



PETSEC ENERGY LTD

ACN 000 602 700

Notice of 2025 Annual General Meeting

Notice is hereby given that the 2025 Annual General Meeting of members of Petsec Energy Ltd (**Company**) will be held at Level 7, Macquarie Business Centre, 167 Macquarie Street Sydney NSW on Friday, 30th May 2025 at 11.00 am (Sydney Time).

Business

2025 AGM

Financial and Other Reports

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report for the year ended 31 December 2024.

Shareholders will be given a reasonable opportunity to ask questions or make comments on the Reports.

RESOLUTION 1 – RE-ELECTION OF MR DAWES AS A DIRECTOR

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

“That Mr Barry Dawes, who retires as a Director by rotation in accordance with rule 43 of the Constitution, be re-elected as a Director.”

Information regarding Mr Dawes is set out in the Explanatory Notes.

RESOLUTION 2 – APPROVAL OF ISSUE OF OPTIONS TO MR EMMETT, DIRECTOR

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

“That, for the purpose of section 208 of the Corporations Act, and for all other purposes, approval be given for the Company to issue 3,000,000 Options to Mr Brent Emmett, Technical Director on the terms and conditions set out in the Explanatory Notes.”

Information regarding this resolution is set out in the Explanatory Notes.

Voting Exclusion Statements

The Company will disregard any votes cast in favour of the following resolutions:

Resolution 2 by or on behalf of:

- Mr. Emmett and his associates.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Intentions of Chairman

The Chairman intends to vote all undirected proxies in favour of all Resolutions.

Voting at the meeting

1. Under *Corporations Regulation 7.11.37*, the Board of Directors of the Company has determined that a person's entitlement to vote at the meeting will be the entitlement of that person appearing on the register of members at 7.00 p.m. (Sydney Time) on 28 May 2025.
2. On a show of hands you have one vote. On a poll you have one vote per Share you hold in the Company.
3. If Shares are jointly held, only one of the joint holders is entitled to vote.
4. In order to vote, a corporation which is a Shareholder may appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the meeting duly executed evidence of the appointment.
5. The form of proxy accompanies this Notice of Meeting. A member entitled to attend and vote at the meeting has a right to appoint a proxy (individual or body corporate). Any person appointed as 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 and number of votes that each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half of the member's votes. If a member appoints two proxies, neither may vote on a show of hands.
6. To be effective, the form appointing the proxy, together with any authority under which it was executed, or a certified copy of that authority, must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting.

BY MAIL: By using the reply-paid envelope provided
Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX: + 61 2 9290 9655

IN PERSON: Share Registry – Boardroom Pty Limited, Level 8, 210 George Street, Sydney NSW 2000 Australia

VOTE ONLINE: www.votingonline.com.au/petsecagm2025

By order of the Board

Dated this 20th day of April 2025



Paul Gahdmar
Chief Financial Officer &
Company Secretary

EXPLANATORY NOTES

2025 AGM

These Explanatory Notes form part of this Notice of Meeting and should be read in conjunction with it.

Resolutions 1 and 2 are ordinary Resolutions, which requires a simple majority of votes to be cast in favour by Shareholders entitled to vote on the Resolution.

RESOLUTION 1 – RE-ELECTION OF MR DAWES AS A DIRECTOR

Rule 43 of the Company's Constitution requires that an election of Directors take place each year. In accordance with this rule, Mr Dawes will stand for re-election.

Mr Dawes joined the board on 30 September 2020 and is a graduate of Sydney University in Geology with studies in Economics and Geography at ANU and has over 40 years' experience in the resources investment sector.

Mr Dawes has worked in senior executive roles in investment management with BT Australia, equities research for Deutsche Bank and equities research and corporate finance for Macquarie Bank. He is the founder and principal of Martin Place Securities, a specialised small cap resources stock broking firm set up in 2000.

Mr Dawes is an independent Director.

RECOMMENDATION: The Directors, other than Mr Dawes, recommend that Shareholders vote in favour of the re-election of Mr Dawes.

RESOLUTION 2 – APPROVAL OF ISSUE OF OPTIONS TO MR EMMETT, DIRECTOR (RELATED PARTY)

Resolution 2 seeks shareholder approval for the issue of 3 million Related Party Options to a Director of the Company.

2.1 Background

The Company proposes to issue 3 million Related Party Options to Mr Brent Emmett for his role as Technical Director of the Company. The Options will be issued, subject to obtaining Shareholder approval, in lieu of the payment of director fees.

Mr Emmett, along with the other Directors, has graciously accepted that no cash remuneration will be provided until the Company achieves substantial free cashflow and restores profitability. Historically, Australian directors of the Company have received a director fee of \$65,000 per annum.

The Options will be issued outside the Petsec Employee Option Plan (**EOP**) as set out below.

Section 208 of Chapter 2E of the Corporations Act provides that for a public company to give a financial benefit to a related party of the public company, the company must:

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

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act. None of the exceptions are relevant in this case.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities. For the purposes of this meeting, a "related party" includes a director of the Company. Accordingly, the proposed issue of Options to Mr Emmett involves the provision of a financial benefit to a related party of the Company.

It is the view of the Directors that the exceptions to section 208 which are listed in the Corporations Act do not apply. Accordingly, the Directors have determined to seek Shareholder approval for the purposes of Chapter 2E of the Corporations Act for the issue of Options to Mr Emmett.

2.2 Technical Information

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Related Party Options to Mr Emmett within one month after the date of the Meeting.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Related Party Options to Mr Emmett in lieu of cash payments for his directors' fee and will need to satisfy the payment of these fees out of the Company's very limited cash reserves, otherwise he may resign.

2.3 Technical Information Required by Sections 217 to 227 of the Corporations Act

Additional information required by sections 217 to 227 of the Corporations Act in relation to the proposed issue of Options to Mr Emmett is set out below:

- (a) Mr Emmett is a related party by virtue of being a director.
- (b) The maximum number of Options (being the nature of the financial benefit being provided) to be granted to Mr Emmett is set out below:

Maximum Number	Consideration Price	Exercise Price	Vesting	Expiry
Pool B 3,000,000	\$0.0001	\$0.001	- 1,000,000 Options vest 12 months after the issue date. - A further 1,000,000 Options vest 24 months after the issue date; and - A further 1,000,000 Options vest 36 months after the issue date.	Four (4) years from the date of issue of the Options

- (c) The Options will be granted no later than one month after the date of the Meeting.
- (d) The Options will be granted for a total cash consideration of \$300.
- (e) The terms and conditions of the Options are set in Annexure A.
- (f) The value of the Options and the pricing methodology is set out in Annexure B.
- (g) The valuation of the Options has been conducted using the Black-Scholes model, which incorporates key inputs including the share price, exercise price, time to expiration, volatility, risk-free interest rate, and dividends. These factors materially influence the calculated fair value of the Options.

Due to the Company's delisting from the Australian Securities Exchange (ASX) on 3 April 2022, there is no actively traded market price available. As a result, the share price used in the valuation has been referenced to the most recent off-market transaction, which the Company considers to be the best available indicator of fair value.

Furthermore, the historical volatility rate has been determined based on trading activity over the 18-month period preceding the Company's suspension from trading. This approach aims to provide a reasonable estimate of expected price fluctuations in the absence of current market data.

This valuation has been prepared in accordance with relevant accounting standards, including AASB 2 Share-based Payment and AASB 13 Fair Value Measurement, where applicable. The Company acknowledges that valuation methodologies involve inherent estimation uncertainty, and actual market conditions may differ from the assumptions used.

- (h) Mr Emmett presently has no relevant interests in the Ordinary Shares of the Company.
- (i) No cash remuneration has been paid to Mr Emmett by the Company since his appointment in 2020.
- (j) Mr Emmett holds 6 million Options (3 million Pool A Options and 3 million Pool B Options). These Options were initially granted to him in June 2021, following approval by Shareholders at the 28 May 2021 General Meeting, in lieu of the payment of director fees.

The Pool A Options lapsed without being exercised in June 2024. These were subsequently replaced with the grant of 3 million Pool A Options in June 2024, following Shareholder approval at the General Meeting held on 8 May 2024. The new Pool A Options have an expiry date of 17 June 2027.

The Pool B Options are anticipated to lapse without being exercised on 14 June 2025.

- (k) If the Options granted to Mr Emmett are exercised, a total of 3 million Shares would be issued. This will increase the number of Shares on issue from 501,071,218 to 504,071,218 (assuming that no other Options are exercised, and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.6%.

RECOMMENDATION: The Directors (other than Mr Emmett, who has an interest in the matter) recommend that Shareholders vote in favour of Resolution 2.

This recommendation is based on the following considerations:

1. The Board considers that the issue of Options on the terms proposed will help to align the interests of Mr Emmett with those of Shareholders, as the Board seeks to add value for Shareholders.
2. If the Company is unable to issue the Options to Mr Emmett in lieu of cash payments for his director's fee, it will have to rely on its limited cash reserves, which may lead to his resignation.
3. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolution 2.

GLOSSARY

\$ or cents means Australian Dollars or Cents, unless otherwise indicated.

AGM or Annual General Meeting means the meeting convened by the Notice of Meeting.

Board means the current board of directors of the Company.

Chairman means the Chairman of the Board.

Company means Petsec Energy Ltd ACN 000 602 700.

Constitution means the Company's constitution.

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

Directors mean the current directors of the Company.

Explanatory Notes means the explanatory notes accompanying the Notice of Meeting.

Key Management Personnel has the same meaning given in the accounting standards. Broadly speaking this includes the Directors and those other persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Key Management Personnel for the financial year ended 31 December 2024 (as applicable).

Notice of Meeting means this notice of meeting including the Explanatory Notes.

Option means an option to acquire a Share.

Resolution means a resolution set out in the Notice of Meeting.

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

Shareholder means the holder of a Share.

Sydney Time means the time in Sydney, New South Wales, Australia.

US\$ means US dollars, the currency of the United States of America.

Annexure A

Issue of Options to Directors

The terms and conditions of the Options pursuant to Resolution 2 are:

1. 3,000,000 Options will be issued to the Company's Technical Director, Mr Brent Emmett.
2. Issue of the Options is conditional upon Shareholder approval being obtained at the Company's General Meeting.
3. Each Option will be issued for a consideration price of \$0.0001 per Share.
4. Each Option has an exercise price of \$0.001 per Share.
5. Each Option entitles the option holder to subscribe for and be allotted one Share at the exercise price for the Option.
6. Options vest as follows (for each Director):
 - 1,000,000 Options vest 12 months after the issue date.
 - A further 1,000,000 Options vest 24 months after the issue date; and
 - A further 1,000,000 Options vest 36 months after the issue date.
7. Options will expire at 5.00 pm Sydney time on the date which is four (4) years from the date of the issue of the Options (Expiry Date).
8. The Options are exercisable at any time prior to the Expiry Date by completing a notice in writing (Option Notice) stating the intention of the option holder to exercise all or a specified number of Options held and delivering it to the registered office of the Company accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares.
 The Option Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held.
9. The Options are not assignable or transferable without the prior written consent of the Directors.
10. The Options will be unlisted upon grant. No application for quotation of the Options will be made.
11. All Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares.
12. There are no participating rights or entitlements inherent in the Options and the option holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. The option holder will be notified of the proposed issue at least ten business days before the record date. This will give the option holder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue.
13. In the event of any reorganisation (including consolidation, sub-division, reduction, or return) of the issued capital of the Company prior to the Expiry Date, the rights of the option holder will be changed to the extent necessary to comply with the Corporations Act applying to a reorganisation of capital at the time of the reorganisation.

14. If there is a pro rata issue (except a bonus issue) to Shareholders, the exercise price of an Option will be reduced according to the following formula:

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

O = the old exercise price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the five 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.

15. If there is a bonus issue to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares that the option holder would have received if the Option had been exercised before the record date for the bonus issue.
16. Shares allotted and issued under the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option Notice and the exercise price in respect of the Option.
17. The exercise of Options by an option holder is subject at all times to the Corporations Act.

ANNEXURE B**Valuation of Options**

The Options to be issued to Mr Emmett pursuant to Resolution 2 have been valued using the Black Scholes option valuation methodology.

Using the Black Scholes option model and based on the assumptions set out below, the Options were ascribed the following values:

Assumptions	
Valuation date	5 March 2025
Market price of Shares (closing price) ¹	\$0.001
Number of Options	3,000,000
Consideration Price	\$0.0001
Exercise Price	\$0.001
Vesting Date	5 March 2026
Expiry Date	5 March 2029
Risk free interest rate	3.754%
Volatility	86.6%
Indicative value per Option	\$0.00052
Total value of Options	\$1,559

Note: The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.

1. The market price of the Company's shares has been determined at \$0.001 per share based on the last registered sale price recorded in December 2024 through an off-market transfer.