



ABN 33 087 741 571

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30 April 2018

Dear Shareholder,

On behalf of the Directors of Po Valley Energy Limited (ACN 087 741 571) (Po Valley), I am pleased to invite you to attend the 2018 Annual General Meeting (AGM) of Po Valley. Enclosed is the Notice of Meeting setting out the business of the AGM.

Po Valley's 2018 AGM will be held on Wednesday 30 May 2018 commencing at 11.30am (Sydney time) at Port Jackson Partners Limited, Level 20, 88 Phillip Street, Sydney NSW Australia.

If you are attending the AGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to attend the AGM, I encourage you to complete and return the enclosed Proxy Form no later than 11.30am (Sydney time) on Monday, 28 May 2018 in one of the ways specified in the Notice of Meeting and Proxy Form.

I also encourage you to read the enclosed Notice of Meeting (including the Explanatory Memorandum) and the Proxy Form and consider directing your proxy how to vote in each resolution by marking either the "for" box, the "against" box or the "abstain" box on the Proxy Form.

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of Po Valley unanimously recommend that shareholders vote in favour of all resolutions.

Following the conclusion of the AGM, you are welcome to join the Board and Management for light refreshments.

Thank you for your continued support of Po Valley and I look forward to your attendance and the opportunity to meet with you.

Yours faithfully,

A handwritten signature in black ink that reads "Michael Masterman".

Michael Masterman  
Chairman

**PO VALLEY ENERGY LIMITED**  
**ABN 33 087 741 571**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of Po Valley Energy Limited (**Po Valley** or **Company**) will be held:

Date: Wednesday, 30 May 2018

Time: 11.30am (Sydney time)

Venue: Port Jackson Partners Limited, Level 20, 88 Phillip Street, Sydney NSW Australia

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Memorandum, Entitlement to Attend and Vote section and Proxy Form are part of this Notice of Meeting.

**A. CONSIDERATION OF REPORTS**

To receive and consider the Financial Report, the Directors' Report, and the Independent Auditor's Report of the Company for the financial year ended 31 December 2017.

All shareholders can view the Annual Report which contains the Financial Report for the year ended 31 December 2017 on the Company's website at <https://www.povalley.com/en/investors/financial-reports>.

**B. QUESTIONS AND COMMENTS**

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about, or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

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

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of relevant written questions submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the Meeting.

### C. ITEMS FOR APPROVAL

#### **Resolution 1. Re-election of Director – Kevin Bailey**

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*“That Kevin Bailey who retires in accordance with clause 13.2 of the Company’s Constitution and being eligible for election, is re-elected as a Director of the Company.”*

#### **Resolution 2. Adoption of Remuneration Report**

To consider and if thought fit, pass the following as a non-binding ordinary resolution of the Company:

*“That, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Company’s Remuneration Report for the financial year ended 31 December 2017, as set out in the Directors’ Report, is adopted.”*

The **Remuneration Report** means the remuneration report contained in the 2017 Annual Report (available at <https://www.povalley.com/en/investors/news-asx-releases>). Please note that, in accordance with section 250R(3) of the *Corporations Act 2001 (Cth)*, the vote on this resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion Statement:** A vote on Resolution 2 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration details are included in the 2017 Remuneration Report; or
- b. a closely related party of such a KMP (including close family members and companies the KMP controls).

*However, a person described above may cast a vote on Resolution 2 as a proxy if the vote is not cast on behalf of a person described above and either:*

- a. *the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or*
- b. *the vote is cast by the chair of the Meeting and the appointment of the chair as proxy:*
  - i. *does not specify the way the proxy is to vote on the resolution; and*
  - ii. *expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.*

*“Key management personnel” and “closely related party” have the same meaning as set out in the Corporations Act 2001 (Cth).*

#### **Resolution 3. Appointment of Bentleys NSW Audit Pty Ltd as Auditor**

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

*“That, in accordance with section 327B(1)(b) of the Corporations Act 2001 (Cth) and for all other purposes, Bentleys NSW Audit Pty having been nominated by a shareholder and consented in writing to act in the capacity of Auditor, be appointed as the Auditor of Po Valley Energy Limited.”*

#### **Resolution 4 - Ratification of Convertible Note Issue**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of Convertible Notes with a total face value of \$1,500,000 and a conversion price of \$0.042*

*under the Convertible Note Capital Raising on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate 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.

#### **Resolution 5. Approval of Director Participation in the Convertible Note Capital Raising—Mr Michael Masterman**

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

*“That, for all purposes including for the purposes of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act, Shareholders approve the issue of Convertible Notes with a conversion price of \$0.042 to raise up to \$300,000 to Mr Michael Masterman or his nominee under the Convertible Note Capital Raising on the terms and conditions set out in the Explanatory Memorandum to the Notice of Meeting”.*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Michael Masterman (or his nominee) or 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.

#### **Resolution 6. Approval of Director Participation in the Convertible Note Capital Raising —Mr Kevin Bailey**

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

*“That, for all purposes including for the purposes of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act, Shareholders approve the issue of Convertible Notes with a conversion price of \$0.042 to raise up to \$700,000 to Mr Kevin Bailey or his nominee under the Convertible Note Capital Raising on the terms and conditions set out in the Explanatory Memorandum to the Notice of Meeting”.*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Kevin Bailey (or his nominee) or 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.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Kevin Hart', written over a horizontal line.

**Kevin Hart**  
**Company Secretary**  
30 April 2018

## **ENTITLEMENT TO ATTEND AND VOTE**

In accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 7.00pm Sydney time) on Monday, 28 May 2018 will be entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### *Appointment of Proxy*

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act 2001 (Cth) (the **Act**) to exercise its powers as proxy at the AGM.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 11.30am (Sydney time) on Monday, 28 May 2018. Proxies must be received before that time by one of the following methods:

- |                        |  |
|------------------------|--|
| By post:               | Po Valley Energy Limited<br>C/- Link Market Services Limited<br>Locked Bag A14<br>Sydney South NSW 1235<br>Australia |
| By facsimile:          | (02) 9287 0309 (within Australia)<br>+61 2 9287 0309 (from outside Australia)  |
| By delivery in person: | Link Market Services Limited<br>1A Homebush Bay Drive<br>Rhodes NSW 2138   |
| Online:                | <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>                                     |

To be valid, a proxy form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

### *Power of Attorney*

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 11.30am (Sydney time) on Monday, 28 May 2018, being 48 hours before the AGM.

### *Corporate Representatives*

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IMPORTANT:** If you appoint the Chairman of the Meeting as your proxy, or the Chairman becomes your proxy by default, and you do not direct your proxy how to vote on Resolution 2, then by submitting the proxy form you will be expressly authorising the Chairman to exercise your proxy on the relevant resolution, even though the resolutions are connected, directly or indirectly, with the remuneration of the KMP.

### **SHAREHOLDER QUESTIONS**

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please log onto [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au), select Voting then click 'Ask a Question'.

To allow time to collate questions and prepare answers, please submit any questions by 5.00pm (Sydney time) on Wednesday, 23 May 2018. Questions will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders.

### **ENCLOSURES**

Enclosed are the following documents:

- proxy form to be completed if you would like to be represented at the AGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on Po Valley Energy Limited's share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) to ensure the timely and cost effective receipt of your proxy; and
- a reply paid envelope for you to return the proxy form.

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the information of shareholders of the Company (**Shareholders**) in relation to the business to be conducted at the Company's AGM to be held on Wednesday, 30 May 2018.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolutions 1 and 3 are ordinary resolutions, which require a simple majority of votes cast by Shareholders present and entitled to vote on the resolution. Resolution 2, relating to the Remuneration Report, is advisory and does not bind the Directors or the Company.

### **Resolution 1. Re-Election of Director – Kevin Bailey**

Kevin Bailey was appointed as a Non-executive Director of the Company on 22 April 2016. In accordance with clause 13.2 of the Constitution, Kevin Bailey retires from office at the conclusion of the AGM and is eligible for re-election as a Director of the Company.

#### ***Qualifications and other material directorships***

Mr Bailey has been a shareholder of the Company since April 2008 and has brought significant business acumen and experience to the Board. Mr Bailey is a highly successful businessman with a range of business interests, both local and overseas. He worked for 28 years as a Certified Financial Planner and was a founding director of the Shadforth Financial Group Limited. He was a member of the Prime Minister's Community Business Partnership and devotes considerable time to philanthropic interests. Mr Bailey is currently a director of Alpha Australia and Parousia Media Pty Ltd, and is Chairman of the William Wilberforce Foundation.

#### ***Independence***

If elected the Board considers Kevin Bailey will not be an independent director due to his substantial shareholding in the Company.

*The Directors, with Kevin Bailey abstaining, unanimously recommend Shareholders vote in favour of this Resolution.*

### **Resolution 2. Adoption of Remuneration Report**

#### ***General***

Section 250R(2) of the Corporations Act 2001 (Cth) (the **Corporations Act**) requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (**KMP**) of the Company (**Remuneration Report**) be put to the vote of shareholders for adoption by way of a non-binding vote.

Broadly, the Remuneration Report details the remuneration policy for the Company and:

- explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- discusses the relationship between the policy and Company performance.

Shareholders can view the full Remuneration Report in the Annual Report which is available on Po Valley Energy Limited's website at <https://www.povalley.com/en/investors/news-asx-releases>.

The Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

### **Voting Consequences**

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company

### **Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this AGM.

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

*The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.*

### **Resolution 3. Appointment of Bentleys NSW Audit Pty Ltd as Auditor**

In accordance with section 327C(1) of the Corporations Act the Board appointed Bentleys NSW Audit Pty Ltd as the Company's new Auditor, effective 25 July 2017 and as announced to the ASX on 25 July 2017. This appointment followed the resignation of Ernst & Young as the Company's Auditor and the Australian Securities and Investments Commission's consent in accordance with section 329(5) of the Corporations Act.

In accordance with section 327C(2) of the Corporations Act, Bentleys NSW Audit Pty Ltd holds office as Auditor until the Company's next AGM. Bentleys NSW Audit Pty Ltd has given, and has not withdrawn, its consent to act as external auditor of Po Valley Energy Limited.

Accordingly, in accordance with section 328B(1) of the Corporations Act, notice in writing nominating Bentleys NSW Audit Pty Ltd as Auditor has been given to the Company by a shareholder. A copy of this nomination is contained in Attachment A to this Notice of Meeting and Explanatory Memorandum.

If Resolution 3 is passed, the appointment of Bentleys NSW Audit Pty Ltd as the Company's auditors will take effect from the close of the Meeting.

*The Directors unanimously recommend Shareholders vote in favour of this Resolution.*

#### **Background for Resolutions 4, 5 and 6 - Convertible Note Capital Raising**

As set out in the announcement dated 26 April 2018, the has Company agreed to raise up to \$2,500,000 through the issue of Convertible Notes (**Convertible Note Capital Raising**).

The convertible notes have the following terms:

- a) Conversion price: \$0.042
- b) Interest rate of 8% per annum payable in cash every 6 months in arrears;
- c) Maturity of 3 years or redeemable by PVE with 30 days notice;
- d) Repayable in full on maturity (if not converted)

#### **(Convertible Notes).**

For the avoidance of doubt, there will be no change to the conversion terms of the Convertible Notes following PVE's planned in specie distribution of 100,000,000 Saffron Energy Plc shares (which is subject to shareholder approval being sought on 7th May 2018).

The Company will finalise and issue Convertible Notes with a total face value of \$1,500,000 to unrelated parties in the first week of May (the ratification of which is being sought under Resolution 4) and subject to shareholder approval, have agreed to issue Convertible Notes with a total face value of up to \$1,000,000 to related parties, Mr Kevin Bailey and Mr Michael Masterman or their nominees (the approval of which is being sought under Resolution 5 & 6).

#### **Resolution 4 – Ratification of Convertible Note Issue**

##### ***General***

Resolution 4 seeks Shareholder approval for the ratification of Convertible Notes that will be issued to unrelated parties to raise \$1,500,000 prior to the date of the Meeting.

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.

##### ***Technical information required by ASX Listing Rule 7.4***

The following information in relation to the ratification of the issue of the Convertible Notes is provided to Shareholders under ASX Listing Rules 7.5:

- a) the Company will have issued that number of Convertible Notes with a total face value of \$1,500,000;
- b) upon conversion of the Convertible Notes, the maximum number of Shares to be issued is 35,714,286 at a conversion price of \$0.042;

- c) the Convertible Notes have the following terms:
  - i. Conversion price: \$0.042
  - ii. Interest rate of 8% per annum payable in cash every 6 months in arrears;
  - iii. Maturity of 3 years or redeemable by PVE with 30 days notice;
  - iv. Repayable in full on maturity (if not converted)
- d) the Shares issued on conversion 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 Convertible Notes will be issued to sophisticated and professional investors none of whom are related parties to the Company; and
- f) the proceeds of the Convertible Notes are being used towards the development of the Company's Selva and Teodorico assets and for general working capital.

## **Resolutions 5 and 6: Approval of Director Participation in the Convertible Note Capital Raising**

### **General**

As set out above the Company agreed to issue Convertible Notes to the value of \$2,500,000 under the Convertible Note Capital Raising.

Convertible Notes to the value of \$1,500,000 were issued to the unrelated parties of the Company.

Resolutions 5 and 6 relate to the proposed participation of Directors Michael Masterman and Kevin Bailey (or their respective nominees) (**Participating Directors**) in the Convertible Note Capital Raising (**Participation**).

### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company (such as a director of the company), the public company or entity must:

- a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Convertible Notes which constitutes giving a financial benefit and Messrs Masterman and Bailey are related parties of the Company by virtue of being Directors.

It is the view of the Company that the issue of the Convertible Notes to Participating Directors under Resolutions 5 and 6 falls under the arm's length exception in section 210 of the Corporations Act because the Convertible Notes will be issued to the Participating Directors on the same terms as the Convertible Note issued to non-related parties under the Convertible Note Capital Raising and as such the giving of the financial benefit is on arm's length terms.

### **Section 195 of the Corporations Act**

Shareholder approval is being sought under section 195 of the Corporations Act, which provides that 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, except in certain circumstances or unless non-interested directors pass a resolution approving the interested director's participation.

Section 195(4) of the Corporations Act provides that if there are not enough directors to form a quorum for a directors meeting because of this restriction, one or more of the directors may call a general meeting to pass a resolution to deal with the matter. It might be argued (although it is not necessarily thought by

the Board to be the case) that the Participating Directors have a material personal interest in the outcome of Resolutions 5 and 6. In that case, a quorum could not be formed for the Board to consider the matters contemplated by Resolutions 5 and 6. For the avoidance of any doubt, the Directors have elected in accordance with section 195(4) of the Corporations Act to seek Shareholder approval of this matter as outlined in Resolutions 5 and 6.

**ASX Listing Rule 10.11**

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

If Resolutions 5 and 6 are passed, the Participating Directors may be issued Convertible Notes under the Convertible Note Capital Raising, which would constitute the issuing of Convertible Notes to related parties of the Company. Accordingly, approval for the proposed issue is sought under ASX Listing Rule 10.11. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Separate approval under ASX Listing Rule 7.1 is not required in relation to the issue of the Convertible Notes to the Participating Directors as approval is being obtained under ASX Listing Rule 10.11.

Accordingly, the issue of Convertible Notes to Messrs Masterman and Bailey (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

The following information is provided in relation to the approval sought as required under ASX Listing Rule 10.13:

- a) the Convertible Notes to the value of \$300,000 will be issued to Mr Masterman (or his nominees) and Convertible Notes to the value of \$700,000 will be issued to Mr Bailey (or his nominees);
- b) the Convertible Notes have a conversion price of \$0.042 per Share being the same as all other Convertible Notes issued under the Convertible Note Capital Raising. Accordingly, upon conversion of the Convertible Notes, the maximum number of Shares to be issued to Mr Masterman (or his nominees) will be 7,142,857 and the maximum number of Shares to be issued to Mr Bailey (or his nominees) will be 16,666,667;
- c) the Convertible Notes will be issued no later than 1 month 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);
- d) the Convertible Notes have the following terms:
  - i. Conversion price: \$0.042
  - ii. Interest rate of 8% per annum payable in cash every 6 months in arrears;
  - iii. Maturity of 3 years or redeemable by PVE with 30 days notice;
  - iv. Repayable in full on maturity (if not converted)
- e) the Shares issued on conversion of the Convertible Notes 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) the funds raised will be used towards the development of the Company's Selva and Teodorico assets and for general working capital.

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**Attachment A**

**Notice of Nomination of Auditor Po Valley Energy Limited**

20 April, 2018

Po Valley Energy Limited  
Suite 8, 7 The Esplanade, MT PLEASANT, WA, AUSTRALIA, 6153

Dear Sirs

**NOMINATION OF BENTLEYS NSW AUDIT PTY LTD AS AUDITOR OF PO VALLEY ENERGY LIMITED (ABN 33 087 741 571)**

I, Byron Pirola, being a shareholder of **Po Valley Energy Limited** nominate Bentleys NSW Audit Pty Ltd for the appointment as auditor of **Po Valley Energy Limited** at its 2018 Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as an attachment to the Notice of Meeting and Explanatory Memorandum for the 2018 Annual General Meeting of **Po Valley Energy Limited** as required by section 328B(3) of the Corporations Act 2001 (Cth).

Yours faithfully,

A handwritten signature in blue ink that reads "Byron Pirola".

**Byron Pirola**