

ENERGY ONE LIMITED

ABN 37 076 583 018

NOTICE OF ANNUAL GENERAL MEETING

Date Thursday 16 October 2014
Time 9:30 am (AEDT)
Place Level 14, 71 Macquarie Street
Sydney NSW 2000

**THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR ATTENTION**

If you have any doubts about the contents of this document
please consult your financial or other professional advisor.

Energy One Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Energy One Limited [ABN 37 076 583 018] ("the Company") will be held at Level 14, 71 Macquarie Street, Sydney NSW 2000 on Thursday 16 October 2014 at 9.30am (AEDT).

AGENDA

1. Financial Statements and Reports

To consider the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2014.

2. Election of Directors – Mr. Andrew Bonwick

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

"That Mr. Andrew Bonwick, a director of the Company who retires by rotation at this Annual General Meeting in accordance with Listing Rule 14.4 and, being eligible, offers himself for re-election, be elected as a non-executive director of the Company."

3. Election of Directors – Mr. Vaughan Busby

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

"That Mr. Vaughan Busby, a director of the Company who retires by rotation at this Annual General Meeting in accordance with Listing Rule 14.4 and, being eligible, offers himself for re-election, be elected as a non-executive director of the Company."

4. Energy One Equity Incentive Plan (EIP) Approval

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

'That approval be given for the establishment of the Energy One Equity Incentive Plan (EIP), as described in the Explanatory Memorandum, and issues under the plan for all purposes, including ASX listing rule 7.2 exception 9.'

5. Grant of Performance Rights to the Managing Director & CEO, Mr. Shaun Ankers

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

'That approval be given to the grant of Performance Rights to the Managing Director & CEO, Mr. Shaun Ankers, under the **Energy One Equity Incentive Plan (EIP)**, on the terms summarised in the Explanatory Memorandum'.

6. Grant of Service Rights to the Non-Executive Directors

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

'That approval be given to the grant of **312,500** Service Rights to the non-executive directors Messrs. Weiss, Bonwick, Busby and Ferrier, under the **Energy One Equity Incentive Plan (EIP)**, on the terms summarised in the Explanatory Memorandum'.

NOTICE OF ANNUAL GENERAL MEETING (Continued)

7. Adoption of Remuneration Report

To consider and, if thought fit, pass the following as a non-binding ordinary resolution:

“That the Remuneration Report for the financial year ended 30 June 2014 be adopted.”

8. Board Spill Resolution

Note : This resolution will only be moved and put to the meeting if at least 25% of the eligible votes cast on resolution 4 were against the adoption of the Remuneration Report.

If at least 25% of the eligible votes cast on Resolution 7 were against the adoption of the Remuneration Report, to consider and, if thought fit, pass the following as an ordinary resolution:

“That:

- (1) another general meeting of the Company (the Spill Meeting) be held within 90 days of the passing of this resolution;
- (2) all of the Directors in office when the Board resolution to make the Directors' Report for the financial year ended 30 June 2014 was passed excluding the Company's CEO / Managing Director (such Directors being Mr. Ottmar Weiss, Mr. Ian Ferrier, Mr. Vaughan Busby and Mr. Andrew Bonwick) and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and
- (3) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of the shareholders at the Spill Meeting.”

9. General Business

To transact any other business legally brought forward to the meeting in accordance with the Constitution.

Richard Standen

Company Secretary

By order of the Board 11 September 2014

A proxy form accompanies this Notice of Annual General Meeting.

VOTING INSTRUCTIONS

Voting entitlement

Pursuant to Section 1109N of the Corporations Act, the Company has determined that for the purpose of the Annual General Meeting, shares will be taken to be held by the persons who are the registered holders at 7.00pm (AEDT) on Tuesday 14 October 2014. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting Options

You may vote by attending the meeting in person or by proxy or a body corporate can appoint a corporate representative. If attending the meeting, please bring your personalised voting form with you as it will help you to register your attendance at the meeting.

Voting in person

You may vote in person by attending the meeting. The meeting details are at the front of this Notice of Meeting.

Voting by proxy

A shareholder who is entitled to attend and vote at the meeting may appoint a person as the shareholder's proxy to attend and vote on behalf of the shareholder. Proxies need not be shareholders of the Company.

A shareholder who is entitled to attend and cast two or more votes at the meeting may appoint not more than two proxies to attend and vote on behalf of the shareholder. Where two proxies are appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.

Any person who is a joint holder of Shares may appoint a proxy by completing the proxy form attached to this notice of meeting. If more than one joint holder appoints a proxy or seeks to vote personally at the meeting, then the person whose name stands first on the register shall alone be entitled to vote. If the appointment is signed by an attorney, the power of attorney or a certified copy of it must be sent with the proxy form.

If you wish to vote by proxy, please complete and sign the proxy form included with this notice of meeting and return it to the Company Secretary, Energy One Limited so that it is received no later than 48 hours before the time for holding the meeting. Proxy forms received after the time stated above will not be accepted or valid.

By email:	richard.standen@energyone.com.au
By facsimile:	02-8252-9888
By mail:	Reply paid envelope attached
By delivery:	Level 14, 71 Macquarie Street, Sydney, NSW 2000

Corporate Representatives

A shareholder that is a company may by resolution of its directors authorise a person to act as its representative to vote at the meeting. A certificate of appointment of a corporate representative must be executed in accordance with the relevant company's constitution and must be available for inspection at the meeting. Where the certificate of appointment is signed on behalf of the company by only one signatory and that signatory is not the sole director and sole company secretary, a certified copy of the company's constitution must also be available at the meeting.

Voting exclusions

Resolutions 4, 5 and 6

The following persons may not vote, and the Company will disregard any votes cast by the following persons, on the relevant Resolutions 4, 5 and 6:

Any Director (excluding CEO & Managing Director, Mr. Shaun Ankers, on Resolutions 4 and 6), Mr. Shaun Ankers, (on Resolutions 4, 5 and 6) and any employee (on Resolution 4) who is eligible to participate in the Energy One Equity Incentive Plan or granting of performance rights or the granting of service rights (and any associate of a Director, Mr. Shaun Ankers or an employee on the relevant resolutions). However, the Company need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman of the meeting intends to vote, as your proxy, in favour of Resolution 4, 5 and 6. If you do not want the Chairman of the meeting to vote as your proxy in favour of these resolutions you need to direct your proxy to vote against, or to abstain from voting on, the relevant resolution by marking the appropriate box on the proxy form.

Resolutions 7 and 8

Under the Corporations Act 2001, no vote may be cast (in any capacity) on Resolution 7 and 8 by or on behalf of a member of the Key Management Personnel ('KMP') whose remuneration details are included in the remuneration report for the year ended 30 June 2014, or a closely related party of any such member of the KMP.

However, these restrictions will not apply to a vote cast as proxy for a person who is entitled to vote on the resolution:

- if the vote is cast in accordance with directions in the proxy form specifying how the proxy is to vote on Resolution 7 and 8, or
- if the vote is cast by the Chairman of the meeting and the proxy form authorises him to vote as he decides on Resolution 7 and 8 (even though Resolution 7 and 8 is connected with the remuneration of members of the KMP, including the Chairman).

VOTING INSTRUCTIONS (Continued)

The Chairman of the meeting intends to vote, as your proxy, in favour of Resolution 7 and against resolution 8. If you do not want the Chairman of the meeting to vote as your proxy in favour or against these resolution you need to direct your proxy to vote for, against, or to abstain from voting on, the relevant resolution by marking the appropriate box on the proxy form.

EXPLANATORY NOTES

Note 1: Financial Statements and Reports

The Financial Statements, the Directors' Report and the Auditors' Report for Energy One Limited for the year ended 30 June 2014 will be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or the Constitution of the Company for the shareholders to approve these reports. No resolution will be put to the meeting on this item of business.

The Chairman will provide a reasonable opportunity for shareholders to ask questions and make comments on the reports. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the auditor's report.

Note 2: Election of Directors - Mr. Andrew Bonwick

Under Listing Rule 14.4, a director must not hold office without re-election past the third annual general meeting following the director's appointment or three years, whichever is longer. A director who retires in accordance with these requirements is eligible for re-election.

Mr. Bonwick, a non-executive director, retires by rotation and, being eligible, offers himself for re-election.

Mr. Bonwick was appointed a director of Energy One Ltd in October 2006. Mr. Bonwick was the Managing Director of ASX listed Australian Energy Limited (now called Power Direct) and prior to that was the Marketing Director of Yallourn Energy for 6 years. His career has included roles in senior management, institutional equity research and management consulting.

The Directors, excluding Mr. Andrew Bonwick, unanimously recommend that you vote in favour of the Resolution to elect Mr. Andrew Bonwick. The Chairman intends to vote all available proxies in favour of the Resolution.

Note 3: Election of Directors - Mr. Vaughan Busby

Under Listing Rule 14.4, a director must not hold office without re-election past the third annual general meeting following the director's appointment or three years, whichever is longer. A director who retires in accordance with these requirements is eligible for re-election.

Mr. Busby, a non-executive director, retires by rotation and, being eligible, offers himself for re-election.

Mr. Busby was appointed a director of Energy One Ltd in May 2005. Mr. Busby was previously the CEO and Managing Director of Energy One. Previously a Director of Ferrier Hodgson, he has considerable experience in turnaround and restructuring of businesses.

The Directors, excluding Mr. Vaughan Busby, unanimously recommend that you vote in favour of the Resolution to elect Mr. Vaughan Busby. The Chairman intends to vote all available proxies in favour of the Resolution.

Note 4: Energy One Equity Incentive Plan

Shareholder approval of the Energy One Equity Incentive Plan (EIP) is being sought for all purposes under the Corporations Act and under the ASX Listing Rules including but not limited to:

- ASX listing rule 7.2 (exception nine), so that any shares issued under the EIP will be excluded from the calculation of the maximum number of new shares that can be issued by the Company in any 12 month period (currently 15% of shares previously on issue) for a period of three years from the date of approval. Shareholder approval has not been previously sought for this EIP for the purposes of listing rule 7.2 exception 9.

The **Energy One Equity Incentive Plan (EIP)** is a new employee equity plan developed to meet contemporary equity design standards and to provide the greatest possible flexibility in the design and offer choices available to the Company. The EIP enables the Company to offer employees a range of different employee share scheme (ESS) interests.

These **ESS interests** or Awards include:

- Options;
- Performance Rights;
- Service Rights;
- Deferred Shares;
- Exempt Shares; and
- Cash Rights.

The Rules of the EIP (**Plan Rules**) provide a full description of the ESS interest types available under the **EIP**, and is available on request from the Company Secretary.

EXPLANATORY NOTES (continued)

The type of ESS Interest that may be offered to employees of Energy One will be determined by a number of factors, including:

- what the ESS interest is for;
- the possible tax implications for the employee;
- the laws governing the grant of equity incentives; and
- the logistics and compliance costs associated with offering the equity incentives.

As well as offering different types of ESS interests, the EIP, and the offers made under it, may be for different purposes.

It is intended that initial EIP offers will be for the following:

- **Performance Rights** to Mr. Shaun Ankers, Managing Director and CEO under the long term incentive (LTI) program;
- **Service Rights** to non-executive directors as part of their director fee package; and
- **Exempt Shares** to general employees of Energy One with one or more years' service with the Company.

No issues of options, deferred shares and cash rights are contemplated at this time. Any issues of Options, Deferred Shares and Cash Rights under the EIP in the future will be made from the Company's placement capacity under listing rule 7.1 unless shareholder approval is sought.

Whenever EOL shares are required under the EIP, they will be acquired and held by the Energy One Employee Share Trust (EST).

Like the EIP, the EST is governed by a document (the EST Trust Deed) setting out the rules of the EST and the responsibilities of the Trustee, Energy One and EST Participants. A copy of the EST Trust Deed is also available on request from the Company Secretary.

A summary of the key terms of the EIP follow. The terms of specific grants under the EIP are set out in the individual's offer documents.

Types of securities that the company may offer under the EIP: Options, Performance Rights, Service Rights, Deferred Shares, Exempt Shares and Cash Rights.

Eligibility to participate: The Board has the discretion to determine which employees are eligible to participate in the EIP. The definition of employee under the Plan Rules includes any full time or permanent part time employee or officer or director of the Company or any related body corporate of the Company.

Vesting conditions: The vesting of any securities issued under the EIP, excluding Exempt Shares, may be conditional on the satisfaction of performance and/or service as determined by the Board and advised to the employee in the individual's offer documents.

Price: Securities issued under the EIP may be issued at no cost to the participants. Options may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in the individual's offer documents.

Lapse/forfeiture: Securities issued under the EIP will lapse or be forfeited on the earliest of:

- any expiry date applicable to the securities;
- any date which the Board determines that vesting conditions applicable to the securities are not met or cannot be met;
- the participant dealing in respect of the securities in contravention of the EIP;
- the Board determining that a participant has committed an act of fraud, is ineligible to hold the office for the purposes of Part 2D .6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

Change of Control: On the occurrence of a Change of Control (as defined in the Plan Rules), the Board will determine, in its sole and absolute discretion, the manner in which vested and unvested securities issued under the EIP shall be dealt with.

Cessation of employment: All unvested securities issued under the EIP lapse immediately on termination of employment unless any Leaver's Policy applies or the Board determines otherwise depending on the circumstances.

No dealing/hedging: Dealing restrictions apply to securities issued under the EIP in accordance with the Plan Rules and the Company's share trading policy. It is prohibited to hedge or otherwise protect the value of unvested securities issued under the EIP.

Adjustments: Prior to the allocation of shares to a participant upon vesting or exercise of securities issued under the EIP, the Board may make any adjustments considers appropriate to the terms of securities in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action such as a capital raising or capital reconstruction.

Limits on securities issued: The number of shares that may be issued under the EIP is set with regard to the limits prescribed under ASIC Class Order 03/184 with respect to employee share scheme offers made without a prospectus. Currently these limits provide that the number of shares that may be issued, when aggregated with a number of shares issued during the previous five years from share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire shares granted to the previous five years under any such employee share scheme), must not exceed 5% of the total number of shares on issue, disregarding certain unregulated offers.

Initial grants under the EIP

Subject to approval by shareholders of Resolutions 4, 5 and 6, the Company intends making the following offers to employees:

EXPLANATORY NOTES (continued)

1. Performance Rights

It is proposed that **650,000** Performance Rights will be granted to the Company's Managing Director and CEO, Mr. Shaun Ankers, subject to the service and performance vesting conditions detailed in **Note 5**.

The purpose of this offer is to provide Mr. Ankers with a long term service (retention) and performance incentive and to align personal, company and shareholder interests.

2. Service Rights

It is proposed that the non-executive directors will receive a proportion of their director fees in the form of Service Rights in the EIP. Further details on the quantum proposed and the service vesting conditions are detailed in **Note 6**.

Board and Committee fees are reviewed periodically having regard to the level of fees paid to Non-executive Directors at Australian companies of comparable size and complexity. They reflect the responsibilities and time commitment necessary for the role. The purpose and advantage of this offer is to provide a non-cash form of remuneration that further aligns the interests of Directors with shareholders, and also promotes an ownership culture by all participating directors. .

3. Exempt Shares

Australian resident employees with at least 1 years' service with the Company (as at 6 October 2014) will be invited to receive \$1,000 worth of EOL shares free.

Under Australian taxation regulations companies are able to provide up to \$1,000 per annum to employees exempt from tax, subject to meeting certain specified qualifying conditions.

Shares under the scheme once granted cannot be forfeited. Shares under the scheme will be held subject to a 3 year holding lock whilst the participant remains an employee.

The offer will be made to approximately 11 Australian employees. If the take-up rate is 100%, the cost to the Company will be \$11,000. If shares are issued to satisfy the offer for both the company and the employees contribution, then 27,500 shares would be issued (based on the closing EOL share price of \$0.40 on 3 September 2014).

The purpose of this offer is to engage the Company's employees in the success of the business and encourage broad based employee share participation.

The Directors, because of their respective interests, cannot make any recommendation in respect of the resolution for an Energy One Equity Incentive Plan. The Chairman intends to vote all available proxies in favour of the Resolution.

Note 5: Grant of Performance Rights to the Managing Director and CEO, Mr. Shaun Ankers

Under the ASX Listing Rules, the Company must seek shareholder approval to grant equity securities in the Company to Directors, including Mr. Ankers.

Mr. Ankers is eligible for an award in accordance with the Company's long term incentive scheme (LTIS).

Accordingly, we are seeking approval to enable the Company to grant the **Performance Rights** to Mr. Ankers under the Company's new **Energy One Equity Incentive Plan (EIP)**.

A Performance Right is a right to receive one ordinary share in the Company at a point in the future subject to meeting specified performance, time (service) and/or other conditions. If the applicable conditions (collectively called vesting conditions) are met, the Performance Rights will vest and may be exercised by the holder of the Performance Right in return for an ordinary share in the Company. There are no financing arrangements in relation to the acquisition of performance rights.

More information about the **Energy One Equity Incentive Plan (EIP)** is contained in this explanatory memorandum under **Note 4**.

In addition, approval is sought under Section 200E of the Corporations Act for the pro rata vesting Performance Rights to Mr. Ankers in the event of cessation of his employment in limited circumstances under the terms of their invitations.

a) LTI arrangements for Mr. Ankers

Mr. Ankers' performance and remuneration arrangements have been reviewed under the Company's annual review process. That process has led to a recommendation to seek shareholder approval to grant Performance Rights under the Company's EIP as outlined below.

The remuneration arrangements for Mr. Ankers are based on the Company's remuneration strategy. This strategy seeks to provide fair and appropriate rewards, comprised of fixed and 'at risk' elements, designed to attract, retain and motivate employees. These Performance Rights represent the majority of Mr. Ankers' 'at risk' remuneration.

EXPLANATORY NOTES (continued)

The Non-executive Directors of the Remuneration Committee have concluded that the remuneration arrangement for Mr. Ankers (including the proposed grants of Performance Rights) is reasonable and appropriate having regard to the circumstances of the Company and Mr. Ankers' duties and responsibilities.

b) What is the maximum number and value of securities that can be granted to Mr. Ankers, and at what price?

Performance Rights awarded under the EIP.	<p>■ 650,000 Performance Rights valued at \$260,000¹</p> <p>¹Based on the closing share price of \$0.40 for EOL shares on 3 September 2014.</p> <p>No price is payable by Mr. Ankers for the grant or exercise of the Performance Rights. Importantly, no value will be received by Mr. Ankers if the Performance Rights lapse prior to the vesting date.</p>
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c) Conditions and Hurdles

Number of Performance Rights:	Tranche 1	150,000
	Tranche 2	166,667
	Tranche 3	166,667
	Tranche 4	166,666
	Total	650,000
Vesting Date:	Tranche 1	18 November 2015
	Tranche 2	31 August 2015
	Tranche 3	31 August 2016
	Tranche 4	31 August 2017
Exercise Price:	Nil	
Expiry Date:	30 days after the Vesting Date, unless lapsed earlier.	
Vesting Conditions:	<p>Tranche 1 only:</p> <p>In order for any of the Performance Rights to vest and become available for exercise is dependent on Mr. Ankers meeting the Service Vesting Condition</p>	
	<p>Tranches 2 – 4:</p> <p>In order for any of the Performance Rights to vest and become available for exercise is dependent on Mr. Ankers meeting the Service Vesting Condition and Energy One meeting the Performance Vesting Conditions.</p> <p>Collectively these conditions are known as the Vesting Conditions.</p>	
Service Vesting Condition:	Continuous employment as Managing Director & CEO (or equivalent) from Grant Date to the relevant Vesting Date.	
Performance Vesting Conditions:	The Board of Directors has set performance vesting conditions for the CEO as part of his remuneration package in accordance with the Company's long-term incentive scheme (LTIS). The conditions have been set in advance, taking into account expected earnings growth by the directors. These performance rights are 'at risk' and will be forfeited if the performance conditions are not achieved.	

EXPLANATORY NOTES (continued)

- Performance Rights that fail to meet the Performance Condition for **Tranche 2** may still vest if they meet the Vesting Conditions for either **Tranche 3** or **Tranche 4**.
- Performance Rights that fail to meet the Performance Condition for **Tranche 3** may still vest if they meet the Vesting Conditions for **Tranche 4**.
- Performance Rights that fail to meet the Performance Condition for **Tranche 4** will lapse immediately.

Other Conditions

- Unvested Performance and Service Rights may in certain circumstances vest early, in accordance with the terms of the Energy One Equity Incentive Plan Rules, and any Leaver's Policy that may apply from time to time, as approved by the Board.
- Dealing in Shares is subject to the constraints of Australian insider trading laws and Energy One's Share Trading Policy.
- Participants are specifically prohibited from hedging their Energy One share price exposure in respect of their Performance and Service Rights during the vesting period.
- If, in the Board's opinion, the Participant has acted fraudulently or dishonestly or is in breach of his material obligations to Energy One, the Board may determine that any or all of his Performance Rights which have not yet vested, lapse.

d) When will the securities be issued?

Subject to shareholder approval, it is anticipated that the **Performance Rights** for Mr. Ankers will be issued shortly after the AGM to coincide with the issue of other grants under the EIP.

Irrespective of these intentions, Performance Right grants approved by shareholders under this resolution will be issued within 12 months of the date of this Meeting.

e) Which directors have received securities since the last Annual General Meeting?

The EIP is a new Plan and no securities have been issued under the EIP.

f) Which directors are entitled to participate?

Currently it is the intention of Energy One that the Managing Director only (Mr. Ankers) be eligible to receive Performance Rights in the EIP.

g) Other required information: section 200E Corporations Act.

The value of the Performance Rights that may vest on cessation of employment cannot currently be ascertained.

The circumstances that may affect the calculation of this value include:

- The market price of EOL shares at the time the employment ceases;
- the performance against the performance hurdles at the time the employment ceases;
- the part of the service period has elapsed at the time the employment ceases; and
- the number of Performance Rights that lapse on cessation of employment

The Directors, excluding Mr. Ankers, recommend that you vote in favour of the Resolution to Grant of Performance Rights to the Managing Director & CEO, Mr. Shaun Ankers. The Chairman intends to vote all available proxies in favour of the Resolution.

Note 6: Grant of Service Rights to the Non-executive Directors

Under the ASX Listing Rules, the Company must seek shareholder approval to grant equity securities in the Company to Directors, including Messrs. Weiss, Bonwick, Busby and Ferrier.

It is proposed that the non-executive directors will receive a proportion of their director fees in the form of Service Rights in the EIP. The advantage to the company is that the Service Rights represent a non-cash form of remuneration. Accordingly, we are seeking approval to enable the Company to grant **312,500 Service Rights** to Messrs. Weiss, Bonwick, Busby and Ferrier under the Company's new **Energy One Equity Incentive Plan (EIP)**.

A Service Right is a right to receive one ordinary share in the Company at a point in the future subject to meeting specified time (service) and/or other conditions. If the applicable conditions (collectively called vesting conditions) are met, the Service Rights will vest and may be exercised by the holder of the Service Right in return for an ordinary share in the Company. There are no financing arrangements in relation to the acquisition of service rights.

More information about the **Energy One Equity Incentive Plan (EIP)** is contained in this explanatory memorandum under **Note 4**.

In addition, approval is sought under Section 200E of the Corporations Act for the pro rata vesting Service Rights to Messrs. Weiss, Bonwick, Busby and Ferrier in the event of cessation of their employment in limited circumstances under the terms of their invitations.

Remuneration arrangements for Messrs. Weiss, Bonwick, Busby and Ferrier

Board and Committee fees are reviewed periodically having regard to the level of fees paid to Non-executive Directors at Australian companies of comparable size and complexity. They reflect the responsibilities and time commitment necessary for the role.

EXPLANATORY NOTES (continued)

The aggregate cap for Non-executive Directors' remuneration (\$500,000) was last approved by shareholders at the 2009 Annual General Meeting. Note 6 does not change this cap but will more closely align the interests of the Board and shareholders if Non-executive Directors are required to receive a proportion of their fees as EOL service rights.

The Company seeks shareholder approval to grant Service Rights to the Non-executive Directors under the Company's EIP as outlined below :

	Service Rights	Value ¹
Ottmar Weiss	125,000	\$50,000.00
Andrew Bonwick	62,500	\$25,000.00
Vaughan Busby	62,500	\$25,000.00
Ian Ferrier	62,500	\$25,000.00
	312,500	\$125,000.00
¹ Estimate based on the closing share price of \$0.40 for EOL shares on 3 September 2014.		
No price is payable by Messrs. Weiss, Bonwick, Busby and Ferrier for the grant or exercise of the Service Rights .		
Importantly, no value will be received by Messrs. Weiss, Bonwick, Busby and Ferrier if the Service Rights lapse prior to the vesting date.		

Conditions and Hurdles

Vesting Date:	30 October 2015
Exercise Price:	Nil
Expiry Date:	30 days after the Vesting Date, unless lapsed earlier.
Vesting Conditions:	In order for any of the Service Rights to vest and become available for exercise is dependent on the director meeting the Service Vesting Condition

Other Conditions

- Unvested Service Rights may in certain circumstances vest early, in accordance with the terms of the Energy One Equity Incentive Plan Rules, and any Leaver's Policy that may apply from time to time, as approved by the Board.
- Dealing in Shares is subject to the constraints of Australian insider trading laws and Energy Ones' Share Trading Policy.
- Participants are specifically prohibited from hedging their Energy One share price exposure in respect of their Service Rights during the vesting period.
- If, in the Board's opinion, Messrs. Weiss, Bonwick, Busby or Ferrier has acted fraudulently or dishonestly or is in breach of their material obligations to Energy One, the Board may determine that any or all of their Service Rights which have not yet vested, lapse.

When will the securities be issued?

Subject to shareholder approval, it is anticipated that the **Service Rights** for Messrs. Weiss, Bonwick, Busby and Ferrier will be issued shortly after the AGM to coincide with the issue of other grants under the EIP.

Irrespective of these intentions, Service Right grants approved by shareholders under this resolution will be issued within 12 months of the date of this Meeting.

Which directors have received securities since the last Annual General Meeting?

The EIP is a new Plan and no securities have been issued under the EIP.

Which directors are entitled to participate?

Currently it is the intention of Energy One that Non-executive Directors only (Messrs. Weiss, Bonwick, Busby and Ferrier) be eligible to receive Service Rights in the EIP.

Other required information: section 200E Corporations Act

The value of the Service Rights that may vest on cessation of employment cannot currently be ascertained.

EXPLANATORY NOTES (continued)

The circumstances that may affect the calculation of this value include:

- The market price of EOL shares at the time the employment ceases;
- the part of the service period has elapsed at the time the employment ceases; and
- the number of Service Rights that lapse on cessation of employment

The Directors (other than Messrs. Weiss, Bonwick, Busby and Ferrier, because of their respective interests), recommends that you vote in favour of the Grant of Service Rights to the Non-executive Directors. The Chairman intends to vote all available proxies in favour of the Resolution.

Note 7: Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' Report of the Annual Report on pages 14 through 21.

The Remuneration Report Sets out matters including (but not limited to):

- Energy One policies for determining the remuneration of directors and executives;
- The remuneration details for directors and executives;
- Certain 'prescribed details' of specified directors and executives of the Company.

Executive remuneration and the terms of employment are reviewed annually having regard to personal and corporate performance, contribution to long-term growth, relevant comparative information and independent expert advice. The Board believes that the Company's remuneration arrangements, as set out in the Remuneration Report, are fair and appropriate to support the direction of the Company.

The shareholder vote is advisory only and does not bind the directors of the Company.

The Chairman will provide a reasonable opportunity for shareholders to ask questions and make comments on the Remuneration Report.

The Directors unanimously recommend that you vote in favour of the Resolution to Adopt the Remuneration Report. The Chairman intends to vote all available proxies in favour of Resolution 7.

At last year's AGM more than 25% of the votes cast, were voted against the adoption of the 2013 Remuneration Report and is known as a "first strike" under the Corporation Act 2001. If the votes against the current year's Remuneration Report represent at least 25% of the votes entitled to be cast, the Company will receive a second strike. On receipt of a second strike, a resolution must be put to the shareholders to hold elections for directors known as a "Spill Resolution". Resolution 5 is the Spill Resolution and is explained further in Note 5 of the explanatory Notes.

Note 8: Board Spill Resolution

This resolution will only be moved and put to the meeting if at least 25% of the eligible votes cast on Resolution 7 were against the adoption of the remuneration report. Such a vote against will constitute a "second strike" for the Company under the Corporations Act.

If the Company receives a "second strike" and this Board Spill Resolution is passed, it will be necessary for the Board to convene a further general meeting (the "Spill Meeting") of the Company within 90 days of the AGM in order to consider the composition of the Board.

If a Spill Meeting is held, the following Directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Mr. Ottmar Weiss
- Mr. Ian Ferrier
- Mr. Vaughan Busby
- Mr. Andrew Bonwick

Even if Mr. Busby and Mr. Bonwick are elected at this year's AGM, they will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting.

The voting requirements for the Spill Resolution are by simple majority (greater than 50% of the eligible votes cast) rather than the 25% or higher hurdle used for the Remuneration Report Resolution 7.

The Directors unanimously recommend that shareholders vote AGAINST this Resolution to spill the Board. The Chairman intends to vote all available proxies against Resolution 8.

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9:30am AEDT on Tuesday 14 October 2014.**

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 security holder 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 **9:30am AEDT on Tuesday, 14 October 2014..** 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:

- 📠 **By Fax** + 61 2 8252 9888
- ✉ **By Mail** GPO Box 3968
Sydney, NSW, 2001
- 💻 **Online** richard.standen@energyone.com.au
- 👤 **In Person** Level 14, 71 Macquarie Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Energy One Limited

ABN 37 076 583 018

☐

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.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Energy One Limited** (Company) 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 shareholder) 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 at the **Level 14, 71 Macquarie Street, Sydney NSW, 2000 on Thursday, 16 October, 2014 at 9:30am AEDT** 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.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 4, 5, 6, 7 and 8. I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these resolutions even though resolution 4, 5, 6, 7 and 8 are connected with the remuneration of a member of key management personnel for Energy One Limited.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business including Resolutions 4, 5, 6, 7, except Resolution 8, where the Chair of the Meeting intends to vote **AGAINST** the 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 2	Election of Directors – Mr. Andrew Bonwick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Directors – Mr. Vaughan Busby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Energy One Equity Incentive Plan (EIP) Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Performance Rights to the Managing Director & CEO, Mr Shaun Ankers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Service Rights to the Non- Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	A vote FOR Resolution 8 is a vote to support the spill motion. The Directors unanimously recommend that Shareholders vote AGAINST Resolution 8			
Resolution 8	Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014