

Energy Developments Limited (ASX: ENE)

Monday, 13 October 2014

For Immediate Release



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ASX Release

Notice of Annual General Meeting, Proxy Form and Letter to Shareholders

Attached is:

- The Notice of Meeting for ENE's 2014 Annual General Meeting to be held on Friday 14 November 2014 at 10.00 am at the Hilton Hotel Sydney, Level 1, Room 7, 488 George Street, Sydney;
- The proxy Form for the Annual General Meeting; and
- A copy of the letter to shareholders in relation to the Annual General Meeting.

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For additional information please contact:

Greg Pritchard

Managing Director

Energy Developments

Phone: +61 7 3275 5650

Gerard Dover

Chief Financial Officer

Energy Developments

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About Energy Developments

Energy Developments Limited ABN 84 053 410 263 (ENE) is an international provider of safe, clean, low greenhouse gas (GHG) emissions energy and remote energy solutions. ENE currently owns and operates a diversified international portfolio of power stations in Australia, the United States, the United Kingdom and Greece from a range of fuel sources including landfill gas, waste coal mine gas, natural gas and liquefied natural gas.

In the year ended 30 June 2014:

- ENE's worldwide operations produced approximately 3.7 million MWh of energy, enough to power over 600,000 homes; and
- ENE's landfill gas power stations around the world, and waste coal mine power stations in Australia abated and avoided approximately 12 million tonnes of carbon dioxide equivalent of GHG emissions, equivalent to removing 3.5 million cars from the road

Note: in this release, all amounts are Australian dollars unless otherwise specified, and all numbers are approximate unless otherwise specified.

The EDL 2014 Annual General Meeting will be held on Friday 14 November 2014 at 10am (Sydney time) at the Hilton Hotel, Level 1, Room 7, 488 George Street, Sydney.

AGENDA

Ordinary Business

Financial Statements and Reports

To receive and consider the Financial Statements, the Directors' Statement and the Reports of the Directors and the Auditor for the year ended 30 June 2014.

Note: There is no requirement for shareholders to approve these reports.

Remuneration Report

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

- 1 That the Remuneration Report for the year ended 30 June 2014 be adopted.

Note: This resolution is advisory only and does not bind the Directors or the Company.

Re-election of Greg Martin as a Director

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

- 2 That Greg Martin, a Director retiring in accordance with Rule 16.2 of the Company's Constitution, and being eligible for re-election, is re-elected as a Director of the Company.

Special Business

Approval of New Incentive Plan

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

- 3 That a proposed new performance rights-based long-term incentive plan (the **New LTI Plan**), an outline of which is summarised in the Explanatory Notes attached to this Notice of Annual General Meeting, be approved for all purposes, including as set out in the Explanatory Notes:
 - (i) for the purpose of ASX Listing Rule 7.2 Exception 9 as an exception to ASX Listing Rule 7.1; and
 - (ii) for the purposes of sections 200B and 200E of the Corporations Act.

Approval of proposed grant of new long term incentives to the Managing Director

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

- 4 That any acquisition by Mr Greg Pritchard, Managing Director of the Company, of any performance rights pursuant to the terms of the New LTI Plan referred to in Resolution 3, is **approved** for all purposes, including for the purpose of ASX Listing Rule 10.14.

Other Business

To deal with any other business that may be brought forward in accordance with the Company's Constitution and the Corporations Act.

Voting Entitlements

For the purposes of voting at the Annual General Meeting, shareholders are those persons who are registered holders of the Company Shares in the Share Register at 7pm (Sydney time) on Wednesday 12 November 2014.

Proxies

A shareholder has a right to appoint a proxy, who need not be a shareholder of the Company. If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

A Proxy Form accompanies this notice of meeting. The Proxy Form must be received at least 48 hours before the start of the meeting and may be:

- lodged on-line, at www.linkmarketservices.com.au, by following the website instructions and using the SRN/HIN on the Proxy Form;
- delivered to Link, the Share Registry of the Company, at Level 12, 680 George Street, Sydney NSW 2000 or Level 15, 324 Queen Street, Brisbane, Queensland 4000;
- delivered to the Company's Registered Office, Building 17, 2404 Logan Road, Eight Mile Plains, Queensland 4113;
- delivered to Link at 1A Homebush Bay Drive, Rhodes NSW 2138;
- posted to Link at Locked Bag A14 Sydney South NSW 1235;
- sent by facsimile to Link on (02) 9287 0309 (within Australia) or +61 2 9287 0309 (outside Australia); or
- sent by facsimile to the Company on (07) 3341 5150.

By order of the Board



Glen Marshall

Company Secretary & General Counsel
9 October 2014

EXPLANATORY NOTES

Financial Statements and Reports

The financial statements for the year ended 30 June 2014 and the reports of the Directors and auditors will be laid before the meeting (as required by section 317 of the Corporations Act). There is no requirement for a formal resolution on this item.

RESOLUTION 1: Remuneration Report

The Remuneration Report for the year ended 30 June 2014 is set out in the Company's 2014 Financial Statements.

A resolution that the Remuneration Report for the year ended 30 June 2014 be adopted will be put to a vote as an ordinary resolution (as required by Section 250R of the Corporations Act). The vote on this item is advisory only and does not bind the Directors or the Company, however the Company will take the outcome of the vote into consideration when reviewing remuneration practices and policies. The Chairman will allow a reasonable opportunity for shareholders to comment on and ask questions about the Remuneration Report at the meeting.

The Company will disregard any votes cast (in any capacity) on resolution 1 by or on behalf of a member of the Key Management Personnel as defined in the Company's financial statements for the year ended 30 June 2014 (**KMP**) or a KMP's "closely related party" unless the vote is cast as proxy for a person entitled to vote in accordance with a specific direction on the proxy form. (A "closely related party" is a Corporations Act defined term and it includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.)

The Directors unanimously recommend that shareholders vote in favour of Resolution 1.

RESOLUTION 2: Re-Election of Greg Martin as a Director

Under Listing Rule 14.4 and the Company's Constitution, 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. Mr Greg Martin was elected at the 2011 Annual General Meeting, is due to retire at the end of the meeting, and offers himself for re-election to the Board.

Mr Greg Martin (BEC, LLB, FAIM, MAICD) is an independent non-executive director of the Company (since 2006), and is also Chairman of Prostar Investments (Australia) Pty Ltd, a non-executive Director of Santos Ltd, Chairman of Iluka Resources Limited and Chairman of Sydney Desalination Plant Pty Ltd.

Mr Martin has over 30 years of experience in the utilities, energy and energy related infrastructure sectors in Australia, New Zealand and internationally. He is a former Managing Director of Murchison Metals Limited, former Chairman of NGC Holdings Limited (a former New Zealand-listed company), former Chairman of the Energy Supply Association of Australia Limited, former director of Everest Financial Group Limited, former director of Empresa de Gas de la V region S.A. (Chile), and former Chief Executive of Challenger Infrastructure, part of the Challenger Financial Services Group.

The Directors (excluding Mr Martin) recommend that shareholders vote in favour of Resolution 2.

RESOLUTION 3: New Performance Rights-based Long Term Incentive Plan

1 Background

The Company intends to transition from its existing management incentive plan (the **MIP**) to a new performance rights-based incentive plan (the **New LTI Plan**).

In June 2011, EDL shareholders approved the terms of the MIP, pursuant to which eight senior executives including Mr Greg Pritchard, the Managing Director of the Company, (together the **MIP Participants**) acquired both ordinary shares in EDL and two series of options over unissued ordinary shares in EDL (**MIP Options**). The structure of this incentive scheme was designed to drive management to achieve a market share price for EDL shares reflecting a circa 1.5x and 2.5x multiple, respectively, of the takeover price paid by Greenspark Power Holdings Limited as nominee for certain funds advised by Pacific Equity Partners, being collectively referred to as Pacific Equity Partners Fund IV (**Greenspark**) in early 2010.¹

In the context of the Company's February 2014 capital raising and concurrent sell-down by Greenspark of its interest in EDL shares to its present 67.7%, the Board has reviewed the MIP and considers it appropriate to transition the Company's executives from the MIP to a more traditional long term incentive plan appropriate for the Company's current market capitalisation and shareholder base.

The New LTI Plan has been developed in consultation with the Company's remuneration advisers. As described further below, it is currently proposed that the New LTI Plan be used to facilitate the issue of three types of performance rights (**PRs**):

- two types of market-standard performance rights referred to as **External PRs** and **Internal PRs**; and
- transitional performance rights referred to as Fixed Value Performance Rights (**FVPRs**) intended to transition the existing MIP Participants to the New LTI Plan.

2 Summary of the proposed New LTI Plan

Under the rules of the proposed New LTI Plan (**New LTI Plan Rules**), the Company will, at the Board's discretion, be able to issue new performance rights to participating senior executives with the following summary characteristics (subject to the New LTI Plan Rules):

(a) **External PRs** – These new performance rights:

- (i) will be issued at no cost to the holder;
- (ii) will each entitle the holder to one fully paid ordinary share in EDL subject to the satisfaction of the vesting conditions and subject to the terms of issue, such share to be issued or acquired on-market at no cost to the holder;
- (iii) will have pass/fail hurdles set at the time of grant based on an external performance metric, being a total shareholder return (**TSR**) hurdle which ranks the TSR performance of EDL (in summary, the growth in EDL share price plus

¹ Further details of the terms of the MIP can be found in Item B of the Explanatory Notes to the EDL Notice of Extraordinary General Meeting of 7 June 2011, (dated 6 May 2011), available online at: http://www.energydevelopments.com.au/dbase/upl/1ASX_Notice%20of%20EGM.pdf

dividends plus capital returns to shareholders, if any) against the TSR performance of a comparator group of companies, consisting of the companies in the S&P/ASX 200 Index but excluding companies in the Mining, Financials, Healthcare and Information Technology sectors;

- (iv) will have the pass/fail hurdles measured over a three year period from the date of the relevant grant, or such other date as determined by the Board; and
 - (v) will lapse if and to the extent that the performance hurdle is not satisfied as determined by the Board, and there will be no re-testing.
- (b) **Internal PRs** – These new performance rights:
- (i) will be issued at no cost to the holder;
 - (ii) will each entitle the holder to one fully paid ordinary share in EDL subject to the satisfaction of the vesting conditions and subject to the terms of issue, such share to be issued or acquired on-market at no cost to the holder;
 - (iii) will have pass/fail hurdles set at the time of grant based on an internal performance metric, being a return on equity hurdle (in summary, the ratio of net profit to weighted average equity in the performance period) adjusted at the discretion of the Board for any material non-recurring items;
 - (iv) will have the pass/fail hurdles measured over a three year period from the date of the relevant grant, or such other date as determined by the Board; and
 - (v) will lapse if and to the extent that the performance hurdle is not satisfied as determined by the Board, and there will be no re-testing.
- (c) **FVPRs** – The operation of these performance rights is set out in detail in section 4, below. The FVPRs are specifically intended to redress the economic impact on the holders of MIP Options of historical and ongoing dividend payments on the underlying EDL shares. Accordingly, the FVPRs are intended to only be granted to the existing MIP Participants, and only on a transitional basis.

The External and Internal PRs are intended to be the primary mechanism for ensuring the ongoing long term alignment of interests between the shareholders of the Company and its key senior executives. In exceptional circumstances approved by the Board, such as where the Board considers that additional or top-up long term remuneration is warranted in particular limited situations, a number of External and Internal PRs may be granted to executives already participating in the MIP where those executives still hold MIP Options.

The exact timing of the grant and mix of performance rights (as between External and Internal PRs and FVPRs) would be assessed by the Board in its discretion, subject at all times to the three year grant limit referenced in ASX Listing Rule 10.15A.9.

The New LTI Plan Rules will also be flexible enough to allow the Company to grant traditional options on terms in its discretion if deemed desirable, although the Board currently intends that the performance rights will be the primary incentive mechanism.

The total number of performance rights and options to be issued will at no time exceed the rolling limit set by ASIC Class Order CO 03/184 (ie. 5% of total issued EDL shares).

3 Summary of terms of the FVPRs

3.1 Background

The MIP Options were approved and granted at a time when the Company was not paying and did not intend to pay regular dividends. This has subsequently changed, and it is the Board's current intention to pay regular franked dividends in the future.

The Board notes that, while the Company's decision to commence paying regular dividends has been beneficial for shareholders of the Company, it has had the commensurate effect of making the MIP Options less valuable in the hands of the MIP Participants and therefore less of an effective incentive in circumstances where those MIP Participants paid market value for the MIP Options out of their own funds.

3.2 Operation of FVPRs

The FVPRs are performance rights to be granted to EDL senior executives (including the Managing Director) who are already participating in the MIP (**FVPR Holder**) at no cost to the FVPR Holder at the time of grant or on vesting, if the FVPR performance hurdle is met.

Rather than vesting on a one-for-one basis, the FVPRs will have a fixed dollar value. The number of EDL shares that may be issued on vesting is determined by dividing the aggregate fixed value of all FVPRs held by the holder by the volume weighted average price (**VWAP**) of EDL shares at the time of vesting, subject to the satisfaction of the vesting conditions. On vesting of a tranche of FVPRs, a number of fully paid ordinary shares in EDL will either be issued or acquired on-market at no cost to the FVPR Holder.

The pass/fail performance hurdle for each tranche of FVPRs will be set by the Board at the time of grant of each tranche and will involve the Board setting a Target Share Price for each tranche of FVPRs. The Target Share Price will be determined having regard to the original exercise price of the MIP Series A Options (here, using a \$4.12 reference point) or the original exercise price of the MIP Series B Options (here, using a \$6.87 reference point) as applicable, less the amount of any dividend paid on one EDL share on and from 20 September 2013 (including the \$0.11 dividend paid on that date), being the date on which EDL recommenced the payment of dividends.

The rationale for setting the Target Share Price by reference to the original exercise price of the MIP Options is to do no more than directly ameliorate the negative impact on the value of the MIP Options caused by the payment of dividends by the Company.

The FVPRs only vest if the VWAP of EDL shares over a five day trading period matches or exceeds the Target Share Price at a specified vesting date or over a specified vesting period commencing no earlier than 2 years from the date of grant of the FVPRs.

If the pass/fail performance hurdle is passed then each FVPR will automatically entitle the executive holding the FVPR to a number of EDL shares equal to the fixed value of the FVPRs divided by the VWAP of EDL shares over the 5 trading days leading up to and including the relevant date on which the pass / fail performance hurdle is passed.

If the pass / fail performance hurdle is not passed then the executive holding the FVPR has no entitlement to EDL shares from the relevant FVPR. The FVPRs lapse if and to the extent that the performance hurdle is not satisfied, and there will be no re-testing.

The proposed terms applicable to the FVPRs are summarised in more detail in Annexure A.

4 Shareholder approval of the New LTI Plan

Shareholder approval by ordinary resolution is sought for the implementation of the New LTI Plan in compliance with the following laws and regulations.

4.1 *Exemption for >15% issue of capital*

ASX Listing Rule 7.1 requires shareholder approval by ordinary resolution for an issue of equity securities if, over a 12 month period, the amount of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12 month period.

However, ASX Listing Rule 7.2 Exception 9 provides that an issue under an employee incentive scheme is exempted from the 15% limit if shareholders approve the issue of securities under an employee incentive scheme as an exception to Listing Rule 7.1 no more than three years before the date of issue.

Since any grant of performance rights to management personnel would otherwise necessarily reduce EDL's prescribed 15% capacity to issue new equity securities, the Board considers it is appropriate that issues of PRs under the New LTI Plan be exempted from this rule by shareholder approval.

The Board further notes that each EDL annual report for the period in which any performance rights remain on issue or have been vested, converted or forfeited will disclose the details of those matters in full, including a summary of the relevant terms and conditions attaching to each successive grant. This will ensure that the ordinary shares in EDL are trading on an informed basis with regards to the potential impact of the vesting of any performance rights granted under the New LTI Plan.

ASX Listing Rule 7.1 Exception 9 also requires shareholders to be informed of the number of securities issued under the relevant employee incentive scheme since the date of the last approval. As the New LTI Plan has not yet been approved, no such securities have been issued.

4.2 *Exemption for retirement benefits*

Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with the special provisions of s 200E of the Act, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or position of employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company.

The application of this section will arise in the circumstance where a Participant is classed as a Good Leaver, subject to the Board's discretion to accelerate any unvested performance rights at that point in time.

Section 200E(2) requires that the details of the benefit, the manner of calculation of the value of that benefit, and any relevant factors likely to affect that value be set out in this notice of meeting.

The details of the benefit are as set out above in the description of the performance rights to be granted under the New LTI Plan.

The value of the termination benefits that the Board may give under the New LTI Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. Specifically, the value of a particular benefit will depend on factors such as:

- the Company's share price at the time of a holder's retirement;
- whether the Board exercises its discretion to vest any performance rights that remain unvested at the time of the holder's retirement; and
- whether the Board exercises its discretion to treat as a Good Leaver a holder who would otherwise be classified as a Bad Leaver.

The Board regards the above exemptions as appropriate to the implementation of the New LTI Plan.

The Directors (excluding Mr Pritchard) recommend that shareholders vote in favour of Resolution 3.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by:

- a director of the entity (except one who is ineligible to participate in any employee incentive scheme in relation to the entity); and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a director as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a director chairing 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.

RESOLUTION 4: Grant of new long term incentives to the Managing Director

Shareholders are asked to approve the grant of long term incentives consisting of a maximum of 76 million FVPRs to Mr Greg Pritchard, the Managing Director of the Company, as described above, for the purposes of the ASX Listing Rules.

Mr Pritchard was appointed Managing Director on 17 December 2007, and has been an executive director of the Company since July 2001.

The FVPRs have the features described at section 4 of the explanatory notes to Resolution 3 above and at Annexure A.

Shareholder approval

ASX Listing Rule 10.14 prohibits the acquisition of securities (which includes the performance rights by definition) by a director or an associate of the director under an employee incentive scheme without the approval of ordinary holders of securities of the acquisition.

In accordance with the notice requirements of Rule 10.15A, the Company formally notes that in connection with the New LTI Plan which shareholders are asked to approve:

- Mr Pritchard is a director of the Company (**Rule 10.15A.1**);
- It is difficult to assess the likely number and value of future FVPRs as these matters of detail will be impacted upon by the Company's future share price and dividends (if any), but for the purposes of the ASX Listing Rules, the maximum number of FVPRs to be issued to Mr Pritchard is not to exceed 76 million FVPRs.

Note: This number is a maximum and does not necessarily reflect the actual number of FVPRs that will be issued given that the number of future FVPRs issued is subject to Board discretion and takes account of a variety of factors including future dividends. Also, FVPRs do not vest into shares on a 1 for 1 basis so this number does not represent to the number of shares which could result from vested FVPRs – the number of shares from vested FVPRs would be significantly lower and is calculated by dividing the aggregate fixed value of all FVPRs held by the EDL share price VWAP at the time of vesting. As a hypothetical example, a future share price VWAP of \$6.76 would result in a FVPR vesting entitlement to approximately 1.9 million shares.

- The price for each security is nil (**Rule 10.15A.3**);
- Mr Pritchard is the only person to whom Rule 10.14 applies. No person has received the relevant securities under this proposed scheme, since the proposed scheme has not yet been approved. (**Rule 10.15A.4**);
- Mr Pritchard is the only person referred to in Rule 10.14 entitled to participate in the scheme. (**Rule 10.15A.5**);
- Voting Exclusion Statement (**Rule 10.15A.6**):

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by Mr Greg Pritchard and any of his associates and, if the ASX has expressed an opinion under Rule 10.14.3 that approval is required for participation in an employee incentive scheme by anyone else, that person.

However, the Company need not disregard a vote if:

- it is cast by a director as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a director chairing 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;

- No loan will be provided in relation to the acquisition of securities by Mr Pritchard (**Rule 10.15A.7**):
- Details of any securities issued to Mr Pritchard under the New LTI Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and will note that approval for the issue of securities to Mr Pritchard was obtained under Listing Rule 10.14. Any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the New LTI Plan after the resolution is approved, and who were not named in the notice of meeting will not participate in the New LTI Plan until approval is obtained under Listing Rule 10.14 (**Rule 10.15A.8**);
- Under the ASX Listing Rules, the Company has up to 3 years after the meeting to issue the securities to Mr Pritchard. The Company currently intends to issue the PR securities to Mr Pritchard over a three year period in tranche(s) determined by the Board and on the basis that no PRs will be granted more than three years after the date of this general meeting (**Rule 10.15A.9**).

For completeness, the Board considers the grant of FVPRs to be within the definition of reasonable remuneration to an officer of the Company within the meaning of s211 of the *Corporations Act*.

<p><i>The Directors (excluding Mr Pritchard) recommend that shareholders vote in favour of Resolution 4.</i></p>

Annexure A - Terms of the FVPRs

Term	Description
<i>Grant of FVPRs</i>	<p>FVPRs are to be granted to existing MIP Participants (in their personal capacity only) employed by EDL or a subsidiary of EDL.</p> <p>The timing and number of FVPRs to be granted will be at the discretion of the Board, subject to these terms.</p>
<i>Issue price</i>	Nil.
<i>How the Board will assess the number of FVPRs to issue</i>	<p>The number of FVPRs to be granted and the assessment of the notional value of FVPRs as a long term incentive will be at the discretion of the Board, subject to any relevant shareholder approved maximum numbers of FVPRs. In assessing the notional value of FVPRs the Board will have due regard to the value of dividends paid or intended to be paid on underlying EDL shares, and the proportion of MIP Options (MIP Series A Options and MIP Series B Options) held by or for each executive.</p> <p>For example, it is intended that one tranche of FVPRs to be granted would have a notional value of 11 cents per FVPR having regard to the 11 cent dividend paid by EDL to its shareholders on 20 September 2013.</p>
<i>Conversion</i>	<p>On satisfaction of the pass / fail hurdle Vesting Condition (below), each FVPR will automatically convert into (ie entitle the FVPR holder to) a number of EDL shares equal to the fixed value of the FVPR divided by the VWAP of EDL shares over the 5 trading days leading up to and including the relevant date on which the Vesting Condition is satisfied or otherwise accelerated (to be calculated over the aggregate value of FVPRs in the relevant tranche held by a MIP participant and rounded to the nearest whole share).</p> <p>On conversion, new EDL shares may be issued to the FVPR holder or existing shares acquired on market in the name of the FVPR holder and paid for by EDL.</p>
<i>Conversion price</i>	Nil
<i>Vesting Condition</i>	<p>A FVPR will vest upon the occurrence of the volume weighted average price of EDL shares over the 5 trading days leading up to and including the relevant Vesting Date becoming equal to or greater than:</p> <ul style="list-style-type: none"> (a) in respect of FVPRs granted in respect of Series A MIP options, \$4.12 (or such other number determined by the Board); or (b) in respect of FVPRs granted in respect of Series B MIP options, \$6.87 (or such other number determined by the Board), <p>less the sum of the amount of any dividend paid on one EDL share on and from 20 September 2013 (including the \$0.11 dividend paid on that date) up to and including the relevant date of issue of the relevant tranche of FVPRs.</p>
<i>Vesting Date</i>	<p>2 years from the date of issue of the relevant tranche of FVPRs.</p> <p>The Board may accelerate vesting in certain limited and exceptional circumstances (see Vesting Acceleration below).</p>

Term	Description
<i>Vesting Acceleration</i>	<p>If:</p> <ul style="list-style-type: none"> • a Greenspark Exit occurs; or • a MIP participant ceases employment with EDL in circumstances in which that participant will be deemed a Good Leaver under the MIP terms, <p>the Board has absolute discretion to accelerate the vesting of some or all of the FVPRs (for all participants in the event of a Greenspark Exit, or for that specific MIP participant in the Good Leaver scenario).</p> <p>If a MIP participant ceases employment with EDL in circumstances in which that participant is deemed to be a Bad Leaver, their unvested FVPRs are forfeited.</p> <p>“Greenspark Exit” means the date on which:</p> <ul style="list-style-type: none"> • Greenspark disposes of at least 50% of the collective equity interests it holds in the Company immediately prior to the relevant disposal; or • Greenspark ceases to hold collective equity interests in at least 10% of the total issued share capital of the Company, whether through accepting a takeover offer or making a secondary offer or otherwise.
<i>Expiry Date</i>	Any unvested FVPRs will expire immediately following the day which is 2 years from the date of issue of the relevant tranche of FVPRs.
<i>Transferability</i>	<p>Each EDL share resulting from conversion of the FVPRs will be freely transferable.</p> <p>However, EDL may, at any time after the grant of a FVPR but prior to its vesting, determine, having regard to the interests of EDL and the financial impact on the relevant MIP participant, that all (or a portion of) EDL shares which will vest upon conversion of that FVPR shall not be immediately transferable and will become subject to a regime pre-agreed in new Escrow Deeds signed by the MIP participants (in each case containing a clause expressing any escrow arrangements which may come into effect to operate at the discretion of the Board) and will therefore be subject to transfer restrictions until a Greenspark Exit or that participant becoming a Leaver. These escrow arrangements will, however, allow the sale by the participant of a minimum number of EDL shares to fund the income tax liability which accrues to that participant as at the date of vesting.</p>



By mail:
Energy Developments Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474



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PROXY FORM

I/We being a member(s) of Energy Developments Limited and entitled to attend and vote hereby appoint:

STEP 1

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 (excluding the registered shareholder) you are appointing as your proxy.

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 vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:00am on Friday, 14 November 2014 at the Hilton Hotel, Level 1, Room 7, 488 George Street, Sydney** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

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 ☒.

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-Election of Greg Martin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of New Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of proposed grant of new long term incentives to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* 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.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

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).

ENE PRX401R



HOW TO COMPLETE THIS 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 a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

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 **10:00am on Wednesday, 12 November 2014**, 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:

Energy Developments 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.

**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.**

13 October 2014



All Correspondence to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia
Enquiries (within Australia): 1300 554 474
Enquiries (outside Australia): +61 2 8280 7454
Facsimile: (02) 9287 0303
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Notice of 2014 Annual General Meeting

Dear Shareholder

I have pleasure in inviting you to attend our Annual General Meeting and have enclosed the Notice of Meeting which sets out the items of business. The meeting will be held at 10.00am on Friday 14 November 2014 at the Hilton Hotel Sydney, Level 1, Room 7, 488 George Street, Sydney.

If you are not attending this meeting, you are encouraged to complete the enclosed proxy form. The proxy form should be returned in the envelope provided, or faxed to Link Market Services on (02) 9287 0309 (from within Australia) or +61 2 9287 0309 (from outside Australia) so that it is received by no later than 10am (Sydney time) on Wednesday, 12 November 2013. Alternatively, you can vote on-line: please refer to the proxy form instructions for further details.

Corporate shareholders who wish to be represented at the meeting (other than by appointment of a proxy) will be required to complete a "Certificate of Appointment of Representative" to enable a person to attend on their behalf. A form of this certificate may be obtained from Link Market Services.

I look forward to your attendance at the meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Koczkar".

Rob Koczkar
Chairman
Energy Developments Limited

Please bring the enclosed proxy form to the Annual General Meeting for registration