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Byron Energy Limited
ACN 113 436 141
(Company)

Notice of annual general meeting

Notice is given that the annual general meeting of the Company will be held virtually on 29 November 2021 at 11am (Sydney time).

Due to the current climate caused by the global COVID-19 pandemic and in response to the government's restrictions as at the date of this Notice and the potential health risks associated with the pandemic, the Company's AGM will be held virtually this year. There will not be a physical meeting where Shareholders can attend, but Shareholders may participate in the meeting online at https://web.lumiagm.com/375827101.

The online platform will allow Shareholders to view, ask questions and vote during the AGM. Further details on how to participate and an online user guide will be published at http://www.byronenergy.com.au/2021-agm/

To participate in the AGM, Shareholders will need the following details:

Meeting ID: 375-827-101

Australian Residents	Username – Voting Access Code (VAC*) and Password (postcode of your registered address) *Voting Access Code (VAC) can be located on the first page of your proxy form or on your notice of meeting email
Overseas Residents	Username – Voting Access Code (VAC*) and Password (three character country code e.g. New Zealand – NZL. A full list of country codes can be found at the end of this guide.) *Voting Access Code (VAC) can be located on the first page of your proxy form or on your notice of meeting email). A full list of country codes can be found at the end of the online user guide.
Appointed Proxy	To receive you Username and Password, please contact our share registry, Boardroom Pty Ltd on 1300 737 760 or +61 2 9260 9600 between 8:30am to 5:30pm (Sydney time) Monday to Friday the day before the meeting.

In the event that it is necessary for the Company to give further updates, information will be provided on the Company's website at https://www.byronenergy.com.au and lodged with the Australian Securities Exchange (**ASX**).

Annual financial and other reports

To receive the Company's financial report, directors' report and auditor's report for the financial year ended 30 June 2021.

Resolution 1 — Adoption of remuneration report

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

> *"That the remuneration report for the year ended 30 June 2021 be adopted."*

Note: The remuneration report is set out on pages ***41-46*** of the Company's 2021 Annual Report, which is available on the Company's website at www.byronenergy.com.au. The vote on this resolution is advisory only and does not bind the directors or the Company.

Resolution 2 — Re-election of Doug Battersby

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

> *"That Doug Battersby, who retires by rotation in accordance with clause 16.1 of the Company's constitution and, being eligible, stands for re-election, be re-elected as a director of the Company."*

Resolution 3 — Re-election of Prent Kallenberger

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

> *"That Prent Kallenberger, who retires by rotation in accordance with clause 16.1 of the Company's constitution and, being eligible, stands for re-election, be re-elected as a director of the Company."*

Resolution 4 — Additional capacity to issue ordinary shares

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

> *"That additional capacity to issue ordinary shares in the Company under rule 7.1A of the ASX Listing Rules for cash or non-cash consideration at any time during the next 12 months (or until a transaction under rule 11.1.2 or 11.2 is approved by the shareholders of the Company), be approved for the purpose of rule 7.1A, and for all other purposes."*

Resolution 5 — Approval of loan to Maynard Smith

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

> *"That, for the purposes of sections 260B and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to provide financial assistance and financial benefit to Maynard Smith (or his nominee) as constituted by the making of a loan for the sole purpose of exercising 8,400,000 options over ordinary shares in the Company, in the amounts and on the terms and conditions set out in the explanatory statement."*

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Resolution 6 — Approval of loan to Prent Kallenberger

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

> *"That, for the purposes of sections 260B and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to provide financial assistance and financial benefit to Prent Kallenberger (or his nominee) as constituted by the making of a loan for the sole purpose of exercising 8,400,000 options over ordinary shares in the Company, in the amounts and on the terms and conditions set out in the explanatory statement."*

Resolution 7 — Approval of loan to William Sack

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

> *"That, for the purposes of sections 260B and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to provide financial assistance and financial benefit to William Sack (or his nominee) as constituted by the making of a loan for the sole purpose of exercising 8,400,000 options over ordinary shares in the Company, in the amounts and on the terms and conditions set out in the explanatory statement."*

Resolution 8 — Approval of loan to senior managers and consultants

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

> *"That, for the purposes of section 260B of the Corporations Act and for all other purposes, approval is given for the Company to provide financial assistance and financial benefit to senior managers and consultants of the Company as identified in the explanatory statement (or their nominees) as constituted by the making of a loan for the sole purpose of exercising 15,900,000 options over ordinary shares in the Company, in the amounts and on the terms and conditions set out in the explanatory statement."*

21 October 2021

By order of the board



.....
Nick Filipovic
Company Secretary

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Proxy voting and entitlement to vote:

1. A member entitled to attend and vote at this meeting is entitled to appoint one proxy or, if the member is entitled to cast two or more votes at the meeting, two proxies to attend and vote on behalf and instead of the member.

2. Where two proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.

3. A proxy need not be a member.

4. A proxy form accompanies this notice. To be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting, namely by 11am (Sydney time) on 27 November 2021.

   Proxy forms may be lodged using the enclosed reply paid envelope or:

   (a) by hand delivery to Byron Energy Limited, C/- Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000;

   (b) by post to Byron Energy Limited, C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001;

   (c) by facsimile to +61 2 9290 9655; or

   (d) online at ***https://www.votingonline.com.au/byronenergyagm2021***

5. A determination has been made by the board of directors of the Company under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that those persons who are registered as the holders of shares in the Company as at 7pm (Sydney time) on 27 November 2021 will be taken to be the holders of shares for the purposes of determining voting entitlements at the meeting.

6. In current pandemic climate, you are strongly encouraged to vote your shares by proxy well in advance of the date of the meeting.

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Voting exclusion statement:

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the resolutions. The Company will disregard any votes cast in favour of the following resolutions by or on behalf of the following persons:

Resolution	Excluded Party(s)
Resolution 1	None
Resolution 2	None
Resolution 3	None
Resolution 4	Any person who is expected to participate in, or who will obtain a material benefit (except a benefit solely by reason of being a holder of ordinary shares in the Company) as a result of, the proposed issue, or an associate of such a person
Resolution 5	None
Resolution 6	None
Resolution 7	None
Resolution 8	None

However, the Company need not disregard a vote in relation to a resolution if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy or attorney to vote on the resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction on the proxy form to vote 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.

For the purposes of sections 250BD and 250R of the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel of the Company, details of whose remuneration are included in the Remuneration Report or a closely related party of such a member (**Excluded Person**).

An Excluded Person may cast a vote as a proxy if the vote is not cast on behalf of an Excluded Person and either:

- the Excluded Person is appointed as a proxy by writing that specifies how the Excluded Person is to vote on Resolution 1; or

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- the Excluded Person is the chair of the meeting and the appointment of the chair as proxy does not specify the way the chair is to vote on Resolution 1 and expressly authorises the chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

For the purposes of sections 250BD and 260B of the Corporations Act, the Company will disregard any votes cast on:

- Resolution 5 by an Excluded Person and any of Maynard Smith's associates;
- Resolution 6 by an Excluded Person and any of Prent Kallenberger's associates;
- Resolution 7 by an Excluded Person and any of William Sack's associates; and
- Resolution 8 by an Excluded Person and any of the associates of senior managers or consultants who will acquire shares as a result of the proposed loan.

However, the Company need not disregard a vote if:

- it is cast by an Excluded Person who is not:
    - Maynard Smith, in respect of Resolution 5;
    - Prent Kallenberger, in respect of Resolution 6;
    - William Sack, in respect of Resolution 7; and
    - A senior manager who will acquire shares as a result of the proposed loans, in respect of Resolution 8,

    as a proxy for a person who is entitled to vote on that Resolution, in accordance with the directions on the proxy form; or
- it is cast be the chair of the meeting as proxy for a person who is entitled to vote, and the appointment of the chair as proxy does not specify the way the chair is to vote on the Resolutions and expressly authorises the chair of the meeting to exercise the proxy even if Resolutions 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

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Explanatory statement

1. General information

This explanatory statement is an important document and should be read carefully. It comprises part of, and should be read in conjunction with, the notice of annual general meeting of Byron Energy Limited (**Company**) to be held virtually on 29 November 2021.

If you do not understand its contents or are not sure what to do, you should consult your stockbroker or other professional adviser.

If you have any questions regarding the matters set out in this explanatory statement (or elsewhere in the notice of annual general meeting), you may contact the Company's share registrar, Boardroom Pty Limited, as follows:

Telephone: 1300 737 760 (within Australia)

+61 2 9290 9600 (outside Australia)

between 8:30 am and 5:00 pm (Sydney time) Monday to Friday (except public holidays).

2. Resolution 1 — Adoption of remuneration report

There will be an opportunity for shareholders at the annual general meeting (**Meeting**) to comment on and ask questions about the remuneration report, which appears on pages ***41-46*** of the Company's 2021 Annual Report.

The vote on the proposed resolution adopting the remuneration report is advisory only and will not bind the Company or its directors. However, the board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy and practices.

The *Corporations Act 2001* (Cth) (**Corporations Act**) contains a 'two strikes' rule in relation to remuneration reports. Briefly, if at two consecutive AGMs of the Company 25% or more votes are cast against the resolution that the Company's remuneration report be adopted, a 'spill resolution' must be put to the vote at the second meeting. The spill resolution is that another meeting of the Company's members be held within 90 days to consider the appointment of new directors in place of those directors (other than the managing director) who were directors at the time the resolution was passed to make the directors' report (including the remuneration report).

At the Company's 2020 AGM, less than 25% of votes were cast against the resolution that the remuneration report be adopted. Accordingly, there is no requirement to allow for a possible spill resolution at this year's AGM.

Directors' recommendation

The directors recommend that shareholders entitled to vote, vote in favour of resolution 1.

3. Resolution 2 — Re-election of Doug Battersby

Clause 16.1 of the Company's constitution states that at each AGM of the Company one third of the directors or, if their number is not a multiple of 3, then the number nearest to but not less than one third must retire from office. A retiring director is eligible to stand for re-election.

In accordance with these requirements, Doug Battersby retires by rotation at this year's AGM and, being eligible, stands for re-election.

Doug Battersby has been a director of the Company since 18 March 2013.

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Mr Battersby is a petroleum geologist with over forty years' technical and managerial experience in the Australian and international oil and gas industry. Mr Battersby co-founded two ASX listed companies (Eastern Star Gas Limited, which was taken over by Santos Limited in November 2011, and SAPEX Limited, which was taken over by Linc Energy Limited in October 2008), and two private oil and gas exploration/development companies, Darcy Energy Limited, which was sold to I B Daiwa Corporation in 2005 and Byron Energy (Australia) Pty Ltd where he was Executive Chairman until Byron Energy (Australia) Pty Ltd merged with Trojan Equity Limited to create Byron Energy Limited. Between 1990 and 1999, Mr Battersby was Technical Director at Petsec Energy Limited, an ASX listed operator in the shallow waters of the Gulf of Mexico with production reaching 100 MMcf per day of gas and 9,000 barrels of oil per day in 1997.

Mr Battersby holds a Master of Science degree in Petroleum Geology and Geochemistry from Melbourne University.

Directors' recommendation

The directors (other than Doug Battersby) recommend that shareholders vote in favour of Resolution 2.

4. Resolution 3 — Re-election of Prent Kallenberger

Clause 16.1 of the Company's constitution states that at each AGM of the Company one third of the directors or, if their number is not a multiple of 3, then the number nearest to but not less than one third must retire from office. A retiring director is eligible to stand for re-election.

In accordance with these requirements, Prent Kallenberger retires by rotation at this year's AGM and, being eligible, stands for re-election.

Prent Kallenberger has been a director of the Company since 18 March 2013.

Prent Kallenberger is a geoscientist with over thirty years of experience in the oil and gas industry with extensive exploration and development experience in the Gulf of Mexico and California. He was Vice President of Exploration with Byron Energy (Australia) Pty Ltd until Byron Energy (Australia) Pty Ltd merged with Trojan Energy Limited to create Byron Energy Limited. He is currently the Company's Chief Operating Officer.

Mr Kallenberger holds a Bachelor of Science degree in Geology from Boise State University and a Master of Science degree in Geophysics from Colorado School of Mines.

Directors' recommendation

The directors (other than Prent Kallenberger) recommend that shareholders vote in favour of resolution 3.

5. Resolution 4 — Additional capacity to issue ordinary shares

Background

Rule 7.1A enables eligible entities to issue equity securities up to 10% of its issued share capital through placements over a 12 month period after the Meeting without further Shareholder approval (**10% Placement Capacity**).

The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Rule 7.1.

Resolution 4 seeks Shareholder approval by way of Special Resolution for the Company to have the additional 10% capacity provided for in ASX Listing Rule (**Rule**) 7.1A to issue equity securities without Shareholder approval.

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If Resolution 4 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Rules 7.1 and 7.1A without any further Shareholder approval. If Resolution 4 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Rule 7.1.

15% capacity under Rule 7.1

Rule 7.1 of the ASX Listing Rules limits the number of equity securities that a company may issue without shareholder approval during any 12 month period to 15% of variable **A** in Rule 7.1, being:

(a) the number of the company's fully paid ordinary securities on issue at the start of the relevant period; plus

(b) the number of fully paid ordinary securities issued during the relevant period under an exception in Rule 7.2 (other than exceptions 9, 16 or 17); plus

(c) the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Rule 7.2 exception 9, where:

(1) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or

(2) the issue of, or agreement to issue, the convertible securities was approved, or taken under the Rules to have been approved, under Rules 7.1 or 7.4; plus

(d) the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Rule 7.2 exception 16 where:

(1) the agreement was entered into before the commencement of the relevant period; or

(2) the agreement or issue was approved, or taken under the listing rules to have been approved, under Rule 7.1 or 7.4; plus

(e) the number of any other fully paid ordinary securities issued in the relevant period with approval under Rules 7.1 or 7.4; plus

(f) the number of partly paid ordinary securities that become fully paid during the relevant period; less

(g) the number of fully paid ordinary securities cancelled during the relevant period.

The number of equity securities that the Company issues or agrees to issue without shareholder approval under Rule 7.1 (and which are not issued under an exception in Rule 7.2) during the period uses up the 15% capacity for that period and is subtracted from the above calculation.

Background to Rule 7.1A and eligibility

In August 2012, the ASX Listing Rules were amended to introduce a new Rule 7.1A which allows an 'eligible entity' to issue an additional 10% of its share capital above the 15% limit allowed under Rule 7.1, provided shareholders have approved in advance the additional capacity by special resolution passed at a meeting of shareholders.

An eligible entity includes a listed company which, as at the date of the special resolution, is not included in the S&P/ASX300 Index and has a market capitalisation no greater than the prescribed amount (currently $300 million). At the date of this notice of meeting, the Company is an eligible

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entity and is expected to remain so by the time of the Meeting. However, if it does not, Resolution 4 will be withdrawn.

Calculation under rule 7.1A

Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

(A x D) – E

A has the same meaning as in Rule 7.1 (which is set out above)

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Rule 7.4.

The only equity securities in the Company that are currently quoted on ASX are fully paid ordinary shares. As at the date of this notice of Meeting, the Company has 1,040,295,102 Shares on issue.

Specific information required by Rule 7.3A

The following information is provided for the purposes of Rule 7.3A:-

Minimum Price

(a) The equity securities to be issued under the 10% Placement Capacity will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities over the 15 trading days on which trades in the relevant class of equity securities were recorded immediately before:

(1) the date on which the price at which the equity securities are to be issued is agreed; or

(2) if the equity securities are not issued within ten trading days of the date in paragraph (a)(i) above, the date on which the equity securities are issued.

Date of Issue

(b) Shareholder approval of the 10% Placement Capacity under Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

(1) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;

(2) the time and date of the Company next annual general meeting; or

(3) the time and date of the approval by shareholders of a transaction under Rule 11.1.2 (a significant change to the nature or scale of activities) or Rule 11.2 (disposal of main undertaking),

(**10% Placement Period**).

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Risk of voting dilution

There is a risk of economic and voting dilution to the shareholders of the Company were additional ordinary shares to be issued under Rule 7.1A.2, including the risk that:

(a) the market price for the Company's equity securities may be significantly lower on the issue date than on the date of the approval under Rule 7.1A; and

(b) the equity securities may be issued at a price that is at a discount to the market price for the Company's quoted equity securities on the issue date.

As required by Rule 7.3A.4, set out below is a table showing the potential dilution of shareholders if the Company issues fully paid ordinary shares up to the maximum additional capacity under rule 7.1A in the 12 months following the Meeting.

Variable A in Rule 7.1A.2		**Issue price for each share**		
		$0.0725 (50% decrease in current market price)	**$0.145 (current market price)**	**$0.29 (100% increase in current market price)**
1,040,295,102 shares (current)	**Shares issued**	104,029,510 shares	104,029,510 shares	104,029,510 shares
	Funds raised	$7,542,139	$15,084,279	$30,168,558
1,560,442,653 shares (50% increase)	**Shares issued**	156,044,265 shares	156,044,265 shares	156,044,265 shares
	Funds raised	$11,313,209	$22,626,418	$45,252,837
2,080,590,204 shares (100% increase)	**Shares issued**	208,059,020 shares	208,059,020 shares	208,059,020 shares
	Funds raised	$15,084,279	$30,168,558	$60,337,116

Note: The above table is based on the current issued share capital of the Company of 1,040,295,102 fully paid ordinary shares (at 12 October 2021), variable A currently being 1,040,295,102 and the price for the Company's shares being $0.145 each (based on the closing sale price of the Company's shares on ASX on 12 October 2021), and assumes there is no change to the total issued share capital of, or shareholdings, in the Company from the date of the notice of meeting until 29 November 2022 (being the date which is 12 months after the date of the Meeting), other than as noted in the above table.

Purpose of Issue under 10% Placement Capacity

The Company may issue ordinary shares under Rule 7.1A for the purpose of:

(a) providing the Company with funds to assist it develop its business and/or meet its strategic goals;

(b) providing the Company with funds for general working capital purposes; and

(c) raising funds for an acquisition or to assist the Company make an acquisition, or as consideration for an acquisition, or partly to raise funds and partly as consideration, for an acquisition.

Allocations under the 10% Placement Capacity

The Company's allocation policy for issues under the approval (if resolution 4 is passed) is as follows where the purpose of the issue is to raise funds:

(a) Allocations will depend on the prevailing market conditions at the time of any proposed issue.

(b) The identity of the persons to be offered shares will be determined on a case by case basis having regard to a number of factors including the methods of raising funds that are available to the Company at the time, the potential effect of the issue on the control of the Company, the financial position of the Company and advice from stockbrokers and other corporate or financial advisers. However, it is likely that the Company would only offer shares to sophisticated investors, experienced investors and/or professional investors for the purposes of sections 708(8) to 708(11) of the Corporations Act.

(c) Directors and other related parties of the Company will not be issued equity securities without Shareholder approval unless an exception under Rule 10.12 applies.

If the Company makes an acquisition in exchange for shares to be issued under the approval, it is likely that the persons to be issued the shares will be those who are interested in the acquisition e.g. sellers of assets, officers and employees of acquired businesses, and providers of resources.

Previous Approval under Rule 7.1A

At the date of the notice of Meeting, the Company does not have any specific intention to offer or issue any shares under the approval, nor has it any specific intention in relation to the parties that it may approach to participate in an offer of shares under the approval. Further, the Company has not formed an intention to offer shares to any particular class or group of existing Shareholders, or to offer shares just to new investors who have not previously been Shareholders of the Company.

The Company previously obtained approval under Rule 7.1A at the annual general meeting held on Thursday, 26 November 2020. Since that meeting, the Company has not issued any equity securities.

Directors' recommendation

The directors recommend that shareholders entitled to vote, vote in favour of resolution 4.

6. Resolutions 5 – 8 — approval of loans to directors, senior managers and consultants

Background

At general meetings of the Company held on 18 September 2017 and 20 November 2018, shareholders approved the grant of 39,100,000 unlisted options (**Options**) to Maynard Smith, Prent Kallenberger, William Sack, their associates, and certain senior managers and consultants of the Company or their respective nominees (**Borrowers**). A further 2,000,000 Options were issued to employees of the Company (also Borrowers) without shareholder approval.

The expiry date of the Options is 31 December 2021. The exercise price and summary of holding of the Options is as follows:

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Optionholder	Associate	$0.12	$0.16	$0.40	Total
Maynard Smith		6,300,000	-	2,100,000	8,400,000
William Sack		6,300,000	-	2,100,000	8,400,000
Prent Kallenberger		5,900,000	-	2,100,000	8,000,000
Nick Filipovic		3,780,000	-	1,000,000	4,780,000
Anita Munoz		1,575,000	-	600,000	2,175,000
Francisco Munoz		1,575,000	-	600,000	2,175,000
David London		1,000,000	-	-	1,000,000
Wendy Love		788,296	-	-	788,296
Love Super Services Pty Ltd		471,704	-	-	471,704
Sandra Forryan		260,000	-	-	260,000
Maxwell Kallenberger		200,000	-	-	200,000
Montgomery and Caitlin Gossen		200,000	-	-	200,000
Christopher Decuir		-	2,000,000	600,000	2,600,000
Sandra Forryan		-	-	400,000	400,000
Kim Carrier		-	-	250,000	250,000
Herbert Erwin		-	-	1,000,000	1,000,000
Total		28,350,000	2,000,000	10,750,000	41,100,000

Proposed terms of loans

The directors (other than Messrs Smith, Kallenberger and Sack) propose, subject to shareholder approval, to make available to each of the Borrowers or their respective nominees a loan for the sole purpose of funding the exercise of the Options.

It is proposed that the loan will have the following terms:-

(a) Principal Sum: Total exercise price of the Options each Borrower holds.

(b) Interest Rate: Nil.

(c) Term 3 years.

Sums advanced under the loans may only be used for the purpose of exercising the Options and acquiring the shares issued as a consequence of the exercise of Options (**Loan Funded Shares**).

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Section 259B(1) of the Corporations Act prohibits the Company from taking security over its own shares except as permitted by section 259B(2) or section 259(3). As neither of these exceptions apply, the loans cannot be secured by the Company taking security over the Loan Funded Shares.

At the end of the term, each Borrower is required to repay the amounts outstanding under the loans. If a Borrower does not repay a loan, the Company may demand that a Borrower dispose of sufficient Loan Funded Shares to satisfy up to the total amount owing under the loan. The Company's recourse against each Borrower for repayment of the Loans is limited to the proceeds of the disposal of the Loan Funded Shares. The Company may further request that each Borrower enter into voluntary escrow arrangements with respect to its Loan Funded Shares.

The loans will also be repayable in the following circumstances:

- where the Loan Funded Shares are disposed by a Borrower, the proceeds of that disposal (net of tax and brokerage) must be applied to the repayment of the loan;
- where any dividends, or other distributions, are payable to a Borrower, the Company may set off any such amounts against the loan;
- where a Borrower suffers and insolvency event, or is otherwise in default of the loan agreement, the Company can demand that the Borrower dispose of such number of Loan Funded Shares necessary to repay the loan, together with any accrued interest; and
- where a Borrower is in default of the loan agreement, any remuneration or bonuses payable to the Borrower may be set off by the Company against the outstanding loan.

However, in each instance, where the Borrower has disposed of the Loan Funded Shares, the recourse of the Company against the Borrower will be limited to the proceeds of the sale of those Loan Funded Shares (net of any tax or brokerage payable on the disposal of those Loan Funded Shares).

Rationale and advantages for the loans

The directors (other than Messrs Smith, Kallenberger and Sack) propose to make the loans for the following reasons:-

(a) The loans may only be applied to exercising the Options.

(b) As the loan funds are used for payment of the exercise price payable on exercise of the Options, the funds will be immediately returned to the Company in the form of subscription money. The granting of the loans will therefore involve no cash outflow (other than in respect of any costs associated with the granting of the loans which are not expected to be material).

(c) The exercise of the Options will further promote the alignment of interests of the Borrowers and the Company via increased shareholdings.

(d) The directors believe the commercial terms of the loans are reasonable in the circumstances.

(e) Whilst the loans are not secured, the Company will have limited recourse to the proceeds of the sale of the Loan Funded Shares, and may request that the Borrowers enter into voluntary escrow arrangements.

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(f) It is common for companies to grant loans to directors, senior managers and consultants for the acquisition of securities at the same time as the grant of the securities, on terms broadly similar than the proposed terms of the loans.

(g) If the loans are not provided, the Borrowers may seek to fund the exercise of the Options via the sale of some or all of the Options, or the underlying shares. The directors (other than Messrs Smith, Kallenberger and Sack) believe that having the Options exercised, and the underlying shares held, by supportive and aligned directors, senior managers and consultants is in the interests of all shareholders.

Disadvantages of the loans

The directors (other than Messrs Smith, Kallenberger and Sack) believe that the key disadvantages of the loans is that:

(a) providing the loans effectively deprives the Company of the A$8.022 million of cash proceeds that it would have received had the Options been exercised for cash without the loans, until such time as the loans are repaid; and

(b) given the Company has limited recourse to the proceeds of the sale of the Loan Funded Shares, where the proceeds of such sale are less than the loan, the Company would need to write off a portion of the loans.

Financial effect of making the loans

Upon issue of the Loan Funded Shares, the Company's books of account will reflect an increase in contributed equity and, until such time as the loans and any interest is repaid, an asset in the form of the loans.

Sections 260A and 260B of the Corporations Act

The provision of the loans to fund the exercise of the Options and consequent acquisition of the Loan Funded Shares will constitute 'financial assistance' for the purposes of Part 2J.3 of the Corporations Act.

Section 260A of the Corporations Act states that a company may financially assist a person to acquire shares in the company only if:

(a) giving the assistance does not materially prejudice the interest of the company or its shareholders or the company's ability to pay its creditors;

(b) the assistance is approved by the shareholders under section 260B; or

(c) the assistance is exempt under section 260C.

Section 260B of the Corporations Act states that, for a company to financially assist a person to acquire shares in itself, the financial assistance must be approved by special resolution of the company's shareholders, with no votes being cast in favour of the resolution by the person acquiring the shares or their associates.

Accordingly, the Company seeks approval under section 260B of the Corporations Act for the financial assistance constituted by the loans.

Chapter 2E of the Corporations Act (Resolutions 5, 6 and 7 only)

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For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, Chapter 2E (in particular section 208) of the Corporations Act requires that the public company or entity must:

(a) obtain the approval of the public 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.

The provision of the loans to enable the exercise of the Options constitutes giving a financial benefit and Messrs Smith, Kallenberger and Sack are related parties of the Company by virtue of being directors.

As Messrs Smith, Kallenberger and Sack, their associates, or their nominees would be related parties who receive a financial benefit, Shareholder approval is sought pursuant to Chapter 2E of the Corporations Act.

Specific information required under section 219 of the Corporations Act

For the purpose of section 219 of the Corporations Act, information regarding the grant of the loans is provided as follows:

(a) *The related party to whom the proposed resolution will permit a financial benefit to be given to:*

The proposed financial benefits given under Resolutions 5, 6 and 7 will be given to Messrs Smith, Kallenberger and Sack or their respective nominees. Maxwell Kallenberger, and Montgomery and Caitlin Gossen also deemed related parties of Mr Kallenberger under section 228 of the Corporations Act.

(b) *The nature of the financial benefit:*

The nature of the financial benefit to be given is the grant of the loans on the terms set out in this Explanatory Statement, being the loans by the Company to each of Messrs Smith, Kallenberger and Sack, their associates, or their respective nominees, in an amount equal to the total exercise price of the Options each of them, and their nominees, holds.

(c) *Director recommendations*

The directors, other than Messrs Smith, Kallenberger and Sack, recommend that Shareholders vote in favour of Resolutions 5, 6, 7 and 8.

Messrs Smith, Kallenberger and Sack do not make a recommendation with regards to resolutions 5, 6 and 7 as they have a material personal interest in the outcome of those resolutions.

(d) *The directors' interests in the outcome of the resolution:*

Messrs Smith, Kallenberger and Sack have a material personal interest in the outcome of Resolutions 5, 6 and 7 respectively on the basis that they, their associates, or their

respective nominees, would be granted the loans in order to exercise the Options and acquire the Loan Funded Shares.

The remaining directors (i.e. other than Messrs Smith, Kallenberger and Sack) have no personal interest in the outcome of Resolutions 5, 6 and 7.

(e) *Other information:*

Save for the fact that making the loans will effectively deprive the Company of receipt of A$8.022 million of cash proceeds on exercise of the Options until such time as the loans are repaid, the directors do not consider that there are any significant opportunity costs to the Company foregone by the Company granting the loans.

Neither the directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 5, 6, 7 and 8.

The associated advantages, disadvantages and financial effect of making the loans are set out above in this Explanatory Statement.

(f) *Directors' recommendation*

Refer to paragraph (d) above.

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BYRONENERGY LIMITED

All Correspondence to:

By Mail Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

By Fax: +61 2 9290 9655

Online: www.boardroomlimited.com.au

By Phone: (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

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SAMPLE

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Sydney time) on Saturday, 27 November 2021.**

TO VOTE ONLINE

STEP 1: VISIT https://www.votingonline.com.au/byronenergyagm2021

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

BY SMARTPHONE

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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 in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Sydney time) on Saturday, 27 November 2021.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

Online	https://www.votingonline.com.au/byronenergyagm2021
By Fax	+ 61 2 9290 9655
By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
In Person	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 Australia

Byron Energy Limited
ABN 88 113 436 141

☐ **Your Address**
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

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PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Byron Energy Limited** and entitled to attend and vote hereby appoint:

☐ the **Chair of the Meeting (mark box)**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held as a **virtual meeting on Monday, 29 November 2021 at 11:00am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chairman is authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chairman of the Meeting as my/our proxy or the Chairman of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 5-8, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 and 5-8 are connected with the remuneration of a member of key management personnel for Byron Energy Limited.

The Chairman of the Meeting will vote all undirected proxies in favour of all items of business (including Resolutions 1 and 5-8). In exceptional circumstances, the Chairman of the Meeting's intentions with respect to voting undirected proxies may change. If you wish to appoint the Chairman of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Doug Battersby	☐	☐	☐
Resolution 3	Re-election of Prent Kallenberger	☐	☐	☐
Resolution 4	Additional capacity to issue ordinary shares	☐	☐	☐
Resolution 5	Approval of loan to Maynard Smith	☐	☐	☐
Resolution 6	Approval of loan to Prent Kallenberger	☐	☐	☐
Resolution 7	Approval of loan to William Sack	☐	☐	☐
Resolution 8	Approval of loan to senior managers and consultants	☐	☐	☐

SAMPLE

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name…….. Contact Daytime Telephone…….. Date / / 2021