



PACIFICENERGY

**PACIFIC ENERGY LIMITED
ACN 009 191 744**

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of Pacific Energy Limited will be held at the offices of BDO Australia, 38 Station Street, Subiaco WA 6008 on Friday, 23 November 2018 at 11:00 am (WST).

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

THIS DOCUMENT IS IMPORTANT

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

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

The **2018 Annual Report** can be viewed on the Company's website at www.pacificenergy.com.au

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Pacific Energy Limited (**Company**) will be held at the offices of BDO Australia, 38 Station Street, Subiaco WA 6008 on Friday, 23 November 2018 at 11:00 am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 21 November 2018 at 4:00 pm (WST). Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to vote.

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

AGENDA

Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 - Adoption of Remuneration Report

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

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

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

Voting exclusion

A vote on this Resolution must not be cast:

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

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

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

2. Resolution 2 - Re-election of Director – Mr Kenneth Joseph Hall

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

"That, pursuant to and in accordance with, article 17.1 of the Constitution and for all other purposes, Mr Kenneth Joseph Hall, Director, retires and being eligible, is re-elected as a Director."

3. Resolution 3 - Issue of Performance Rights to Mr Brady Hall

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

"That, pursuant to and in accordance with Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 29,448 Performance Rights to Mr Brady Hall (and/or his nominee) under the Performance Rights Plan on the terms and conditions in the Explanatory Memorandum."

Voting exclusion

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

However, the Company will not disregard a vote if:

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

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

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

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

BY ORDER OF THE BOARD

Michael Kenyon
Company Secretary
Dated: 19 October 2018

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of BDO Australia, 38 Station Street, Subiaco WA 6005 on Friday, 23 November 2018 at 11:00 am (WST).

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

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

2. Action to be taken by Shareholders

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

2.1 Proxies

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

Please note that:

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

Proxy Forms must be received by the Company no later than 11:00 am (WST) on 21 November 2018, being at least 48 hours before the Meeting.

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

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

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or

- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

A vote on Resolution 3 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons on Resolutions 1 and 3 if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

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

3. Annual Report

In accordance with section 317(1) of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2018.

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

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

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

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

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

may be submitted no later than five (5) Business Days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Adoption of Remuneration Report

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

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

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

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

The Company's Remuneration Report did not receive a Strike at the 2017 annual general meeting. Please note, if the Remuneration Report receives a Strike at this Meeting and a second Strike is received at the 2019 annual general meeting, this may result in the re-election of the Board.

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

Resolution 1 is an ordinary resolution.

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

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

5. Resolution 2 - Re-election of Director – Mr Kenneth Joseph Hall

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

Mr Kenneth Hall was last appointed as a Director at the Company's 2016 annual general meeting and therefore will retire pursuant to Article 17.2 and, being eligible, seeks re-election.

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

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

Resolution 2 is an ordinary resolution.

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

6. Resolution 3 - Issue of Performance Rights to Mr Brady Hall

6.1 General

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 10.14 for the grant of 29,448 Performance Rights to Mr Brady Hall (and/or his nominee) under the Performance Rights Plan.

Mr Brady Hall is an employee of the Company, and is eligible to receive Performance Rights pursuant to the Performance Rights Plan for the entitlement period ended 31 August 2018.

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

Refer to Schedule 2 for a summary of the terms and conditions of the Performance Rights Plan.

Resolution 3 is an ordinary resolution.

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

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

6.2 Section 208 of the Corporations Act

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

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

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

6.3 Listing Rule 10.14

In accordance with Listing Rule 10.14 the Company must not permit a Director and any of his or her associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Mr Brady Hall is a related party of a Director, Mr Kenneth Hall as he is a child of Mr Kenneth Hall. Mr Brady Hall is therefore taken to be an associate of that Director pursuant to Listing Rule 19.12.

As Shareholder approval is sought under Listing Rule 10.14, no approval is required under Listing Rules 7.1.

Shareholder approval of Resolution 3 means that the issue of the Performance Rights to Mr Brady Hall will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

6.4 Specific information required by Listing Rule 10.15

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

- (a) The Performance Rights will be issued to Mr Brady Hall. Mr Brady Hall is an associate of a Director, Mr Kenneth Hall, as he is a related party to that Director, being a child of Mr Kenneth Hall.
- (b) The maximum number of securities to be issued under this Resolution is 29,448 Performance Rights.
- (c) Each Performance Right will be issued for nil cash consideration. No funds will therefore be raised by the issue of the Performance Rights.
- (d) Since the date of last approval, 28,402 Plan Performance Rights have been issued to Mr Brady Hall for nil cash consideration. Mr Brady is the only person referred to in Listing Rule 10.14 to be granted Performance Rights under the Performance Rights Plan.
- (e) Under the rules of the Performance Rights Plan, Mr Brady Hall and Directors are the only persons referred to in Listing Rule 10.14 that are entitled to participate in the Performance Rights Plan.
- (f) A voting exclusion statement is included for Resolution 3 in the Notice.
- (g) No loans have been provided by the Company in connection with the issue of the Performance Rights.
- (h) The Performance Rights will be issued no later than 12 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

Schedule 1 - Definitions

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

\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2018.

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

Associated Body Corporate means:

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

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

ASIC means *Australian Securities and Investments Commission*.

Board means the board of Directors.

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

Change of Control Event means:

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

(h) any other event determined by the Board in good faith to constitute a “Change of Control Event” for the purposes of these Performance Rights Plan,

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

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

Closely Related Party means:

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

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

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

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

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

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

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

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

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

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

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

Insolvent means, in respect of a person:

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

- (f) it is subject to an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (g) it is otherwise unable to pay its debts when they fall due; or

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

Listing Rules means the listing rules of ASX.

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

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

Office means an office as an Officer.

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

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

Performance Rights Plan means the Pacific Energy Limited Performance Rights Plan as approved by Shareholders at the 2017 Annual General Meeting.

Proxy Form means the proxy form attached to the Notice.

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

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

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

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

Section means a section of this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

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

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

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

Schedule 2 - Summary of Key Terms of Performance Rights Plan

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

Eligibility

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

Instruments

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

Equity Pool

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

Grant of Performance Rights

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

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

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

Exercise Price

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

Life of Performance Rights

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

Transferability of Performance Rights

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

Rights Attaching to Performance Rights

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

Vesting Conditions

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

Vesting Notification

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

Lapsing Conditions

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

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

Cessation of Employment or Office

On cessation of employment:

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

Rights Attaching to Shares

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

Disposal Restrictions on Shares

Prior to the grant of any Performance Rights, the Board may impose disposal restrictions on Shares acquired by participants following the exercise of Performance Rights, for example, by way of the use of an employee share trust or an Australian Securities Exchange holding lock. During any Share disposal restriction period, participants will have full dividend and voting rights.

Change of Control Event

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

Bonus Issues

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

Pro Rata Issues

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

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

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

where:

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

O = the old exercise price of the Performance Right;

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

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

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

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

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

Reorganisation

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

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PROXY FORM

The Company Secretary, Pacific Energy Limited ACN 009 191 744

By delivery:
338 Gnangara Road
LANDSDALE WA 6065

By post:
PO Box 5
KINGSWAY WA 6065

By facsimile:
+61 8 9303 8899

By email:
info@pacificenergy.com.au

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

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

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

Step 1 - Appoint a Proxy to Vote on Your Behalf

The Chairperson (mark box)

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

or failing the person/body corporate named, or if no person/body corporate is named, the Chairperson of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at 10.00am (WST) on 23 November 2018 at the offices of BDO Australia, 38 Station Street, Subiaco WA 6008 and at any adjournment or postponement of that Meeting.

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

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

Step 2 - Instructions as to Voting on Resolutions

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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Mr Kenneth Joseph Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Performance Rights to Mr Brady Hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Authorised signature/s

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

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

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

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

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

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

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

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

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

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

