

16 August 2013

The Manager
Company Announcements Office
ASX Ltd

Enerji Update

Enerji Limited (ASX:ERJ) provides this general update.

Carnarvon

Following the initial commissioning and export of power from the Carnarvon pilot plant on 24 July 2013, the performance testing continued over several more days. Other than the issues that were known regarding the reliability of the hot water manifolds on the heat recovery units, the pilot plant performed very well and no new issues were noted.

As outlined in the CEO briefing on 25 July, engineering improvements were planned for the hot water manifolds. A new design has now been prepared by a specialist supplier and this has been independently reviewed and approved. The new design increases the length of flexible hoses, configures them with a loop to allow movement and ready alignment, and has screw connections to the fixed manifold section so that the flexible hoses can be easily replaced at site.

There are six manifolds, two of which had faults and were taken to Perth for refabrication and testing in accordance with the new design. It is now planned that the manifolds will return to Carnarvon on 20th Aug for reinstallation which will take several days and be performed by a specialist mechanical crew.

Once the new manifolds are installed they will be tested and if they are satisfactory then this will become the standard manifold design. If the four un-faulted old manifolds also test satisfactorily they will remain in service and subject to the normal protocols and operational coordination, load testing is then planned at increased output. If there are any failures in the old designed manifolds then all of them will be replaced with the new design.

Development

Since the CEO briefing on 25 July the following development progress has been made:

- The collaborative value engineering workshop with a mining customer was successful in identifying initiatives with the potential to significantly reduce cost and improve performance on this and other projects. These initiatives are now being designed and costed.
- A significant new industrial customer invited Enerji to inspect its facility and present a business case for a large scale heat to power project. The first site visit has been completed and the site is considered well suited to Enerji's technology.
- Work is continuing on a multi-unit feasibility study for a commercial customer utilising biomass as a renewable heat source.
- A business case and planning framework has been developed to suit remote area power utilities and specifically for three utilities that Enerji has been liaising with.
- Expressions of interest have been received by Enerji for its technology from separate organisations in Africa and the Middle East.

Funding

A grant application has been submitted to Commercialisation Australia to fund experienced executives up to \$350,000 over two years and a case manager has been appointed for stage one evaluation.

A grants strategy has been prepared for the submission of grants for a number of Enerji's research and development initiatives, a commercialisation program, hybrid integration of renewable energy, and a number of customer power projects. Enerji believes that many of its initiatives and projects are felt to be well suited to the policy objectives of the Australian Federal Government grants and the preparation and lodgement of grant applications has commenced.

As advised on 19 July, 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. The rebate budgeted for the next 2 months is \$235,000.

In line with the CEO briefing on 25 July, substantial progress has been made with medium-term funding plans. At this stage the discussions are confidential and will be announced when concluded.

Resignation of Mr Pennefather as a Director

Following his departure as CEO on 3 June 2013 the remainder of the Enerji Limited Board had requested that Mr Pennefather also resign from the board. At the time Mr Pennefather declined to do so and it was reported in the CEO briefing on 25 July that it was then intended to ask the shareholders to vote on the matter in accordance with Enerji Limited's constitution. However Mr Pennefather has tendered his resignation from the board on 15 August 2013 and a shareholder vote will no longer be requested on this matter.

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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.