



25 May 2016

Dear Shareholder,

RE: NON-RENOUNCEABLE RIGHTS ISSUE

The Board of EnegeX Limited ("EnegeX" or "the Company") is pleased to invite you to participate in a pro-rata non-renounceable rights issue on the basis of an offer of one new Share for every two Shares held as at the Record Date (as set out in the timetable below) with each such new Share to be issued at an Issue Price of \$0.012 (1.2 cents) to raise up to approximately A\$321,999 (before costs) ("Rights Issue").

EnegeX advises as follows.

1. The rights issue is fully underwritten by Natural Resources Group Pty Ltd (ABN 46 004 650 597), which is a company associated with Mr E G Albers, a director of EnegeX.
2. Proceeds from the Rights Issue will be used to pay the costs of the issue and for working capital purposes.
3. Mrs Clark, Mr Menzies and Mr Albers and their Associates hold Shares or have deemed relevant interests in Shares as specified below.

Mr G.A. Menzies	229,444
Mr E.G. Albers	10,977,264
Mrs R.L. Clark	50,000

Mr Menzies intends to take up his personal Entitlements in respect of the 28,736 Shares personally held by him. Mr Albers intends to take up his personal Entitlements in respect of the 6,449,284 Shares personally held by him. Mrs Clark intends to take up her Entitlement.

4. Full details of the Rights Issue are set out in the Rights Issue offer document and Appendix 3B lodged with ASX on 24 May 2016. A copy of the Rights Issue offer document is available to download from both the ASX website (at www.asx.com.au) and EnegeX's website (www.enegeX.com).
5. The Rights Issue document will be despatched to Eligible Members on Wednesday 1 June 2016. The Rights Issue document will be accompanied by a personalised Entitlement and Acceptance Form which will provide detailed instructions on how Eligible Members may participate in the Rights Issue. The Rights Issue document contains a Shortfall Offer under which each Eligible Member holding less than a Marketable Parcel of Shares at the Issue Price (and whose shareholding will not increase to a Marketable Parcel of Shares as a result of taking up his or her Entitlements in full) may make application for additional new Shares in excess of their Entitlement in order to increase their holding to a Marketable Parcel of Shares. For this purpose a "Marketable Parcel of Shares" is 41,667 Shares which, at the Issue Price, have a market value of \$500.00.

The Application Form to be forwarded to each such Eligible Member will contain provision for the Eligible Member to subscribe for that number of additional new Shares necessary to increase his or her shareholding to a Marketable Parcel of Shares.

6. The anticipated timetable for the Rights Issue is as follows:

Event	Date
Notice of Rights Issue to ASX and Lodge Appendix 3B	Monday 23 May 2016
Lodge 708AA Notice and Rights Issue doc with ASX	Tuesday 24 May 2016
Despatch Letter to Members containing the information required by Appendix 3B	Wednesday 25 May 2016
Shares are quoted on an "ex" basis	Thursday 26 May 2016
Rights Issue Record Date ¹	Friday 27 May 2016
Lodge updated 708AA notice in accordance with provisions of the Act	Tuesday 31 May 2016
Despatch Rights Issue document and Entitlement and Acceptance Form: Rights Issue opens	Wednesday 1 June 2016
Last day to extend offer	Wednesday 15 June 2016
Acceptances Close ("Closing Date") ²	Monday 20 June 2016
Deferred settlement trading commences	Tuesday 21 June 2016
Notify ASX of undersubscriptions	Thursday 23 June 2016
Notify Underwriter of Shortfall	Thursday 23 June 2016
Allotment of Rights Issue Shares ²	Thursday 23 June 2016
Deferred Delivery Trading ceases	Thursday 23 June 2016
Despatch of Transaction Confirmation Statements	Thursday 23 June 2016
Lodge Secondary trading Notice for Rights Issue Shares	Friday 24 June 2016
Receipt of Applications and Application Moneys for Shortfall from Underwriter	Tuesday 28 June 2016
Issue Shares to Underwriter	Wednesday 29 June 2016
Lodge Secondary trading Notice for Underwriter's Shares	Thursday 30 June 2016

¹ This date, and all dates after this date are indicative only. The Company reserves the right to extend the Closing Date, in which case the Allotment Date will change accordingly.

² Subject to the unqualified right of the Directors to extend the Closing Date.

ADDITIONAL KEY INFORMATION IN CONNECTION WITH THE RIGHTS ISSUE, AS REQUIRED BY THE ASX LISTING RULES, IS SET OUT BELOW FOR YOUR REFERENCE

7. EnegeX advises:

- (a) The Rights Issue is non-renounceable and is being made to each Eligible Member on the basis of one (1) new fully paid ordinary share ("new Share") for every two (2) ordinary share held by that Eligible Member on the Record Date to determine entitlements to the issue;
- (b) the issue price is A\$0.012 (1.2 cents) per new Share;
- (c) the record date to determine entitlements is 7.00pm AEST on Friday 27 May 2016 ("**Record Date**").

Where the aggregate Application Moneys for any Application would include a fraction of a cent the Application Moneys payable will be rounded down to the next whole cent.

8. Eligible Members are those members who:

- (a) are registered as a holder of shares as 7.00pm (AEST) on the Record Date;
- (b) have registered addresses on the EnegeX Share Register in Australia or New Zealand or are otherwise eligible under applicable securities laws to receive an offer to subscribe for new shares under the Offer. In this context "*applicable securities laws*" include the securities laws of the

EnegeX Limited ABN 28 160 818 986

Level 21 500 Collins Street Melbourne

t +61 3 8610 4713 e admin@EnegeX.com w www.EnegeX.com

jurisdiction in which the Member (representing that the Member is an Eligible Member) is resident without the Rights Issue document being registered under such applicable securities laws; and

- (c) are not in the United States and are not acting for the account or benefit of a person in the United States.

Enegex reserves the right to determine whether a member is an Eligible Member or an Ineligible Shareholder.

As at the date hereof, Enegex does not have any Members who have an address in its Share Register outside of Australia and New Zealand and, insofar as known to Enegex, no Members are Ineligible Shareholders.

- 9. If, as at the Record Date, Enegex has any Member who has an address in its Share Register outside of Australia and New Zealand, or who, to Enegex's knowledge, is an Ineligible Shareholder, then Enegex will appoint a nominee for the purposes of section 615 of the Corporations Act 2001 (the Act) and seek approval of that appointee as the nominee for the purposes of that section of the Act ("the Nominee").

Where, in such circumstance, the Rights Issue document is despatched to a Member whose address in Enegex's Share Register is outside of Australia and New Zealand and the Member fails to take up its Entitlement in full or in part, Enegex will determine that such Member is an Ineligible Shareholder and the new Shares to which that Ineligible Shareholder had an Entitlement will be issued and allotted to the Nominee as provided herein.

Where, in such circumstance, a Member whose address in Enegex's Share Register is outside of Australia and New Zealand returns a completed personalised Entitlement and Acceptance Form or makes a payment by BPAY® and thus represents and warrants to Enegex that the Member satisfies each of the criteria listed above to be an Eligible Member, Enegex will accept such representation and determine that the Member is an Eligible Member as so represented.

Nominees, trustees and custodians are advised to seek independent professional advice as to how to proceed.

- 10. Members who are not Eligible Members are Ineligible Shareholders.
- 11. By returning a completed personalised Entitlement and Acceptance Form or by making a payment by BPAY® a Member with an address outside of Australia and New Zealand will be taken to have represented and warranted that the Member satisfies each of the criteria listed above (and in the Rights issue document) to be an Eligible Member.
- 12. Enegex will not send the Rights Issue document or any Entitlement and Acceptance Form to any person in the United States or accept applications from United States residents or from persons in the United States or from persons who are acting for the account or benefit of United States residents or persons in the United States. Where Enegex does not make an offer to any shareholder who has a registered address outside of Australia and New Zealand, Enegex will, in accordance with Listing Rule 7.7.1(b), send each holder to whom it will not offer the new Shares, details of the Rights Issue and an advice that Enegex will not offer new Shares to those Members.
- 13. Shares commence trading without the entitlement to participate in the Rights Issue on Thursday 26 May 2016 being one business day (as defined in ASX Listing Rules) prior to the Record Date;
- 14. Each Eligible Member holding less than a Marketable Parcel of Shares at the Issue Price (and whose shareholding will not increase to a Marketable Parcel of Shares as a result of taking up his or her Entitlements in full) may make application for additional new Shares in excess of their Entitlement under a Shortfall Offer so that they may become the holders of a Marketable Parcel of Shares subsequent to close of the Issue. For this purpose a Marketable Parcel of Shares is 41,667 Shares which, at the Issue Price, have a value of \$500.00. Allocation of additional new Shares applied under that Shortfall Offer will be subject to there being a shortfall in subscriptions under the Rights Issue.

Because Applications for such additional new Shares will only be available out Shortfall, applications for additional new Shares which result in the Applicant holding a Marketable Parcel of Shares will be dealt with in order of receipt by the Company if there is insufficient Shortfall to satisfy all such Applications

15. Each new Share will rank equally with and be issued on the same terms as those quoted fully paid ordinary shares already issued by the Company. Application for quotation of the new shares offered under the Rights Issue was made by the Company on Thursday 28 April 2016;
16. Fractional entitlements to new Shares arising under the Rights issue will be rounded up to the next whole Share.
17. The Rights Issue is fully underwritten. A fee of 7.5% of the amount to be raised by the Issue is payable to the Underwriter in relation to the underwriting. Full details of the Underwriter and the underwriting agreement are set out in the Rights Issue offer document.
18. The Rights Issue is being made in accordance with section 708AA of the Corporations Act 2001 and without disclosure, that is, without a prospectus or other disclosure document.
19. The Rights Issue is non-renounceable, accordingly “rights” will not be tradeable on ASX or otherwise transferrable. Eligible Members who do not take up their Entitlements in full will not receive any value in respect of that part of their Entitlement that they do not take up.
20. If, as at the Record Date, EnegeX has any Ineligible Shareholders, they may receive value from the sale of new Shares to which they would have been entitled to apply for had they been Eligible Members subject to EnegeX appointing the Nominee and ASIC approving that appointment for the purposes of section 615 of the Act. In that circumstance the Nominee will sell the new Shares that might have otherwise been issued to Ineligible Shareholders.
21. The nominee sale procedure referred to in item 20 will be as follows:
 - (a) the Company will issue to the Nominee the new Shares that Ineligible Shareholders would be entitled to if they were to participate in the offer of new Shares under the Rights Issue;
 - (b) the Nominee will use its best endeavours to sell the new Shares at a price and otherwise in a manner determined by the Nominee in its sole discretion; and
 - (c) the net proceeds of the sale of the new Shares (after deducting the aggregate subscription price of the shares and the reasonable costs of the section 615 nominee procedure, including costs of sale), if any, will be distributed to the Ineligible Shareholders for whose benefit the new Shares are sold in proportion to their shareholdings as at the Record Date.
 - (d) If any such net proceeds of sale are less than such reasonable costs referred to above, such proceeds may be retained by the Company. Accordingly there is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price plus such costs are greater than the sale proceeds. The Company will not be held liable for the sale of any of the new Shares of Ineligible Shareholders at any particular price or the timing of such a sale;
 - (e) The Nominee will not sell any of the new Shares to any related party of the Company or to any associate of any such related party.

Any Nominee so appointed will be paid a fee plus brokerage on the sale of the said new Shares together with its expenses of sale of such new Shares and of accounting for the proceeds of sale thereof as such Nominee. The terms of appointment of any Nominee will be released to the market if and when any such Nominee is appointed.

22. Based on the share capital of the Company as at 24 May 2016, but subject to the effect of rounding of Entitlements, a maximum of 26,833,246 new shares will be issued under the Rights Issue. The Company does not have any options to acquire shares on issue.

23. No shareholder approval will be required for the Rights Issue.
24. EnegeX does not have a dividend policy and does not intend to declare a dividend in the near future.

ACTIONS REQUIRED OF ELIGIBLE MEMBERS

25. Pursuant to the Rights Issue there are a number of actions Eligible Members may take:
- (a) take up all or some of their Entitlements;
 - (b) If they hold less than a Marketable Parcel of Shares and taking up their Entitlement will not increase their shareholding to a Marketable Parcel of Shares, then they may, in addition to taking up their Entitlement, apply under a Shortfall Offer for that number of additional new Shares as will increase their shareholding to a Marketable Parcel of Shares;
 - (c) not participate in the Rights Issue. In this case the Eligible Member need not take any action in relation to the Rights Issue.
26. If you are an Eligible Member and wish to participate in the Rights Issue, it will be necessary for you to complete and return the personalised Entitlement and Acceptance Form that will accompany the Rights Issue offer document, expected to be sent to Eligible Members on Wednesday 1 June 2016. You must complete that Entitlement and Acceptance Form in accordance with the instructions on that form. You will need to ensure your Application Moneys for the Entitlements (and any additional new Shares you may be entitled to apply for under the Shortfall Offer, as set out above and in the Rights Issue document) you wish to take up is received by Link Market Services Limited by no later than 5.00pm (AEST) on Monday 20 June 2016.
27. Capitalised terms in this document are defined in the Rights Issue document and have the same meaning herein as in the Rights Issue document.
28. In the event of an inconsistency between the contents hereof and the contents of the Rights Issue document, the content of the Rights Issue document shall prevail.

If you have any queries about the Rights Issue, please contact the Company's Share Registry, Link Market Services Ltd, on 1300 554 474.

Yours sincerely,



Raewyn Clark
Director