



# INNAMINCKA PETROLEUM LIMITED

ACN 101 313 777

## Notice of general meeting & explanatory memorandum

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Meeting information:

2.00 p.m. (Brisbane time), 5 August 2011

Level 1, 101 Edward Street, Brisbane Qld 4000

This document contains important information regarding a general meeting of Innamincka Petroleum Limited and should be read in its entirety. If you are in doubt as to how you should vote at the Meeting, you should seek advice from your accountant, solicitor or other professional adviser without delay.

# Notice of general meeting

Innamincka Petroleum Limited ACN 101 313 777

Notice is given that a general meeting of Innamincka Petroleum Limited ACN 101 313 777 (**Company**) will be held at Level 1, 101 Edward Street Brisbane Qld 4000, Brisbane on 5 August, 2011 and will commence at 2.00pm (Brisbane time).

The Explanatory Memorandum accompanying this Notice provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum is intended to be read in conjunction with, and forms part of, this Notice.

Words that are defined in the Explanatory Memorandum have the same meaning when used in this Notice, unless the context requires otherwise.

## **SPECIAL BUSINESS**

### **1. Resolution 1: Change of Company name**

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

*That the name of the Company be changed to Acer Energy Limited.*

### **2. Resolution 2: Change of Company Constitution**

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

*That with effect from the close of the Meeting, the existing Constitution be repealed and that the Constitution, in the form tabled at the Meeting and signed by the Chairman for the purposes of identification, be adopted as the new Constitution of the Company.*

### **3. Resolution 3: Adoption of Employee Share Plan**

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

*That for purpose of Exception 9(b) of Listing Rule 7.2, the Employee Share Plan, the terms and conditions of which are summarised in the Explanatory Memorandum, and the issue of Shares under the Employee Share Plan, be approved.*

#### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 3 by a Director and any of their associates.

However, the Company need not disregard a vote if:

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

### **4. Resolution 4: Adoption of Employee Share Option Plan**

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

*That for the purpose of Exception 9(b) of Listing Rule 7.2, the Employee Share Option Plan, the terms and conditions of which are summarised in the Explanatory Memorandum, and the issue of securities under the Employee Share Option Plan, be approved.*

### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 4 by a Director and any of their associates.

However, the Company need not disregard a vote if:

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

### **5. Resolution 5: Issue of Options to Mr Adam Johnson**

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

*That for the purpose of Listing Rule 10.14, the issue of 1,500,000 Options under the Employee Share Option Plan to Mr Adam Johnson, a Director, for no consideration and otherwise on the terms and conditions described in the Explanatory Memorandum, be approved.*

### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 5 by a Director and any of his associates.

However, the Company need not disregard a vote if:

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

### **6. Resolution 6: Issue of Options to Mr David McEvoy**

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

*That for the purpose of Listing Rule 10.14, the issue of 1,500,000 Options under the Employee Share Option Plan to Mr David McEvoy, a Director, for no consideration and otherwise on the terms and conditions described in the Explanatory Memorandum, be approved.*

### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 6 by a Director and any of his associates.

However, the Company need not disregard a vote if:

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

**7. Resolution 7: Issue of Options to Mr Anwar Awan**

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

*That for the purpose of Listing Rule 10.14, the issue of 1,500,000 Options under the Employee Share Option Plan to Mr Anwar Awan, a Director, for no consideration and otherwise on the terms and conditions described in the Explanatory Memorandum, be approved.*

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 7 by a Director and any of his associates.

However, the Company need not disregard a vote if:

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

**8. Resolution 8: Issue of Options to Mr Shaun Scott**

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

*That for the purpose of Listing Rule 10.14, the issue of 1,500,000 Options under the Employee Share Option Plan to Mr Shaun Scott, a Director, for no consideration and otherwise on the terms and conditions described in the Explanatory Memorandum, be approved.*

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 8 by a Director and any of his associates.

However, the Company need not disregard a vote if:

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

**By order of the Board**

**Leni Stanley**  
Company Secretary

Date: 4 July 2011

# Shareholder information

Innamincka Petroleum Limited ACN 101 313 777

## How to vote

You may vote at the Meeting in person, by proxy or authorised corporate representative.

## Voting in person

To vote in person, attend the Meeting on the date and at the time set out in the Notice. The Meeting will commence at 2.00 pm (Brisbane time) on 5 August 2011.

## Voting by proxy

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.

The 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 the appointment does not specify a percentage or number and two proxies are appointed, each may exercise half of the votes to which that member is entitled (in which case any fraction of votes will be disregarded).

All Proxy Forms will need to be lodged with the Company by 2.00 pm (Brisbane time), on 3 August 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 reply paid envelope enclosed with this Notice;
- by posting or faxing the Proxy Form to the Company's share registry as follows:

Innamincka Petroleum Limited  
c/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

Facsimile: +61 2 9287 0309

Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the company's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit. If a shareholder appoints the chairman of the Meeting as the shareholder's proxy and does not specify how the chairman is to vote on an item of business, the chairman will vote, as proxy for that shareholder, in favour of the item on a poll.

## Voting by corporate representatives

A corporate shareholder wishing to appoint a person to act as its representative at the Meeting must provide that person with an authority executed in accordance with the Company's constitution and the Corporations Act authorising him or her to act as the company's representative. The authority must be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

## Right to vote

The Board has determined that, for the purposes of the Meeting, Shares will be taken to be held by the persons who were the registered holders of those Shares at 7.00 pm (Brisbane time), on 3 August 2011. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## Shareholder questions and comments

The chairman of the Meeting will provide shareholders with an opportunity at the Meeting to ask questions and make comments.

# Explanatory Memorandum

Innamincka Petroleum Limited ACN 101 313 777

This Explanatory Memorandum has been prepared for the information of members of the Company in connection with the business to be conducted at the general meeting of the Company to be held at Level 1, 101 Edward Street, Brisbane Qld 4000 on 5 August 2011 at 2.00 pm (Brisbane time).

This Explanatory Memorandum forms part of and should be read in conjunction with the accompanying Notice. A number of words and terms used in this Explanatory Memorandum have defined meanings, which are set out in the Glossary.

## **Resolution 1: Change of Company name**

Resolution 1 seeks Shareholder approval for the Company to change its name to Acer Energy Limited.

Although the Company has an enviable exploration record in the Cooper Basin, the Board considers that the new name will reflect the renewed focus of a significantly restructured and reinvigorated company with a new strategy, new management and a changed investor base. The name Acer Energy Limited has been selected to reflect the sharp and eager culture of the Company and the broad scope of its exploration and production opportunities.

### ***Why is Shareholder approval required?***

Section 157 of the Corporations Act requires that the new name must be approved by a special resolution of the Shareholders of the Company.

A special resolution is a resolution must be passed by at least 75% of the votes cast by Shareholders.

### ***Regulatory process***

If the special resolution to change the Company's name to Acer Energy Limited is passed by the Shareholders, an application will be lodged with the ASIC to change the Company's name.

A certificate of change of name will then be issued by ASIC. A copy of this certificate will then be provided to ASX, which has advised the Company that, in general, a change of name will take effect on ASX within two business days of ASX receiving a copy of the certificate of change of name. The Company anticipates that the change of name will take effect on the ASX during the course of the week beginning 8 August 2011.

Once the change of name takes effect on ASX, it is proposed that the new ASX trading code for the Company will be ACN.

### ***Directors' recommendation***

The Directors recommend that you vote in favour of Resolution 1.

## **Resolution 2: Change of Company Constitution**

Resolution 2 seeks Shareholder approval to repeal the existing Constitution of the Company and replace it with a new Constitution.

It is proposed to adopt a new Constitution to ensure that the Constitution of the Company reflects current corporate practice.

A copy of the new constitution will be sent to any Shareholder upon request by contacting the Company Secretary on (07) 3221 6022 and will also be available for inspection at the Company's registered office at Level 1, 101 Edward Street, Brisbane Qld 4000 during normal business hours before the meeting and at the meeting.

### ***Why is Shareholder approval required?***

Section 136(2) of the Corporations Act requires that the adoption of a new constitution must be approved by a special resolution of the Shareholders of the Company.

Resolution 2 is a special resolution and requires approval of 75% of the votes cast by Shareholders.

The new Constitution will become effective from the passing of this resolution.

### ***The new and current Constitution compared***

The material differences between the new and the current Constitution are set out in Schedule B.

### ***Directors' recommendation***

The Directors recommend that you vote in favour of Resolution 2.

## **Resolution 3: Adoption of Employee Share Plan**

### ***Introduction***

Under Resolution 3 Shareholder approval is sought for:

- the introduction of an employee share plan (**ESP**), the terms of which are summarised below; and
- the issue of Shares under the ESP.

### ***Purpose of the ESP***

The purpose of the ESP is to provide a short-term incentive (**STI**) for employees of the Company to remain with the Company and to align the interests of employees with Shareholders.

### ***Overview of the short-term incentive***

The Company proposes that the entitlement to an STI will be assessed on an annual basis in arrears for each employee. The first assessment will take place in July 2012.

The STI will be a percentage of each employee's base salary. The percentage will vary according to the role of the employee within the Company. Part of the STI will be based on the performance of the Company as measured against the Company's objectives for that year and part will be based on the employee's personal performance against the agreed key performance indicators (**KPIs**) for the employee. The Company intends to set these KPI's in June each year for the following financial year.

The STI is to be awarded to employees in the form of shares under the ESP; however, the Company may, at its discretion, choose to pay some or all of the STI in cash.

### ***Summary of the ESP***

Under the ESP, the Board may, from time to time, offer to issue Shares to eligible employees having regard to various matters, including their position with the Company, the contribution that they have made to the Company and any other matters that the Board considers to be relevant.

Directors are not eligible to participate in the ESP.

The Shares will be issued free to eligible employees.

Shares issued under the ESP will rank equally in all respects with all existing Shares of the Company.

The maximum number of Shares that may be issued under the ESP, together with any Shares issued during the previous five years under any other employee share scheme, must not, as a general rule, exceed 5% of the issued Share capital of the Company at the time of the offer. Shares offered under another prospectus exception, such as an offer to senior managers, do not count towards the 5% limit.

The Company will apply to ASX for quotation of Shares issued under the ESP.

The ESP will be administered by the Board, who has power to suspend, terminate or amend the ESP.

No Shares have been issued under the ESP.

### ***Why is Shareholder approval being sought?***

Listing Rule 7.1 imposes a limit on the number of equity securities (e.g., shares or options to subscribe for shares) that a company can issue without shareholder approval. In general terms, a company may not, without shareholder approval, issue or agree to issue equity securities representing more than 15% of its share capital in a 12 month period.

Listing Rule 7.2 exception 9(b) provides that issues of shares or options under an employee incentive scheme that is approved by shareholders as an exception to Listing Rule 7.1, and are not required to be counted when determining whether the 15% limit in Listing Rule 7.1 has been exceeded, provided that the incentive scheme has been approved by shareholders within the last three years. Resolution 3 is being proposed so that the Company can take advantage of this exception in relation to the Shares issued under the ESP.

### ***Director's recommendation***

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

## **Resolution 4: Adoption of Employee Share Option Plan**

### ***Introduction***

Under Resolution 4 Shareholder approval is sought for:

- the introduction of an Employee Share Option Plan (**ESOP**), the terms of which are summarised below; and
- the issue of Options under the ESOP and the issue of Shares on exercise of those Options.

### ***Purpose of the ESOP***

The purpose of the ESOP is to align the interests of the participants with the interests of the Company's Shareholders by rewarding eligible employees for creating shareholder value. The ESOP is intended to:

- encourage employees to excel by linking their rewards to the Company's long-term performance;
- provide the Company with another tool to compete for talented employees by offering remuneration rewards beyond a monthly salary. This method has been adopted by many of the Company's competitors; and
- assist in the retention of key personnel by offering them an equity based reward.

### ***Summary of the ESOP***

Under the terms of the ESOP, the Company may issue Options to eligible employees, which entitle the holder to subscribe for or to be transferred one Share in the capital of the Company. There is no amount payable by the employee for the grant of Options.

Eligible employees include executive directors, non executive directors and employees of the Company.

The Company proposes to make an initial offer of Options to eligible employees, which will entitle the eligible employees to be issued a total of 22,500,000 Shares in the capital of the Company. This represents 4.90% of the Company's current issued capital.

The Options will be issued free to eligible employees.

The terms and conditions of the Options issued under the ESOP are set out in Schedule A to the Notice.

Shares issued on exercise of the Options will rank equally in all respects with all existing Shares of the Company.

The maximum number of Options that may be issued under the ESOP, together with any Shares issued during the previous five years under any other employee share scheme, must not, as a general rule, exceed 5% of the issued share of the Capital of the Company at the time of the Offer. Options offered under another prospectus exception, such as an offer to senior managers, do not count towards the 5% limit.

The Options will not be quoted on ASX. The Company will apply to ASX for quotation of Shares issued on exercise of the Options.

The ESOP will be administered by the Board, who has power to suspend, terminate or amend the ESOP.

No options have been issued under the ESOP.

#### ***Why is Shareholder approval being sought?***

Listing Rule 7.1 imposes a limit on the number of equity securities (e.g., shares or options to subscribe for shares) that a company can issue without shareholder approval. In general terms, a company may not, without shareholder approval, issue or agree to issue equity securities representing more than 15% of its share capital in a 12 month period.

Listing Rule 7.2 exception 9(b) provides that issues of shares or options under an employee incentive scheme that is approved by shareholders as an exception to Listing Rule 7.1, and are not required to be counted when determining whether the 15% limit in Listing Rule 7.1 has been exceeded, provided that the incentive scheme has been approved by shareholders within the last three years. Resolution 4 is being proposed so that the Company can take advantage of this exception in relation to the Options (and the shares issued on exercise of the Options) granted under the ESOP.

#### ***Directors' recommendation***

Subject to Shareholder approval, it is proposed that each of the Directors of the Company will be issued Options under the ESOP. As a consequence each Director has an interest in the ESOP, and so the Directors do not consider it appropriate to make a recommendation in relation to Resolution 4.

#### **Resolution 5: Issue of Options to Mr. Adam Johnson**

Under Resolution 5, Shareholder approval is sought for the purposes of Listing Rule 10.14 for the issue of 1,500,000 Options for no consideration to Mr. Adam Johnson, a Director of the Company.

#### ***Why is Shareholder approval being sought?***

Listing Rule 10.14 provides that the Company must not permit any Director, or any associate of a Director, to acquire securities under an employee incentive scheme without first obtaining Shareholder approval. Under Resolution 5 the Company will, if the Resolution is passed, issue Options to Mr Adam Johnson, a Director, under the ESOP. Accordingly, the Company must obtain Shareholder approval under Listing Rule 10.14 before those Options are issued.

Chapter 2E of the Corporations Act prohibits the Company (subject to certain exceptions) from giving a financial benefit to a related party of the Company, except with the approval of the Company's members. Issuing securities (including an option) to a related party is an example of giving a financial benefit that requires Shareholder approval under Chapter 2E.

However, Shareholder approval under Chapter 2E is not required if the financial benefit is remuneration provided to a related party as an officer of the Company and to give the remuneration would be reasonable given the circumstances of the Company and the related party's circumstances, including the responsibilities involved in the office held.

The Board has formed the view that the issue of Options, as contemplated by Resolution 5, represents reasonable remuneration having regard to Mr Adam Johnson's other entitlements to director's fees and his responsibilities as Director of the Company and therefore that approval of the issue of Options to him is not required under Chapter 2E.

### ***Why are the Options being issued?***

The Company aims to grow Shareholder wealth by pursuing its strategic priorities while minimising costs and cash burn as much as possible. As part of this strategy the Company has kept employee numbers low and relies heavily on the skills and expertise of each of its Directors and the Company's officers.

Consistent with this strategy, the Board has been structured so that it has a depth of expertise in the hydrocarbon sector.

The purpose of the ESOP is therefore to reward the Directors and any other participants in the ESOP for the successful pursuit of the Company's growth strategy, as measure by tangible improvements in the Company's Share price without placing further demands on the Company's cash resources.

### ***Details of the Options***

The Options to be issued under Resolution 5 will, if this Resolution is approved, be issued on the following terms:

- the Options will be issued for no consideration;
- each Option will, on exercise, entitle the holder to acquire one Share;
- the Options will be divided into three tranches of one-third each. The three tranches will vest on 5 August 2011, 30 June 2012 and 30 June 2013;
- the exercise price of the Options is 40 cents for one-third of each tranche, 60 cents for one-third of each tranche and 80 cents for one-third of each tranche; and
- each Option will have an expiry date of 30 June 2014.

### ***Value of Options***

The Board engaged Harris Black chartered accountants to value the Options. The resulting value was:

- \$0.079 for each Option that vests on 5 August 2011;
- \$0.067 for each Option that vests on 30 June 2012; and
- \$0.058 for each Option that vests on 30 June 2013.

This represents a total value of approximately \$102,000 for the 1,500,000 Options.

This value has been derived using the Black Scholes option valuation model and the binomial model, assuming the following:

- a share price of \$0.16;

- an exercise price of 40 cents for one-third of each tranche, 60 cents for one-third of each tranche and 80 cents for one-third of each tranche;
- an expiry date of 30 June 2014;
- a risk free rate of 4.70% per annum, being the three year Federal Treasury bond rate;
- a volatility factor of 108.162%, which has been determined having regard to the historical trading of the Company's Shares on ASX over the last 12 months; and
- no dividends are paid during the term of the Options.

***Other regulatory information***

For the purposes of Listing Rule 10.15, the following information is provided to Shareholders for the purposes of Resolution 5:

- under Resolution 5 approval is being sought to issue to Mr. Adam Johnson 1,500,000 Options. An issue of additional Options to Mr. Adam Johnson will require further Shareholder approval;
- the Options will be issued to Mr. Adam Johnson for no consideration;
- no Options have been issued as of this date;
- the Options will be granted to Mr. Adam Johnson as soon as practicable after the Meeting, but in any event, no later than 12 months after the date of the Meeting;
- because the Options are to be issued for no consideration, the Company will not raise any funds from the issue. If any or all of the Options are exercised, the funds raised from the issue of Shares pursuant to that exercise will contribute to the Company's working capital; and
- the Company will not provide a loan in connection with the exercise of any Options issued under Resolution 5.

**Directors' interests and recommendations**

None of the Directors, other than Mr. Adam Johnson, has an interest in Resolution 5. As the proposed recipient of Options under Resolution 5, Mr. Adam Johnson has an interest in the Resolution, and therefore makes no recommendation in relation to it. The Directors, other than Mr. Adam Johnson, recommend that you vote in favour of Resolution 5.

**Resolution 6: Issue of Options to Mr. David McEvoy**

Under Resolution 6, Shareholder approval is sought for the purposes of Listing Rule 10.14 for the issue of 1,500,000 Options for no consideration to Mr. David McEvoy, a Director of the Company.

***Why is Shareholder approval being sought?***

Shareholder approval is being sought for the same reasons set out in Resolution 5.

***Why are the Options being issued?***

Options are being issued to Mr. David McEvoy for the same reasons that Options are being issued to Mr. Adam Johnson as set out in Resolution 5.

***Details of the Options***

The details of the Options are the same as set out in Resolution 5.

### ***Value of Options***

The Options are valued on the same basis as set out in the explanation to Resolution 5.

### ***Other regulatory information***

For the purposes of Listing Rule 10.15, the following information is provided to Shareholders for the purposes of Resolution 6:

- under Resolution 6 approval is being sought to issue to Mr. David McEvoy 1,500,000 Options. An issue of additional Options to Mr. David McEvoy will require further Shareholder approval;
- the Options will be issued to Mr. David McEvoy for no consideration;
- no Options have been issued as of this date;
- the Options will be granted to Mr. David McEvoy as soon as practicable after the Meeting, but in any event, no later than 12 months after the date of the Meeting;
- because the Options are to be issued for no consideration, the Company will not raise any funds from the issue. If any or all of the Options are exercised, the funds raised from the issue of Shares pursuant to that exercise will contribute to the Company's working capital; and
- the Company will not provide a loan in connection with the exercise of any Options issued under Resolution 6.

### **Directors' interests and recommendations**

None of the Directors, other than Mr. David McEvoy has an interest in Resolution 6. As the proposed recipient of Options under Resolution 6, Mr. David McEvoy has an interest in the Resolution, and therefore makes no recommendation in relation to it. The Directors, other than Mr. David McEvoy, recommend that you vote in favour of Resolution 6.

### **Resolution 7: Issue of Options to Mr. Anwar Awan**

Under Resolution 7, Shareholder approval is sought for the purposes of Listing Rule 10.14 for the issue of 1,500,000 Options for no consideration to Mr. Anwar Awan, a Director of the Company.

#### ***Why is Shareholder approval being sought?***

Shareholder approval is being sought for the same reasons set out in Resolution 5.

#### ***Why are the Options being issued?***

Options are being issued to Mr. Anwar Awan for the same reasons that Options are being issued to Mr. Adam Johnson as set out in Resolution 5.

#### ***Details of the Options***

The details of the Options are the same as set out in Resolution 5.

### ***Value of Options***

The Options are valued on the same basis as set out in the explanation to Resolution 5.

### ***Other regulatory information***

For the purposes of Listing Rule 10.15, the following information is provided to Shareholders for the purposes of Resolution 7:

- under Resolution 7 approval is being sought to issue to Mr. Anwar Awan 1,500,000 Options. An issue of additional Options to Mr. Anwar Awan will require further Shareholder approval;
- the Options will be issued to Mr. Anwar Awan for no consideration;
- no Options have been issued as of this date;
- the Options will be granted to Mr. Anwar Awan as soon as practicable after the Meeting, but in any event, no later than 12 months after the date of the Meeting;
- because the Options are to be issued for no consideration, the Company will not raise any funds from the issue. If any or all of the Options are exercised, the funds raised from the issue of Shares pursuant to that exercise will contribute to the Company's working capital; and
- the Company will not provide a loan in connection with the exercise of any Options issued under Resolution 7.

#### **Directors' interests and recommendations**

None of the Directors, other than Mr. Anwar Awan has an interest in Resolution 7. As the proposed recipient of Options under Resolution 7, Mr. Anwar Awan has an interest in the Resolution, and therefore makes no recommendation in relation to it. The Directors, other than Mr. Anwar Awan, recommend that you vote in favour of Resolution 7.

#### **Resolution 8: Issue of Options to Mr. Shaun Scott**

Under Resolution 8, Shareholder approval is sought for the purposes of Listing Rule 10.14 for the issue of 1,500,000 Options for no consideration to Mr. Shaun Scott, a Director of the Company.

#### ***Why is Shareholder approval being sought?***

Shareholder approval is being sought for the same reasons set out in Resolution 5.

#### ***Why are the Options being issued?***

Options are being issued to Mr. Shaun Scott for the same reasons that Options are being issued to Mr. Adam Johnson as set out in Resolution 5.

#### ***Details of the Options***

The details of the Options are the same as set out in Resolution 5.

#### ***Value of Options***

The Options are valued on the same basis as set out in the explanation to Resolution 5.

#### ***Other regulatory information***

For the purposes of Listing Rule 10.15, the following information is provided to Shareholders for the purposes of Resolution 8:

- under Resolution 8 approval is being sought to issue to Mr. Shaun Scott 1,500,000 Options. An issue of additional Options to Mr. Shaun Scott will require further Shareholder approval;
- the Options will be issued to Mr. Shaun Scott for no consideration;
- no Options have been issued as of this date;
- the Options will be granted to Mr. Shaun Scott as soon as practicable after the Meeting, but in any event, no later than 12 months after the date of the Meeting;

- because the Options are to be issued for no consideration, the Company will not raise any funds from the issue. If any or all of the Options are exercised, the funds raised from the issue of Shares pursuant to that exercise will contribute to the Company's working capital; and
- the Company will not provide a loan in connection with the exercise of any Options issued under Resolution 8.

**Directors' interests and recommendations**

None of the Directors, other than Mr. Shaun Scott has an interest in Resolution 8. As the proposed recipient of Options under Resolution 8, Mr. Shaun Scott has an interest in the Resolution, and therefore makes no recommendation in relation to it. The Directors, other than Mr. Shaun Scott, recommend that you vote in favour of Resolution 8.

# Glossary of terms

Innamincka Petroleum Limited ACN 101 313 777

In the attached Notice and Explanatory Memorandum the following words and expressions have the following meanings:

**Associated Body Corporate** means any:

- (a) related body corporate of the Company;
- (b) a body corporate that has voting power in the Company of not less than 20%; and
- (c) a body corporate in which the Company has voting power of not less than 20%.

**ASX** means ASX Limited ACN 008 624 691 or the stock market that it operates, as the context requires.

**Board** means the board of Directors of the Company.

**Business Day** means any day that is not Saturday, Sunday or public holiday in New South Wales.

**Change of Control** means a person acquiring a relevant interest in 50% or more of the voting shares of the Company, unless the person is Republic or an associate of Republic and the acquisition is not in connection with an offer by Republic or an associate of Republic to acquire 100% of the voting share of the Company.

**Company** means Innamincka Petroleum Limited ACN 101 313 777.

**Constitution** means the constitution of the Company from time to time.

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

**Directors** means the directors of the Company from time to time, and **Director** means any one of them.

**Employee Share Plan** or **ESP** means a plan under which the Company may issue Shares to employees of the Company.

**Employee Share Option Plan** or **ESOP** means a plan under which the Company may issue options to acquire Shares to employees and Directors of the Company.

**Exercise Price** means in relation to a Share to be issued upon exercise of an Option, the issue price of that Share as determined in accordance with clause 1.2 of schedule A.

**Expiry Date** means the date on which an Option expires, as determined by the Board and advised in an offer to participate in the ESOP.

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice contained in this booklet.

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

**Meeting** means the general meeting of the Company to be held on 5 August 2011.

**Notice** means the notice of meeting convening the Meeting.

**Option** means an option issued under the ESOP.

**Participant** means a full-time or part-time employee and a Director of the Company or an Associated Body Corporate, who is invited by the Board to participate in the Employee Share Option Plan and is issued Options under the ESOP.

**Proxy Form** means a proxy form accompanying the Notice.

**Republic** means Republic Investment Management Pte Ltd.

**Resolution** means a resolution referred to in the Notice.

**Share** means an ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares from time to time.

# Schedule A

## 1. Options

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### 1.1 Entitlement to Shares

Each Option entitles the holder to subscribe for and be issued, credited as fully paid, one Share.

### 1.2 Exercise Price

The Exercise Price of a Share to be issued on exercise of an Option will be the Exercise Price as determined by the Board (in its discretion) on or before the Issue Date and set out in the offer from the Company.

### 1.3 Delivery of Shares upon exercise

Upon the exercise of an Option in accordance with clause 2 of this schedule, the Shares in respect of that Option may, at the discretion of the Board, be delivered to the participant by being:

- (a) issued to the Participant; or
- (b) purchased and transferred to the Participant.

The Company will issue (or cause to be issued) a holding statement or other appropriate evidence of title for the Share within 10 Business Days (or such other period as is required by the Listing Rules) after the date of exercise of the relevant Option.

### 1.4 Ranking of Shares issued on the exercise of Options

Shares issued on the exercise of Options will rank equally with all existing Shares in the capital of the Company from the date of issue of those Shares.

## 2. Exercise of Options

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### 2.1 Procedure for exercise

Subject to clause 2.2 of this schedule, an Option is exercisable by the holder lodging with the Company:

- (a) a notice of exercise of that Option in a form acceptable to the Company;
- (b) a cheque for the Exercise Price for each Share to be issued on the exercise of that Option or payment in another manner acceptable to the Company; and
- (c) if one has been issued, the certificate for that Option.

### 2.2 Conditions relating to exercise of an Option

- (a) Subject to this clause 2, an Option may only be exercised at any time after the Option has been vested and before its Expiry Date.
- (b) A Participant may only exercise an Option if at the time of exercise, the Participant would not be prevented from acquiring Shares under the Company's security dealing policy at that time.

- (c) Options must be exercised in accordance with any determination by the Board as to minimum parcels in which Options may be exercised.
- (d) The Board may determine any further conditions of exercise consistent with these Rules that apply to an Option.
- (e) The exercise of some Options only does not affect the Participant's right to exercise other Options at a later time.
- (f) If the Participant exercises less than all Options represented by the certificate then the Company will cancel the certificate and issue a new certificate for the balance.

### **2.3 Lapse of Options**

An Option held by a Participant will immediately lapse upon the first to occur of:

- (a) its Expiry Date; and
- (b) the Participant ceasing to be employed or engaged by the Company or an Associated Body Corporate for any reason.

### **2.4 Change of Control**

If a Change of Control has occurred, the Options will be free of any conditions of exercise and may be exercised at any time on or before the Expiry Date and in any number.

## **3. Transfer of Options**

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An Option is personal to the Participant to whom it was granted, and the Participant may not sell, transfer, mortgage, charge, encumber or otherwise dispose of, or make a declaration of trust in respect of the Option except as otherwise determined by the Board (in its absolute discretion).

## **4. Quotation of Options and Shares**

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### **4.1 Options**

Options will not be listed for quotation on ASX.

### **4.2 Shares**

The Company must apply to ASX for, and use its best endeavours to obtain, quotation of any Shares issued on exercise of Options.

## **5. Future issues of Shares**

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### **5.1 New issues**

- (a) There are no participating rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to shareholders of the Company during the currency of the Options.
- (b) The Company will ensure that the record date for determining entitlements to such issue will be at least the minimum number of days after the issue is announced that is required by the Listing Rules (if any).

### **5.2 Bonus issues**

If the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves (Bonus Issue), each Participant holding any Options that

have not expired at the time of the record date for determining entitlements to the Bonus Issue will not be entitled to have issued to them upon exercise of any of those Options the number of Shares that would have been issued under the Bonus Issue had they exercised the Options before the record date.

## **6. Reorganisation of capital**

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In the event of any reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company before the expiry of any Options, the rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

## **7. Advice**

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### **7.1 Company to notify Participants of any adjustment**

The Company will give notice to each Participant of any adjustment to the number of Shares that the Participant is entitled to subscribe for or be issued on exercise of an Option or the exercise price per Share.

### **7.2 Company to provide details of current market price of Shares**

The Company will provide to a Participant upon request, within a reasonable time, either orally or in writing, details of the current market price (in Australian dollars) of the Shares in the Company and details of the Exercise Price in relation to Options held by that Participant.

## **8. Right to accounts**

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The Company will send Participants all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members but Participants will not, by reason only of holding Options, have any right to attend or vote at those meetings.

# Schedule B

Below is a summary of the material differences between the current Constitution and the proposed Constitution of the Company.

## **Unmarketable Parcels**

Both the current and proposed Constitutions contain provisions that permit the Directors to procure the disposal of shares where the shareholder holds less than a marketable parcel of shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than \$500).

Under the proposed Constitution in order to invoke this procedure, the Company must give the holder of less than a marketable parcel (**Minority Member**) at least six weeks notice.

Under the current Constitution, the Board is also required to publish a notice in a newspaper circulating generally in the area of the Minority Member's address in the register of member, stating that the Board intends to sell the unmarketable parcel, the name of the member and the number of shares the Board intends to sell. The requirement of public notice by means of publishing in a newspaper has been dispensed with in the proposed Constitution as it is not a requirement of the Listing Rules.

The current Constitution provides that after giving 35 days notice of the intention to sell an unmarketable parcel, before it can sell the shares the Company must give the member a second written notice, stating that the Company intends to sell the shares, the date on which it intends to sell the shares (at least 15 business days after the date of the notice) and that the Company will not sell the shares if the member gives it written notice that the shareholder intends to keep the shares. Under the proposed Constitution, the Company is entitled to sell the unmarketable parcel at the expiry of the six week period, provided that the Minority Member has not advised the Company that it wishes to retain the members' shares. This provision is consistent with Listing Rule 15.13.3, which provides that the shareholder must be given at least six weeks from the date the notice is sent to tell the Company that the shareholder wishes to retain the shares.

The proposed Constitution specifies a formula for determining the price at which the unmarketable parcel must be sold (**Minimum Sale Price**). This is the weighted average sale price of the shares sold on the ASX during the period of five consecutive trading days immediately preceding the date on which the notice is sent to the Minority Member. The current Constitution does not deal with this matter.

Under the proposed Constitution, for the purposes of effecting the sale, the Minority Member appoints the Company as the Minority Member's agent to sell the shares at a price not less than the Minimum Sale Price and appoints the Company and each director its attorney to transfer the shares from the Minority Member to the purchaser.

## **Proportional Takeovers**

The proposed Constitution includes provisions dealing with a proportional takeover bid. A proportional takeover bid is one in which the offeror offers to buy only a specified proportion of each shareholder's shares.

The Corporations Act permits a company to include proportional takeover provisions in its constitution, but requires these provisions to be renewed every three years by shareholder approval, otherwise they lapse.

The Corporations Act provides that when sending a notice to members on the intention to propose a resolution to insert proportional takeover provisions, the Company must provide certain regulatory information to shareholders, which is set out below.

### *Effect of the proposed proportional takeover provisions*

The proportional takeover provisions in the proposed Constitution enable the shareholders to decide by means of a majority vote, whether they approve or reject a partial takeover offer for the Company's shares.

### *The reasons for proposing the proportional takeover provisions*

As shares in listed companies are often held by a large number of persons, it is possible for a person to gain effective control of the Company while holding less than 50% of its issued voting shares. This can be facilitated by a partial takeover, which allows the offeror to specify the percentage shareholding it wishes to achieve. This can be disadvantageous to shareholders who may not have an opportunity to sell their shares even if there is a risk that the takeover may cause a decrease in the Company's share price.

Shareholders may be pressured into selling their shares even if they did not want control of the Company to pass to an offeror because they do not want to take the risk, if the offer is successful, of being left with a minority interest in the Company, the value of their shares decreasing or their shareholding becoming less attractive and therefore more difficult to sell.

### *Advantages*

The advantages of including proportional takeover provisions in the proposed Constitution are that such provisions:

- enable the Directors to formally ascertain the views of the shareholders in respect of the proportional takeover offer;
- give the shareholders the opportunity to study the offer and then vote on the offer;
- permit a majority of shareholders to prevent a partial takeover if they believe control of the Company should not pass to the offeror; and
- if an offer is rejected by the majority of shareholders, it might encourage any future takeover offers to be on terms attractive to a majority of shareholders.

### *Disadvantages*

The potential disadvantages of the proportional takeover provisions are that:

- it may discourage proportional takeovers by making them more difficult to proceed and may reduce any takeover speculation element in the price of the Company's shares on ASX;
- shareholders who would otherwise accept the offer to sell a portion of their shares will be denied that opportunity where a majority reject the offer;
- the proposed procedure introduces an additional formal mechanism to the existing statutory takeover requirements; and
- the provisions are inconsistent with the principle that a share in a public company should be transferable without the consent of the other shareholders.

As at the date of the Notice, none of the Directors is aware of a proposal by a person to acquire or to increase the extent of a substantial interest in the Company.

### **Sale of main undertaking**

Clause 5.3 of the current Constitution provides that the Company must not sell or dispose of the main undertaking of the Company unless the Company in general meeting ratifies the decision. This requirement has been removed in the proposed Constitution. However, Listing Rule 11.1.2 provides that in the event of a significant change in the nature or scale of the Company's activities, if required by the ASX the Company must get the approval of Shareholders. Therefore, the Board considers that Listing Rule 11.1.2 provides sufficient protection for Shareholders.

**By mail:**  
Innamincka Petroleum 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**



**X999999999999**

**SHAREHOLDER VOTING FORM**

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

**STEP 1 APPOINT A PROXY**

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

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at **2:00pm on Friday, 5 August 2011, at Level 1, 101 Edward Street, Brisbane QLD** and at any adjournment or postponement of the meeting.

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 **X**

**STEP 2 VOTING DIRECTIONS**

**SPECIAL BUSINESS**

Resolutions	For	Against	Abstain*		For	Against	Abstain*
1 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Issue of Options to Mr Adam Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Change of Company Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Issue of Options to Mr David McEvoy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of Options to Mr Anwar Awan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Issue of Options to Mr Shaun Scott	<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 IMPORTANT - VOTING EXCLUSIONS**

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Items 3 and 4 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Items and that votes cast by him/her for those Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 3 and 4 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 3 and 4.

**STEP 4 SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED**

Shareholder 1 (Individual) <input type="text"/>	Joint Shareholder 2 (Individual) <input type="text"/>	Joint Shareholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

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



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

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

### Appointment of a Proxy

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

### Votes on Items of Business - Proxy Appointment

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

### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

### Signing Instructions

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

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

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

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

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

### Corporate Representatives

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

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm on Wednesday, 3 August 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.investorcentre.linkmarketservices.com.au](http://www.investorcentre.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:**

Innamincka Petroleum 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 General Meeting, please bring this form with you.  
This will assist in registering your attendance.