
**WHL ENERGY LIMITED
ACN 113 326 524**

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 28 March 2014 at 3pm (AWST).

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6500 0271

WHL ENERGY LIMITED

ACN 113 326 524

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of WHL Energy Limited (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 28 March 2014 at 3:00pm (AWST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form 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 26 March 2014 at 5.00pm (AWST).

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

AGENDA

1. Resolution 1 – Ratification of Prior Share Issue

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

*“That in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 42,000,000 Shares issued in respect to the financing agreement entered into with Bergen Global Opportunity Fund V, LLC (**Financing Agreement Shares**) on the terms and conditions in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Bergen Global Opportunity Fund V, LLC or any of its associates.

The Company will not disregard a vote if:

- (a) 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
- (b) it is cast by the Chairman 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.

2. Resolution 2 – Ratification of Prior Option Issue

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

“That in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 98,000,000 Options issued in respect to the financing

*agreement entered into with Bergen Global Opportunity Fund V, LLC (**Financing Agreement Options**) on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Bergen Global Opportunity Fund V, LLC or any of its associates

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman 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 - Modification of Constitution

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

"That in accordance with section 136 of the Corporations Act and for all other purposes, the Constitution be modified, on the terms and conditions in the Explanatory Memorandum."

4. Resolution 4 - Issue of Director Performance Rights to Mr David Rowbottam

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

"That in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 8,000,000 Performance Rights to Mr David Rowbottam (and/or his nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr David Rowbottam and any of his associates.

The Company will not disregard a vote if:

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

A vote may be cast by such person if:

- (a) the vote is not cast on behalf of a person who is otherwise excluded from voting; and
- (b) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (c) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

5. Resolution 5 - Issue of Director Performance Rights to Mr Faldi Ismail

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

"That in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 8,000,000 Performance Rights to Mr Faldi Ismail (and/or his nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr Faldi Ismail and any of his associates.

The Company will not disregard a vote if:

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

A vote may be cast by such person if:

- (a) the vote is not cast on behalf of a person who is otherwise excluded from voting; and
- (b) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (c) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

6. Resolution 6 - Issue of Director Performance Rights to Mr Stuart Brown

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

"That in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 8,000,000 Performance Rights to Mr Stuart Brown (and/or his nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr Stuart Brown and any of his associates.

The Company will not disregard a vote if:

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

A vote may be cast by such person if:

- (a) the vote is not cast on behalf of a person who is otherwise excluded from voting; and
- (b) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (c) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

7. Resolution 7 – Section 195 Approval

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

"That in accordance with subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolutions 4 to 6 (inclusive)."

Dated: 10 February 2014

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'D Rowbottam', followed by a period.

David Rowbottam
Managing Director

WHL Energy Limited

ACN 113 326 524

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 Celtic Club, 48 Ord Street, West Perth, Western Australia on 28 March 2014 at 3:00pm (AWST).

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

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

- Section 2: Action to be taken by Shareholders
- Section 3: Resolution 1 – Ratification of Prior Share Issue
- Section 4 Resolution 2 – Ratification of Prior Option Issue
- Section 5 Resolution 3 – Modification of Constitution
- Section 6: Resolutions 4 to 6 (inclusive) – Issue of Performance Rights to Directors
- Section 7: Resolution 7 – Section 195 Approval
- Schedule 1: Definitions
- Schedule 2: Terms and Conditions of Director Performance Rights
- Schedule 3: Valuation of Director Performance Rights

A Proxy Form is enclosed with the Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice and 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.

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

3. Resolution 1 – Ratification of Prior Share Issue

3.1 General

On 5 December 2013, the Company announced that it had entered into a financing agreement (**Financing Agreement**) with Bergen Global Opportunity Fund V, LLC (**Fund**), a New York institutional investor managed by Bergen Asset Management, LLC (**Bergen**). In accordance with the Financing Agreement, the Fund provided a loan of US\$2,700,000 to the Company.

Pursuant to the terms and conditions of the Financing Agreement, the Company was required to pay the Fund a non-refundable commencement fee of \$357,500 to be satisfied by way of issuance to the Fund of the Financing Agreement Shares immediately before the closing date of the Financing Agreement. In accordance with the Financing Agreement, the Company issued the Financing Agreement Shares to the Fund on 5 December 2013. The Company issued the Financing Agreement Shares under its 15% placement capacity in accordance with Listing Rule 7.1.

3.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more 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.

3.3 Listing Rule 7.4

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

The effect of passing Resolution 1 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 1 is an ordinary resolution.

3.4 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the prior share issue as follows:

- (a) 42,000,000 Shares (being the Financing Agreement Shares) were issued on 5 December 2013.
- (b) Pursuant to the Financing Agreement, the Financing Agreement Shares were issued to satisfy a commencement fee of \$357,500 thus having a deemed issue price of \$0.0085.
- (c) The Financing Agreement Shares are fully paid ordinary shares in the capital of the Company and were issued on the same terms and conditions as the Company's existing Shares.
- (d) The Financing Agreement Shares were issued to the Fund.
- (e) There were no funds raised from the issue of the Financing Agreement Shares as they were issued in accordance with the terms and conditions of the Financing Agreement.
- (f) A voting exclusion statement is included in the Notice for Resolution 1.

4. Resolution 2 – Ratification of Prior Option Issue

4.1 General

In accordance with the terms and conditions of the Financing Agreement, the Company was required to issue the Financing Agreement Options to the Fund immediately before the closing date of the Financing Agreement.

Pursuant to the Financing Agreement, the Company issued the Financing Agreement Options to the Fund on 5 December 2013. The Financing Agreement Options each have an exercise price of \$0.014 and expire on 3 December 2017.

The Company issued the Prior Placement Options under its 15% placement capacity in accordance with Listing Rule 7.1

4.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more 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.

4.3 Listing Rule 7.4

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

The effect of passing Resolution 2 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 2 is an ordinary resolution.

4.4 Specific Information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the prior option issue as follows:

- (a) 98,000,000 Options (being the Financing Agreement Options) were issued on 5 December 2013.
- (b) The Financing Agreement Options were issued for nil consideration as per the terms and conditions of the Financing Facility.
- (c) Each Financing Agreement Option entitles the holder to subscribe for one Share at an exercise price of \$0.014 and has an expiry date of 3 December 2017. Upon exercise of the Financing Agreement Options, the Shares issued will rank pari passu with the Company's existing Shares on issue.
- (d) The Financing Agreement Options were issued to the Fund.
- (e) There were no funds raised from the issue of the Financing Agreement Options as they were issued in accordance with the terms and conditions of the Financing Agreement.
- (f) A voting exclusion statement is included in the Notice for Resolution 2.

5. Resolution 3 – Modification of Constitution

5.1 General

It is proposed that the Constitution be updated to comply with current law and enable the Company to better function in accordance with its constituent documents. The modified Constitution has been approved by ASX as required under the Listing Rules.

Resolution 3 seeks Shareholder approval for the modification of the Constitution in accordance with section 136 of the Corporations Act.

A copy of the modified Constitution will be sent to any Shareholder on request and will also be available for inspection at the office of the Company during normal business hours prior to the Meeting and available for inspection at the Meeting.

The modified Constitution will be effective from the close of the Meeting.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.2 Summary of proposed modifications

- (a) Clause 43.1 of the Constitution be amended by the addition of the words "*the Corporations Act and the Listing Rules,*" after the words "Subject to" and before the words "*this Constitution*".
- (b) Clause 84 of the Constitution be deleted and replaced with the following Clause 84.1:

"Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference Shares and to the rights of the holders of any Shares created or raised under any special arrangement as to Dividend, the Directors may from time to time declare a Dividend to be paid to the Member entitled to the Dividend. Subject to the rights of any preference Shares and to the rights of the holders of any Shares created or raised under any special arrangement as to a Dividend, the Dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares."

- (c) Clause 84.2 be added to the Constitution to read:

"The Directors may determine that a Dividend is payable on Shares and fix:

- (i) the amount of the Dividend;*
- (ii) whether the Dividend is franked, the franking percentage and the franking class;*
- (iii) the time for determining entitlements to the Dividend;*
- (iv) the time for the payment of the Dividend; and*
- (v) the method of payment of the Dividend."*

- (d) Clause 85 of the Constitution be amended by deleting the words *"clause 84(b)"* and the addition of the words *"clauses 84.1 and 84.2,"* after the words *"payable under"* and before the words *"they may,"*.

5.3 Reasons for proposed modifications

- (a) Amendments to Clause 43.1 of the Constitution

The amendments to Clause 43.1 of the Constitution is made to reflect the amendments to the Corporations Act introduced by the Director and Executive Remuneration Act, including the introduction of section 250R(4) of the Corporations Act which deals with the voting restrictions on remuneration reports of the company by the Key Management Personnel or Closely Related Parties.

Section 250R of the Corporations Act provides that a vote on a resolution in relation to the company's remuneration report must not be cast (in any capacity) by, or on behalf of:

- (i) a member of the Key Management Personnel whose remuneration details are included in the remuneration report; or
- (ii) a Closely Related Party of such member.

However, a person described above may cast a vote on the resolution if:

- (iii) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; and
- (iv) the vote is not cast on behalf of a person described in subparagraphs (i) or (ii) above.

(b) Amendment to Clauses 84 and 85 of the Constitution

The amendment to Clauses 84 and 85 of the Constitution are made to reflect the changes in the Corporations Act introduced by the Corporations Amendment (Corporate Reporting Reform) Act, which came into force on 28 June 2010, which changed the law relating to the payment of dividends by Australian companies.

Before the amendment, section 254T of the Corporations Act provided that dividends could only be paid out of the profits of a company.

Section 254T now provides that a company must not pay dividend unless:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The Constitution currently reflects the former profit test and restricts dividends to be paid only out of profits of the Company.

The effect of the amendment to Clauses 84 and 85 of the Constitution is to enable the Company to pay dividends in accordance with the new section 254T of the Corporations Act.

6. Resolutions 4 to 6 - Issue of Performance Rights to Directors

6.1 General

Resolutions 4 to 6 (inclusive) seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of performance rights (**Director Performance Rights**) to each of Mr David Rowbottam, Mr Faldi Ismail and Mr Stuart Brown (all of whom are Directors), or their nominees, as follows:

Director (or nominee)	No. of Director Performance Rights
Mr David Rowbottam	8,000,000
Mr Faldi Ismail	8,000,000
Mr Stuart Brown	8,000,000

The purpose of the grant of the Director Performance Rights to Messrs Rowbottam, Ismail and Brown is to provide a performance linked incentive component to the remuneration package for each of them and to motivate and reward their performance in their roles as Directors.

The terms and conditions of the Director Performance Rights are detailed in Schedule 2. The Director Performance Rights will be issued in three tranches, which, subject to those terms and conditions, will vest as follows:

Tranche	No. of Director Performance Rights Vesting (%)	Vesting Date ⁽¹⁾
Tranche 1	40	1 July 2014
Tranche 2	40	1 July 2015
Tranche 3	20	1 July 2016

(1) Refer to Schedule 2 for circumstances where the Director Performance Rights will lapse.

The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Performance Rights upon the terms proposed. If the Director Performance Rights are not granted, the Company could remunerate the Directors for additional amounts of cash. However, the Board considers it reasonable for the remuneration of the Directors to have a cash component and an equity component to further align the Directors' interests with Shareholders and maintain a strong cash position for the Company.

Reach of Resolutions 4 to 6 (inclusive) are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 4 to 6 (inclusive).

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolutions 4 to 6 (inclusive), by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolutions are connected directly or indirectly with the remuneration of members of the Key Management Personnel of the Company or entity.

6.2 Section 208 of 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.

Each of Messrs Rowbottam, Ismail and Brown are regarded as related parties of the Company by reason of their position as Directors.

6.3 Listing Rule 10.11

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

The effect of passing Resolutions 4 to 6 (inclusive) will be to allow the Company to issue the Director Performance Rights to Messrs Rowbottam, Ismail and Brown (and/or their nominees) without using up the Company's 15% placement capacity under Listing Rule 7.1.

6.4 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act:

- (a) The related parties to whom the Director Performance Rights will be granted to are Messrs Rowbottam, Ismail and Brown (or their nominees).
- (b) The maximum number of Director Performance Rights to be granted is as follows:

Director (or nominee)	No. of Director Performance Rights
Mr David Rowbottam	8,000,000
Mr Faldi Ismail	8,000,000
Mr Stuart Brown	8,000,000

- (c) The Company will grant the Director Performance Rights no later than one (1) month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow). Each Director Performance Right will vest as one Share on the Vesting Date.
- (d) Each Director Performance Right will be granted for nil cash consideration and no consideration will be payable upon the vesting of the Director Performance Rights on the Vesting Date. Accordingly, no loans will be made in relation to, and no funds will be raised from the issue or the vesting of the Director Performance Rights.
- (e) Performance rights have previously been granted to Mr Rowbottam. See paragraph (l) below for further details. No performance rights have been previously issued to Messrs Ismail and Brown.
- (f) The terms and conditions of the Director Performance Rights are detailed in Schedule 2. The Shares to be issued upon vesting of the Director Performance Rights shall rank pari pasu with existing Shares.
- (g) Mr Rowbottam has an interest in Resolution 4 and therefore believes it inappropriate to make a recommendation. The other Directors each recommend the grant of the 8,000,000 Director Performance Rights to Mr Rowbottam as it aligns the interests of the Company and Mr Rowbottam to maximise Shareholder value.
- (h) Mr Ismail has an interest in Resolution 5 and therefore believes it inappropriate to make a recommendation. The other Directors each recommend the grant of the 8,000,000 Director Performance Rights to Mr Ismail as it aligns the interests of the Company and Mr Ismail to maximise Shareholder value.
- (i) Mr Brown has an interest in Resolution 6 and therefore believes it inappropriate to make a recommendation. The other Directors each recommend the grant of the 8,000,000 Director Performance Rights to Mr

Brown as it aligns the interests of the Company and Mr Brown to maximise Shareholder value.

- (j) A voting exclusion statement is included for each of Resolutions 4 to 6 (inclusive) in the Notice.
- (k) The value of the Director Performance Rights and the pricing methodology are detailed in Schedule 3.
- (l) The current relevant interests in security holdings of Messrs Rowbottam, Ismail and Brown are specified as follows:

Director	Shares	Options	Performance Rights
Mr David Rowbottam	4,909,090	Nil	6,000,000 ⁽¹⁾
Mr Faldi Ismail	Nil	Nil	Nil
Mr Stuart Brown	Nil	Nil	Nil

- (1) The Company allotted and issued 10,000,000 performance rights to Mr Rowbottam having obtained the requisite shareholder approval at its annual general meeting held on 22 November 2012. In accordance with the terms and conditions of the performance rights, 4,000,000 performance rights vested on 1 July 2013. The remaining performance rights are due to vest as follows:

- (i) 4,000,000 performance rights on 1 July 2014; and
- (ii) 2,000,000 performance rights on 1 July 2015.

- (m) The remuneration and emoluments from the Company to the Directors for both the current financial year and previous financial year are set out below:

	Current Financial Year ⁽¹⁾			Previous Financial Year ⁽²⁾		
Director	Salary and Fees \$	Options	Performance Rights	Salary and Fees \$	Options	Performance Rights
Mr David Rowbottam	181,839	Nil	Nil	419,811	Nil	10,000,000 ⁽³⁾
Mr Faldi Ismail	14,400	Nil	Nil	Nil	Nil	Nil
Mr Stuart Brown	2,672	Nil	Nil	Nil	Nil	Nil

- (1) Financial year to date (1 July 2013 – 31 January 2014).

- (2) Financial year 1 July 2012 – 30 June 2013.

- (3) The Company allotted and issued 10,000,000 performance rights to Mr Rowbottam having obtained the requisite shareholder approval at its annual general meeting held on 22 November 2012. The terms and conditions of the performance rights are detailed in paragraph (l) above.

- (n) If the Shareholders approve the issue of the Director Performance Rights, the exercise of those Director Performance Rights will result in a dilution of all other Shareholders' holdings in the Company if:

- (i) 1.56% based on issued Shares as at the date of this Notice;
- (ii) 1.22% on a fully diluted basis.

- (o) Historical share price information for the last 12 months is as follows:

	Price	Date
Highest	\$0.032	11 February 2013
Lowest	\$0.009	3 February 2014
Last	\$0.010	5 February 2014

- (p) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 4 to 6 (inclusive).

7. Resolution 7 – Section 195 Approval

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

The Directors may have a material personal interest in the outcome of Resolutions 4 to 6 (inclusive).

In the absence of this Resolution 7, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 4 to 6 (inclusive).

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolution 7 is an ordinary resolution.

Schedule 1 – Definitions

In the Notice and this Explanatory Memorandum:

A\$ or \$ means Australian Dollars.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

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

Bergen has the meaning given in Section 3.1.

Chair or **Chairman** means the person appointed to chair 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 has the meaning given in the introductory paragraph of the Notice.

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

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

Corporations Amendment (Corporate Reporting Reform) Act means the *Corporations Amendment (Corporate Reporting Reform) Act 2010 (Cth)*.

Director means a director of the Company.

Director Performance Rights has the meaning given in Section 6.1.

Director and Executive Remuneration Act means the *Director and Executive Remuneration Act 2011 (Cth)*.

Eligible Person has the meaning given in Schedule 2.

Explanatory Memorandum means this explanatory memorandum.

Financing Agreement has the meaning given in Section 3.1.

Financing Agreement Options has the meaning given in Resolution 2.

Financing Agreement Shares has the meaning given in Resolution 1.

Fund has the meaning given in Section 3.1.

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.

Listing Rules means the listing rules of ASX.

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

Notice means the notice of meeting which this Explanatory Memorandum accompanies.

Option means an option which entitles the holder to subscriber for one Share.

Proxy Form means the proxy form attached to the Notice.

Relevant Interest has the meaning given in the Corporations Act.

Resolution means a resolution detailed in the Notice.

Schedule means a schedule to the Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a holder of a Share.

Target has the meaning given in Schedule 2.

US\$ means United States Dollars.

Vesting Date has the meaning given in Schedule 2.

WHL and Company means WHL Energy Limited ACN 113 326 524.

In this Notice and Explanatory Memorandum words importing the singular include the plural and vice versa.

Schedule 2 – Terms and Conditions of Director Performance Rights

A summary of the terms and conditions of the Director Performance Rights is set out below:

- (a) **(Vesting Date):** The Director Performance Rights for each holder shall vest as follows:

Tranche 1	Percentage of Director Performance Rights Vesting	Vesting Date
Tranche 1	40%	1 July 2014
Tranche 2	40%	1 July 2015
Tranche 3	20%	1 July 2016

- (b) **(Vesting):** At each Vesting Date, the Company shall notify the holder in writing that the relevant Director Performance Rights have vested.
- (c) **(Consideration):** The Director Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Performance Rights on the Vesting Dates.
- (d) **(Automatic Vesting):** Each Director Performance Right will automatically vest into one Share.
- (e) **(Lapse of a Director Performance Right):** A Director Performance Right will lapse upon the earlier to occur of:
- (i) the Director Performance Right lapsing in accordance with rule (f); or
 - (ii) the Director Performance Right lapsing in accordance with a provision of rule (g).
- (f) **(Fraudulent or dishonest action):** If a holder ceases to be:
- (i) a full-time or permanent part-time employee of the Company;
 - (ii) a director or company secretary of the Company; or
 - (iii) any other person determined by the Board,
- (Eligible Person)** in circumstances where the cessation or termination is specifically referenced to the holder having been found to have acted fraudulently or dishonestly in the performance of his or her duties, then:
- (i) the Board must deem any Director Performance Rights of the holder to have immediately lapsed and be forfeited; and
 - (ii) any Director Performance Rights that have vested will continue in existence in accordance with their terms of issue and any Shares issued on vesting will remain the property of the holder.

- (g) **(Ceasing to be an Eligible Person):** If a holder ceases to be an Eligible Person in circumstances where the cessation or termination arises because the holder:
- (i) voluntarily resigns his or her position as an Eligible Person (other than to take up employment with a subsidiary of the Company);
 - (ii) wilfully breaches the terms of the engagement of the holder or any policy of the Company's published policies regulating the behaviour of Eligible Persons;
 - (iii) is convicted of a criminal offence which, in the reasonable opinion of the Company, might tend to injure the reputation or the business of the Company; or
 - (iv) is found guilty of a breach of the Corporations Act and the Board considers that it brings the holder or the Company into disrepute,
- then:
- (i) the Board must deem any Director Performance Rights of the holder to have immediately lapsed and be forfeited; and
 - (ii) any Director Performance Rights that have vested will continue in existence in accordance with their terms of issue and any Shares issued on vesting will remain the property of the holder.
- (h) **(Other circumstances):** The Director Performance Rights will not lapse and be forfeited where the holder ceases to be an Eligible Person for one of the following reasons:
- (i) death or total permanent disability (in respect of total permanent disability being that because of a sickness or injury, the holder is unable to work in his or her own or any occupation for which they are suited by training, education, or experience for a period beyond one year);
 - (ii) retirement (being where the holder ceases being an Eligible Person due to reaching the legal age for retirement);
 - (iii) is an executive Director or a full-time or permanent part-time employee of the Company, and is made redundant (being where the holder ceases to be an Eligible Person due to the Company no longer requiring their position to be performed by any person); or
 - (iv) any other reason, other than a reason listed in rules (f) and (g), that the Board determines is reasonable to permit the holder to retain his Director Performance Rights,
- and in those circumstances a pro rata portion of those Director Performance Rights will immediately vest (measured against the duration of the vesting period and the number of Director Performance Rights issued) or such greater number as the Board may determine.
- (i) **(Takeover, Scheme of Arrangement or Change of Control):** The Director Performance Rights will automatically vest where:

- (i) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the Shareholders of the Company approve the proposed compromise or arrangement at such meeting;
 - (ii) a takeover bid:
 - (A) is announced;
 - (B) has become unconditional; and
 - (C) the person making the takeover bid has a Relevant Interest (as that term is defined in the Corporations Act) in 50% or more of the Shares; or
 - (iii) any person acquires a Relevant Interest (as that term is defined in the Corporations Act) in 50.1% or more of the Shares by any other means.
- (j) **(Acquisition of Target by the Company):** The Board may, in its absolute discretion, determine that any unvested Director Performance Rights vest, within 10 Business Days of:
 - (i) a takeover bid for the acquisition by the Company of another entity **(Target)**:
 - (A) being announced;
 - (B) becoming unconditional; and
 - (C) the Company acquiring a Relevant Interest (as that term is defined in the Corporations Act) in 50% or more of the voting shares of the Target; or
 - (ii) the Company acquiring a Relevant Interest (as that term is defined in the Corporations Act) in 50.1% or more of the voting shares of the Target by any other means,

in which case the Board must promptly notify the holder of the vested Director Performance Rights in writing.
- (k) **(Share ranking):** All Shares allotted upon the vesting of Director Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (l) **(Listing of Shares on ASX):** The Company will not apply for quotation of the Director Performance Rights on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
- (m) **(Transfer of Director Performance Rights):** A Director Performance Right is only transferable:
 - (i) with the consent of the Board; or

- (ii) by force of law upon death to the holders' legal personal representative or upon bankruptcy to the holders' trustee in bankruptcy.
- (n) **(Pro rata issue of securities):** Subject to the Corporations Act and the Listing Rules, if, during the term of any Director Performance Right, the Company makes a pro rata issue of securities to the Shareholders by way of a rights issue, the holder shall be entitled to participate in the rights issue on the same terms as the Shareholders as if the Director Performance Rights were vested prior to the record date for determining entitlement under the rights issue.

A holder will not be entitled to any adjustment to the number of Shares issued on the vesting of the Director Performance Rights to which the holder is entitled, as a result of the Company undertaking a rights issue.
- (o) **(Adjustment for bonus issue):** If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Director Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Director Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the Listing Rules at the time of the bonus issue.
- (p) **(Adjustment for reconstruction):** In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Director Performance Rights to which each holder is entitled, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the holder as a result of such corporate actions and in any event in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (q) **(Dividend and Voting Rights):** the Directors are not entitled to vote nor to receive dividends as a result of their holding Director Performance Rights.

Schedule 3 – Valuation of Director Performance Rights

The Director Performance Rights to be issued to the Related Parties pursuant to Resolutions 4 to 6 (inclusive) have been valued by internal management.

Using the Black & Scholes option pricing model and based on the assumptions set out below, the Director Performance Rights were ascribed the following value range:

Assumptions				
Valuation Date		5 February 2014		
Market price of Shares		1.0 cents		
Exercise price		Nil		
Expiry date (length of time from issue)		1 July 2014 (40%) 1 July 2015 (40%); and 1 July 2016 (20%)		
Risk free interest rate		2.91%		
Volatility		95.6%	95.6%	95.6%
Indicative value per Performance Right		1.0 cents	1.0 cents	1.0 cents
Total Value of Performance Right		\$99,600	\$99,600	\$49,800
	David Rowbottom	\$33,200	\$33,200	\$16,600
	Faldi Ismail	\$33,200	\$33,200	\$16,600
	Stuart Brown	\$33,200	\$33,200	\$16,600

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By mail:
WHL Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

SHAREHOLDER PROXY FORM

I/We being a member(s) of WHL Energy Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting 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 Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at **3:00pm (AWST) on Friday, 28 March 2014, at The Celtic Club, 48 Ord Street, West Perth, WA** and at any adjournment or postponement of the meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

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

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolution 1

Ratification of Prior Share Issue

☐ For

☐ Against

☐ Abstain*

Resolution 5

Issue of Director Performance Rights to Mr Faldi Ismail

☐ For

☐ Against

☐ Abstain*

Resolution 2

Ratification of Prior Option Issue

☐ For

☐ Against

☐ Abstain*

Resolution 6

Issue of Director Performance Rights to Mr Stuart Brown

☐ For

☐ Against

☐ Abstain*

Resolution 3

Modification of Constitution

☐ For

☐ Against

☐ Abstain*

Resolution 7

Section 195 Approval

☐ For

☐ Against

☐ Abstain*

Resolution 4

Issue of Director Performance Rights to Mr David Rowbottam

☐ For

☐ Against

☐ Abstain*

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

STEP 3

IMPORTANT - VOTING EXCLUSIONS

☐

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 4, 5 and 6 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Items and that votes cast by him/her for those Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 4, 5 and 6 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4, 5 and 6.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm (AWST) on Wednesday, 26 March 2014**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the following methods:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

WHL Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the General Meeting, please bring this form with you.
This will assist in registering your attendance.**



Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

We are currently updating our Investor Information details and note we do not have your email address recorded.

By providing us with your email address we will be able to notify you of important communications including Annual and Half Year reports, Notices of Shareholder Meetings, as well as potential new investment opportunities and capital raisings.

➤ visit the Share Registry's website at **www.investorcentre.linkmarketservices.com.au** and follow the steps below;

 click on the **“REGISTER NOW”** icon to create your portfolio or enter as a “single holding” by entering the required information.

 enter your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), this can be found under the barcode at the top of this form.

 once you are logged in, click on ‘Communications’ from the top menu and select ‘Preferences’. From here you can enter your email address and select your preferred method of electronic communications.

OR

- complete the form below and return it to us at WHL Energy Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235, Australia.

Example: sam.sample@sampleville.com.au

My email address is:

[illegible]

Thank you for your support in helping us better communicate with you.

Privacy Clause: Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

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