

hawkley OIL & GAS

ACN 115 712 162

NOTICE OF GENERAL MEETING

A general meeting of the Company will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Thursday, 22 June 2017 at 10:00 am (WST).

This Notice 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 by telephone on +61 8 9226 3211

HAWKLEY OIL AND GAS LIMITED
ACN 115 712 162

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Hawkley Oil and Gas Limited (**Company**) will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Thursday, 22 June 2017 at 10:00 am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on 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 Tuesday, 20 June 2017 at 4:00 pm (WST).

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

AGENDA

1. RESOLUTION 1 - RE-ELECTION OF MR DAVID LLOYD AS DIRECTOR

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

"That, pursuant to and in accordance with article 13.4 of the Constitution and for all other purposes, Mr David Lloyd, Director, who was appointed as a Director on 16 March 2017, retires and being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."

2. RESOLUTION 2 - RE-ELECTION OF MR EDMUND BABINGTON AS DIRECTOR

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

"That, pursuant to and in accordance with article 13.4 of the Constitution and for all other purposes, Mr Edmund Babington, Director, who was appointed as a Director on 16 March 2017, retires and being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."

3. RESOLUTION 3 - RATIFICATION OF PLACEMENT

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 49,211,720 Shares to EMCO Capital Pty Ltd on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by EMCO Capital Pty Ltd and any of its 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.

4. RESOLUTION 4 - ISSUE OF EMCO OPTIONS

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

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 24,855,645 Options to EMCO Capital Pty Ltd (and/or its nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by EMCO Capital Pty Ltd and any of its 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.

5. RESOLUTION 5 - ISSUE OF ADVISER OPTIONS

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

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 500,000 Options to Mr Edmund Babington (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 Edmund Babington 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.

6. RESOLUTION 6 - APPROVAL TO ISSUE SHARES TO MR BILL FOSTER IN LIEU OF DIRECTORS FEES

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

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 10,853,810 Shares to Mr Bill Foster (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 Bill Foster 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.

7. RESOLUTION 7 - APPROVAL TO ISSUE SHARES TO MR GLENN FEATHERBY IN LIEU OF DIRECTORS FEES

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

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 47,809,302 Shares to Mr Glenn Featherby (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 Glenn Featherby 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.

8. RESOLUTION 8 - APPROVAL TO ISSUE SHARES TO MR RICHARD REAVLEY IN LIEU OF DIRECTORS FEES

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 16,456,054 Shares to Mr Richard Reavley (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 Richard Reavley and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution and any associate of that person (or those persons).

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.

9. RESOLUTION 9 - SECTION 195 APPROVAL

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

"That, pursuant to and in accordance with subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolutions 4 and 5."

Dated: 22 May 2017

By order of the Board

Mr Murray Wylie
Company Secretary

HAWKLEY OIL AND GAS LIMITED
ACN 115 712 162

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.

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

A Proxy Form is included with this Explanatory Memorandum.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

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

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the 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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10:00 am (WST) on Tuesday 20 June 2017 being at least 48 hours before the Meeting.

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

3. RESOLUTIONS 1 AND 2 - RE-ELECTION OF DIRECTORS

Article 13.4 of the Constitution allows the Directors at any time to appoint a person to fill a casual vacancy or as an addition to the existing Directors, provided that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for re-election at that meeting.

Mr David Lloyd and Mr Edmund Babington were appointed on 16 March 2017 as Directors (casual vacancy). Resolutions 1 and 2 provides that they respectively retire from office and seek re-election as Directors.

Mr. David Lloyd, based in Melbourne, has substantial commercial experience in the private sector, establishing businesses in manufacturing, service and real estate. David has had commercial interests in the petroleum sector spanning 30 years, with the first ventures transacting sales of Oil & Gas subsidiaries of US Multi Nationals to Australian listed entities. Subsequently David partnered with Exploration and Production projects in Texas and took the opportunity to undertake International Projects. David has developed a broad network of consultancy based resources primarily located in Texas, Colorado and Alberta.

Mr Babington is a Director of the Western Australian law firm, Lyons Babington Lawyers. He is also a member of AMPLA (the Australian resources and energy law association), the Franchise Council of Australia and is a Western Australian committee member of the Australian Institute of Business Brokers. Mr Babington is a specialist in mining and resources law and the law relating to capital raisings, stock exchange requirements, corporate governance and compliance for public companies.

Resolution 1 and 2 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 1 and 2.

4. RESOLUTION 3 - RATIFICATION OF PLACEMENT

4.1 General

On 16 March 2017, the Company issued 49,711,290 Shares to EMCO Capital Pty Ltd (**EMCO**) at an issue price of \$0.004 per Share to raise approximately \$198,845 for additional working capital and to pursue new projects (**Placement**).

In accordance with Listing Rule 7.1, the 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.

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 3 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 3 is an ordinary resolution.

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

4.2 Specific information required by Listing Rule 7.5

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

- (a) 49,211,720 Shares were issued to EMCO on 16 March 2017.

- (b) The Shares were issued for \$0.004 per Share.
- (c) The Shares were issued on the same terms and conditions as the Company's existing Shares.
- (d) The funds raised from the Placement have and will be used for working capital and to fund the Company's investigations concerning new projects.
- (e) A voting exclusion statement is included in the Notice for Resolution 3.

4.3 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 - APPROVAL OF ISSUE OF OPTIONS TO EMCO CAPITAL PTY LTD

5.1 General

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of Options to a related party.

The Company entered into an agreement with EMCO to undertake the Placement. Under the terms of the agreement, it was agreed that, subject to Shareholder approval, EMCO will also receive 24,855,645 Options with terms and conditions detailed in Schedule 2 (**EMCO Options**).

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

5.2 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.

Mr David Lloyd, a Director, is a director and beneficiary of EMCO which is a 100% owned by Northdrive Pty Ltd. Northdrive Pty Ltd is owned and controlled Ms Kathryn Lloyd the wife of Mr David Lloyd. Pursuant to section 228(4) of the Corporations Act, EMCO is a related party of the Company.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the EMCO Options as the exception in section 210 of the Corporations Act applies. The EMCO Options were negotiated on an arm's length basis.

5.3 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.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 4 will be to allow the Company to issue the EMCO Options to EMCO (and/or its nominee) without using up the Company's 15% placement capacity under Listing Rule 7.1.

5.4 Specific information required by Listing Rule 10.13 of the Corporations Act

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

- (a) The Options will be issued to EMCO (and/or its nominee).
- (b) The number of Options to be issued to EMCO (and/or its nominee) is 24,855,645.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) No funds will be raised by the issue of the Options as they are being issued for nil consideration.
- (e) The terms and conditions of the Options are detailed in Schedule 2.
- (f) A voting exclusion statement is included in the Notice for Resolution 4.

5.5 Director Recommendation

The Directors (other than Mr David Lloyd) recommend that Shareholders vote in favour of this Resolution.

6. RESOLUTION 5 - ISSUE OF ADVISER OPTIONS

6.1 General

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of Options to a related party. Mr Edmund Babington is a related party of the Company.

Subject to Shareholder approval of Resolution 5, the number of Options to be issued to Mr Edmund Babington (and/or his nominee) is 500,000 (**Adviser Options**).

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

Resolution 5 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

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.

Mr Edmund Babington who is a Director is a related party of the Company.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Adviser Options as the exception in section 210 of the Corporations Act applies. The Adviser Options are being issued in lieu of Mr Edmund Babington services in relation to the Placement and was negotiated on an arm's length basis.

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.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 5 will be to allow the Company to issue the Adviser Options to Mr Edmund Babington (and/or his nominee) without using up the Company's 15% placement capacity under Listing Rule 7.1.

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

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

- (a) The Options will be issued to Mr Edmund Babington (and/or his nominee).
- (b) The number of Options to be issued to Mr Edmund Babington (and/or his nominee) is 500,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) No funds will be raised by the issue of the Adviser Options as they are being issued for nil consideration.
- (e) The terms and conditions of the Options are detailed in Schedule 2.
- (f) A voting exclusion statement is included in the Notice for Resolution 5.

6.5 Director Recommendation

The Directors (other than Mr Edmund Babington) recommend that Shareholders vote in favour of this Resolution.

7. RESOLUTIONS 6 AND 7 - ISSUE OF SHARES TO MR BILL FOSTER AND MR GLENN FEATHERBY IN LIEU OF DIRECTORS FEES

7.1 General

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of Shares to a related party. Mr Bill Foster, a Director, and Mr Glenn Featherby, who resigned as a Director on 16 March 2017, are related parties of the Company.

The Company seeks to issue the following Shares in lieu of directors' fees:

Name	Number of Shares	Value	Outstanding Directors Fees
Bill Foster (and/or his nominee)	10,855,810	\$43,415.24	\$43,415.24
Glenn Featherby ¹ (and/or his nominee)	47,809,302	\$191,237.21	\$273,196.01

Note:

1. Mr Glenn Featherby has agreed to accept 47,809,302 Shares in full and final satisfaction of all amounts owing to him.

Subject to Shareholder approval of Resolutions 6 and 7, the number of Shares to be issued to Mr Bill Foster (and/or his nominee) will be issued 10,855,810 Shares at a deemed issue price of \$0.004 per Share and Mr Glenn Featherby (and/or his nominee) will be issued 47,809,302 Shares at a deemed issue price of \$0.004 per Share.

Resolutions 6 and 7 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolutions 6 and 7.

7.2 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.

Mr Bill Foster who is a Director and Mr Glenn Featherby, being a former Director who resigned on 16 March 2017, are related parties of the Company.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Shares as the exception in section 211 of the Corporations Act applies. The Shares are being issued in lieu of directors' fees payable to Mr Bill Foster and Mr Glenn Featherby and are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

7.3 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.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolutions 6 and 7 will be to allow the Company to issue 10,853,810 Shares to Mr Bill Foster (and/or his nominee) and 47,809,302 Shares to Mr Glenn Featherby (and/or his nominee) without using up the Company's 15% placement capacity under Listing Rule 7.1.

7.4 Specific information required by Listing Rule 10.13

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

- (a) The Shares will be issued to Mr Bill Foster (and/or his nominee) and Mr Glenn Featherby (and/or his nominee).
- (b) The maximum number of Shares to be issued to Mr Bill Foster (and/or his nominee) is 10,853,810.
- (c) The maximum number of Shares to be issued to Mr Glenn Featherby (and/or his nominee) is 47,809,302.
- (d) The Shares will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (e) The Shares will be issued at a deemed issue price of \$0.004, being the issue price under the Placement.
- (f) The Shares will rank equally in all respects with the Company's existing Shares on issue.

- (g) No funds will be raised from the issue of the Shares as they are being issued for nil cash consideration but as part of the consideration for services which have been provided by Mr Bill Foster and Mr Glenn Featherby.
- (h) A voting exclusion statement is included in the Notice for Resolutions 6 and 7.

7.5 Directors recommendation

Directors (other than Mr Bill Foster) recommend that Shareholders vote in favour of this Resolution.

8. RESOLUTION 8 - APPROVAL OF ISSUE OF SHARES TO MR RICHARD REAVLEY IN LIEU OF DIRECTORS FEES

8.1 General

The Company seeks to issue the following Shares in lieu of director fees:

Name	Number of Shares	Value	Outstanding Directors Fees
Richard Reavley (and/or his nominee)	16,465,054	\$65,860.22	GBP39,516.13 ¹

Note:

1. The Company has applied a conversion rate of 1 AUD = 0.60 GBP.

Mr Richard Reavley resigned as a Director on 14 October 2014 and is no longer a related party of the Company. The Shares the subject of this Resolution will be issued at a deemed issue price of \$0.004, being the issue price under the Placement.

Resolution 8 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 8.

8.2 Listing Rule 7.1

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

The effect of Resolution 8 will be to allow the Company to issue 16,456,054 Shares to Mr Richard Reavley (and/or his nominee) during the period of 3 months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% annual placement capacity.

8.3 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the proposed issue of Shares as follows:

- (a) The maximum number of Shares to be issued is 16,456,054 Shares.

- (b) The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Shares will be issued for nil consideration.
- (d) The Shares will be issued to Mr Richard Reavley (and/or his nominee).
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The issue of the Shares will not raise any funds as the Shares as part of the consideration for services which have been provided by Mr Richard Reavley.
- (g) A voting exclusion statement is included in the Notice for Resolution 8.

8.4 **Directors' Recommendation**

Directors recommend that Shareholders vote in favour of this Resolution.

9. **RESOLUTION 9 – 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 and 5.

In the absence of this Resolution 9, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 4 and 5.

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

Resolution 9 is an ordinary resolution.

SCHEDULE 1: DEFINITIONS

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

\$ means Australian Dollars.

Adviser Options has the meaning given in Section 6.1.

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

ASX means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.

Board means the board of Directors.

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

Company means Hawkey Oil and Gas Limited (ACN 115 712 162).

Constitution means the constitution of the Company as amended from time to time.

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

Director means a director of the Company.

EMCO has the meaning given in Section 4.1.

EMCO Options has the meaning given in Section 5.1.

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

Listing Rules means the listing rules of the ASX.

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

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

Option means an option to acquire a Share.

Optionholder means the holder of an Option.

Placement has the meaning given in Section 4.1.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

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

SCHEDULE 2: TERMS AND CONDITIONS OF OPTIONS

1. Exercise Price

Each Option shall have an exercise price of \$0.005 (**Exercise Price**).

2. Expiry Date

Each Option shall expire on 31 January 2020 (**Expiry Date**).

3. Exercise Period

Each Option is exercisable at any time during the period on or prior to the Expiry Date (**Exercise Period**).

4. Exercise of Options

The Options may only be exercised during the Exercise Period.

5. No Official Quotation of Options

The Company will not apply for official quotation of the Options.

6. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

7. Notice of Exercise

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Options or a nominee; and
- (c) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Exercise Notice in respect of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

8. Shares Issued on Exercise

Shares issued on exercise of Options rank equally with the then Shares currently on issue.

9. Official Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

10. Timing of issue of Shares

- (a) Subject to paragraph 10(b), within 3 Business Days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.
- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
 - (i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 30 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or
 - (ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

11. Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the beholder will be provided with at least ten business days' notice prior to the record date. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

12. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

13. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = volume weighted average market price (as defined in the Listing Rules) per Share during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

14. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

15. Options Transferable

The Options are non-transferable, except to an Associate of the holder.

16. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

HAWKLEY OIL AND GAS
ACN 115 712 162

PROXY FORM

The Company Secretary
Hawkley Oil and Gas

By delivery:
Suite 3, Level 3, 1292 Hay St
West Perth WA 6005

By post:
GPO Box 2870
West Perth WA 6872

By facsimile:
+61 8 9322 4073

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

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

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

Step 1 - Appoint a Proxy to Vote on Your Behalf

The Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman 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 to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth Western Australia on Thursday 22 June 2017 at 10:00 am (WST), and at any adjournment or postponement of that Meeting.

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

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

Step 2 - Instructions as to Voting on Resolutions

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

		For	Against	Abstain*
Resolution 1	Re-Election of Mr David Lloyd as Director			
Resolution 2	Re-Election of Mr Edmund Babington as Director			
Resolution 3	Ratification of placement			
Resolution 4	Issue of EMCO options			
Resolution 5	Issue of adviser options			
Resolution 6	Issue of shares to Mr Bill Foster			
Resolution 7	Issue of shares to Mr Glenn Featherby			
Resolution 8	Issue of shares to Mr Richard Reavley			
Resolution 9	Section 195 approval			

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

In exceptional circumstances, the Chairman may change his voting intent on any Resolution, in which case an ASX announcement will be made.

Authorised signature/s

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

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
<hr/>		
Contact Name	Contact Daytime Telephone	Date

Proxy Notes:

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

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

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

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

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

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

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

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received at the Perth office of the Company (Suite 3, Level 3, 1292 Hay St, West Perth, WA 6005 or 08 9322 4073 if faxed from within Australia or +618 9322 4073 if faxed from outside Australia or by email at information@hawkleyoilandgas.com) not less than 48 hours prior to the time of commencement of the Meeting (WST).