

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Acer Energy Limited (**Company**) will be held at the offices of Carter Newell Lawyers, in the “Pacific Room”, Level 13, 215 Adelaide Street, Brisbane Qld 4000 on Friday 25 November 2011 commencing at 2.00 pm (Brisbane time).

Terms used in this Notice are defined in the “Interpretation” section of the accompanying Explanatory Memorandum.

AGENDA

ORDINARY BUSINESS

Financial Reports

To receive and consider the Company’s Annual Report comprising the Directors’ Report and Auditor’s Report, Directors’ Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the accounts for the Company for the financial year ended 30 June 2011.

Resolution 1: Remuneration Report

To consider and, if thought fit, pass the following advisory resolution:

“That the Remuneration Report for the year ended 30 June 2011 (as set out in the Directors’ Report) be adopted.”

Voting

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 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;
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) the vote is not cast on behalf of 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.

ASIC Relief

The Company has obtained relief from ASIC allowing the Chairperson to vote undirected proxies on the conditions set out in the Explanatory Memorandum.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the resolutions the subject of this Meeting, including Resolution 1.

Resolution 2: Re-Election of Director – Mr Adam Johnson

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

“That Mr Adam Johnson, who retires in accordance with the Company’s Constitution and, being eligible for re-election offers himself for re-election, be re-elected as a Director of the Company.”

Resolution 3: Election of Director – Mr Anwar Awan

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

“That Mr Anwar Awan, who was appointed a Director since the last annual general meeting, retires in accordance with the Company’s Constitution and, being eligible for election offers himself for election, be elected as a Director of the Company.”

Resolution 4: Election of Director – Mr Nick Davies

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

“That Mr Nick Davies, who was appointed a Director since the last annual general meeting, retires in accordance with the Company’s Constitution and, being eligible for election offers himself for election, be elected as a Director of the Company.”

Resolution 5: Election of Director – Mr Shaun Scott

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

“That Mr Shaun Scott, who was appointed a Director since the last annual general meeting, retires in accordance with the Company’s Constitution and, being eligible for election offers himself for election, be elected as a Director of the Company.”

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board



Leni Stanley
Company Secretary
18 October 2011

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Eligibility to vote

A person's entitlement to vote at the Meeting will be determined by reference to the number of Shares registered in the name of that person (reflected in the register of members) as at 7.00pm (Sydney time) on Wednesday, 23 November 2011.

Proxy votes and corporate representatives

A member who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy. A form of appointment of proxy is enclosed with this Notice.

A proxy need not be a member of the Company. A member who is 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. If no such specification is given and two proxies are appointed, each may exercise half of the votes to which that member is entitled.

All Proxy Forms will need to be lodged with the Company no later than 2.00pm (Brisbane time) on Wednesday, 23 November 2011, being 48 hours before commencement of the Meeting. Any Proxy Form received after that time will not be valid for the Meeting.

If you wish to appoint a proxy and are entitled to do so, then complete the enclosed Proxy Form in accordance with the instructions on it and return it to the Company's share registry by the deadline for lodgement as follows:

- by using the enclosed reply paid envelope;
- by post or fax to the Company's share registry as follows:
 - Acer Energy Limited
 - C/- Link Market Services Limited
 - Locked Bag A14
 - Sydney South NSW 1235
 - Facsimile: (02) 9287 0309;
- by delivery to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000; or
- online, at www.linkmarketservices.com.au, by following the directions on the reverse of the Proxy Form.

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with the Company no later than 48 hours before commencement of the Meeting.

Questions

If you have any queries on how to cast your votes then please call the Company Secretary, Leni Stanley, on +61 (0)7 3221 6022 during business hours.



EXPLANATORY MEMORANDUM

This Explanatory Memorandum is provided to Shareholders of **Acer Energy Limited** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at the offices of Carter Newell Lawyers, in the “Pacific Room”, Level 13, 215 Adelaide Street, Brisbane on Friday 25 November 2011 at 2.00pm (Brisbane time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Consider the Company’s Annual Report

The Company’s Annual Report including the Directors’ Report and Auditor’s Report, Directors’ Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the accounts for the Company for the financial year ended 30 June 2011, was released to the Australian Securities Exchange (“ASX”) on 29 September 2011. The Company’s Annual Report is placed before the Shareholders for discussion. No voting is required for this item.

Resolution 1: Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding advisory resolution.

The Remuneration Report is set out in the Directors’ Report section of the Annual Report. The Report:

- explains the Board’s policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board’s remuneration policy and the Company’s performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

As a result of amendments to the Corporations Act that came into effect on 1 July 2011, members of the Key Management Personnel and their proxies and Closely Related Parties are restricted from voting on a resolution (Voting Restriction) put to Shareholders that the Remuneration Report of the Company be adopted. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Voting Restriction does not apply where the Chairman or any other member of the Key Management Personnel is appointed in writing (by a Shareholder who is not a member of the Key Management Personnel) as a proxy (**Management Proxy**) with specific instructions on how to vote on a resolution to adopt the Remuneration Report of the Company.

It is not clear in the amendments to the Corporations Act whether the Management Proxy will be able to vote where the proxy appointment does not give specific instructions on how to vote on a resolution to adopt the remuneration report. In order to resolve this, during 2011, the Federal Government proposes to amend the Corporations Act to make clear that a Chairperson is permitted to vote undirected proxies on remuneration report resolutions.

In order to ensure strict compliance with the relevant provisions of the Corporations Act in relation to the Voting Restrictions, the Company has obtained from ASIC, relief allowing the Chairperson to vote undirected proxies. The relief applies to the casting of a vote of the Chairman in the following circumstances:

- (a) Mr Nick Davies or, in the alternative, Mr Shaun Scott has been elected, by either the Directors or the members of the Company, to be the Chair of the Annual General Meeting of the Company to be held on or about Friday 25 November 2011 and at any adjournment or postponement of that Meeting;
- (b) the Chair has been appointed by a member of the Company who is not a person mentioned in paragraph (a) or (b) of subsection 250R(4) as the member's proxy to attend and vote for the member at the meeting in relation to the resolution;
- (c) the appointment does not specify the way the chair is to vote on the resolution;
- (d) the appointment expressly authorises the chair to exercise the proxy in relation to the resolution even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair;
- (e) the notice of meeting and the proxy form that accompanies the notice of meeting contains a statement as to how the chair, if appointed as the member's proxy and the appointment does not specify the way the chair is to vote on the resolution, intends to vote on the resolution; and
- (f) the proxy form that accompanies the notice of meeting is substantially in the form of the draft proxy form provided to ASIC on 18 October 2011.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the resolutions the subject of this Meeting, including this Resolution 1.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this resolution is advisory only and does not bind the Directors of the Company.

Resolution 2: Re-Election of Director – Mr Adam Johnson

In accordance with the Company's Constitution, Mr Johnson will retire by rotation at the Annual General Meeting and being eligible, offers himself for re-election.

2.1 Biography

Mr Adam Johnson, BA, LLB, MBA. Mr Johnson has been a Director of the Company since 25 July 2002. Mr Johnson is a member of the Remuneration Committee and a past member of the Audit Committee as well as being the former Chairman and a founding director of the Company.

Mr Johnson graduated from the Australian National University with Degrees in Arts and Law. He has also completed a Masters Degree in Business Administration from the University of Virginia. In 1980 he established his legal practice. He is a past member of the Council of the Environment and Planning Law Association (NSW) Inc and is a former President of the Society of the Art Gallery of NSW.

2.2 Directors' recommendation

With the exception of Mr Johnson, who does not make any recommendation in respect of this resolution, all Directors support Mr Johnson's re-election as a Director and recommend that Shareholders vote in favour of this resolution.

Resolution 3: Election of Director – Mr Anwar Awan

Mr Anwar Awan was appointed as a Director on 4 March 2011 and in accordance with the Company's Constitution, Mr Awan will retire at the Annual General Meeting and being eligible, offers himself for election.

3.1 Biography

Mr Anwar Awan, B Bus (Finance & Economics) is a member of the Audit and Risk Committee.

Mr Awan has 18 years of investment management experience focusing primarily on the Asia Pacific region and the resources sector. Mr Awan co-founded Republic Investment Management Pte. Ltd a Singapore based company (**Republic**) in October 2003. Mr Awan is a director and majority shareholder of Republic.

3.2 Directors' recommendation

With the exception of Mr Awan, who does not make any recommendation in respect of this resolution, all Directors support Mr Awan's election as a Director and recommend that Shareholders vote in favour of this resolution.

Resolution 4: Election of Director – Mr Nick Davies

Mr Davies was appointed as a Director on 30 January 2011 and in accordance with the Company's Constitution, Mr Davies will retire at the Annual General Meeting and being eligible, offers himself for election.

4.1 Biography

Mr Nick Davies, BSc (Hons) (Mathematics with Engineering) is the Chairman of the Company and the Remuneration Committee.

Mr Davies has over 30 years oil and gas industry experience in upstream development, strategic planning, new business development and marketing. Prior to joining Acer Energy Limited, Mr Davies was CEO and Managing Director of Arrow Energy Limited from 2004 to 2010 and led that company from early stages until agreement to sell the company was reached in early 2010 for approximately \$3.5 billion. Before this he was President of BP's Asia Pacific Gas and Power business headquartered in Tokyo and immediately prior to that was President of Atlantic Richfield Company South East Asia, based in Singapore. Mr Davies currently resides in Singapore.

4.2 Directors' recommendation

With the exception of Mr Davies, who does not make any recommendation in respect of this resolution, all Directors support Mr Davies' election as a Director and recommend that Shareholders vote in favour of this resolution.

Resolution 5: Election of Director – Mr Shaun Scott

Mr Davies was appointed as a Director on 30 January 2011 and in accordance with the Company's Constitution, Mr Scott will retire at the Annual General Meeting and being eligible, offers himself for election.

5.1 Biography

Mr Shaun Scott, B Bus (Accountancy), BA (Rec Admin), ACA is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Mr Scott is a Chartered Accountant with over 25 years of upstream and downstream experience in the oil and gas and energy sector in Australia, Asia and the United States. He previously held the roles of Chief Executive Officer, Chief Commercial Office and Chief Financial Officer with Arrow Energy Limited. Prior to joining Arrow in 2004, his career spanned appointments as Group Finance Manager at Energy Developments Limited, Project Finance Director at NRG, and Manager of ARCO's international oil and gas M&A team.

5.2 Directors' recommendation

With the exception of Mr Scott, who does not make any recommendation in respect of this resolution, all Directors support Mr Scott's election as a Director and recommend that Shareholders vote in favour of this resolution.

INTERPRETATION

Annual General Meeting or **Meeting** means the annual general meeting of the Company to be held on 25 November 2011.

ASIC means the Australian Securities and Investments Commission.

Board means the board of Directors of the Company.

Chair or **Chairman** means the chairman of the Board from time to time and includes an acting Chairman.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (d) a company the member controls; or
- (f) a person prescribed by the regulations made under the Corporations Act.

Company means Acer Energy Limited ACN 101 313 777.

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

Directors means the directors of the Company.

Explanatory Memorandum means the explanatory memorandum to the Notice.

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Notice means the notice convening the Meeting.

Proxy Form means the proxy form accompanying this Notice.

Remuneration Report means that part of the report of the Directors for the financial year ended 30 June 2011 dealing with the remuneration of Key Management Personnel included in accordance with section 300A of the Corporations Act.

Shareholder means a holder of ordinary shares in the Company.

Shares means ordinary fully paid shares in the issued capital of the Company.



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



By fax: +61 2 9287 0309



All enquiries to: Telephone: (02) 8280 7454



X99999999999

SHAREHOLDER VOTING FORM

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

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 2:00pm (Brisbane time) on Friday, 25 November 2011, at the offices of Carter Newell Lawyers in the Pacific Room, Level 13, 215 Adelaide Street, Brisbane, QLD and at any adjournment or postponement of the meeting.



IMPORTANT NOTE

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. If the Chairman of the Meeting is your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy on Resolution 1, that the Remuneration Report for the year ended 30 June 2011 (as set out in the Directors' Report) be adopted, even though the Item is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman. If you do not wish to authorise the Chairman to vote in this way, you should direct your vote in accordance with Step 2 below.

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

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

STEP 2

VOTING DIRECTIONS

Resolution 1

Remuneration Report

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4

Election of Director - Mr Nick Davies

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2

Re-Election of Director - Mr Adam Johnson

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 5

Election of Director - Mr Shaun Scott

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 3

Election of Director - Mr Anwar Awan

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

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



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

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

Appointment of a Proxy

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

Votes on Items of Business - Proxy Appointment

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

If the Chairman of the meeting is your proxy, he will vote your shares on Resolution 1 (Remuneration Report) in favour if you have not directed him how to vote on that resolution.

Key Management Personnel of the company are the Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The Remuneration Report identifies the company's Key Management Personnel for the financial year to 30 June 2011. Their closely related parties are defined in the *Corporations Act 2001* (Cth), and include certain of their family members, dependants and companies they control.

Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

Signing Instructions

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

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

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

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

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

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm (Brisbane time) on Wednesday, 23 November 2011**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

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



by mail:

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



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

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