



ABN 33 087 741 571

**NOTICE OF ANNUAL GENERAL MEETING**  
**and Explanatory Notes**

**2013**

**TIME:** 11.30am (AEST)  
**DATE:** Friday, 24 May 2013  
**PLACE:** Offices of KPMG, Level 15, 10 Shelley Street,  
Sydney, New South Wales, Australia.

***This Notice of Meeting should be read in its entirety. It contains the resolutions which will be voted upon at the Annual General Meeting (AGM) at 11.30am (AEST) on Friday, 24 May 2013 and information in relation to those resolutions for your consideration.***

***If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***



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## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of the Shareholders of Po Valley Energy Limited will be held on Friday, 24 May 2013 at 11.30am (AEST) at the Offices of KPMG, Level 15, 10 Shelley Street, Sydney New South Wales, Australia.

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### IMPORTANT INFORMATION

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#### Your Vote is Important

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

#### Voting Entitlement

For the purposes of the Annual General Meeting, only those persons registered as Shareholders of the Company at 07:00pm (AEST) on 22 May 2013 will be entitled to vote. This means that if you are not a registered Shareholder at that time you will not be entitled to vote in respect of that Share. On a show of hands each Shareholder has one vote. On a poll each Shareholder has one vote for each Share they hold.

#### Voting in Person

To vote in person, attend the Annual General Meeting on the date and at the place set out above. Registration will commence 15 minutes prior to the commencement of the Meeting

#### Voting by Proxy

To vote by proxy, please send the completed proxy form enclosed (and relevant authorities) to Link Market Services Limited so that it is received no later than 11.30am (AEST) on 22 May 2013. **Proxy forms received later than this time will be invalid.**

To do this, you may:

- use the enclosed reply paid envelope; or
- fax to +61 2 9287 0309; or
- mail to Po Valley Energy Limited C/- Link Market Services Locked Bag A14, Sydney South NSW 1235 Australia; or
- deliver in person to; Link Market Services, 1A Homebush Bay Drive, Rhodes NSW 2138 or
- The proxy form can be lodged online by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Select 'Investor Login' and enter Po Valley Energy Limited or the ASX code (PVE) in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

If you require further information on how to complete the proxy form, telephone Link Market Services Limited on 1300 554 474 or +61 1300 554 474 if calling from overseas.



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### **Notes on the appointment of and voting by a proxy**

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

#### *Proxy vote if appointment specifies way to vote*

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### *Transfer of non-chair proxy to chair in certain circumstances*

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - o the proxy is not recorded as attending the meeting;
  - o the proxy does not vote on the resolution,



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the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

#### **How the Chairman Will Vote Undirected Proxies**

The Company encourages all Shareholders who submit proxies to direct their proxy whether to vote for or against or to abstain from voting on each resolution. **The Chairman of the Meeting intends to vote all undirected proxies in favour of all of the proposed resolutions in which the Chairman is entitled to vote.**

#### **Questions from Shareholders**

In addition to asking questions at the meeting, written questions to the Chairman of the meeting about the management of PVE, or to PVE'S auditor about the content of the Auditor's Report and the conduct of the audit, may be submitted no later than **Friday 17 May** by fax or email to:

PVE Chairman

C/- Company Secretary

Po Valley Energy Limited

Fax: (08) 9278 2525

Email: [ljones@povalley.com](mailto:ljones@povalley.com)

#### **Explanatory Notes & Proxy Form**

The Explanatory Notes to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Notes and the proxy form are part of this Notice of Meeting.

#### **Glossary**

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



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## ITEMS OF BUSINESS

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### Po Valley Financial Report

To receive the Financial Statements, Directors' Report and Auditor's Report of the Company and its controlled entities for the year ended 31 December 2012.

*Note: There is no requirement for shareholders to approve these reports.*

### Resolution 1: Adoption of Remuneration Report

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

*"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as contained in the Company's annual financial report for the year ended 31 December 2012."*

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

#### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

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

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### Resolution 2: Re-Election of Dr Byron Pirola as a Director

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

*"That, Dr Byron Pirola being a Director of the Company retires under the director rotation provisions of Clause 13.2 of the Company's Constitution. Dr Byron Pirola, being eligible, is hereby re-elected as a Director of the Company."*



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**Resolution 3: Re-Election of Mr Gregory Short as a Director**

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

*“That, Mr Gregory Short being a Director of the Company retires under the director rotation provisions of Clause 13.2 of the Company’s Constitution. Mr Gregory Short, being eligible, is hereby re-elected as a Director of the Company.”*

**Resolution 4: Re-Election of Mr Kevin Eley as a Director**

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

*“That, for the purposes of clause 13.4 of the Constitution and for all other purposes, Mr Kevin Eley, a Director who was appointed on 19 June 2012, retires, and being eligible, is re-elected as a Director.”*

**Resolution 5: Approval of 10% Placement Capacity**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, pursuant to and in accordance with ASX Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed by ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes”.*

**Voting Exclusion Statement:**

The Company will disregard any votes on this special resolution by a person or any associates of the person who:

- may participate in the issue of Equity Securities under this resolution; and
- might obtain a financial benefit if this special resolution is passed, and any associates of those person, except a benefit solely in their capacity as a holder of Shares if the resolution is passed.

However, the Company need not disregard a vote if:

- 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
- 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.

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**Dated: 12 April 2013**

**BY ORDER OF THE BOARD**

**LISA MEREDITH JONES**  
**Company Secretary**



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## EXPLANATORY NOTES

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The Explanatory Notes have been prepared to assist Shareholders to understand the reasons for and the effect of the resolutions to be put to the Shareholders at the AGM.

### 1. Financial Statements and Reports

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The Corporations Act requires the financial report, directors' report and auditor's report to be laid before the AGM. There is no requirement in the Corporations Act or the Company's Constitution for Shareholders to vote on, approve or adopt these reports. Shareholders will have a reasonable opportunity at the AGM to ask questions about and make comments about these reports and the management and performance of the Company. Shareholders may also submit written questions on these matters to the Company by completing and returning the enclosed Question Form.

The 2012 Annual Report can be found on the Company's website ([www.povalley.com](http://www.povalley.com)).

### 2. Resolution 1: Adoption of Remuneration Report

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#### General

The Remuneration Report is set out in the Directors' Report in the Company's 2012 Annual Report.

Shareholders will be afforded the opportunity to comment on and ask questions about the content of the remuneration report and the Board will take the outcome of the vote into consideration when reviewing the remuneration practice and policies of the Company.

#### Voting consequences

In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company. However, under the Corporations Act if 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings (effectively, "two strikes"), shareholders will be required to vote at the second of those annual general meetings on a resolution (referred to as a *spill resolution*) that another meeting be held within 90 days at which all of the Company's Directors (other than a Managing Director) must go up for re-election. At the Company's 2012 annual general meeting, less than 25% of votes cast were against the remuneration report and the spill resolution is not, therefore, relevant for this Annual General Meeting.

#### Voting restrictions

In accordance with the Corporations Act, the Company will disregard votes cast on this resolution by a member of the key management personnel (details of whose remuneration are included in the Remuneration Report) or a closely related party of such a member, other than as a proxy for a person permitted to vote who has either:

- (a) directed the proxy how to vote; or
- (b) appointed the person chairing the Meeting as proxy and directed the proxy to vote as the proxy decides.



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### **3. Resolutions 2 and 3: Re-Election of Dr Byron Pirola and Mr Gregory Short**

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Clause 13.2 of the Constitution requires that at the Company's annual general meeting one-third of the Directors shall retire from office provided always that no Director holds office for a period in excess of 3 years. With a board of six directors, this requires two directors to retire at the 2013 AGM.

Clause 13.2 of the Constitution also provides that a retiring Director is eligible for re-election. Dr Pirola and Mr Short have retired by rotation and now seek re-election in accordance with clause 13.2 of the Constitution.

#### **Dr Byron Pirola BSc, PhD**

Byron is a co-founder of PVE and is based in Sydney. He is currently a Director of Port Jackson Partners Limited, a Sydney based strategy management consulting firm. Prior to joining Port Jackson Partners in 1992, Byron spent six years with McKinsey & Company working out of the Sydney, New York and London Offices and across the Asian Region. He has extensive experience in advising CEOs and boards of both large public and small developing companies across a wide range of industries and geographies. Byron is a member of the Audit & Risk Committee and the Remuneration & Nominations Committee.

#### **Recommendation**

Dr Pirola's re-election is unanimously recommended to shareholders by the other Directors.

#### **Gregory Short BSc**

Greg Short has been a non-executive director since July 2010. Greg is a geologist who worked with Exxon in exploration, development and production geosciences and management for 33 years in Australia, Malaysia, USA, Europe and Angola. During his time in Europe, Greg was actively involved in Exxon's activities in the Netherlands and Germany. Greg was Geoscience Director of Exxon's successful development of its Angola offshore operations. Greg retired from Exxon in 2006 and is a non-executive director of ASX listed MEO Australia and Pryme Oil and Gas Limited. Greg is a member of the Audit & Risk Committee.

#### **Recommendation**

Mr Short's re-election is unanimously recommended to shareholders by the other Directors.

### **4. Resolution 4: Re-election of Mr Kevin Eley**

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Kevin Eley will retire in accordance with clause 13.4 of the Constitution and being eligible seeks re-election.

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### **Recommendation**

Mr Eley's re-election is unanimously recommended to shareholders by the other Directors.

### **Kevin Eley, CA, FFIN**

Kevin Eley was appointed Non Executive Director in June 2012. Kevin is based in Sydney and was the Chief Executive of HGL Limited for 25 years until his retirement in 2011. He brings management and investment experience in a broad range of industries including, manufacturing, mining, retail and financial services. In particular, Kevin has extensive experience in the direction of early stage companies and public company governance. Kevin also joined the Audit & Risk Committee and is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia. Kevin is currently a non executive director of HGL Ltd, Kresta Holdings Limited, Milton Corporation Limited and Equity Trustees Limited.

## **5. Resolution 5: Approval of 10% Placement Capacity under Listing Rule 7.1A**

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The recently introduced Listing Rule 7.1A enables an eligible company to seek shareholder approval to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period following the annual general meeting at which approval is obtained (**10% Placement Capacity**). Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the AGM must be in favour of Resolution 5 for it to be passed.

The 10% Placement Capacity is separate from and in addition to the Company's 15% placement capacity under Listing Rule 7.1. The number of Equity Securities which may be issued following shareholder approval under Listing Rule 7.1A is calculated in accordance with the formula in Listing Rule 7.1A.2. The Company is an eligible entity as defined in the Listing Rules, as it is not included in the S&P/ASX300 Index and has a market capitalisation of less than \$300million.

The Company provides the following information in relation to this Resolution as required by Listing Rule 7.3A:

### **Minimum Issue Price**

The issue price for any Equity Securities issued under Listing Rule 7.1A must be no less than 75% of the volume weighted average price for securities in that class calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- a) the date on which the issue price of the Equity Securities is agreed; or
- b) if the Equity Securities are not issued within 5 trading days of the date in (i) above, the date on which the Equity Securities are issued.

### **Risk of Economic and Voting Dilution**

Any issue of Equity Securities by the Company under the 10% Placement Capacity would have a dilutive effect on the interests of existing shareholders who do not participate in the issue. This potential dilution is shown in the table below. Shareholders should also be aware of the risk that:



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- a) the market price for the Equity Securities may be significantly lower on the date of the issue than it is on the date of the Annual General Meeting; and;
- b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.(2) based on the market price of Shares and number of Shares on issue as at the date of this Notice of Meeting. The table also shows the potential dilution effect in scenarios where the number of ordinary securities on issue increases and the market price of the securities increases or decreases.

**TABLE: EXAMPLES OF DILUTION**

Current Shares on Issue* <i>(Variable 'A' in ASX Listing Rule 7.1A2)</i>	Illustrative Dilution			
		Deemed Price \$0.10	50% Decrease in Deemed Price \$0.05	100% Increase in Deemed Price \$0.20
<b>Current Issued Shares</b>  122,414,063 Shares	10% Voting Dilution	12,241,406	12,241,406	12,241,406
	Funds Raised	\$1,224,141	\$612,070	\$2,448,281
<b>50% Increase in Current Issued Shares</b>  183,621,095 Shares	10% Voting Dilution	18,362,109	18,362,109	18,362,109
	Funds raised	\$1,836,211	\$918,105	\$3,672,422
<b>100% Increase in Current Issued Shares</b>  244,828,126 Shares	10% Voting Dilution	24,482,813	24,482,813	24,482,813
	Funds raised	\$2,448,281	\$1,224,141	\$4,896,563

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**Notes and Assumptions**

- The table assumes that the current shares on issue are the number of Shares on issue as at the date of this Notice of Meeting.



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- The Company issues the maximum number of Equity Securities available under Listing Rule 7.1A being 10% of the Company's current issued Shares as at the date of this Notice of Meeting
- The price of Shares is deemed for the purpose of the above table to be \$0.10, being the closing price of the Shares on ASX on 3 April 2013 (**Deemed Price**).
- The Company has not issued any Equity Securities in the 12 months prior to the AGM that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The table above examines the general dilution effect of issuing the Equity Securities at a price equal to the market price of the Shares where that price is equal to the Deemed Price and where the market price increases or decreases by 50% with respect to the Deemed Price. It does not consider the effect of issuing Equity Securities at a discount of up to 25% of the market value of the Shares as is allowed under Listing Rule 7.1A.
- The table considers the issue of Shares but does not consider the effect of other types of Equity Securities (such as options) which may be issued under Listing Rule 7.1A
- The table does not demonstrate an example of any dilution which may be caused to a particular shareholder by reason of placements under Listing Rule 7.1A. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1

Shareholders should note that there is a risk that:

- a) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the AGM; and
- b) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

### **Validity of Approval**

If Resolution 4 is passed, the approval to issue Equity Securities under the 10% Placement Capacity will be valid for a period of 12 months from the date of this Annual General Meeting. However, the approval will cease to be valid in the event that the Company's shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of the Company's main undertaking).

### **Purpose of Issue**

The Company has no specific current intentions to issue Equity Securities under the 10% Placement Capacity but it may decide to do so for the following purposes:

- a) for cash consideration in which case the funds raised would be used to fund capital expenditure associated with the exploration and development of oil and gas assets and/or for general working capital;



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- b) for non-cash consideration such as scrip consideration for the acquisition of assets or investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

If the Company decides to issue Equity Securities under the 10% Placement Capacity for non-cash consideration such as for the acquisition of an asset it must still comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issues and the Company would be required to release to the market a valuation of any non-cash consideration.

#### **Allocation Policy**

The Company has not yet formed a specific intention to offer Equity Securities under the 10% Placement Capacity and so the allottees of any such issue have not yet been determined. Allottees could include existing Shareholders, new investors, the vendors of any assets purchased through an issue of Equity Securities or joint venture partners. The identity of the allottees of the Equity Securities will be determined in each case having regard to a number of factors including:

- a) the purpose of the issue;
- b) the methods of raising funds which are available to the Company, including rights issues or other types of issues in which existing Shareholders may participate;
- c) the effect of the issue of the Equity Securities on the control of the Company;
- d) the circumstances of the Company at the time including its financial situation;
- e) prevailing market conditions; and
- f) advice from corporate, financial, broking and legal advisors.

#### **No Previous Approvals**

This is the first time the Company has sought approval under Listing Rule 7.1A.

#### **Compliance with Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- a) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- b) the information required by Listing Rule 3.10.5A for release to the market.

#### **Voting Exclusion Statement**

A voting exclusion statement is included in the Notice of Meeting in relation to this resolution. However, as the Company has no specific current plans to issue Equity Securities under the 10% Placement Capacity it is not known at this stage who might participate in any such issue. The Company has not approached, and has no current intention to approach, any particular parties to participate in any issue of Equity Securities under the 10% Placement Capacity. Accordingly, no Shareholders will be excluded from voting this resolution.



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## GLOSSARY

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**10% Placement Capacity** is defined in the Explanatory Notes in relation to Resolution 4.

**2012 Annual Report** means the Company's annual report for the year ended 31 December 2012.

**AEST** means Australian eastern standard time as observed in Sydney, New South Wales.

**Annual General Meeting** or **AGM** means the annual general meeting of the Company to be held on 24 May 2013 at 11.30am (**AEST**).

**ASX** means ASX Limited.

**Board** means the current board of directors of the Company.

**Company** means Po Valley Energy Limited (ABN 33 087 741 571).

**Constitution** means the constitution of Po Valley Energy Limited

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

**Directors** means the directors of the Company.

**Equity Securities** has the meaning given to it in Listing Rule 19 and includes shares, options and convertible securities.

**Explanatory Notes** means the explanatory notes which accompanies and is incorporated as part of this Notice.

**Listing Rules** means the official listing rules of the ASX.

**Notice** and **Notice of Meeting** means this Notice of AGM.

**Remuneration Report** means the remuneration report of the Company for the year ended 31 December 2012, as set out in the 2012 Annual Report.

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

**Shareholder** means a holder of a Share.

**VWAP** means the volume weighted average price for the relevant securities on the ASX, calculated by dividing the dollar value of transactions by the average volume for a set period.

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