



19 July 2013

The Manager
Company Announcements Office
ASX Ltd

SHORT-TERM FUNDING

Enerji Limited (ASX:ERJ) provides this update regarding short-term funding.

As advised in the 20 June update, a material amount of the development work that has been completed by Enerji is self-assessed as qualifying for the AusIndustry / ATO R&D Tax Incentive program. For the June 2013 quarter the amount of the R&D rebate has been calculated by Enerji, following an independent review by a global leader in tax and advisory services, to be \$308,520.

Receipt of the full rebate amount is normally scheduled for May 2014 on lodgment of the company's income tax return, but under a funding agreement with a leading Australian banking group, Enerji is able to draw down against this in July 2013.

The terms of engagement for Enerji's new CEO and Managing director, Colin Stonehouse, were agreed and finalised on 24 June. Key elements of the engagement include:

- The base remuneration is the same as for the previous CEO and Managing Director but the first payment has been deferred until after key Carnarvon commissioning milestones.
- The initial term is for 12 months and there are no additional payments upon termination.
- Subject to the consent of the shareholders, Mr Stonehouse has undertaken to purchase 70 million shares in Enerji at a price that is the 5 day VWAP at the time the agreement was finalised, 24 June.
- There is a short-term incentive plan that is based upon the following key performance indicators:
 - Successful capital restructure so that the Opcon Powerboxes can be converted to an equipment finance funding arrangement
 - A revenue pipeline is developed so that Enerji's operating costs (excluding capital projects) are cashflow positive.
 - Two new areas of clean power technology or scale are developed and revenue generated.
- There is a long-term incentive plan that, subject to the consent of the shareholders, is based upon the following key performance indicators:
 - The sustainable share price is increased by a factor of three within a defined timeframe.
 - The sustainable share price is increased by a factor of five within a defined timeframe.
 - The sustainable share price is increased by a factor of ten within a defined timeframe.

The purchase of shares by Mr Stonehouse and the long-term incentive plan require the consent of the shareholders under the Corporations Act and ASX Listing Rules. Preparations are presently underway for a general meeting in which to brief the shareholders and seek the necessary consents. The scheduling of the meeting and preceding notice period will be in accordance with the Corporations Act and ASX Listing Rules.

Enerji has already received from Mr Stonehouse funds equivalent to 50% of the value of the shares to be purchased. Following the necessary shareholder consent, these funds will be credited against the purchase of shares committed to by Mr Stonehouse but in the interim are able to be applied to Enerji's commissioning and operating costs.

In aggregate, the funds from Mr Stonehouse and the R&D rebate are expected to cover the commissioning and operating costs of Enerji until the Carnarvon full scale pilot plant achieves the key commissioning milestones.

A live briefing by the CEO and Managing Director, Colin Stonehouse, is planned for late next week. It will be held nearby to Enerji's office and a web cast provided for those people interested but unable to attend in person. The details will be announced on Monday.

Enquiries:

Geoffrey Reid
Enerji Limited
+61 8 9268 3800

www.enerji.com.au

About Enerji

Enerji Limited is a Perth-based clean power company focused on delivering waste heat to power systems.

The technology transforms waste heat into electricity and therefore creates significant energy cost savings and reduced CO₂ emissions.

Enerji has exclusive sales and distribution rights for the Opcon Powerbox in Australia, which represents a significant commercial opportunity through application to industrial, mining and power generation operation.