
MODENA RESOURCES LIMITED

ACN 119 749 647

NOTICE OF GENERAL MEETING

TIME: 10am (WST)

DATE: 30 May 2011

PLACE: Esplanade River Suite Hotel
112 Melville Parade
Como, Western Australia

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9226 1240.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 10am (WST) on 30 May 2011 at:

Esplanade River Suite Hotel, 112 Melville Parade, Como, Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

NOTICE OF GENERAL MEETING

Notice is given that the general meeting of Shareholders will be held at 10am (WST) on 30 May 2011 at Esplanade River Suite Hotel, 112 Melville Parade, Como, Western Australia.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10:00am (WST) on 28 May 2011.

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

AGENDA

1. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

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

"That, for the purposes of Section 254H of the Corporations Act and for all other purposes, approval is given for the issued capital of the Company to be consolidated on the basis that:

- (a) every ten (10) Shares be consolidated into one (1) Share;*
- (b) every ten (10) Options be consolidated into one (1) Option with the exercise price amended in inverse proportion to that ratio;
and*
- (c) every ten (10) Convertible Notes be consolidated into one (1) Convertible Note with the conversion price amended in inverse proportion to that ratio,*

and where this Consolidation results in a fraction of a Share, Option or Convertible Note being held by a Shareholder, Optionholder or Noteholder (as the case may be), the Directors be authorised to round that fraction up to the nearest whole Share, Option or Convertible Note, with the Consolidation taking effect on the Record Date and otherwise as described in the Explanatory Statement."

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – SHARES

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 202,654,490 Shares (on a pre-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the

meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – OPTIONS

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 7,500,000 Options (on a pre-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – PLACEMENT – SHARES AND FREE ATTACHING OPTIONS

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 250,000,000 Shares (on a pre-Consolidation basis; 25,000,000 Shares on a post-Consolidation basis) with one (1) free attaching Option for every Share issued, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – APPROVAL FOR ISSUE OF SHARES TO SATISFY INTEREST PAYMENTS

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to that number of Shares which when multiplied by the issue price will equal \$98,630 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – APPROVAL TO ISSUE SHARES AND OPTIONS – ON CONVERSION OF CONVERTING LOAN AND INTEREST

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue Shares and free attaching options on conversion of a loan of up to \$2,356,625 in accordance with the formula and the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 29 APRIL 2011

BY ORDER OF THE BOARD

**JAY STEPHENSON
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10am (WST) on 30 May 2011 at Esplanade River Suite Hotel, 112 Melville Parade, Como, Western Australia.

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. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

1.1 Background

Resolution 1 seeks Shareholder approval to consolidate the number of Shares, Options and Convertible Notes on issue on a ten (10) for one (1) basis (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward.

1.2 Legal Requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

The ASX Listing Rules also require that the number of options on issue be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

1.3 Fractional Entitlements and Taxation

Not all Shareholders, Optionholders and Noteholders will hold that number of Shares, Options and Convertible Notes which can be evenly divided by ten. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share, Option or Convertible Note.

It is not considered that any taxation implications will exist for Shareholders, Optionholders or Noteholders arising from the Consolidation. However, Shareholders, Optionholders and Noteholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Directors (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.

1.4 Holding Statements and Option Certificates

From the date of the Consolidation:

- (a) all holding statements for Shares and listed Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and Options on a post-Consolidation basis; and
- (b) all certificates for unlisted Options and Convertible Notes will cease to have any effect, except as evidence of entitlement to a certain number of Options or Convertible Notes on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares and listed Options to be issued to holders of those securities and, to the extent required, new certificates for unlisted Options and Convertible Notes to be issued to Optionholders and Noteholders.

It is the responsibility of each Shareholder, Optionholder or Noteholder to check the number of Shares, Options or Convertible Notes held prior to disposal or exercise (as the case may be).

1.5 Effect on Capital Structure

The effect of obtaining approval of the Transaction and the Resolutions contained within the Notice will have on the capital structure of the Company is as follows.

All figures referring to securities in this Notice are represented on a POST-CONSOLIDATION basis. If approval for the Consolidation is NOT granted pursuant to Resolution 1, all securities issued pursuant to approval obtained under this Notice will be issued on a PRE-CONSOLIDATION BASIS.

Shares	Number
Current	1,135,590,264
Post 1:10 Consolidation (Resolution 1)	113,559,027
Placement (Resolution 4)	25,000,000 ¹
Satisfaction of interest payments (Resolution 5)	547,944 ²
Issue of Shares on conversion of loan and interest (Resolution 6)	13,092,361 ²
TOTAL	152,199,332
Options	
Current	325,056,250 ³
Post 1: 10 Consolidation	32,505,625 ⁴
Placement (Resolution 4)	25,000,000 ^{5,6}
Issue of free attaching Options on conversion of loan (Resolution 6)	13,092,361 ^{2,5}
TOTAL	70,597,986

Notes:

1. For the avoidance of doubt, this figure is on a post-Consolidation basis. In the event that the Consolidation is not approved 250,000,000 Shares (on a pre-Consolidation basis) will be issued under the Placement.
2. Assumes an issue price of \$0.18 (on a post Consolidation basis) for the purpose of calculating securities to be issued on conversion of loan and interest.
3. 317,556,250 Options exercisable at 6 cents each on or before 31 December 2013 and 7,500,000 Options exercisable at 4 cents on or before 31 December 2013.
4. 31,755,625 Options exercisable at 60 cents each on or before 31 December 2013 and 750,000 Options exercisable at 40 cents on or before 31 December 2013.
5. Options exercisable at 60 cents on or before 31 December 2013 (on a post Consolidation basis).

6. For the avoidance of doubt, this figure is on a post-Consolidation basis. In the event that the Consolidation is not approved 25,000,000 free-attaching Options (on a pre-Consolidation basis) will be issued under the Placement.

1.6 Timetable

The indicative timetable for the Consolidation is as follows:

<u>Event</u>	<u>Date</u>
General Meeting to approve transaction	30 May 2011
Notification to ASX of results of General Meeting	30 May 2011
Last day for trading in pre-reorganised securities	31 May 2011
Trading in reorganised securities on a deferred settlement basis	1 June 2011
Last day to register transfers on a pre-reorganisation basis	7 June 2011
First day for Company to send notice to Shareholders of change of holdings as a result of reorganisation	8 June 2011
First day for Company to register securities on a post-reorganisation basis and for issue of holding statements	
Despatch date	15 June 2011
Deferred settlement market ends	
Last day for securities to be entered into the holders' security holdings and for Company to send notice to each security holder	

1.7 Noteholder consent

Under the terms of the Convertible Notes, the Company is required to obtain the consent of each Noteholder to undertake the Consolidation on the terms set out in this Notice. The Consolidation will not take place if the Company does not obtain consent of each Noteholder.

As above, if the Consolidation does not take place, all securities issued pursuant to approval obtained under this Notice will be issued on a PRE-CONSOLIDATION BASIS.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – SHARES

2.1 General

The Company has issued the following shares to the parties set out in the table below:

Date	Number of Shares (pre Consolidation)	Number of Shares (post Consolidation)	(Deemed) / Issue Price	Allottee	Purpose
10 December 2010	34,863,043 ¹	3,486,305	2.3 cents	Clients of Taylor Collison	Placement
10 December 2010	7,500,000	750,000	(2.3 cents)	Truestone Capital Specialist	Fees in relation to drawdown facility ²
12 January 2011	13,673,531	1,367,354	(1.83 cents)	Truestone	Fees in relation to drawdown

					facility ²
17 January 2011	1,304,347	130,345	(2.3 cents)	Truestone	Fees in relation to services ²
21 January 2011	14,508,567	1,450,857	(1.72 cents)	Truestone	Fees in relation to drawdown facility ²
16 February 2011	13,820,669	1,382,067	(1.8 cents)	Truestone	Fees in relation to drawdown facility ²
23 February 2011	16,984,330	1,698,433	(1.47 cents)	Truestone	Fees in relation to drawdown facility ²
TOTAL	102,654,487	10,265,361			

Notes:

- ¹ A total of 134,863,043 Shares were issued. The placement of 100,000,000 Shares was approved at the Company's Annual General Meeting held on 29 November 2010. Therefore the issue of only 34,863,043 Shares needs to be ratified.
- ² The Company has entered into an agreement with Truestone under which Truestone will provide to the Company a working capital facility. Please refer to ASX announcement made on 24 August 2010 and the Company's 2010 Annual Report for further details.

The subscribers pursuant to these issues were not related parties of the Company.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Share Ratification**).

For the avoidance of doubt, Resolution 2 is seeking the approval for the ratification of the issue of 102,654,487 Shares (on a PRE-CONSOLIDATION basis).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

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

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 102,654,490 Shares (on a pre-Consolidation basis) were allotted;
- (b) the issue prices and deemed issue prices are set out in the table in Section 2.1 above;

- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to the parties set out in the table above at Section 2.1 above; and
- (e) the funds raised from the placement of Shares on 10 December 2010 was applied to the restoration of production in relation to the South Texas Padre Island Project. As the shares issued to Truestone were to satisfy the loan facility, no funds were raised from their issue. The Company has used the amounts drawn down on the loan for working capital.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – OPTIONS

3.1 General

On 13 December 2010, the Company issued 7,500,000 Options (on a pre-Consolidation basis) as consideration for provision of a drawdown facility by Truestone Capital Specialist Investments Limited.

The subscriber pursuant to this issue was not a related party of the Company.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Option Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 2.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

For the avoidance of doubt, Resolution 3 is seeking the approval for the ratification of the issue of 7,500,000 Options (on a PRE-CONSOLIDATION basis).

3.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 7,500,000 Options (on a pre-Consolidation basis) were allotted;
- (b) the Options were issued for nil cash consideration;
- (c) the Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Options were allotted and issued to Truestone; and
- (e) no funds were raised from this issue as the Options were issued in consideration for provision of a drawdown facility by Truestone.

4. RESOLUTION 4 – PLACEMENT – SHARES AND FREE ATTACHING OPTIONS

4.1 General

Resolution 4 seeks Shareholder approval for the allotment and issue of up to 250,000,000 Shares (on a pre-Consolidation basis; 25,000,000 Shares on a post-Consolidation basis) with one (1) free attaching Option for each Share (**Placement**).

In the event approval is given for the Consolidation pursuant to Resolution 1, the Shares issued pursuant to the Placement will be issued on a POST-CONSOLIDATION BASIS.

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

The effect of Resolution 4 will be to allow the Directors to issue the Shares pursuant to the Share Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Securities to be issued is up to 25,000,000 Shares and up to 25,000,000 free attaching Options (on a post-Consolidation basis);
- (b) the Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be the lower of:
 - (i) 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made; or
 - (ii) a price of \$0.18 per Share (on a post Consolidation basis);
- (d) the Directors will determine to whom the Shares will be issued but these persons will be sophisticated or a professional investor within the meaning of Section 708(8) and 708(11) of the Corporations Act respectively, to whom the issue of securities does not require a disclosure document. These persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (g) the Company intends to use the funds raised from the Share Placement towards drilling of oil and gas targets in relation to the Company's projects.

5. RESOLUTION 5 – APPROVAL FOR ISSUE OF SHARES TO SATISFY INTEREST PAYMENTS

5.1 General

The Company has previously obtained funding from Arturus Capital Limited (**Arturus**) via convertible note and converting loan facilities (together, the **Debt Facilities**).

As announced to ASX by Arturus on 4 March 2011, Arturus has assigned all of its rights, liabilities and obligations under the Debt Facilities to Merchant Striker (in connection with settlement of the sale of Arturus' 100% interest in certain assets to Golden Gate Petroleum Limited).

The Company and Merchant Striker have subsequently agreed, that the Company will issue Shares to Merchant Striker in order to repay the interest owing under the Debt Facilities. Interest to the amount of \$98,630 has been incurred in relation to the Debt Facilities.

Resolution 5 seeks Shareholder approval for the allotment and issue of up to that number of Shares which when multiplied by the issue price will equal \$98,630 at a deemed issue price of not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made per Share in order to fully satisfy the amounts outstanding under the Debt Facilities.

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

The effect of Resolution 5 will be to allow the Directors to issue the Shares to Merchant Striker (or its nominee) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares:

- (a) the maximum number of Shares to be issued is that number of Shares which, when multiplied by the issue price, equals \$98,630;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the deemed issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made;
- (d) the Shares will be allotted and issued to Merchant Striker (or its nominees) none of these parties are, or will be a related party of the Company. The recipients of the Shares will be sophisticated or professional investors within the meaning of Sections 708(8) and 708(11) of the Corporations Act respectively) to whom the issue of securities will not require a disclosure document;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised for the issue of Shares as the Shares are being issued in satisfaction of debt.

6. RESOLUTION 6 – APPROVAL TO ISSUE SHARES AND OPTIONS ON CONVERSION OF LOAN

6.1 General

Resolution 6 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of Shares and free attaching Options on conversion of a converting loan of up to \$1,900,000 to be provided to the Company and interest of up to \$456,625 (**Interest**), therefore a total of \$2,356,625 (**Converting Loan**)

A summary of ASX Listing Rule 7.1 is set out in Section 2.1 above.

At the date of this Notice, the Company has not entered into any formal agreement for the Converting Loan. However it is intended that Converting Loan will be unsecured and attract an interest rate of 12%, computed daily and payable at half yearly intervals in arrears. It is intended that the Converting Loan will otherwise on normal commercial and arm's length terms.

The effect of Resolution 6 will be to allow the Directors to issue the Shares and free attaching Options within the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity. Should the Company wish to convert the Converting Loan outside of this 3 month period, it will either seek Shareholder approval, or convert the Converting Loan under available 15% capacity.

Furthermore, as the Company is only seeking approval to issue Shares and Options to the value of the amount of the Converting Loan, the Company will either seek Shareholder approval or use its 15% capacity limit for the issue of any Shares and Options in satisfaction of outstanding interest.

The subscriber pursuant to this issue will not be a related party of the Company.

6.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Shares and free attaching Options:

- (a) the maximum number of Shares to be issued on conversion of the Converting Loan is that number of Shares which, when multiplied by the issue price, equals \$2,356,625, being the loan amount and Interest;
- (a) the maximum number of Options to be issued on conversion of the Converting Loan is the same amount of any Shares issued, on the basis of one (1) free attaching Option for every one (1) Shares issued;
- (b) the deemed issue price for the Shares will be calculated by reference to the lower of:
 - (i) 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the conversion takes place and Shares are issued; and
 - (ii) \$0.18 per Share (on a post-Consolidation basis)

For the avoidance of doubt if approval is not given for the Consolidation pursuant to Resolution 1, deemed issue price for the Shares will be calculated by reference to the lower of:

- (i) 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the conversion takes place and Shares are issued; and
 - (ii) \$0.018 per Share (on a pre-Consolidation basis).
- (b) the Options will be issued for nil cash consideration;
 - (c) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

The Shares will be issued to a lender or lenders, pursuant to the Converting Loan. As stated above the Company has not entered into a Converting Loan agreement. To this end, recipients of the Shares are unknown as at the date of this Notice of Meeting. The recipients of the Shares will be sophisticated and professional investors (within the meaning of Sections 708(8) and 708(11) of the Corporations Act, respectively), to whom the issue of securities will not require a disclosure document, and will not be related parties of the Company. Furthermore, the terms of the Converting Loan will prohibit a lender from being issued Shares on conversion of the Converting Loan with the effect that the lender (and its associates) would hold a relevant interest exceeding 20% or more in the issued share capital of the Company, unless the issue of Shares satisfy any of the exemptions in Section 611 of the Corporations Act.

- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) funds advanced under the Converting Loan will be used towards general working capital and the development of gas wells. As the Shares and Options will satisfy repayment of the Converting Loan, no funds will be raised from their issue.

7. ENQUIRIES

Shareholders are requested to contact Jay Stephenson on (+ 61 8) 9226 1247 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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 ASX declares is not a business day.

Company means Modena Resources Limited (ACN 119 749 647).

Consolidation means the consolidation of the issued securities of the Company existing at on a 1 for 10 basis (rounded up to the nearest whole number), which consolidation is proposed to become effective on the Record Date.

Constitution means the Company's constitution.

Convertible Note means a convertible note issued by the Company on various conditions (and as set out in the Company's Appendix 3B lodged with ASX).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

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

Merchant Striker means Merchant Striker Capital Limited (a company incorporated in Seychelles).

Noteholder means the holder of a Convertible Note.

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

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option or Director Option as the context requires.

Proxy Form means the proxy form accompanying the Notice.

Record Date means 8 June 2011.

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

Securities means Shares and Options together.

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

Shareholder means a holder of a Share.

Truestone means Truestone Capital Specialist Investments Limited.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS SUBJECT TO RATIFICATION

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
 - (b) The Options will expire at 5.00pm (WST) on 31 December 2013 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) The amount payable upon exercise of each Option will be \$0.40 (**Exercise Price**) on a post-Consolidation basis (\$0.04 on a pre-Consolidation basis).
 - (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
 - (h) The Options are not transferable.
 - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
 - (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS ISSUED PURSUANT TO PLACEMENT AND CONVERSION OF LOAN

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5.00pm (WST) on 31 December 2013 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.60 (**Exercise Price**) on a post-Consolidation basis. In the event the Consolidation is not approved the Exercise Price will be \$0.06.
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are freely transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options in ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

PROXY FORM

**APPOINTMENT OF PROXY
MODENA RESOURCES LIMITED
ACN 119 749 647**

GENERAL MEETING

I/We

of

being a member of Modena Resources Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR

☐

the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10 am (WST), on 30 May 2011 at Esplanade River Suite Hotel, 112 Melville Parade, Como, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

OR

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Consolidation of Capital	☐	☐	☐
Resolution 2 – Ratification of Prior Issue – Shares	☐	☐	☐
Resolution 3 – Ratification of Prior Issue – Options	☐	☐	☐
Resolution 4 – Placement – Shares and Free Attaching Options	☐	☐	☐
Resolution 5 – Approval for Issue of Shares to Satisfy Interest Payments	☐	☐	☐
Resolution 6 – Approval to Issue Shares and Options on Conversion of Loan	☐	☐	☐

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

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

Signature of Member(s):

Date: _____

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

MODENA RESOURCES LIMITED
ACN 119 749 647

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Modena Resources Limited, 1186 Hay Street, West Perth, WA, 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9226 1247,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.