

7 June 2016

The Board of Directors
King Country Energy Limited
14 Manuaute Street
Taumarunui 3920

Email: rfoster@kce.co.nz

NOTICE OF SHAREHOLDER PROPOSALS

King Country Energy Holdings Limited ("**KCEHL**"), a shareholder of King Country Energy Limited ("**Company**"), hereby gives notice to the Company under clause 9(1) of Schedule 1 of the Companies Act 1993 ("**Act**") of the following special resolutions which KCEHL requests be put at the next annual meeting of the Company ("**Meeting**"):

Resolution 1

*That, in accordance with section 32(2) of the Act, the current constitution of the Company be revoked and replaced by a new constitution ("**New Constitution**") in the form produced to the meeting and initialled for identification by the Chair of the meeting, with such revocation and replacement to take effect on and from the time that this special resolution is passed.*

Resolution 2

That, subject to Resolution 1 being passed, in accordance with clause 2.8 of the New Constitution and section 60(1)(b)(ii) of the Act, the Company be required to repurchase those shares held by shareholders who cannot be located or contacted by the Company using reasonable endeavours and who hold less than 2,000 shares.

In accordance with clause 9(5) of Schedule 1 of the Act, KCEHL also requests that:

- (a) the Company distribute the **attached** statement about the resolutions that are proposed to be put at the Meeting to all shareholders of the Company; and
- (b) the statement be given to the shareholders of the Company at the same time, and in the same way, as the Company gives shareholders notice of the Meeting.

Yours faithfully

KING COUNTRY ENERGY HOLDINGS LIMITED



Craig Neustroski

KING COUNTRY ENERGY HOLDINGS LIMITED

STATEMENT REGARDING THE SPECIAL RESOLUTIONS TO BE PUT AT THE ANNUAL MEETING OF KING COUNTRY ENERGY LIMITED

New Constitution - Resolution 1

The current constitution of King Country Energy Limited ("**Company**") was adopted in 1999. At that time, it was anticipated that the Company would seek a listing on the Main Board of NZX Limited ("**NZX**"). As such, the current constitution of the Company refers to the NZX Listing Rules ("**Listing Rules**") as in effect in 1999, which have changed substantially since that time. In addition, legislation referred to in the current constitution has also changed substantially since that time and requires updating.

On 30 April 2015, in contemplation of a potential NZX listing of KCE, KCE shareholders resolved to adopt a new constitution ("**NZX Constitution**"), to take effect on KCE entering into a listing agreement with NZX. However, the resolution passed by shareholders provided that the new constitution would have no effect if the Board of KCE advised shareholders that KCE was not proceeding with an NZX listing. As the Company has previously advised, it is no longer proposed that the Company be listed on the NZX.

King Country Energy Holdings Limited ("**KCEHL**") therefore considers that the best course for the Company is to adopt a new constitution that is consistent with the Companies Act 1993 ("**Act**") and other relevant legislation, and reflects that the Company is widely-held but not listed on the NZX.

A copy of the proposed constitution is **attached** to this statement ("**New Constitution**").

A summary table is also **attached** that records certain key differences between the New Constitution, the current constitution and the NZX Constitution.

No Address Shareholders - Resolution 2

The Company has a number of shareholders who cannot be located or contacted by the Company using reasonable endeavours ("**No Address Shareholders**").

No Address Shareholders hold approximately 1.8% of the shares in the Company.

The New Constitution specifically permits the Company to repurchase shares in the Company that are held by No Address Shareholders.

KCEHL considers, given the administrative burden and consequential cost imposed by No Address Shareholders on the Company, that it is in the Company's best interests and of benefit to the Company's remaining shareholders to repurchase the shares in the Company that are held by No Address Shareholders who hold less than 2,000 shares and therefore proposes that the Company be required to do so in accordance with clause 2.8 of the New Constitution and section 60(1)(b)(ii) of the Act.

It is noted that if the shares of the No Address Shareholders are repurchased by the Company, the Company will account to any No Address Shareholder for the proceeds of sale (less all reasonable costs incurred by the Company), which will be held by the Company in trust for the No Address Shareholder (or their beneficiaries) concerned for six years, after which time the proceeds will be held by the Crown in accordance with the provisions of the Unclaimed Money Act 1971 and may be reclaimed by the No Address Shareholder (or their beneficiaries) in accordance with the provisions of that Act.