4 – GRANT OF PERFORMANCE RIGHTS AND RETENTION RIGHTS TO MR RUSSELL KRAUSE, NON-EXECUTIVE DIRECTOR

*"That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of up to 2,500,000 Performance Rights and up to 1,500,000 Retention Rights to Mr. Russell Krause, a Non-executive Director of the Company, over the next three years, in accordance with the NEDA Plan and on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."*

#### 5. RESOLUTION 5 – GRANT OF PERFORMANCE RIGHTS AND RETENTION RIGHTS TO MR TIMOTHY HARGREAVES, NON-EXECUTIVE DIRECTOR

*"That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of up to 2,500,000 Performance Rights and up to 1,500,000 Retention Rights to Mr Timothy Hargreaves, a Non-executive Director of the Company, over the next three years, in accordance with the NEDA Plan and on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."*

#### 6. RESOLUTION 6 – GRANT OF PERFORMANCE RIGHTS AND RETENTION RIGHTS TO DR NEALE TAYLOR, NON-EXECUTIVE CHAIRMAN

*"That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of up to 4,500,000 Performance Rights and up to 2,700,000 Retention Rights to Dr Neale Taylor, a Non-executive Chairman of the Company, over the next three years, in accordance with the NEDA Plan and on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."*

Dated: 12 October 2017

By Order of the Board



Elk Petroleum Limited  
David Franks  
Joint Company Secretary



# VOTING EXCLUSION STATEMENT

For the definitions of Key Management Personnel (KMP) and Closely Related Parties, please refer to the Glossary on page 16.

The Corporations Act restricts members of the KMP of the Company and their Closely Related Parties from voting in relation to remuneration related Resolutions (such as Resolutions 1, 3, 4, 5 and 6)

In addition, separate voting restrictions apply in respect of Resolutions 1, 3, 4, 5 and 6 under the ASX Listing Rules.

## What this means for Shareholders

If you intend to appoint a member of the KMP (other than the Chairman of the Meeting) as your proxy, please ensure that you direct them how to vote on Resolutions 1, 3, 4, 5 and 6. If you do not do so, your proxy will not be able to vote on your behalf on Resolutions 1, 3, 4, 5 and 6.

If you intend to appoint the Chairman of the Meeting as your proxy, you are encouraged to direct him how to vote by marking the boxes for Resolutions 1, 3, 4, 5 and 6 (for example if you wish to vote for, or against, or to abstain from voting). If you appoint the Chairman as your proxy without directing him how to vote, the proxy form authorises him to vote as he decides on Resolutions 1, 3, 4, 5 and 6 (even though those Resolutions are connected with the remuneration of KMP). The Chairman of the Meeting intends to vote *in favour* of all Resolutions (where permissible).

The Company will disregard votes cast on Resolutions 1 and 3 to 6 (inclusive) by the persons detailed in the table below.

Resolution	Voting Exclusions
<b>Resolution 1</b> – Adoption of Remuneration Report	<p>The Company will disregard any votes cast on Resolution 1 in any capacity by:</p> <ul style="list-style-type: none"><li>• A current or former member of the KMP whose remuneration details are included in the remuneration report for the year ended 30 June 2017, and</li><li>• Any Closely Related Parties of such member of the KMP.</li></ul> <p>In addition, no votes may be cast as a proxy by any other person who has become a member of the KMP by the time of the AGM, or their Closely Related Parties.</p> <p>However, the Company need not disregard a vote on Resolution 1 if it is cast by:</p> <ul style="list-style-type: none"><li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, specifying how the proxy is to vote on the Resolution; or</li><li>• The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution (even though it is connected with the remuneration of members of the KMP, including the Chairman).</li></ul>
<b>Resolution 3</b> – Approval of Non-Executive Director and Adviser Rights Plan	<p>The Company will disregard any votes cast on Resolution 3 by:</p> <ul style="list-style-type: none"><li>• A Director of the Company (other than one who is ineligible to participate in any employee incentive scheme in relation to the Company); and</li><li>• Any associates of such Director.</li></ul> <p>However, the Company need not disregard a vote on Resolution 3 if it is cast by:</p> <ul style="list-style-type: none"><li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li><li>• The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.</li></ul>
<b>Resolution 4</b> – Grant of Performance Rights and Retention Rights to Mr Russell Krause, Non-Executive Director	<p>The Company will disregard any votes cast on Resolution 4 by:</p> <ul style="list-style-type: none"><li>• Any Director of the Company who is eligible to participate in the employee incentive scheme (NEDA Plan) and, if the ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in the employee incentive scheme (NEDA Plan) by anyone else, that person; and</li><li>• Any associates of such Director.</li></ul> <p>However, the Company need not disregard a vote on Resolution 4 if it is cast by:</p> <ul style="list-style-type: none"><li>• A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li><li>• The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.</li></ul>

Resolution	Voting Exclusions
<b>Resolution 5</b> – Grant of Performance Rights and Retention Rights to Mr Timothy Hargreaves, Non-Executive Director	<p>The Company will disregard any votes cast on Resolution 5 by:</p> <ul style="list-style-type: none"> <li>Any Director of the Company who is eligible to participate in the employee incentive scheme (NEDA Plan) and, if the ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in the employee incentive scheme (NEDA Plan) by anyone else, that person; and</li> <li>Any associates of such Director.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 5 if it is cast by:</p> <ul style="list-style-type: none"> <li>A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>The Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution.</li> </ul>
<b>Resolution 6</b> – Grant of Performance Rights and Retention Rights to Dr Neale Taylor, Non-Executive Chairman	<p>The Company will disregard any votes cast on Resolution 6 by:</p> <ul style="list-style-type: none"> <li>any Director of the Company who is eligible to participate in the employee incentive scheme (NEDA Plan) and, if the ASX has expressed an opinion under Listing Rule 10.14.3 that approval is required for participation in the employee incentive scheme (NEDA Plan) by anyone else, that person; and</li> <li>Any associates of such Director.</li> </ul> <p>However, the Company need not disregard a vote on Resolution 6 if cast by:</p> <ul style="list-style-type: none"> <li>A person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</li> <li>The chairman of 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.</li> </ul>

# EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held on 20 November 2017 at 10.00 am (AEDT).

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

## 1. ANNUAL REPORT

The business of the Meeting will include receipt and consideration of the Company's Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2017, which are included in Elk's Annual Report.

In accordance with the Corporations Act 2001, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Annual Report, and on the management of Elk.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- Independence of the auditor in relation to the conduct of the audit.

### Written questions for the Auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report to the Company's Auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by 13 November 2017.

## 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is set out in the Annual Report. The Remuneration Report details the Company's remuneration arrangements for the Directors and senior management of the Company over the reporting period and sets out past and current remuneration, including incentive rights and awards. A number of these matters show increases over prior year levels reflecting the recent and rapid growth in the level, number, and diversity of the Company's assets and liabilities, including work advancing the subsequent agreement to acquire an interest in the greater Aneth Oil Field and associated CO<sub>2</sub> EOR project; completion is expected in early November 2017.

### Corporations Act

S 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and not binding on the Company or its Directors.

However, under the Corporations Act, if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report then:

- If comments are made on the Remuneration Report at the Meeting, Elk's 2018 Remuneration Report will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- If, at next year's AGM, at least 25% of the votes cast on the resolution for adoption of the 2018 Remuneration Report are against it, Elk will be required to put to Shareholders a resolution proposing that an Extraordinary General Meeting (EGM) be called to consider the election of Directors (Spill Resolution). If the Spill Resolution is passed (i.e. more than 50% of the votes cast are in favour of it), all of the Directors (other than the Managing Director) will cease to hold office at the subsequent EGM, unless re-elected at that Meeting.

Last year, a resolution was passed by poll to adopt the 2016 Remuneration Report, with the show of hand and proxy positions in excess of 75% in favour of the resolution.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Remuneration Report.

### Board recommendation for Resolution 1:

*The Remuneration Report forms part of the Directors' Report, which was approved in accordance with a unanimous resolution of the Board. The Chairman will vote undirected proxies in favour of this Resolution.*



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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR

Clause 69.2 of the Constitution requires that one third of the Directors and any other Director not in such one third who has held office for three years or more (or if their number is not a multiple of three, then the number nearest to one third) must retire at each annual general meeting. A Managing Director is exempt from this requirement.

Clause 69.4 provides that a Director who retires is eligible for re-election.

Clause 69.3 provides that the Directors who retire at a General Meeting must be those who have been longest in office since their last election.

Clause 69.7 provides that the Managing Director is not subject to retirement by rotation and is not taken into account in determining the rotation of retirement of directors.

Mr Timothy Hargreaves will retire and now seeks re-election in accordance with clauses 69.2, 69.3 and 69.4 of the Constitution.

#### **Brief Curriculum Vitae of Mr Hargreaves**

Independent Non-executive Director

##### *Experience and expertise*

Mr Hargreaves joined the Board of Elk on 12 May 2015.

Mr Hargreaves has over 35 years' experience in technical and managerial roles in the petroleum and minerals sectors in Asia and the Middle East for major companies including BHP, Union Texas Petroleum and Fletcher Challenge Petroleum as well as start-ups and independents. He has led successful exploration and commercialisation campaigns in Pakistan and Egypt which were dependent upon technical and commercial innovation in complex regulatory environments. Since 2009 he has been Research Director of Resources for Republic Investment Management, a Singapore based investment fund that is a major investor in Elk and has been a major participant in the rejuvenation of Elk including being the lead investor in the Convertible Loan Facility of April 2015 and a sub-underwriter of the June 2016 Entitlement Offer.

##### *Current directorships of other listed companies*

None

##### *Former directorships of other listed companies in the last three years*

Skyland Petroleum Ltd and The Environmental Group Limited

##### *Special responsibilities*

Chairman of the Risk and Technical Committees

Member of the Audit Committee

Member of the Remuneration Committee

##### *Undirected Proxies for Resolution 2:*

*The Directors (with Mr Hargreaves abstaining) unanimously recommend that Shareholders vote in favour of the re-election of Mr Hargreaves. The Chairman will vote undirected proxies in favour of this Resolution.*

### 4. RESOLUTION 3 – APPROVAL OF NON-EXECUTIVE DIRECTOR AND ADVISER RIGHTS PLAN

#### **4.1 Background**

A performance right is a right to be issued or transferred one Share upon satisfaction of a performance condition on a specified date (**Performance Right**). A retention right means a right to be issued or transferred one Share upon satisfaction of a retention condition (continued employment) on a specified date (**Retention Right**).

Shareholders originally approved the Non-executive Director and Adviser Incentive Rights Plan (**NEDA Plan**) in 2011, as an incentive plan designed to increase the motivation of Non-executive Directors and Advisers (**NEDA Eligible Persons**) and create a stronger link between increasing Shareholder value and Non-executive Director and adviser reward. The Plan was re-approved by Shareholders in 2014. The Board proposes to continue making grants of Performance Rights and Retention Rights to NEDA Eligible Persons.

There are some proposed changes to the proposed NEDA Plan approved in 2014. These changes are outlined in the summaries below.

##### **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12 month period, issue a number of equity securities which is more than 15% of their fully paid ordinary shares on issue without shareholder approval (**15% limit**), unless an exception applies. The Company has not exceeded this 15% limit.

# EXPLANATORY STATEMENT

## ASX Listing Rule 7.2

ASX Listing Rule 7.2, Exception 9, provides that shareholder approval is not required for an issue under an employee incentive scheme if, within three years before the date of the issue, holders of ordinary shares have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1. Once approval is obtained, any securities issued under the scheme are exempted from the 15% limit. For the purposes of ASX Listing Rule 7.2, Exception 9, Shareholders last approved the issue of Performance Rights and Retention Rights under the NEDA Plan in November 2014; this approval expires in November 2017.

## Shareholder approval

Shareholder approval of the NEDA Plan is not required under the ASX Listing Rules as the number of equity securities to be issued falls under the 15% limit.

However, in keeping with the Company's high standards of corporate governance, the Board seeks to ensure that Shareholders are fully informed on, and seeks their agreement to the Company's long-term incentive arrangements.

Additionally, the Company wishes to refresh the exemption for issues of securities under the NEDA Plan from counting towards the 15% limit as it has been three years since Shareholders last approved the issue of securities under the NEDA Plan.

Since Shareholders last approved the issue of securities under the 2014 NEDA Plan, the following Rights have been issued under that NEDA Plan:

Type of Rights	NEDA Plan	
	Retention Rights	Performance Rights
2014	280,000	576,088
2015	100,000	870,000
2016	475,000	4,260,000
Total	855,000	5,706,943

A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

For the FY17, the company is proposing to issue the following Rights under the NEDA Plan subject to Resolution 3:

- Proposed allotment under Resolution 4 as outlined in this Notice of Meeting;
- Proposed allotment under Resolution 5 as outlined in this Notice of Meeting;
- Proposed allotment under Resolution 6 as outlined in this Notice of Meeting;
- A further allotment of 2,300,000 Performance Rights to non-related parties ("Advisers") of the Company.

## 4.2 Role of the NEDA Plan in the remuneration framework

To achieve its corporate objectives the Company needs to attract and retain suitable Non-executive Directors to oversee the Company's strategies and plans and Advisers to provide professional advice when required. Given Elk's relatively small staff team, Elk's Non-executive Directors and Advisers play active roles in the achievement of the Company's objectives and performance.

The Board believes that grants made to selected NEDA Eligible Persons under the proposed NEDA Plan will provide a powerful tool to underpin the Company's Non-executive Director appointment strategy, and that the implementation of the NEDA Plan will:

- ensure that Non-Executive Directors and/or Advisers have commonly shared goals;
- assist Non-Executive Directors and/or Advisers to become Shareholders in the Company;
- provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful;
- help retain Non-Executive Directors and/or advisers, thereby minimising undesired turnover and stabilising the Board; and
- ensure Non-Executive Directors focus on medium and long-term share value accretion while management and staff have been incentivised directly to grow the Company's oil and gas reserves and production levels and to increase gross operating profit margins all of which should generate medium-term and long-term share value accretion

### 4.3 Outline of the NEDA Plan

This section gives a brief outline of how the Board implements participation under the Rules of the NEDA Plan.

The NEDA Plan Rules are summarised in Section 5.4 below. Where words with initial capitals are not defined in the Glossary on page 16, they are defined in the NEDA Plan Rules.

#### a. Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long-term incentives to Non-Executive Directors. As well, they are used to attract and retain advisers by providing them with the opportunity to participate in the creation and growth of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to continue to be in a position to offer Rights to acquire Shares for Non-executive Directors and advisers.

Rights granted under the NEDA Plan are in the form of Retention Rights and Performance Rights. Many leading Australian companies have made grants of Retention Rights and Performance Rights in recent years.

The flexibility of the NEDA Plan Rules will enable the Board to design grants that best meet the particular circumstances. It is intended that offers contain both Retention Rights and Performance Rights but the Board may in its discretion decide to offer Retention Rights or Performance Rights, only.

#### b. Retention and performance measures

The Board is aware of general Shareholder concern that long-term equity-based reward for Non-Executive Directors should be linked to the achievement by the Company of testing retention and performance measures.

Retention Rights and Performance Rights granted to NEDA Plan Participants are subject to the retention and performance measures determined by the Board respectively. These must be achieved before the Rights become vested.

### 4.4 Summary of the Rules of the NEDA Plan

A summary of the NEDA Plan Rules is set out below. The rules for the proposed new plan remain unchanged from the previously approved plan unless specifically noted as a change. A copy of the NEDA Plan Rules is available at no cost on request to the Company Secretary.

The specific terms of a particular grant, including any retention or performance hurdle, will be contained in the Offer and associated documentation sent to the Non-Executive Director and/or Adviser.

- a. **NEDA Plan Rules** – the Non-Executive Director and Adviser Incentive Rights Plan Rules establish the NEDA Plan.
- b. **NEDA Eligible Persons** – under the NEDA Plan, the Board may from time to time make an Offer to Non-Executive Directors and/or Advisers of the Company and its subsidiary companies. A Non-Executive Director may also be treated as an Adviser if that Director is retained to provide services beyond those regarded as that Director's normal Non-Executive Director responsibilities.
- c. **Rights to acquire Shares** – grants under the NEDA Plan will be a grant of Retention Rights and/or Performance Rights. Retention Rights will vest based on completion of a period of service and Performance Rights vest based on achievement of specified performance objectives. The grant may comprise one or several tranches.
- d. **Offers of Rights** – under the NEDA Plan Rules the Board will determine in its absolute discretion in respect of each offer those NEDA Eligible Persons to whom Offers will be made. Each Offer may contain terms and conditions that vary between Offers. The NEDA Eligible Persons will be advised of the number of Retention Rights and/or Performance Rights
- e. **Number of Retention Rights** – the number of Retention Rights, if any, to be offered to a Participant shall be determined by the Board in its absolute discretion. Typical ranges have been outlined in section (g) below and the Board will determine the percentage of fees or Base Package that will be awarded to an incumbent in the form of a long term incentive. The Board may then apply a method of calculation such as follows:

$$\text{Number of Retention Rights} = \frac{\text{Participant's Base} \times \text{Awarded Retention PRR\%}}{\div \text{Right Value}}$$

*A change from the 2014 NEDA Plan is to clarify that the 2017 NEDA Awards under Resolutions 4 to 6 (inclusive) will be based on the non-executive remuneration from 1 July 2017 (Participant's Base), being:*

- \$60,000 per non-executive director (inclusive of superannuation); and
- \$108,000 per non-executive chairman (inclusive of superannuation).

For future year awards under the 2017 NEDA Plan, the Participants Base will be set at the level applying at the commencement of each 3-year Measurement Period.

# EXPLANATORY STATEMENT

- f. **Number of Performance Rights** – when Offers are made to Eligible Non-Executive Directors and/or Advisers they will be advised of the number of Performance Rights. The number of Performance Rights to a Participant shall be determined by the Board in its absolute discretion. The Board may apply a method of calculation such as follows:

$$\begin{array}{lcl} \text{Number of} & & \text{Participant's Base} \\ \text{Performance Rights} & = & \text{x Awarded Performance PRR\%} \\ & & \div \text{Adjusted Right Value} \end{array}$$

- g. **Awarded PRR%** – the following table indicates the percentage of Base Package at target performance to be used to calculate the number of Rights to be offered in each tranche of Rights:

Rights	Non-executive Directors	Advisers
Retention PRR%	40%*	0%
Performance PRR%	40%*	0% – 70%
<b>TOTAL</b>	<b>80%</b>	<b>0% – 70%</b>

\* A change from the 2014 NEDA Plan is an increase in the PRR% from 20% to 40%. This change is based on the significantly increased scope of Non-Executive Directors responsibilities and priority for Non-Executive Directors to focus on share-value accretion. The Board has elected to provide the incentive for overseeing these changes though increased risk-remuneration relative to their annual base fees, which are still below peer levels.

- h. **Right Value and Adjusted Right Value** – for the purposes of determining the number of Rights to be allocated under the NEDA Plan, the Right Value and Adjusted Right Value will be calculated as indicated below.

$$\begin{array}{lcl} \text{Right Value} & = & \text{Offer Share Price} - (\text{Annual Dividend} \\ & & \text{x Minimum Vesting Period in years}) \\ \\ \text{Adjusted Right Value} & = & \text{Right Value x Probability of Vesting} \end{array}$$

The probability of vesting is currently assessed as 60% (an increase from 50% from the 2014 NEDA Plan). This probability will be reviewed periodically. *The increase reflects the impact of the Company's revised strategic plan giving increased emphasis to acquiring and building PDP reserves and production asap and which will likely dominate the financial focus next 3-year NEDA Plan period; this change of emphasis and recent asset changes imply an increased probability of vesting. It is assumed in this plan that increases in PDP reserves and production will be value accretive per share after financing.*

- i. **Withdrawal of Offers** – the Board may in its absolute discretion withdraw an offer at any time including after it has been accepted by an Eligible Non-Executive Director provided that the Company has not granted the Rights that were the subject of the Offer.
- j. **Acceptance of Offers** – the form in which Offers may be accepted shall be determined by the Board in its discretion from time to time. In accepting an Offer the Participant will be agreeing to be bound by these Rules.
- k. **Rights are non-transferable** – a Right granted to a Participant is not transferable and may not otherwise be dealt with, except with the Board's approval, or by operation of law on death or legal incapacity.
- l. **Grant of Rights** – the Company will use reasonable endeavours to grant the Rights subject to an offer and acceptance, unless otherwise withdrawn, within 1 month of the offer being accepted.
- m. **Measurement Periods** – the Measurement Periods will relate to periods where service and performance conditions must be satisfied for Retention Rights and Performance Rights, respectively, to vest. The Measurement Period in relation to an Offer will be determined by the Board and will be the period specified for the (the range in time that grants associated with a particular set of conditions can be made); currently the Measurement Period is three (3) years.

- n. **Vesting scale for Retention Rights** – the service vesting scale is as follows:

Performance Level	Period of Service	Vesting%
< Target	Service ceases before the end of the Measurement Period	0%
Target	Service ceases on or after the end of the measurement period	100%

If Retention Rights have not been forfeited on termination of service under the Rules then for purposes of the above vesting scale, service will be deemed to cease on the end date of the Measurement period.

- o. **Vesting scale for Performance Rights** – at the end of the Measurement Period the following vesting scale will be applied to Performance Rights based on the Compound Annual Growth Rate (CAGR) of Total Shareholder Return (TSR) achieved by the Company between the beginning and end of the Measurement Period.

*A change from the 2014 NEDA Plan is to change the CAGR from 25% to 15%, with the resulting ATSR Vesting Table in the proposed 2017 NEDA Plan outlined below:*

**ATSR Vesting Table**

Performance Level	Company's ATSR as Compound Annual Growth Rate (CAGR)	Total TSR over the Measurement Period	Vesting%
<Threshold	<5%	<15.7625%	0%
Threshold	5%	15.7625%	25%
>Threshold & <Target	>5% & <10%	>15.7625% & < 33.1000%	Pro rata
<b>Target</b>	<b>10%</b>	<b>33.1000%</b>	<b>50%</b>
>Target & <Stretch	>10% & <15%	>33.1000% & < 52.0875%	Pro rata
Stretch	≥15%	52.0875%	100%

This change in the CAGR is based on the growth in the size and diversity of the Company's assets and liabilities.

- p. **Lapsing of Rights** – if Rights in a tranche have not vested and there is no opportunity for those Rights to vest at a later date then they lapse. Typically this will be following testing of Rights if they fail to vest.
- q. **Conversion of Vested Rights into Shares** – when Rights vest the Vested Rights Value is calculated for each tranche by multiplying the relevant number of vested rights in the tranche by the relevant Vesting Share Price. If the Vested Rights Value for a tranche is more than \$1,000 then the Participant will be entitled to Shares. The number of Shares will be determined by dividing the excess of the Vested Rights Value for the tranche over \$1,000 by the relevant Vesting Share Price. After payment of \$1,000 to the Participant through the payroll, the balance of the Vested Rights Value will be contributed by the Participant's employer or the Company to acquire Shares by on-market purchase or subscription to a new issue, as directed by the Board.
- r. **Dealing restriction attached to Shares** – all Shares issued to Participants shall be subject to a dealing restriction being that such Shares may not be sold until their sale would not breach either:
- the Company's share trading policy, or
  - Division 3 of Part 7.10 of the Corporations Act.
- s. **Ineligibility to act as Director** – if the Director becomes ineligible to act as a Director, any Rights whether vested or not shall be forfeited unless and to the extent otherwise determined by the Board.
- t. **Cessation of Directorship due to resignation** – if the Director resigns from the position of Director of the Company, then all Rights whether vested or not shall be forfeited unless and to the extent otherwise determined by the Board.
- u. **Cessation of Directorship due to death, total permanent disablement, retirement with Board approval or failure to be re-elected as a Director** – Retention Rights granted in the financial year of termination of service are forfeited in the same proportion as the remainder of the financial year bears to the full financial year.

Retention Rights that do not lapse at the termination of service will continue to be held by Participants with a view to testing for vesting at the end of the Measurement Period. If the Share price at the date of testing is less than the Share price at the date of termination of service then all unvested Retention Rights lapse. If the Share price at the date of testing is not less than the Share price at the date of termination of service then Retention Rights granted in the financial year of termination and prior years that have not been forfeited will vest i.e. the Participants will be deemed to be still in service on the end date of the Measurement Period.

# EXPLANATORY STATEMENT

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Performance Rights granted in the financial year of termination of service are forfeited in the same proportion as the remainder of the financial year bears to the full financial year. Performance Rights that were granted in a year prior to the year of termination of service and were first tested for vesting not later than the date of termination of service, will be forfeited.

Performance Rights that do not lapse at the termination of service will continue to be held by Participants with a view to testing for vesting at the end of the Measurement Period. If the Share price at the date of testing is less than the Share price at the date of termination of service then all unvested Performance Rights lapse. If the Share price at the date of testing is not less than the Share price at the date of termination of service then Performance Rights granted in the financial year of termination and prior years that have not been forfeited will be tested once for vesting at the end of the Measurement Period. If they do not vest at that time then they will be forfeited.

- v. **Change in control including takeover – in the event of a change in control, the 2014 NEDA Plan has changed for the 2017 NEDA Plan as follows.** In the event of a change in control, including a takeover bid or scheme of arrangement, the full amount of any Retention Rights Award or Performance Rights Award will be deemed fully vested and converted into Shares.

At the option of the holder of the Rights, either:

- the Rights become due and payable in cash within 30-days following the completion of the event of change in control or takeover. In determining the cash value of the outstanding Retention and Performance Rights Awards, the share price applicable to determining the cash value to be paid to the participant is the higher of (1) in the case of change of control the value of Shares in the Company based upon the last 20 trading days VWAP before the completion of the event of change in control or (2) in the case of a change of control resulting from a takeover bid or scheme of arrangement the offer price per share of the Company provided for in such takeover bid or scheme of arrangement; or
- subject to shareholder approval if required, accept the takeover company shares offer in the form of takeover shares on the same terms as provided in the takeover offer proposal on the Shares.

- w. **Reconstructions, bonus issues, rights issues** – In cases of bonus Share issues by the Company the number of Rights held by a Participant shall be increased by the same number as the number of bonus Shares that would have been received by the Participants had the Rights been Shares in the Company.

In the case of general rights issues (other than Rights) to the Company Shareholders there will be no adjustment to the Rights. However, the Board may consider issuing Options:

- of a number up to the number of Shares to which the Participant would have been entitled had the Rights been Shares in the Company, and
- the exercise price of such Options will be equal to the amount payable by the Company's Shareholders to exercise a right to acquire a Share.

In the case of an issue of rights to other than the Company's Shareholders there will be no adjustment to the Rights.

In the case of other capital reconstructions the Board shall make such adjustments to the Rights in the manner contemplated by the Listing Rules.

- x. **Participation in new issue** – in the case of any new issue of Shares to the holder of Shares, the holder of any Rights cannot participate in any new issue of Shares without exercising the Rights.
- y. **Plan limits** – the number of Shares that may be issued the subject of the Offer, must not exceed 5% of the issued shares in that class of the Company at the time of the Offer, as prescribed in ASIC Class Order 03/184.
- z. **Amendments to NEDA Plan Rules** – subject to the provisions of the NEDA Plan Rules and the Listing Rules, the Board may at any time by written instrument, or by resolution of the Board, amend or repeal all or any of the provisions of the NEDA Plan Rules, including this rule. However, the Rules may not be amended if, broadly, in the Board's opinion the amendment would materially reduce the Rights of a Participant in respect of Rights already granted. Exceptions to this permit:
- amendment for the purpose of complying with State or Commonwealth legislation, the Company's constitution or the Listing Rules; and
  - amendment to address possible adverse tax implications for Participants generally or any Group Company.

## **Board recommendation:**

*The Directors (with Mr Krause Mr Hargreaves and Dr Taylor abstaining) unanimously recommend that Shareholders vote in favour of approving the Non-executive Director and Adviser Rights Plan. The Chairman will vote undirected proxies in favour of this Resolution.*



## 5. RESOLUTIONS 4, 5 AND 6 – GRANT OF PERFORMANCE RIGHTS AND RETENTION RIGHTS TO NON-EXECUTIVE DIRECTORS

### Background

It is proposed that the grants of Performance Rights and/or Retention Rights set out below are made to Mr Russell Krause, Mr Timothy Hargreaves and Dr Neale Taylor over the next three years, pursuant to the Non-Executive Director and Adviser Rights Plan ("NEDA Plan") on the terms to be approved at this year's 2017 Annual General Meeting.

### ASX Listing Rule 10.14

ASX Listing Rule 10.14 restricts a director of a listed company from acquiring securities under an employee incentive scheme without first receiving Shareholder approval.

### Corporations Act, Chapter 2E

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. Exceptions to this general prohibition include where the company first obtains the approval of its Shareholders in general meeting, or the financial benefit being provided is on arm's length terms or better or is considered reasonable remuneration.

It is the view of the Directors that Shareholder approval of Resolutions 4, 5 and 6 is not required under Chapter 2E of the Corporations Act as the proposed issue of Rights that are the subject of Resolutions 4, 5 and 6 is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### Shareholder approval

Shareholder approval is sought for the grant of Performance Rights and/or Retention Rights to the current Non-executive Directors over the next three years. If Shareholder approval is given under these Resolutions, the following grants of Performance Rights and/or Retention Rights will be made to the Non-executive Directors in 2017:

Participant	Retention Rights	Performance Rights
Mr Russell Krause	375,000	625,000
Mr Timothy Hargreaves	375,000	625,000
Dr Neale Taylor	675,000	1,125,000

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

- Mr Krause, Mr Hargreaves and Dr Neale Taylor are Non-executive Directors of the Company.
- The maximum number of Rights that may be acquired by Mr Krause, Mr Hargreaves and Dr Taylor under the Plan over a three year period (and including those listed above for issue in 2017) commencing on the date of this Meeting are as follows:

Resolution	Participant	Retention Rights	Performance Rights
4	Mr Russell Krause	1,500,000	2,500,000
5	Mr Timothy Hargreaves	1,500,000	2,500,000
6	Dr Neale Taylor	2,700,000	4,500,000

It should be noted that the above numbers of Rights are the maximum possible number of Rights that could be issued under the NEDA Plan to Mr Krause, Mr Hargreaves and Dr Taylor; they will not necessarily be granted.

The above maximum numbers of Rights that can be awarded over the Plan Period are based on assuming continued application of current Non-Executive Director fees with modest increases over the Plan Period and a small level of contingency.

- There is no amount payable by Mr Krause, Mr Hargreaves and Dr Taylor, either on issue or exercise of the Rights. The Company will bear all costs associated therewith.

# EXPLANATORY STATEMENT

- d. Since the approval of the NEDA Plan in 2014, the following grants of Rights under the 2014 NEDA Plan have been made to Directors and their associates.

Type of Rights	NEDA Plan	
	Retention	Performance
Dr Taylor (Chairman and Non-executive Director)		
2014*	140,000	126,731
2015	40,000	340,000
2016	232,000	464,000
<b>Total</b>	<b>412,000</b>	<b>930,731</b>
Mr Healy (Non-executive Director)		
2014*	70,000	0
2015	20,000	40,000
2016	11,000	232,000
<b>Total</b>	<b>101,000</b>	<b>272,000</b>
Mr Strasser (Non-executive Director)		
2014*	70,000	0
2015	N/A	N/A
2016	136,000	272,000
<b>Total</b>	<b>206,000</b>	<b>272,000</b>
Mr Krause (Non-executive Director)		
2014	N/A	N/A
2015	20,000	40,000
2016	116,000	232,000
<b>Total</b>	<b>136,000</b>	<b>272,000</b>
Mr Hargreaves (Non-executive Director)		
2014	N/A	N/A
2015	20,000	40,000
2016	116,000	232,000
<b>Total</b>	<b>136,000</b>	<b>272,000</b>

\* 2014 Retention Rights have vested and awards made; other Rights have lapsed and/or have yet to be assessed at the end of the relevant Measurement Periods.

The Offer Share Price as defined under the NEDA Plan relating to the Performance Rights noted in the above tabled is outlined below for each year. This represents the VWAP share price at which the Company's shares were traded on the ASX over the 20 trading days prior to and including 30 June of the year or as determined by the Company. This is the deemed acquisition price, noting that the Directors do not actually pay any consideration for these rights and resulting shares. Under the NEDA Plan, there is no issue price for the Retention Rights.

Year ended	Value
2014	\$0.105669
2015	\$0.082316
2016	\$0.077580

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- e. Pursuant to the terms of the NEDA Plan Rules, any Non-Executive Director of the Company or its subsidiaries determined by the Board is eligible to participate in the NEDA Plan.
  - f. A voting exclusion applies to this item of business, as set out in the Notice of Meeting.
  - g. The Company will not be providing any loan to Dr Taylor, Mr Krause and Mr Hargreaves in connection with the acquisition of Rights.
  - h. Details of any securities issued under the NEDA Plan will be published in each annual report of the Company relating to a period in which those securities have been issued, with a note that approval for the issue of securities was obtained under ASX Listing Rule 10.14.
  - i. Any additional persons who are related parties who become entitled to participate in the NEDA Plan after Resolutions 4, 5 and 6 are approved and who is not named in the Notice, including this Explanatory Statement, will not participate in the NEDA Plan until approval is obtained under ASX Listing Rule 10.14.
  - j. The Rights will be issued no later than three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).

**Board recommendation for Resolution 4:** *The Directors (with Mr Krause abstaining) unanimously recommend that Shareholders vote in favour of approving the grant of Performance Rights and Retention Rights to Mr Krause.*

**Board recommendation for Resolution 5:** *The Directors (with Mr Hargreaves abstaining) unanimously recommend that Shareholders vote in favour of approving the grant of Performance Rights and Retention Rights to Mr Hargreaves.*

**Board recommendation for Resolution 6:** *The Directors (with Dr Taylor abstaining) unanimously recommend that Shareholders vote in favour of approving the grant of Performance Rights and Retention Rights to Dr Taylor.*

## 6. ENQUIRIES

Shareholders may contact the Company Secretary if they have any queries in respect of the matters set out in these documents.

**David James Franks**

*Joint Company Secretary*

Elk Petroleum Limited

c/- Franks & Associates Pty Limited

GPO Box 4325, Sydney, NSW 2001, Australia

Tel: (+61 2) 9299 9690

Fax: (+61 2) 9251 7455

Email: dfranks@fa.com.au

# GLOSSARY

Term	Meaning
Adviser	means a Non-executive Director and/or any independent person who is not an employee or an independent entity retained by the Company or a subsidiary company under a contract to provide services to the Company or the subsidiary company.
AEDT	means Australian Eastern Daylight Time, Sydney, New South Wales.
Annual General Meeting, AGM or Meeting	means the meeting convened by the Notice.
ASIC	means the Australian Securities and Investments Commission.
Associate	has the meaning given to that term by section 12 of the Corporations Act.
ASX	means ASX Limited (ABN 98 008 624 691).
ASX Listing Rules	means the Listing Rules of ASX.
Board	means the board of Directors of the Company as constituted from time to time.
Closely Related Parties	in relation to a member of KMP, means the member's spouse, child or dependant (or a child or dependant of the member's spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealings with Elk (or the Elk Group), and any company the member controls.
Company or Elk	means Elk Petroleum Limited (ABN 38 112 566 499).
Constitution	means the Constitution of the Company.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	mean the Directors of the Company.
Documents	means each of the Notice, Explanatory Statement and the Proxy Form and all other documents that accompany each other when sent to each Shareholder.
Elk Group	means Elk and its controlled entities.
Explanatory Statement	means the explanatory statement accompanying the Notice.
Equity Securities	has the meaning given to that term in Listing Rule 19.
Key Management Personnel or KMP	means those persons having authority and responsibility for planning, directing and controlling the activities of Elk or the Elk Group, whether directly or indirectly. Members of the KMP include all Directors and certain senior executives.
NEDA Eligible Persons	means Non-executive Directors and Advisers, who are eligible to participate in the NEDA Plan.
NEDA Plan	means the Non-executive Director and Adviser Rights Plan.
Notice	means the notice of Meeting that accompanies and forms part of the Documents.
Ordinary Resolution	means a resolution passed by more than 50 per cent of the votes at a general meeting of shareholders.
Performance Right	means a right to be issued or transferred one Share upon satisfaction of a performance condition on a specified date.
Resolutions	means the resolutions set out in the Notice, or any one of them, as the context requires.
Retention Right	means a right to be issued or transferred to Shares, according to the formula applicable to the right, upon satisfaction of a retention condition on a specified date.

Term	Meaning
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Share Registry	means Computershare Investor Services.
Special Resolution	means a resolution passed by more than 75 per cent of the votes at a general meeting of Shareholders.
Trading Day	has the meaning given to that term in ASX Listing Rule 19.12.
VWAP	means volume weighted average price

### Interpretation

In these Documents, unless the context requires otherwise:

- a. a reference to a word includes the singular and the plural of the word and vice versa;
- b. a reference to a gender includes any gender;
- c. if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- d. a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- e. headings are included for convenience only and do not affect interpretation;
- f. a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- g. a reference to a thing includes a part of that thing and includes but is not limited to a right;
- h. the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- i. a reference to a statute or statutory provision includes but is not limited to:
  - i. a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - ii. a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - iii. subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- j. reference to "\$", "A\$", "Australian Dollars" or "dollars" is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- k. a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.





**Lodge your vote:**

**Online:**
[www.investorvote.com.au](http://www.investorvote.com.au)

**By Mail:**

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Victoria 3001 Australia

Alternatively you can fax your form to  
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(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**



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

ELK

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

**XX**

 <b>Vote and view the annual report online</b> <ul style="list-style-type: none"> <li>• Go to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> or scan the QR Code with your mobile device.</li> <li>• Follow the instructions on the secure website to vote.</li> </ul>	
<b>Your access information that you will need to vote:</b> <p><b>Control Number: 999999</b></p> <p><b>SRN/HIN: I9999999999      PIN: 99999</b></p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

 **For your vote to be effective it must be received by 10:00 am (AEDT) Saturday 18 November 2017**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/we being a member/s of Elk Petroleum Limited hereby appoint

☐ the Chairman of the Meeting

OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Elk Petroleum Limited to be held at Portside Centre, Symantec House, Level 5, 207 Kent Street Sydney, NSW 2000 at 10.00 am (AEDT) on Monday, 20 November 2017 and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Items 1, 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 3, 4, 5 and 6 by marking the appropriate box in step 2 below.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director - Mr Timothy Hargreaves	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Non-Executive Director and Adviser Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Grant of Performance Rights and Retention Rights to Mr Russell Krause, Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Performance Rights and Retention Rights to Mr Timothy Hargreaves, Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Grant of Performance Rights and Retention Rights to Dr Neale Taylor, Non-Executive Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /