



2018

Notice of Annual General Meeting

2018 NOTICE OF ANNUAL GENERAL MEETING

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2018 NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of ERM Power Limited ACN 122 259 223 (ERM Power or Company) will be held at:

Location:
Allens offices,
Level 26, 480 Queen Street
Brisbane QLD 4000

Date:
Thursday, 25th October 2018
Time:
11:00 am (Brisbane time)

Financial statements and reports

To receive and consider the Company's financial reports and the reports of the directors and the auditor for the financial year ended 30 June 2018.

Directors' remuneration report

To consider, and if in favour, to pass the following resolution under section 250R(2) Corporations Act 2001 (Cth) (**Corporations Act**):

1. *'That the remuneration report of the directors for the financial year ended 30 June 2018 be adopted.'*

Note: This resolution will be decided as if it were an ordinary resolution but, under section 250R(3) Corporations Act, the vote on this resolution is advisory only and does not bind the directors or the Company.

Election of directors

To consider, and if in favour, to pass the following as ordinary resolutions:

2. *'That Mr Anthony (Tony) Bellas, who retires by rotation under rule 19.3 of the Company's constitution, and being eligible, be re-elected as a director of the Company.'*
3. *'That Ms Julieanne Alroe, who was appointed as a director of the Company on 24 August 2018 and retires under rule 19.2(b) of the Company's constitution, and being eligible, be elected as a director of the Company.'*

Note: Information about each candidate appears in the Explanatory Memorandum.

Approval of related party benefits under incentive plans

To consider, and if in favour, to pass the following resolutions as ordinary resolutions:

4. *'That, for the purposes of ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act, shareholders approve the granting of 584,478 units in the Employee Share Trust (each representing a share in the Company) as a short term incentive award under the Company's Short Term Incentive Plan to Mr Jonathan (Jon) Stretch, the Company's Managing Director and Chief Executive Officer, in the manner contemplated by the Explanatory Memorandum.'*

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5. *‘That, for the purposes of ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act, shareholders approve the granting of:*
- a) 465,883 Performance Rights; and*
 - b) shares in the Company or an offer to apply for an interest in a trust that confers a beneficial interest in shares in the Company on the conversion of some or all of those Performance Rights,*
- as a long term incentive award under the Company’s Long Term Incentive Plan to Mr Jonathan (Jon) Stretch, the Company’s Managing Director and Chief Executive Officer, in the manner contemplated by the Explanatory Memorandum.’*
6. *‘That, for the purposes of ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act, shareholders approve the granting of:*
- a) 844,837 Retention Award Performance Rights; and*
 - b) shares in the Company or an offer to apply for an interest in a trust that confers a beneficial interest in shares in the Company on the conversion of some or all of those Retention Award Performance Rights,*
- as a three-year service based retention award under the Company’s Long Term Incentive Plan to Mr Jonathan (Jon) Stretch, the Company’s Managing Director and Chief Executive Officer, in the manner contemplated by the Explanatory Memorandum.’*

Prospective approval for entitlements under Long Term Incentive Plan

To consider, and if in favour, to pass the following as an ordinary resolution:

7. *‘That approval be given for all purposes, including sections 200B, 200E and Chapter 2E of the Corporations Act, for the giving of all benefits and entitlements (including any termination benefits) under the Company’s Long Term Incentive Plan, to any current or future personnel who hold or during the three years prior to retirement held a managerial or executive office in the Company or a related body corporate, in connection with that person’s retirement from an office or cessation of employment in the Company or a related body corporate, on the terms set out in the Explanatory Memorandum.’*

Appointment of Auditor

To consider, and if in favour, to pass the following as an ordinary resolution:

8. *‘That, pursuant to and in accordance with section 327B of the Corporations Act and for all other purposes, Deloitte Touche Tohmatsu, being qualified to act as an auditor of the Company and having consented to act as the Company’s auditor, is appointed as the Company’s auditor on the terms and conditions in the Explanatory Memorandum.’*

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Dated 21 September 2018

By order of the Board



Phil Davis
Company Secretary

NOTES

Voting at the meeting

- (a) A shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a shareholder of the Company. A shareholder 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.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form no later than 11:00 am (Brisbane time), on Tuesday, 23 October 2018.
- (d) A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) The Company has determined under regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of shareholders as at 7:00 pm (Sydney time) on Tuesday, 23 October 2018.
- (f) If you have any queries on how to cast your votes then call Link Market Services Limited on 1300 554 474 during business hours.
- (g) Voting on all proposed resolutions at the meeting will be conducted by poll.

How the Chair of the meeting will vote proxies

If the Chair is appointed as proxy by any shareholder, the Chair will vote the proxy in the manner specified by the shareholder in that proxy. If the shareholder does not specify how the Chair is to vote on any Resolution, the Chair as proxy will vote in favour of all Resolutions.

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Voting exclusion statement

As required by the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast in favour of:

RESOLUTION 1 Directors' remuneration report	by or on behalf of a member of key management personnel (KMP) whose remuneration is disclosed in the remuneration report (or a closely related party of such a member) in any capacity and by a member of the KMP at the date of the meeting (or a closely related party of such a member) acting as a proxy.
RESOLUTIONS 4, 5 AND 6 Approval of related party benefits under incentive plans	by Mr Jon Stretch and any of his associates in any capacity and by a member of the KMP at the date of the meeting (or a closely related party of such a member) acting as a proxy.
RESOLUTION 7 Prospective approval for entitlements under Long Term Incentive Plan	<p>by a member of key management personnel that is appointed as a proxy (or a closely related party of such a member) where the proxy appointment does not specify the way the proxy is to vote on the resolution, unless:</p> <ul style="list-style-type: none">a) the proxy is the Chair of the meeting at which the resolution is voted on; andb) the proxy appointment expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of the key management personnel. <p>In addition, any shareholder who is an employee or director of the Company or a related body corporate (or an associate of an employee or director), and wishes to preserve the benefit of this resolution for that person, should not vote on this resolution.</p>

However, the Company need not disregard a vote cast in favour by a member of the KMP (or an associate or closely related party of such a member) if it is cast as proxy for a person who is entitled to vote and:

- (a) is in accordance with the directions on the proxy voting form specifying how the proxy is to vote; or
- (b) the vote is cast by the Chair of the meeting and the proxy form expressly authorises him to vote as he decides.

Explanatory Memorandum

This Explanatory Memorandum accompanies the notice of annual general meeting of the Company (**Notice**) to be held at Allens offices, Level 26, 480 Queen Street, Brisbane QLD 4000 on Thursday, 25 October 2018 at 11:00 am (Brisbane time).

This Explanatory Memorandum has been prepared to assist shareholders in determining how to vote on the resolutions set out in the Notice and is intended to be read in conjunction with the Notice.

Financial statements and reports

1. The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the report of the directors, the auditor's report and the financial report be laid before the annual general meeting.
2. Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's constitution requires a vote of shareholders at the annual general meeting on the financial statements and reports.
3. Shareholders will be given reasonable opportunity at the meeting to raise questions and make comments on these reports.
4. In addition to asking questions at the meeting, shareholders may address written questions to the Chair about the management of the Company or to the Company's current auditor, PricewaterhouseCoopers, if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the meeting.

Note: Under section 250PA(1) Corporations Act a shareholder must submit the question to the Company no later than the fifth business day before the day on which the AGM is held.

5. Written questions for the auditor must be delivered by 17 October 2018. Please send any written questions for PricewaterhouseCoopers on the question form supplied with this Notice, and forward to Link Market Services Limited using any of the methods identified on the form.

RESOLUTION 1

Directors' remuneration report

6. The Corporations Act requires that the section of the directors' report dealing with the remuneration of directors and other key management personnel (**KMP**) be put to the vote of shareholders for adoption.

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7. The resolution of shareholders is advisory only and not binding on the Company. However, if more than 25% of the votes cast on this resolution are against the adoption of the remuneration report, the remuneration report for the following year must either address any comments received from shareholders or explain why no action has been taken in response to those comments.

If, at the following annual general meeting, the remuneration report again has a vote against it of 25% or more, a 'spill resolution' will be put to shareholders. If at least 50% of the votes cast are in favour of the 'spill resolution' a special meeting of the Company will be held within 90 days at which the directors in office at the time of the second annual general meeting must resign and stand for re-election.

8. More than 97% of votes cast by poll at the Company's 2017 AGM were in favour of the remuneration report for that year.
9. The Company has noted concerns raised regarding the receipt of dividends on unvested long term incentives (**LTI**) under the LTI plan (**LTI Plan**). These concerns were considered by the Remuneration & Nomination Committee (**Committee**) during the year. Subsequently, the Board approved that from 1 July 2018, equity to be awarded where vesting is subject to performance criteria would be awarded as performance rights (**Performance Rights**) instead of units in the employee share trust (**EST**). The Performance Rights do not carry voting rights nor will they have any entitlement to dividends. No changes were made to the performance criteria for the long term incentives of KMP members; being subject to continuation of employment for a three-year performance period and Total Security holder Return (**TSR**) performance as described in paragraph 64 of this Explanatory Memorandum.
10. The remuneration report is contained in the 2018 annual report, which is available on the ERM Power website at <https://ermpower.com.au/investors-media/reports-presentations>. It:
- (a) explains the policies of the board of directors of ERM Power (**Board**) in relation to the nature and level of remuneration paid to directors and other KMP within the ERM Power group;
 - (b) discusses the link between the Board's policies and ERM Power's performance;
 - (c) sets out the remuneration details for each director and for each other member of ERM Power's KMP; and
 - (d) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.

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11. The Company has increased transparency in the disclosure of FY2018 short term incentive (**STI**) targets under the STI plan (**STI Plan**) and outcomes in the remuneration report, demonstrating the link between senior executive remuneration and short term company performance. The FY2018 Balanced Scorecard targets were set in the beginning of the year. Several targets were exceeded, with some others not fully realised.
Targets in the areas of Financial and Operational outcomes for NPAT and Customer Load were overall on target, whilst People – engagement and enablement, exceeded the internal targets for the year. Progress was also noted against Strategic Imperatives outlined for the Energy Solutions business. The Committee approved 110% of the STI corporate target to be awarded as outlined in the remuneration report.
12. Remuneration outcomes for executives are further aligned with longer term company performance by utilising long term incentive TSR performance criteria. This criteria resulted in the LTIs for FY2017 and FY2018 being forfeited under the terms of the LTI Plan due to a failure to meet the required TSR performance hurdles for both of the three year periods ending 30 June 2017 and 30 June 2018.
13. The Chair will give shareholders a reasonable opportunity to ask questions about, or to make comments on, the remuneration report.

Directors' recommendation

14. The directors recommend you vote for this resolution.

Election of Directors

15. Rule 19.3 of the Company's constitution requires that, at every annual general meeting, one-third of the directors (excluding the managing director and any director appointed by other directors under rule 19.2 of the Company's constitution) retire from office. Where, after those excluded, there remain five or less directors, at least two must retire from office at each annual general meeting.
16. Both Mr Anthony George (Tony) Bellas and Mr Wayne Henry St Baker (who were both last re-elected on 26 October 2016) will retire from office under rule 19.3 of the Company's constitution.
17. Mr Tony Bellas intends to stand for re-election to support a period of transition for the Board, and to retire following the release of the FY2019 half year results.
18. Mr Wayne Henry St Baker will not be standing for re-election.
19. Listing Rule 14.4 provides that a director of the Company appointed as an addition to the board, must not hold office (without re-election) past the next annual general meeting of the Company.

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20. Rule 19.2 of the Company's constitution further requires that a director appointed by the Board as an addition to the existing directors retire at the conclusion of the next annual general meeting following his or her appointment. As Ms Julieanne Alroe was appointed by the Board effective 24 August 2018, she is required to retire from office under rule 19.2 of the Company's constitution and stands for election at this annual general meeting.

RESOLUTION 2

Re-election of Mr Tony Bellas

21. Mr Tony Bellas retires from office under rule 19.3 of the Company's constitution and stands for re-election as an independent non-executive director. Tony intends to stand for re-election to support a period of transition for the Board, and to retire following the release of the FY2019 half year results.
22. Tony was appointed Chair of ERM Power on 21 October 2011, having served as a director since December 2009 and has brought to the business almost 30 years of policy and operational experience in the energy industry. Tony was previously CEO of the Seymour Group, one of Queensland's largest private investment and development companies. Prior to joining the Seymour Group, Tony held the position of CEO of Ergon Energy, a Queensland Government-owned corporation involved in electricity distribution and retailing. Before that, he was CEO of CS Energy, also a Queensland Government-owned corporation and the State's largest electricity generation company at that time, operating over 3,500 MW of gas-fired and coal-fired plant at four locations.
23. Tony was Chair of the Independent Review Panel appointed in 2012 by the Queensland Government to review the government owned electricity network businesses in Queensland. The panel submitted its report to the Government in December 2012. Tony was awarded the Centenary Medal in 2001 in recognition of his distinguished career in public service, having achieved the position of Deputy Under Treasurer with Queensland Treasury, and in 2000 as an Assistant Under Treasurer, responsible for the Industry and Energy Division of Queensland Treasury heavily involved in formulating the State Government's energy strategy.
24. Tony is a director of the following listed companies; Corporate Travel Management Limited, intelliHR Holdings Limited, NOVONIX Limited, Shine Corporate Ltd and State Gas Limited, in addition to being a director of Loch Explorations Pty Ltd, West Bengal Resources (Australia) Pty Ltd and the Endeavour Foundation.

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25. The Board is conscious of the time commitment required of directors and in particular of Tony Bellas who holds the position of Chair. The Board is satisfied that Tony Bellas makes sufficient time available to serve the Group effectively and that none of Tony Bellas' other commitments interfere with the discharge of his responsibilities to the Group. Tony Bellas' continued leadership will support a period of transition for the board, with the intention to retire following the release of the FY2019 half year results.
26. Tony has an MBA from Queensland University of Technology, and a Bachelor of Economics and a Diploma in Education from the University of Queensland. He is a Fellow the Australian Institute of Company Directors, CPA Australia Ltd and the Geological Society (London).
27. Tony is currently the chair of ERM Power's Remuneration & Nomination Committee, and a member of both the Audit & Risk Committee, and the Health, Safety, Environment & Sustainability Committee.

Directors' recommendation

28. The Board (with Mr Bellas abstaining) supports the re-election of Mr Tony Bellas as a director.

RESOLUTION 3

Election of Ms Julieanne Alroe

29. As Ms Julieanne Alroe was appointed by the Board effective 24 August 2018, she is required to retire from office under rule 19.2 of the Company's constitution and stands for election at this annual general meeting.
30. Julieanne retired after 9 years as CEO and Managing Director with Brisbane Airport Corporation Pty Limited in June 2018. She is Chair of the Infrastructure Australia Board and is a member of The University of Queensland Senate.
31. Julieanne has extensive experience in the aviation industry after holding a number of roles at Sydney Airport Corporation. These roles included executive management positions in the commercial, operations, corporate affairs, and planning and infrastructure departments. She is the inaugural President of the Queensland Futures Institute and a member of the Council of Governors of the American Chamber of Commerce QLD. Julieanne was previously a member of Urban Futures Brisbane, the Brisbane Infrastructure Council, and the Queensland Climate Advisory Council (QCAC)
32. Julieanne holds a Bachelor of Economics and is a member of the Australian Institute of Company Directors.
33. Julieanne is currently a member of ERM Power's Audit & Risk Committee and Remuneration & Nomination Committee.

Directors' recommendation

34. The Board (with Ms Julieanne Alroe abstaining) supports the election of Ms Julianne Alroe as a director.

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Approval of related party benefits under incentive plans

35. Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless:
- (a) the giving of the financial benefit falls within one of the exceptions; or
 - (b) prior shareholder approval is obtained to the giving of the financial benefit.
36. A related party includes directors of ERM Power under section 228 of the Corporations Act. Financial benefit is defined in section 229 of the Corporations Act and includes issuing securities, granting an option or providing finance to a related party.
37. Under the ASX Listing Rules:
- (a) ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval (by ordinary resolution) prior to the issue of securities (which includes an option or right to subscribe for a security) under an employee incentive scheme to a director of the company.
 - (b) ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval (by ordinary resolution) prior to the issue of equity securities to a related party of the company. ASX Listing Rule 10.12 exception 4, provides an exception to ASX Listing Rule 10.11 where an issue of equity securities is made under an employee incentive scheme with the approval of shareholders under ASX Listing Rule 10.14.
 - (c) Approval under ASX Listing Rule 7.1 is not required for the issue of equity securities where approval is being sought under ASX Listing Rule 10.14.
38. Mr Jon Stretch is a director of ERM Power for the purposes of ASX Listing Rule 10.14.1. Being a director of the Company, Mr Jon Stretch is also a related party of ERM Power for the purposes of Chapter 2E of the Corporations Act.
39. ERM Power intends to issue Mr Jon Stretch:
- (a) 584,478 units in the Employee Share Trust (**EST**) as his short term incentive (**STI**) award under the STI Plan for FY2018;
 - (b) 465,883 Performance Rights as his long term incentive (**LTI**) award under the LTI Plan for FY2019; and
 - (c) 844,837 three-year service based Retention Award Performance Rights as an additional retention LTI award under the LTI Plan.

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40. Given both the issue units in the EST as an STI award and issue of Performance Rights as an LTI award are:
- (a) 'equity securities' for the purposes of the ASX Listing Rules; and
 - (b) a financial benefit as defined in section 229 of the Corporations Act,
- being provided to a Mr Jon Stretch, a related party of the Company, shareholder approval is sought under Resolution 4, Resolution 5 and Resolution 6 for the purposes of both ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act.

RESOLUTION 4

Approval of related party benefit under short term incentive plan – Mr Jon Stretch

41. The Company intends to issue Mr Jon Stretch 584,478 units in the EST as his STI award for FY2018 under the STI Plan.
42. Participants in the STI Plan receive a financial benefit by accepting the offer to participate in the EST because the issue of units is financed by way of an interest-free, non-recourse loan. If the participant were to borrow funds from a third party lender, interest would otherwise be payable. The loan is interest-free whilst the participant remains in the EST, and is not expected to be repaid until the underlying shares acquired under the EST are transferred or sold. As such, participants receive the full value of the shares acquired on their behalf under the EST. If the market value of the shares falls below the value of the original loan amount (i.e. if the ERM Power share price falls below the price at which the units were issued), participants can surrender their units in the EST in full satisfaction of the loan.
43. Mr Jon Stretch's participation in the STI Plan is on the same terms as all other eligible employees of ERM Power, other than being based solely on performance against the corporate targets as set by the Board, rather than being weighted across a combination of individual, business unit and corporate targets.
44. At the end of FY2018 achievement against the corporate targets was assessed and applied against the target participation rate of 100% for Mr Jon Stretch with the potential to achieve up to 150% of this level.

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45. The reason for giving this financial benefit is to appropriately remunerate ERM Power's Managing Director in accordance with the Company's STI Plan and to align the interests of the Managing Director with those of shareholders. In determining Mr Jon Stretch's entitlement to an STI, the Company referred to performance against the key performance indicators captured by the FY2018 Balanced Scorecard as established at the beginning of the year, weighted across the three dimensions of:
- (a) people – engagement and enablement;
 - (b) financial and operational; and
 - (c) strategic imperatives.
46. There are no further vesting conditions applying to the grant of units under the STI Plan.
47. ERM Power seeks shareholder approval in accordance with ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act to grant Mr Jon Stretch 584,478 units in the EST (each representing a share in ERM Power) as his STI award for FY2018 in accordance with the terms and conditions of the EST.
48. If this resolution is approved, Mr Jon Stretch will acquire the EST units via the establishment of a loan from the EST trustee (based on the market value of the shares at the time of issue) that will be non-recourse and does not bear interest, thereby creating a financial benefit. The loan is expected to be repaid by the payment of assessable income by the trustee at the time when the units are withdrawn from the EST, with the underlying shares to be transferred or sold (as relevant).

Determination of the number of Units

49. The number of units to be awarded under the EST was determined by reference to the same price that the FY2018 STI award was made to all other eligible participants of the Company, being the volume weighted average price (**VWAP**) over 10 trading days from 24 August 2018 to 6 September 2018 (inclusive), being \$1.5628. 110% of Mr Jon Stretch's FY2018 base salary of \$830,384 provides for an award of \$913,422, which at \$1.5628 per unit results in 584,478 units being issued as the STI award for FY2018.
50. Refer to paragraph 11 of this Explanatory Memorandum for Resolution 1, which details the approval by the Committee of the 110% of the short term incentive corporate target.

Valuation of the financial benefit

51. The accounting value of the benefit to be awarded in the EST will be based on the market price of shares on the day of issue of the units, consistent with AASB 2 (Share-based Payments).

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Mr Jon Stretch's interests in ERM Power and remuneration package

52. Mr Jon Stretch currently has a relevant interest (either directly or indirectly) in the following shares in ERM Power:

Holder	Number of shares
Jonathan Stretch as trustee for The Stretch Family Trust - 2016	250,000
Blueshore Management Pty Limited as trustee for the Stretch Family Super Fund	70,000
Blueshore Charitable Fund Pty Limited as trustee for the Blueshore Charitable Trust	732,179
Smartequity EIS Pty Ltd (EST trustee)	1,826,718
Total	2,878,897

53. If shareholders approve this resolution, the effect will be to dilute the holdings of existing shareholders by an equivalent amount, as follows:

Shareholders	Current share capital ¹		Share capital on issue of shares under Resolution 4	
	Number	Percent	Number	Percent
Mr Jon Stretch	2,878,897	1.13%	3,463,375	1.35%
Other shareholders	252,542,159	98.87%	252,542,159	98.65%
Total	255,421,056	100.00%	256,005,534	100.00%

1 As at 7 September 2018, and excludes any shares to be issued after this date under the ERM Power dividend reinvestment plan, EST or otherwise.

54. Mr Jon Stretch's total remuneration for the year ending 30 June 2018 was as follows:

Fixed Remuneration		\$
Base salary		830,384
Superannuation		20,049
Total Fixed		850,433
At risk remuneration (subject to performance conditions)		
Short term incentive	110% (150% maximum) of base salary paid in cash or securities as determined by the Board.	
Long term incentive	75% of base salary paid in units in the EST with vesting to be determined by TSR performance up to 30 June 2020, as approved by shareholders at the 2017 AGM.	

55. The units to be issued to Mr Jon Stretch in the EST, if approved, relate to Mr Jon Stretch's at risk remuneration, being his short term incentive for the financial year ended 30 June 2018.

56. If Resolution 4 is not approved by shareholders, the Company intends to pay a cash STI award of \$913,422 to Mr Jon Stretch as soon as reasonably practicable (net of any relevant withholding taxes).

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Other information

57. Additional information required to be provided to shareholders in connection with the resolution to approve the granting of a financial benefit to Mr Jon Stretch in accordance with the ASX Listing Rules and the Corporations Act is set out below:

Information required	Disclosure
Date by which the securities will be issued:	The units in the EST (and the underlying shares) will be issued under the STI Plan within one month after the date of approval
The names of all persons referred to in ASX Listing Rule 10.14 entitled to participate in this employee incentive scheme:	<p>Mr Jon Stretch.</p> <p>Participation in the STI Plan is only open to those employees (including executive directors) who are invited by the directors to receive a short term incentive award.</p> <p>No other members of the Board, all of whom are non-executive directors, are eligible to participate in the STI Plan. ERM Power's policy is that non-executive directors do not receive performance-based remuneration that have performance hurdles attached, as it may lead to bias in their decision-making and compromise their objectivity.</p>
Prior issue of securities to persons referred to in ASX Listing Rule 10.14 under an employee incentive scheme since the plan was last approved:	The STI Plan was last approved by shareholders at the 2016 AGM, following which Mr Jon Stretch has been issued 676,048 units in the EST for his FY2017 STI, at a purchase price of \$1.2852 each, following approval by shareholders at the 2017 AGM.
Maximum number of securities that may be acquired by Mr Jon Stretch if Resolution 4 is approved:	584,478 units in the EST.

58. Other than as set out in this Explanatory Memorandum, the directors are not aware of any additional information that shareholders should consider before making a decision to vote on this resolution.

Directors' recommendation

59. The Board believes that the provision of units and associated loan by the trustee to Mr Jon Stretch pursuant to Resolution 4 is reasonable and appropriate having regard to the circumstances of the Company and Mr Jon Stretch's responsibilities as Managing Director and Chief Executive Officer, is commensurate with current market practice, and is therefore in the best interests of the Company and its shareholders. Accordingly, the Board (with Mr Jon Stretch abstaining) recommends that shareholders approve the grant of units and associated loan by the trustee to Mr Jon Stretch and the corresponding grant of shares to the EST trustee to be held on his behalf. No director (other than Mr Jon Stretch) has an interest in the outcome of Resolution 4.

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RESOLUTION 5

Approval of related party benefit under long term incentive plan – Mr Jon Stretch

60. The Company intends to issue Mr Jon Stretch 465,883 Performance Rights as his FY2019 long term incentive award under the LTI Plan.

Determination of the number of Performance Rights

61. The number of Performance Rights to be awarded to Mr Jon Stretch was determined by reference to the same price that the FY2019 LTI award was made to all other eligible participants of the Company, being the VWAP of shares in the Company over 10 trading days from 18 June 2018 to 29 June 2018 (inclusive), being \$1.4170 per share. 75% of Mr Jon Stretch's FY2019 base salary of \$880,207 provides for an award of \$660,155.25, which at a VWAP of \$1.4170 per share, results in 465,883 Performance Rights.

Key terms of Performance Rights

62. There will be no issue price payable by Mr Jon Stretch for the Performance Rights which the Company proposes to grant him.
63. Vesting of the Performance Rights will be subject to Mr Jon Stretch's;
- (a) continuous full-time employment with ERM Power (or a related body corporate) throughout the three year period from 1 July 2018 to 30 June 2021 (**Performance Period**); and
 - (b) achievement of a TSR performance hurdle set out at paragraph 64.
64. Satisfaction of the TSR performance hurdle will be determined by ERM Power's relative TSR performance over the Performance Period, measured against the TSR performance of a comparator group, being those companies in the Standard & Poor's ASX 300 index at the beginning of the Performance Period.

TSR ranking	Percentage of Performance Rights that will vest if condition is met
At or below the 50th percentile	0%
Above the 50th percentile to less than the 75th percentile	50% increasing linearly to 100% at the 75th percentile
At or above the 75th percentile	100%

65. The TSR performance hurdle will only be satisfied where the TSR value is positive. If the TSR value is negative, the TSR performance hurdle will not be satisfied, and the Performance Rights will not vest.
66. The Performance Rights will have a vesting price equal to the VWAP at which ERM Power shares were traded on the ASX during the 10 trading days immediately preceding the end of the Performance Period (**Vesting Price**).

2018 NOTICE OF ANNUAL GENERAL MEETING

67. Performance Rights that do not vest and are forfeited will be cancelled with no compensation.
68. The number of Performance Rights vesting on satisfaction of the TSR performance hurdles set out at paragraph 64 at the Vesting Price will determine the Vesting Value, which at the election of the Board of ERM Power, will convert into:
 - (a) shares in ERM Power or an offer to apply for an interest in a trust that confers a beneficial interest in ERM Power shares; or
 - (b) a cash payment.
69. If Mr Jon Stretch resigns his employment with ERM Power, or is terminated for cause prior to the end of the Performance Period, the Performance Rights will lapse, and any entitlements as described in paragraph 68 will be forfeited.
70. Subject to restrictions under the Corporations Act 2001 and/or ASX Listing Rules, at the discretion of the Board early vesting or relief from forfeiture of LTI awards may occur in certain circumstances. These circumstances may include a person/entity acquiring a controlling interest in the Company, the termination of employment due to death or permanent disability or in circumstances where the ERM Power Board determines it is appropriate.
71. If there is a merger, bonus issue, share placement, rights issue or a reconstruction of ERM Power securities, the Board will determine whether any prejudice will result to the value of the Performance Rights and if amendments are required to the terms and conditions of issue of the Performance Rights.
72. The Performance Rights will not be quoted on ASX and are not capable of being assigned or transferred without the consent of the Board - any purported assignment or transfer of the Performance Rights without the consent of the Board will result in the Performance Rights lapsing immediately.
73. The Performance Rights do not confer any rights on the holder to receive dividends, notice of meetings, or to vote at meetings of shareholders, to participate in a winding up of ERM Power, or any other rights of a shareholder.
74. The reason for providing these financial benefits is to appropriately remunerate Mr Jon Stretch in accordance with the Company's LTI Plan, and to align the interests of Mr Jon Stretch with those of shareholders.

2018 NOTICE OF ANNUAL GENERAL MEETING

Valuation of the financial benefit

75. The accounting value of the benefit to be awarded, having regard to the likelihood of achieving the TSR performance hurdles set out at paragraph 64, is calculated in a manner consistent with AASB 2 (Share-based Payment). The LTI award will have a Performance Period expiring on 30 June 2021 and has both market and non-market vesting conditions.
76. The LTI award indicative fair value has been determined using a Monte Carlo simulation (using a Black-Scholes framework). The following key assumptions will be adopted in estimating the value of the proposed award on grant date: risk free interest rate, share volatility and the market value of ERM Power's shares on grant date.
77. The table below provides an estimate of the LTI award benefit to be granted at varying market prices for the 465,883 Performance Rights to be issued based on a risk free interest rate of 2.03% and a share volatility measure of 38.8%.

Market price of shares in ERM Power on grant date \$	Value per unit \$	Accounting Value of total LTI award \$
1.30	0.53	246,918
1.50	0.61	284,189
1.70	0.69	321,459

Mr Jon Stretch's interests in ERM Power and remuneration package

78. Mr Jon Stretch's total remuneration for the year ending 30 June 2019 is follows:

Fixed Remuneration		\$
Base salary:		880,207.00
Superannuation:		20,531.40
Total Fixed:		900,738.40
At risk remuneration (subject to performance conditions)		
Short term incentive	Up to 150% of base salary paid in cash or securities as determined by the Board.	
Long term incentive	Up to 75% (maximum) of base salary paid in Performance Rights with service and TSR performance hurdles as outlined above.	
Long term incentive	Up to 150% (maximum) of base salary paid in Retention Award Performance Rights with retention hurdles as outlined below.	

2018 NOTICE OF ANNUAL GENERAL MEETING

79. If shareholders approve this resolution, and 100% of the Performance Rights were to convert to shares or an interest in a trust that confers a beneficial interest in shares, the effect will be to dilute the holdings of existing shareholders by an equivalent amount, as follows:

Shareholders	Current share capital ²	
	Number	Percent
Mr Jon Stretch	2,878,897	1.13%
Other shareholders	252,542,159	98.87%
Total	255,421,056	100.00%

Shareholders	Share capital on issue of shares under Resolution 4	
	Number	Percent
Mr Jon Stretch	3,463,375	1.35%
Other shareholders	252,542,159	98.65%
Total	256,005,534	100.00%

Shareholders	Share capital on issue of shares under Resolutions 4 and 5	
	Number	Percent
Mr Jon Stretch	3,929,258	1.53%
Other shareholders	252,542,159	98.47%
Total	256,471,417	100.00%

- 2 As at 7 September 2018, and excludes any shares to be issued after this date under the ERM Power dividend reinvestment plan, EST or otherwise.

2018 NOTICE OF ANNUAL GENERAL MEETING

Other information

80. Additional information required to be provided to shareholders in connection with the resolution to approve the granting of a financial benefit to Mr Jon Stretch in accordance with the ASX Listing Rules and the Corporations Act is set out below:

Information required	Disclosure
Date by which the securities will be issued:	The Performance Rights will be issued under the LTI Plan within one month after the date of approval, with the conversion to shares or an interest in a trust that confers a beneficial interest in shares, if any, to occur within two months after the end of the Performance Period of 30 June 2021.
The names of all persons referred to in ASX Listing Rule 10.14 entitled to participate:	<p>Mr Jon Stretch.</p> <p>Participation is only open to those employees (including executive directors) who are invited by the directors to receive an incentive award.</p> <p>No other members of the Board, all of whom are non-executive directors, are eligible to participate in the LTI Plan. ERM Power's policy is that non-executive directors do not receive performance-based remuneration that have performance hurdles attached, as it may lead to bias in their decision-making and compromise their objectivity.</p>
Prior issue of securities to persons referred to in ASX Listing Rule 10.14 under an employee incentive scheme since the plan was last approved:	<p>The LTI Plan was last approved by shareholders at the 2016 AGM, since which Mr Jon Stretch has been issued:</p> <ul style="list-style-type: none">• 633,361 units in the EST for his FY2017 LTI award at a purchase price of \$1.1532 each, following approval by shareholders at the 2016 AGM, and• 517,309 units in the EST for his FY2018 LTI award at a purchase price of \$1.2852 each, following approval by shareholders at the 2017 AGM. <p>From 1 July 2018, issues under the LTI Plan will be awarded by way of Performance Rights, rather than units in the EST.</p>
Maximum number of securities that may be acquired by Mr Jon Stretch if Resolution 5 is approved:	465,883 Performance Rights may convert to shares or an interest in a trust that confers a beneficial interest in shares at the Vesting Value (465,883 x TSR% x 10 day VWAP to 30 June 2021).

81. Other than as set out in this Explanatory Memorandum, the directors are not aware of any additional information that shareholders should consider before making a decision to vote on this resolution.

2018 NOTICE OF ANNUAL GENERAL MEETING

Directors' recommendation

82. The Board believes that the issue of Performance Rights to Mr Jon Stretch pursuant to Resolution 5 is reasonable and appropriate having regard to the circumstances of the Company and Mr Jon Stretch's responsibilities as Managing Director and Chief Executive Officer, is commensurate with current market practice, and is therefore in the best interests of the Company and its shareholders. Accordingly, the Board (with Mr Jon Stretch abstaining) recommends that shareholders approve the grant of Performance Rights to Mr Jon Stretch. No director (other than Mr Jon Stretch) has an interest in the outcome of Resolution 5.

RESOLUTION 6

Approval of related party benefit for retention award – Mr Jon Stretch

83. The Company intends to issue Mr Jon Stretch 844,837 Performance Rights as a three-year retention incentive under the LTI Plan (**Retention Award Performance Rights**).

Determination of the number of Retention Award Performance Rights

84. The number of Retention Award Performance Rights to be awarded to Mr Jon Stretch as a retention incentive was determined based on 150% of his base salary, namely \$1,320,310 divided by the VWAP over 10 trading days from 24 August 2018 to 6 September 2018 (inclusive), being \$1.5628, resulting in 844,837 Performance Rights.

Key terms of Retention Award Performance Rights

85. There will be no issue price payable by Mr Jon Stretch for the Retention Award Performance Rights that the Company proposes to grant him.
86. The Retention Award Performance Rights will vest in three tranches and be paid subject to Mr Jon Stretch's continuous full-time employment with ERM Power (or a related body corporate) at the time in which the Retention Award Performance Rights vest, namely:
- (a) one third of the Retention Award Performance Rights (281,612) on 7 September 2019 subject to Mr Jon Stretch's continuous full-time employment with ERM Power at that date;
 - (b) one third of the Retention Award Performance Rights (281,612) on 7 September 2020 subject to Mr Jon Stretch's continuous full-time employment with ERM Power at that date; and
 - (c) the final one third of the Retention Award Performance Rights (281,613) on 7 September 2021 subject to Mr Jon Stretch's continuous full-time employment with ERM Power at that date,
- (each date listed above being a '**Vesting Date**').
87. The Retention Award Performance Rights will have a vesting price equal to the VWAP at which ERM Power shares were traded on the ASX during the 10 trading days immediately preceding each Vesting Date (**Vesting Price**).

2018 NOTICE OF ANNUAL GENERAL MEETING

88. Retention Award Performance Rights that do not vest on a Vesting Date are forfeited and will be cancelled with no compensation.
89. The number of Retention Award Performance Rights vesting on a Vesting Date will determine the Vesting Value, which at the election of the Board of ERM Power, will:
 - (a) convert into shares in ERM Power or an offer to apply for an interest in a trust that confers a beneficial interest in ERM Power shares; or
 - (b) be satisfied by a cash payment.
90. If Mr Jon Stretch resigns his employment with ERM Power, or his employment is terminated for cause prior to a Vesting Date, all Retention Award Performance Rights on issue with a Vesting Date after his resignation or termination will lapse, and any entitlements as described in paragraph 89 will be forfeited.
91. Subject to restrictions under the Corporations Act 2001 and/or ASX Listing Rules, at the discretion of the Board early vesting or relief from forfeiture of LTI awards may occur in circumstances where a person/entity acquires a controlling interest in the Company.
92. If there is a merger, bonus issue, share placement, rights issue or a reconstruction of ERM Power securities, the Board will determine whether any prejudice will result to the value of the Retention Award Performance Rights and if amendments are required to the terms and conditions of issue of the Retention Award Performance Rights.
93. The Retention Award Performance Rights will not be quoted on ASX and are not capable of being assigned or transferred without the consent of the Board - any purported assignment or transfer of the Retention Award Performance Rights without the consent of the Board will result in the Retention Award Performance Rights lapsing immediately.
94. The Retention Award Performance Rights do not confer any rights on the holder to receive dividends, notice of meetings, or to vote at meetings of shareholders, to participate in a winding up of ERM Power, or any other rights of a shareholder.
95. The market for experienced, high-calibre CEOs is highly competitive particularly in the energy sector which is complex and undergoing dramatic change. The retention of ERM Power CEO Jon Stretch during this period of disruption and regulatory and government intervention is considered to be key to the success of the Company's strategy and its growth over the coming years.

Valuation of the financial benefit

96. The accounting value of the benefit to be awarded will be based on the market price of shares on the day of issue of the Retention Award Performance Rights, consistent with AASB 2 (Share-based Payments) and expensed from the grant date over each relevant performance period.

2018 NOTICE OF ANNUAL GENERAL MEETING

Mr Jon Stretch's interests in ERM Power and remuneration package

97. Mr Jon Stretch's total remuneration for the year ending 30 June 2019 is follows.

Fixed Remuneration		\$
Base salary:		880,207.00
Superannuation:		20,531.40
Total Fixed:		900,738.40
At risk remuneration (subject to performance conditions)		
Short term incentive	Up to 150% of base salary paid in cash or securities as determined by the Board.	
Long term incentive	Up to 75% (maximum) of base salary paid in Performance Rights with service and TSR performance hurdles as outlined above.	
Long term incentive	Up to 150% (maximum) of base salary paid in Retention Award Performance Rights with retention hurdles as outlined below.	

2018 NOTICE OF ANNUAL GENERAL MEETING

98. If shareholders approve this resolution, and 100% of the Performance Rights were to convert to shares or an interest in a trust that confers a beneficial interest in shares, the effect will be to dilute the holdings of existing shareholders by an equivalent amount, as follows:

Shareholders	Current share capital ³	
	Number	Percent
Mr Jon Stretch	2,878,897	1.13%
Other shareholders	252,542,159	98.87%
Total	255,421,056	100.00%

Shareholders	Share capital on issue of shares under Resolution 4 and 5	
	Number	Percent
Mr Jon Stretch	3,929,258	1.53%
Other shareholders	252,542,159	98.47%
Total	256,471,417	100.00%

Shareholders	Share capital on issue of shares under Resolutions 4, 5 and 6	
	Number	Percent
Mr Jon Stretch	4,774,095	1.86%
Other shareholders	252,542,159	98.14%
Total	257,316,254	100.00%

- ³ As at 7 September 2018, and excludes any shares to be issued after this date under the ERM Power dividend reinvestment plan, EST or otherwise.

2018 NOTICE OF ANNUAL GENERAL MEETING

Other information

99. Additional information required to be provided to shareholders in connection with the resolution to approve the granting of a financial benefit to Mr Jon Stretch in accordance with the ASX Listing Rules and the Corporations Act is set out below:

Information required	Disclosure
Date by which the securities will be issued:	The Performance Rights will be issued under the LTI Plan within one month after the date of approval, with the conversion to shares or an interest in a trust that confers a beneficial interest in shares, if any, to occur within two months after the end of each Vesting Date.
The names of all persons referred to in ASX Listing Rule 10.14 entitled to participate:	Mr Jon Stretch. Participation is only open to those employees (including executive directors) who are invited by the directors to receive an incentive award. No other members of the Board, all of whom are non-executive directors, are eligible to participate in the LTI Plan. ERM Power's policy is that non-executive directors do not receive performance-based remuneration that have performance hurdles attached, as it may lead to bias in their decision-making and compromise their objectivity.
Prior issue of securities to persons referred to in ASX Listing Rule 10.14 under an employee incentive scheme since the plan was last approved:	The LTI Plan was last approved by shareholders at the 2016 AGM, since which Mr Jon Stretch has been issued: <ul style="list-style-type: none"> • 633,361 units in the EST for his FY2017 LTI award at a purchase price of \$1.1532 each, following approval by shareholders at the 2016 AGM, and • 517,309 units in the EST for his FY2018 LTI award at a purchase price of \$1.2852 each, following approval by shareholders at the 2017 AGM. From 1 July 2018, issues under the LTI Plan will be awarded by way of Performance Rights, rather than units in the EST.
Maximum number of securities that may be acquired by Mr Jon Stretch if Resolution 6 is approved:	844,837 Performance Rights may convert to shares or an interest in a trust that confers a beneficial interest in shares at the Vesting Value, namely: <ul style="list-style-type: none"> • 281,612 x 10 day VWAP to 7 September 2019; • 281,612 x 10 day VWAP to 7 September 2020; • 281,613 x 10 day VWAP to 7 September 2021.

100. Other than as set out in this Explanatory Memorandum, the directors are not aware of any additional information that shareholders should consider before making a decision to vote on this resolution.

2018 NOTICE OF ANNUAL GENERAL MEETING

Directors' recommendation

101. The Board believes that the issue of Performance Rights in the form of a retention award to Mr Jon Stretch pursuant to Resolution 6 is reasonable and appropriate having regard to the reasons set out in paragraph 95, the circumstances of the Company and Mr Jon Stretch's responsibilities as Managing Director and Chief Executive Officer, is commensurate with current market practice, and is therefore in the best interests of the Company and its shareholders. Accordingly, the Board (with Mr Jon Stretch abstaining) recommends that shareholders approve the grant of Performance Rights to Mr Jon Stretch. No director (other than Mr Jon Stretch) has an interest in the outcome of Resolution 6.

RESOLUTION 7

Prospective approval for entitlements under Long Term Incentive Plan

102. Section 200B of the Corporations Act restricts the benefits which can be given in connection with the retirement from office or cessation of employment of certain officers of ERM Power or a related body corporate, unless the company's shareholders approve the benefit under section 200E of the Corporations Act or the benefit falls within certain exceptions set out in the Corporations Act.
103. Further, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless:
- (a) the giving of the financial benefit falls within one of the exceptions; or
 - (b) prior shareholder approval is obtained to the giving of the financial benefit.
104. A related party under the Corporations Act includes a director of the Company, and a financial benefit includes the Company paying money or issuing securities.
105. Accordingly, the Company is seeking shareholder approval in accordance with the requirements of section 200B, section 200E and Chapter 2E of the Corporations Act.
106. ERM Power's policy in relation to leaving entitlements is to treat departing employees and KMP appropriately and in accordance with applicable laws, market practice and Company policy. To ensure that ERM Power is able to meet this objective, shareholder approval is sought in respect of the termination entitlements outlined below.

2018 NOTICE OF ANNUAL GENERAL MEETING

107. Shareholders are not being asked to approve any change or increase in the remuneration or benefits or entitlements for KMP, or any variations to the existing discretions of the Board and the Committee. This approval is in relation to the Company’s existing obligations and to preserve the discretion of the Board and Committee to determine the most appropriate leaving package under the relevant employment agreements, incentive plans and retirement plans. Approval of these benefits does not guarantee that any specific individual will receive them.
108. Such approval will afford the Company certainty about its ability to maintain its existing remuneration arrangements and otherwise satisfy contractual and legal obligations.
109. The approval is sought in relation to particular LTI awards which may be delivered to participants through the Company’s LTI Plan, where Board discretion is exercised or vesting entitlements are granted to participants. If shareholder approval to Resolution 7 is obtained, it will give the Board flexibility in regards to unvested long-term incentives of participants who cease employment with ERM Power.
110. Approval is sought in relation to both current and future personnel who hold or have held during the three years prior to cessation of employment a managerial or executive office in the Company or a related body corporate.
111. The prior approval was provided by shareholders at the Company’s 2015 AGM, and it is intended that this approval will remain valid for a period of three years. This approval will apply during this period to incentive plans and retirement plans that provide for the treatment on cessation of holding office as follows:

Circumstance	Potential benefit / treatment
Death, serious injury, disability or serious illness that results in the employee leaving ERM “early”.	All LTI awards ⁴ will vest early.
Resignation or termination for cause.	All unvested LTI awards will be forfeited.
Redundancy, retirement or termination by mutual agreement.	The Board will determine whether to grant relief from forfeiture for unvested LTI awards, including to remain on foot from the date the participant’s employment ceases to the date at which the relevant LTI award vesting is determined, subject to any other vesting conditions.
Change of control	The Board will determine the conditions on which unvested LTI awards may vest on a change of control, including taking into account whether the relevant performance conditions would be satisfied as at the change of control date. Where the Board determines that the LTI awards will vest early, such vesting will occur prior to or on the change of control date.

4 LTI awards, inclusive of performance rights which may vest as a cash payout, units in an employee trust, shares or options (or a combination of these). From 1 July 2018, issues under the LTI Plan will be awarded by way of Performance Rights, rather than units in the EST.

2018 NOTICE OF ANNUAL GENERAL MEETING

112. Specifically, the Company is asking shareholders to approve that:

- (a) any benefits and entitlements (including any termination benefits) given under the Company's LTI Plan to any current or future personnel who hold, or during the three years prior held, a managerial or executive office in the Company or a related body corporate; and
- (b) in connection with that person's cessation of employment in the Company or a related body corporate, as set out at paragraph 111 above,

be permitted for the purposes of sections 200B, 200E and Chapter 2E of the Corporations Act.

Valuation of the financial benefit

113. The value of the potential termination benefits cannot be ascertained in advance, as they are dependent on a number of matters which will likely affect calculation of the value.

114. For example, the value of a benefit given under an LTI award will depend on factors including but not limited to:

- (a) the Company's share price at the time of vesting;
- (b) the circumstances in which the participant ceases to hold office;
- (c) the participant's particular entitlement to 'retirement' or 'employment cessation' benefits;
- (d) the participant's 'base' remuneration at the time they cease to hold office;
- (e) the length of the participant's service;
- (f) the number of other equity entitlements held by the participant immediately prior to their ceasing office;
- (g) the performance of the participant up until the date on which they cease to hold office; and
- (h) any other factors that the Board considers to be relevant when exercising its discretion.

Directors' recommendation

115. The Board (with Mr Jon Stretch who has a material personal interest, abstaining) recommends that shareholders vote in favour of this resolution.

2018 NOTICE OF ANNUAL GENERAL MEETING

RESOLUTION 8

Appointment of Deloitte Touche Tohmatsu as Company Auditor

116. Having received ASIC consent, Pricewaterhouse Coopers (**PwC**) will resign as auditor of the Company at the conclusion of this annual general meeting. The Board thanks PwC for its services provided as auditor of the Company.
117. The Company has nominated Deloitte Touche Tohmatsu (**Deloitte**) to be appointed as auditor on PwC's resignation. Deloitte were selected following a rigorous competitive tender process which took into consideration the relative expertise, independence and proposed fee structures of the tender participants. Deloitte has deep experience in the industry and offers a unique value proposition when benchmarked against peer competitors. Deloitte's selection and nomination for appointment was overseen by the Audit & Risk Committee and approved by the Board.
118. Having:
- (a) received Deloitte's consent to act which has not been withdrawn; and
 - (b) having received written notice from Mr Jon Stretch in his capacity as a member of the Company, nominating Deloitte for appointment as auditor (in accordance with section 328B of the Corporations Act, a copy of which is annexed to this notice of meeting as **Attachment 1**),
- Deloitte now stands for appointment as auditor of the Company in accordance with section 327B(1)(b) of the Corporations Act.
119. If the Resolution is passed, the appointment of Deloitte as the Company's auditor will take effect at the close of this annual general meeting.

Directors' recommendation

120. The Board recommends that shareholders vote in favour of this resolution.

2018 NOTICE OF ANNUAL GENERAL MEETING

ATTACHMENT 1

28 August 2018

Mr Phil Davis
Company Secretary
ERM Power Limited
GPO Box 7152,
Brisbane QLD 4000

By email: cosec@ermpower.com.au

Dear Phil,

Nomination of Deloitte as auditor

I, Jonathan Hugh Stretch, being a member of ERM Power Limited (the **Company**), hereby nominate Deloitte (a member of Deloitte Touche Tohmatsu Limited) of Level 23, 123 Eagle Street, Brisbane, Queensland, pursuant to section 328B of the *Corporations Act 2001 (Cth)* for appointment as the Company's auditor at the Annual General Meeting to be held on 25 October 2018 (or any adjournment of that meeting).


Yours faithfully,



Jonathan Hugh Stretch



ERM POWER
Level 52, 111 Eagle Street
Brisbane QLD 4000

 +61 7 3020 5000

 investors@ermpower.com.au

 ermpower.com.au



ERM Power Limited
ACN 122 259 223

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

ERM Power Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

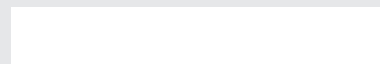
I/We being a shareholder(s) of ERM Power Limited and entitled to attend and vote hereby appoint:

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 you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am (Brisbane time) on Thursday, 25 October 2018 at Allens offices, Level 26, 480 Queen Street, Brisbane QLD 4000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4, 5, 6 and 7: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 4, 5, 6 and 7, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

VOTING DIRECTIONS

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 ☒.

Resolutions

1 Directors' remuneration report

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Re-election of Mr Tony Bellas

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Election of Ms Julieanne Alroe

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4 Approval of related party benefit under short term incentive plan – Mr Jon Stretch

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Approval of related party benefit under long term incentive plan – Mr Jon Stretch

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

6 Approval of related party benefit for retention award – Mr Jon Stretch

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

7 Prospective approval for entitlements under Long Term Incentive Plan

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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8 Appointment of Deloitte Touche Tohmatsu as Company Auditor

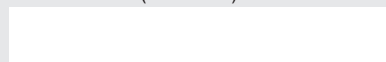
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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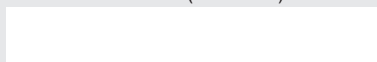
* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



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).

EPW PRX1801C

HOW TO COMPLETE THIS SHAREHOLDER 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 PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP

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; and
- (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 or online at www.linkmarketservices.com.au.

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 **11:00am (Brisbane time) on Tuesday, 23 October 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MAIL

ERM Power 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*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**



ERM Power Limited
ACN 122 259 223

LODGE YOUR QUESTIONS



ONLINE

www.linkmarketservices.com.au



BY MAIL

ERM Power Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



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Please use this form to submit any questions about ERM Power Limited ("the Company") that you would like us to respond to at the Company's 2018 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company's auditor it should be relevant to the content of the auditor's report, or the conduct of the audit of the financial report.

This form must be received by the Company's share registrar, Link Market Services Limited, by **Wednesday, 17 October 2018**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company's auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

My question relates to *(please mark the most appropriate box)*

Question 1

☐

Performance or financial reports

☐

A resolution being put to the AGM

☐

General suggestion

☐

Remuneration Report

☐

Sustainability/Environment

☐

Other

☐

My question is for the auditor

☐

Future direction

Question 2

☐

Performance or financial reports

☐

A resolution being put to the AGM

☐

General suggestion

☐

Remuneration Report

☐

Sustainability/Environment

☐

Other

☐

My question is for the auditor

☐

Future direction

QUESTIONS