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# **ADVANCE ENERGY LIMITED**

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## **NOTICE OF ANNUAL GENERAL MEETING**

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Notice is hereby given that the Annual General Meeting of Shareholders of the Company will be held at Advance Energy Limited, Suite 2, 16 Ord Street, West Perth WA 6005 on Friday, 27 May 2011 at 10:00 am (WST).

The Explanatory Memorandum to this Notice of Annual General Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form comprise part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5.00 pm on 25 May 2011 (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 (08) 9486 1122.

# AGENDA

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## Financial Report

To receive the financial report of the Company and its controlled entities for the year ended 31 December 2010 together with a Directors' report in relation to that financial year and the Auditor's report on the financial report.

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### 1. Resolution 1 – Adoption of Remuneration Report

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

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

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### 2. Resolution 2 – Re-election of Mr Gordon Sklenka as a Director

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

*"That Mr Gordon Sklenka, who retires in accordance with article 6.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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### 3. Resolution 3 – Placement of Shares

To consider, and if thought fit, to pass with or without amendment as an ordinary resolution the following:

*"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to allot and issue 350,000,000 Shares on the terms and conditions as set out in the Explanatory Statement."*

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#### Voting exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the placement and any person who might obtain a benefit (or any of their associates), except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
  - (b) it is cast by the person 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.
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### 4. Resolution 4 – Listing Rule 10.11 and Section 195 (4) Approval

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

*"That for the purposes of ASX Listing Rule 10.11 and section 195(4) of the Corporations Act 2001 the shareholders approve and authorise the directors of the Company to participate in the offer on the terms and conditions as set out in the Explanatory Memorandum."*

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#### Voting exclusion

The Company will disregard any votes cast on this resolution by Gordon Sklenka, Anthony Short, Kip Plankinton and their Associates. However the Company need not disregard any vote if 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 it is cast by the person 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.

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Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of Meeting.

By Order of the Board

David Ballantyne  
Company Secretary  
19 April 2011

The 2010 Annual Report is available from the following link: [advanceenergyltd.com.au/Investor/ASX-](http://advanceenergyltd.com.au/Investor/ASX-Announcements)

#### Announcements

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# ADVANCE ENERGY LIMITED

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Advance Energy Limited, Suite 2, 16 Ord Street, West Perth WA, on Friday, 27 May 2011 at 10:00 AM (WST).

The purpose of this Explanatory Memorandum is to provide information the Board of Directors believes is material to Shareholders in relation to the Resolutions set out in the Notice.

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### 2. Resolution 1 – Adoption of Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Report for the year ended 31 December 2010 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders. Accordingly, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

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### 3. Resolution 2 – Re-election of Director

The Constitution requires that one third of the Directors must retire at each annual general meeting and provides that a Director who retires is eligible for re-election.

Pursuant to the Constitution, Mr Gordon Sklenka will retire by rotation and seek re-election.

A brief CV of Mr Gordon Sklenka is included in the Annual Report.

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### 4. Resolution 3 – Approve placement

Resolution 3 seeks Shareholder approval for the issue of up to 350,000,000 Shares at an issue price which is not less than 80% of the average market price of Shares over the last five days on which sales in the Shares on the ASX were recorded before the date of issue and on the terms and conditions in the Explanatory Memorandum.

#### Listing Rule 7.1 – Shareholder Approval

Listing Rule 7.1 requires Shareholder approval for the Placement. Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

The Placement represents more than 15% of the Company's securities on issue for the purposes of Listing Rule 7.1. The Company is seeking Shareholder approval of the Placement so that the Company does not exceed its 15% capacity under Listing Rule 7.1. Accordingly, Shareholder approval is sought in accordance with Listing Rule 7.3.

#### Specific information required by Listing Rule 7.3

For the purposes of the Shareholder approval of the issue of securities under the Placement and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) Maximum number of Securities to be issued is 350,000,000 Shares.
- (b) The Company will issue the Shares under the placement (other than to related parties) no later than 3 months after the date of the Annual General Meeting.
- (c) The Shares will each have an issue price of not less than 80% of the average market price of Shares over the last five days on which sales in the Shares were recorded before the date of issue.
- (d) The Shares will be issued predominantly to sophisticated investors who are clients of various brokers. Related party approval to participate in the placement is sought at resolution 4.

- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with existing Shares of the Company.
- (f) The funds from the Shares will be used to fund ongoing activities, to review and fund new projects and for working capital purposes.
- (g) The allotment of the Shares issued under the placement will occur progressively.
- (h) A voting exclusion statement is included in the Notice.

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## **5. Resolution 4 – Listing Rule 10.11 and Section 195(4) approval**

### **Listing Rule 10.11**

ASX listing rule 10.11 stipulates that an entity must not issue or agree to issue equity securities to Directors (related parties) without the approval of shareholders. Requirements for information to be included in the Notice are included under ASX listing rule 10.13.

If approval is given under listing rule 10.11, approval is not required under listing rule 7.1.

### **Listing Rule 10.13**

For the purposes of ASX listing rule 10.11 therefore;

- (a) Gordon Sklenka, Anthony Short and Kip Plankinton, being Directors of the Company, may participate in the placement of shares, the subject of resolution 3 above;
- (b) The maximum number of shares to be issued to the Directors via the placement will be 35,000,000 shares each, a total of up to 105,000,000 shares;
- (c) The shares will be issued no later than one month after the date of meeting subject to shareholder approval being granted;
- (i) The shares will be issued at an issue price of not less than 80% of the average market price of Shares over the last five days on which sales in the Shares were recorded before the date of issue, and will rank *pari passu* with existing fully paid ordinary shares (as per resolution 3);
- (j) The funds from the Shares will be used to fund ongoing activities, to review and fund new projects and for working capital purposes.
- (k) The Company will disregard any votes cast on this resolution by Gordon Sklenka, Anthony Short, Kip Plankinton and their Associates. However the Company need not disregard any vote if 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 it is cast by the person 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.

### **Section 195(4)**

Section 195 of the Corporations Act 2001 essentially provides that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a “material personal interest” are being considered.

All of the Directors therefore, may have a material personal interest if they take up shares offered in the placement pursuant to resolution 3 above. In the absence of this resolution, the Directors may not be able to form a quorum at Directors’ meetings necessary to carry out the allotment of shares allotted to participants in the placement. The final allocations of shares pursuant to the placement will be decided by the Board.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act 2001 to put the issue to the Shareholders to resolve.

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## **6. Action to be taken by Shareholders**

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a “proxy”) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

## **Schedule 1 - Definitions**

In this Explanatory Memorandum and Notice:

**"Annual General Meeting" or "Meeting"** means the annual general meeting of the Shareholders of the Company to be held by the Company at Advance Energy Limited, Suite 2, 16 Ord Street, West Perth, Western Australia, on Friday, 27 May 2011 at 10:00AM (WST).

**"Annual Report"** means the 2010 Annual Report of the Company, a copy of which was lodged with the ASX.

**"ASX"** means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

**"Board"** means the board of Directors of the Company.

**"Company" or "Advance"** means Advance Energy Limited ACN 111 823 762.

**"Constitution"** means the Constitution of the Company.

**"Corporations Act"** means the Corporations Act 2001 (Cth).

**"Directors"** means the directors of the Company.

**"Explanatory Memorandum"** means this explanatory memorandum.

**"Listing Rules"** means the official listing rules of ASX.

**"Notice"** means this Notice of Annual General Meeting.

**"Proxy Form"** means the proxy form attached to this Notice.

**"Remuneration Report"** means the remuneration report of the Company contained in the Annual Report.

**"Resolution"** means a resolution referred to in the Notice.

**"Schedule"** means a schedule to this Notice.

**"Shareholder"** means a shareholder of the Company.

**"WST"** means Western Standard Time.

# ADVANCE ENERGY LIMITED

ACN 111 823 762

## PROXY FORM

The Company Secretary  
Advance Energy Limited

**By delivery:**

Suite 2, Ground Floor  
16 Ord Street  
WEST PERTH WA 6005

**By post:**

P O Box 1779  
West Perth  
WA 6872

**By facsimile:**

08 9486 1011

I/We <sup>1</sup> \_\_\_\_\_  
of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at Advance Energy Limited, Suite 2, 16 Ord Street, West Perth, Western Australia 6005 on Friday, 27 May 2011 at 10.00 AM (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \* [ ] % of the Shareholder's votes\*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

### INSTRUCTIONS AS TO VOTING ON THE RESOLUTION

**IMPORTANT:**

☐ If the chairman of the General Meeting is to be your proxy and you have not directed your proxy how to vote on please tick this box. By marking this box you acknowledge that the chairman of the General Meeting may exercise your proxy even if he has an interest in the outcome of the Resolution and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the General Meeting will not cast your votes on Resolution and your votes will not be counted in computing the required majority if a poll is called on this Resolution.

The chairman of the annual general meeting intends to vote undirected proxies in favour of the Resolutions.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re – election of Mr Gordon Sklenka as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Director participation in the placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Authorised signature/s** This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

\_\_\_\_\_

Sole Director and Sole Company Secretary

Shareholder 2

\_\_\_\_\_

Director

Shareholder 3

\_\_\_\_\_

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

<sup>1</sup> Insert name and address of shareholder

<sup>2</sup> Insert name and address of proxy

\*Omit if not applicable

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a person or a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a corporation as the Shareholder's proxy to attend and vote for the Shareholder at that meeting, the representative of the corporation to attend the meeting must produce the appropriate Certificate of Appointment of Representation prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding:                      where the holding is in more than one name all of the holders must sign.

Power of Attorney:              if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies:                        a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the West Perth office of the Company (16 Ord Street, West Perth, WA, 6005, or Facsimile 08 9486 1011 if faxed from within Australia or +618 08 9486 1011 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).