
ENERJI LTD

ABN 62 009 423 189

NOTICE OF GENERAL MEETING

TIME: 10.00 am (WST)

DATE: 13 November 2013

PLACE: BDO
38 Station Street
SUBIACO WA 6008

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Geoffrey Reid on (+61 8) 9268 3800.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (WST) on 13 November 2013 at:

BDO
38 Station Street
SUBIACO WA 6008

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (a) each member has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chairman, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10.00 am (WST) on 13 November 2013 at BDO, 38 Station Street, Subiaco, Western Australia.

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

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 4:00 pm (WST) on 11 November 2013.

Terms and abbreviations used in this Notice of Meeting and the Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – ISSUE OF CONVERTIBLE NOTES

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

"That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 500 Convertible Notes, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed and any associate of those persons. However the Company need not disregard a 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.

2. RESOLUTION 2 – ISSUE OF FEES UNDER FINANCE FACILITY

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the following securities:

- (a) Shares (at the Deemed Issue Price) in satisfaction of any Subscription Fee payable;*
- (b) Shares (at the Deemed Issue Price) and 1 free attaching Class A Option for every 2 Shares issued, in satisfaction of the Retainer Fee; and*
- (c) 110,000,000 Shares, at a deemed issue price of \$0.003 each, together with 1 free attaching Class A Option for every 2 Shares issued, in satisfaction of the Facility Fee;*

on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed and any associate of those persons. However the Company need not disregard a 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.

3. RESOLUTION 3 – ISSUE OF RELATED PARTY SECURITIES

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 385,280,000 Shares and 192,640,000 Class A Options to Mr Colin Stonehouse (or his nominee), on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Colin Stonehouse (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

4. RESOLUTION 4 – ISSUE OF SECURITIES

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 100,000,000 Shares and 50,000,000 Class A Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 25,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 24,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 14,775,413 Shares 7,387,707 Class A Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 24,805,875 Shares and 12,402,938 Class A Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 43,750,000 Shares and 21,875,000 Class A Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

DATED: 11 OCTOBER 2013

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Colin R Stonehouse', written over a horizontal line.

**COLIN R STONEHOUSE
MANAGING DIRECTOR**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.00 am (WST) on 13 November 2013 at BDO, 38 Station Street, Subiaco, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. BACKGROUND TO RESOLUTIONS 1 AND 2

1.1 General

On 3 September 2013, the Company entered into a capital raising and corporate advisory mandate (**Capital Raising Mandate**) with RM Corporate Finance, whereby RM Corporate Finance agreed to provide certain corporate advice and assist with debt financing via a convertible note facility to seek funding from various investors on a best endeavours basis, up to the value of \$5,000,000 (**Facility**). The Company does not intend to fully utilise the draw down capacity under the Facility and currently intends only to utilise the Facility in the medium term.

The purpose of the Facility is to provide the Company with medium term funding to clear the remaining current liabilities of approximately \$600,000 (exclusive of the liabilities relating to the powerboxes), optimisation at the Carnarvon project, working capital for the Company (with activities focused on supply chain agreements, negotiating customer commitments and preparing grant applications, and facilitate the payment and delivery of further powerboxes).

The funding will be aligned to the long-term interests of the Shareholders, allowing the legacy costs to be addressed, value creating activities to be progressed and the ability for management to continue progressing the strategic plan. To that end, the key aspects of the Facility are:

- (a) that the funding for the Facility will be sourced from long-term investors;
- (b) the Facility will be flexible with regard to the drawdown of funds; and
- (c) that the Facility may be terminated by the Company upon more favourable funding being secured, among other events.

The Company intends to enter into separate facility agreements with the various investors (**Facility Agreements**), and intends to make an initial drawdown of \$100,000 under each Facility Agreement and then to draw down in monthly increments of \$100,000 under each facility. For each draw down amount, the Company will issue convertible notes with a face value of \$10,000 per Convertible Note, on the terms and conditions set out in Schedule 2 (**Convertible Notes**). Additional draw downs may be made, subject to compliance with the Listing Rules and Corporations Act including, where necessary, additional Shareholder approval.

RM Corporate Finance is not obligated to seek investors to provide any subscription funds in the event of a draw down if less than \$200,000 worth of

Shares are traded in any calendar month, where those Shares are traded at less than \$0.002 each.

The term of the Capital Raising Mandate is 50 months, however in the event there is a tranche to the value of \$100,000 not advanced due to the Company's Shares trading less than \$200,000 per month at a VWAP of less than \$0.002 per Share, then the term of the Capital Raising Mandate will automatically extend on a monthly basis until a drawdown of \$5,000,000 is achieved.

1.2 Fees Payable

Under the Capital Raising Mandate, the Company must pay the following fees:

- (a) **Facility Fee:** to RM Corporate Finance, the issue of 110,000,000 Shares at the Deemed Issue Price, together with one free attaching Class A Option for every two Shares issued, payable upon execution of the Capital Raising Mandate;
- (b) **Retainer Fee:** to RM Corporate Finance, a monthly retainer of \$6,000, payable at the end of each 12 month period from signing of the Capital Raising Mandate and which is to be satisfied in Shares at the Deemed Issue Price (the number of which will be determined at the end of every calendar month), together with one free attaching Class A Option for every two Shares issued; and
- (c) **Subscription Fee:** to RM Corporate Finance, a fee of 4% of the amount subscribed by investors in respect to the Facility, payable at the end of each quarter of the Capital Raising Mandate and which may be satisfied, at the election of the Company, in cash or in Shares at the Deemed Issue Price; and
- (d) **Interest:** to the Convertible Noteholder, a fee of 4% of the amount subscribed by investors in respect to the Facility and which will be paid following conversion of the relevant Convertible Note and satisfied in Shares at the Deemed Issue Price. The Interest will be payable to the investor from which the Company acquires the funds,

(together, the **Mandate Fees**). A termination fee is also payable in certain circumstances, but this is not relevant to the Shareholder approvals required in relation to the Facility. Where the Company is required to issue Shares and Class A Options in satisfaction of the Mandate Fees outside the time limit set in Resolution 1 and the Company cannot issue the Shares and Class A Options under its 15% capacity, the Company will seek further Shareholder approval.

The Deemed Issue Price for each issue will be as follows:

- (a) in relation to the conversion of the Convertible Notes: the lesser of \$0.005 and 80% of the VWAP over the 5 ASX trading days prior to the relevant issue;
- (b) in relation to the Facility Fee: \$0.0016;
- (c) in relation to the Retainer Fee: the lower of \$0.005 and 80% of the VWAP over the 5 ASX trading days prior to the end of the calendar month;

- (d) in relation to the Subscription Fee: the most recent conversion price of the Convertible Notes or last price Shares were issued at; and
- (e) in relation to the Interest: 80% of the VWAP over the 5 ASX trading days prior to the conversion of the relevant Convertible Note,

except that the Deemed Issue Price in relation to (b) to (e) above will be at a minimum of 80% of the average closing price of Shares over the last five days on which Share trades were recorded on the ASX prior to the date on which the Shares are issued or, if there is a prospectus, prior to the date of the prospectus.

The Company does not currently intend to satisfy the Subscription Fee by the issue of Shares and anticipates that the Subscription Fee will be paid in cash from the funds available under the Facility. However, in order to ensure the Company retains the flexibility to do so during the term of the Facility should its current intentions change, Shareholder approval is sought at the Meeting to allow the Company to satisfy Subscription Fee payments by issuing Shares.

For illustration purposes, the table below sets out the potential number of Shares that will be issued in satisfaction of the Mandate Fees and upon conversion of the Convertible Notes (but not including the effect of the exercise of any Options granted upon the conversion of the Convertible Notes).

	Immediately	31 October 2014	31 October 2015	31 October 2016	31 October 2017
Facility Fee Shares	110,000,000	-	-	-	-
Retainer Fee Shares (\$6,000 per month, payable on an annual basis) ¹	-	45,000,000	45,000,000	45,000,000	45,000,000
Subscription Fee Shares (4% pa) ¹	-	30,000,000	30,000,000	30,000,000	30,000,000
Interest Payments (4% pa) ¹	-	30,000,000	30,000,000	30,000,000	30,000,000
Convertible Note Shares	-	750,000,000	750,000,000	750,000,000	750,000,000
Total Shares issued	110,000,000	855,000,000	855,000,000	855,000,000	855,000,000
Total Shares on issue	2,073,052,785	2,928,052,785	3,783,052,785	4,638,052,785	5,493,052,785
Aggregate dilution to existing Shareholders	5.31%	32.96%	48.11%	57.68%	64.26%

Notes:

¹ The table assumes that:

- (a) the Deemed Issue Price for each of the Mandate Fees is \$0.0016;
- (b) the Company exercises its discretion to issue Shares and Class A Options in satisfaction of each of the Mandate Fees;

- (c) Interest is payable only upon conversion of the Convertible Notes, which this table assumes is completed in total at the end of every 12 month period;
- (d) the Company draws down funds from the Facility in 12 tranches per year of \$100,000 each (which is the Company's current intention);
- (e) conversion of each Convertible Note issued occurs in total at the end of the 4th Quarter each year; and
- (f) no other Shares or Options are issued.

² Detailed calculations for these amounts are provided in Schedule 3 to this Explanatory Statement.

1.3 Company Intention

The Company will ensure that no investor will acquire a voting power in the Company of more than 20% as a result of Resolution 1 (or any other issue of securities under the Facility) without additional Shareholder approval.

2. RESOLUTION 1 – ISSUE OF CONVERTIBLE NOTES

2.1 General

Resolution 1 seeks shareholder approval, for the purposes of Listing Rule 7.1, to issue up to 500 Convertible Notes that will each convert into that number of Shares which, when multiplied by the Deemed Issue Price, are valued at \$10,000, together with 1 free attaching Class A Option for every 2 Shares issued. The Convertible Notes will be issued upon completion of a draw down by the Company under a Facility Agreement.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue Convertible Notes during the period of three months after the Meeting (or a longer period, if permitted by any ASX waiver or modification of the Listing Rules), without using the Company's 15% annual placement capacity.

The passing of Resolution 1 is subject to the passing of Resolution 2.

2.2 Technical Information Required by ASX Listing Rule 7.1

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to the issue:

- (a) up to 500 Convertible Notes will be issued;
- (b) the Convertible Notes will be issued with a face value of \$10,000 each and, if converted, will be converted into Shares at the Deemed Issue Price, together with 1 free attaching Class A Option for every 2 Shares issued;
- (c) interest of 4% per annum will accrue from the date of issue of the Convertible Note and will be payable following conversion of the relevant Convertible Note, through the issue of Shares (together with 1

free attaching Class A Option for every 2 Shares issued) at the Deemed Issue Price;

- (d) the Company will issue, within 3 months of the date of the Meeting, such number of the Convertible Notes as are required to be issued within that period and, thereafter, seek such further Shareholder approvals as are required;
- (e) the Convertible Notes will be issued under this Resolution 1 to RM Corporate Finance or clients of RM Corporate Finance, being sophisticated investors or investors who are otherwise exempt under section 708 of the *Corporations Act 2001* (Cth). None of the subscribers will be related parties of the Company;
- (f) the Convertible Notes will be issued on the terms and conditions set out in Schedule 2 and it is intended that the Convertible Notes will be issued progressively; and
- (g) the funds raised by issue of the Convertible Notes, will be used as set out in section 1.1.

2.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 1. The Board recommends Shareholders vote in favour of Resolution 1 as it will enable the Company to fund its ongoing commitments and deliver on its strategic plan.

Based on the information available, including that contained in this Explanatory Statement, all of the Directors consider that the issue of the Convertible Notes is in the best interests of the Company as it will primarily result in the injection of (on the basis of the Company's current intentions) up to \$5 million, which will be used by the Company as set out in section 1.1.

3. RESOLUTION 2 – ISSUE OF FEES UNDER FINANCE FACILITY

3.1 General

Resolution 2 seeks shareholder approval, for the purposes of Listing Rule 7.1, for the issue of:

- (a) Shares at the Deemed Issue Price, in satisfaction of any Subscription Fee payable;
- (b) Shares at the Deemed Issue Price, together with 1 free attaching Class A Option for every 2 Shares issued, in satisfaction of the Retainer Fee; and
- (c) 110,000,000 Shares, at the Deemed Issue Price, together with 1 free attaching Class A Option for every 2 Shares issued, in satisfaction of the Facility Fee,

(together the **RMCF Fees**).

A summary of ASX Listing Rule 7.1 is set out in section 2.1.

The effect of Resolution 2 will be to allow the Company to issue Securities in satisfaction of the RMCF Fees during the period of three months after the Meeting (or a longer period, if permitted by any ASX waiver or modification of the Listing Rules), without using the Company's 15% annual placement capacity.

3.2 Technical Information Required by ASX Listing Rule 7.1

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to the issues:

- (a) the number of Securities that will be issued upon payment of the RMCF Fees, will be determined having regard to:
 - (i) the progressive draw down of funds under the Facility Agreements;
 - (ii) the prevailing price of Shares;
 - (iii) the Company exercising its discretion to issue Shares in satisfaction of the Subscription Fee; and
 - (iv) any voluntary or other repayment of the Facility prior to or on the final repayment date;
- (b) the deemed issue price of the Shares to be issued will be as set out in section 1.2 and the Class A Options will be issued with a nil issue price;
- (c) the Company will issue, within 3 months of the date of the Meeting, such number of Securities in satisfaction of the Mandate Fees as are required to be issued within that period and, thereafter, seek such further Shareholder approvals as are required;
- (d) the Securities in satisfaction of the RMCF Fees will be issued to RM Corporate Finance, which is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary Shares in the capital of the Company and will rank equally with the existing ordinary fully paid Shares on issue;
- (f) the Class A Options will be issued upon the terms and conditions in Schedule 1; and
- (g) no funds will be raised by the issue of Securities in satisfaction of the RMCF Fees as they will be in satisfaction of fees owing under the Capital Raising Mandate, however the funds raised under the Facility will be used as set out in section 1.1.

3.3 Directors' Recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 2. The Board recommends Shareholders vote in favour of Resolution 2, as it will enable the Company to fund its ongoing commitments and deliver on its strategic plan.

Based on the information available, including that contained in this Explanatory Statement, all of the Directors consider that the issue of the Securities in satisfaction of the RMCF Fees is in the best interests of the Company as it will

primarily result in the injection of (on the basis of the Company's current intentions) up to \$5 million, which will be used by the Company as set out in section 1.1.

4. RESOLUTION 3 – ISSUE OF RELATED PARTY SECURITIES

4.1 General

Under the engagement letter between the Company and Ames Associates (**Ames**), a company controlled by Mr Colin Stonehouse, (**Engagement Agreement**) as amended, by which Mr Colin Stonehouse was engaged as Managing Director and Chief Executive Officer to the Company, the Company agreed to pay fees for work undertaken by Mr Colin Stonehouse, and Mr Stonehouse (or related parties to Mr Stonehouse) agreed to loan short-term funds to the Company. Subject to shareholder approval, the Company agreed that the loan funds and any unpaid fees could be applied by Mr Stonehouse as an investment in the Company on agreed terms (**Investment Terms**).

4.2 Consulting Fees

Under the Engagement Agreement, the Company must pay Ames Associates fees for work undertaken by Mr Colin Stonehouse. The fees owed to Ames Associates up to 3 September 2013 (**Consultancy Fees**) are unpaid by the Company. The value of the Consultancy Fees is \$98,473 and these are subject to interest of 18% per annum compounded. Mr Stonehouse has indicated to the Company that he intends to seek conversion of the amount owing as Consultancy Fees on or before 31 October 2013 and accordingly, the amount owing is \$102,979 including interest.

The Board (other than Mr Colin Stonehouse, who had a material personal interest) considers it appropriate to convert the unpaid Consultancy Fees and associated interest in accordance with the Investment Terms.

4.3 Initial and Additional Loans

It was agreed that Mr Stonehouse would loan the Company \$105,000 (**Initial Loan**) in anticipation of, subject to shareholder approval, later applying the loan as an investment in the Company on the Investment Terms.

Mr Stonehouse has loaned the Company the Initial Loan.

In addition to the funds supplied to the Company under the Initial Loan, Mr Stonehouse has, due to the Company's other funding sources not being finalised, loaned the Company an additional \$96,364 (**Additional Loan**) in bridging finance.

The Initial and Additional Loans (together the **IA Loan**), are subject to interest of 18% per annum compounded. Mr Stonehouse has indicated to the Company that he intends to seek conversion of the amount owing under the IA Loan on or before 31 October 2013 and accordingly the total amount owing is \$205,245, including interest. The IA Loan plus interest is, subject to shareholder approval, to be applied as an investment in the Company on the Investment Terms.

4.4 Investment

The total investment to be made by Mr Stonehouse (or his nominee) by way of the acquisition of capital in the Company (**Investment Amount**) is to the value of \$616,448, being the sum of the Consultancy Fees and IA Loan, in total \$308,224, plus an additional investment to a matching value of \$308,224, the value of which will be effectively loaned by the Company to Mr Stonehouse (or his nominee) (**Company Loan**), with payment on the Company Loan required within 12 months from meeting date with interest.

Under the agreed Investment Terms the Shares and Class A Options that will be issued in relation to the Investment Amount will be that number of Shares which, when multiplied by the deemed issue price, equals the Investment Amount, together with 1 free attaching Class A Option for every 2 Shares issued (**Related Party Securities**). The deemed issue price of the Shares will be \$0.0016, being the price that was, at the date of 23 September 2013, being the time of nomination to convert, the lesser of:

- (a) \$0.003;
- (b) 80% of the VWAP of the Shares over the 5 ASX trading days prior to the nomination to convert;
- (c) the same price as Shares that are agreed to be issued to any other entity or person within 30 days before or after the time of the nomination to convert (being \$0.0016); or
- (d) any price agreed with the Company,

(**Deemed Issue Price**).

4.5 Company Loan

The Company Loan will only arise once the relevant Shares and Class A Options are issued and will be subject to interest of 6.45% and must be fully repaid, including interest, within a year.

4.6 Approval

Resolution 3 seeks shareholder approval, for the purposes of Listing Rule 10.11, for the issue to Mr Stonehouse (or his nominee) of the Related Party Securities in relation to the Company Loan, IA Loan and Consultancy Fees.

4.7 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Securities constitutes giving a financial benefit and Mr Stonehouse is a related party of the Company by virtue of being a Director of the Company.

The Directors (other than Mr Colin Stonehouse, who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of this Resolution 3 because the Related Party Securities will be issued to Mr Stonehouse (or his nominee) on arm's length terms as follows:

- (a) in relation to the Company Loan and IA Loan, as the terms are the same as for unrelated third parties who also loaned funds to the Company at or around the same time for the same purposes (ie working capital); and
- (b) in relation to the Consultancy Fees, as the Company has previously paid third parties for consultancy fees with the issue of securities and the fees charged are at market rates

4.8 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors (other than Mr Colin Stonehouse, who has a material personal interest in the Resolution) that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Related Party Securities to Mr Stonehouse (or his nominee).

4.9 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with the requirements Listing Rule 10.13, the following information is provided in relation to the proposed issue of Related Party Securities to Stonehouse:

- (a) the Related Party Securities will be issued to Mr Stonehouse (or his nominee);
- (b) the maximum number of Related Party Securities that may be issued is 385,280,000 Shares and 192,640,000 Class A Options, comprised of:
 - (i) in relation to the Consulting Fees, 64,361,875 Shares and 32,180,938 Class A Options;
 - (ii) in relation to the IA Loan, 128,278,125 Shares and 64,139,062 Class A Options; and
 - (iii) in relation to the Company Loan, 192,640,000 Shares and 96,320,000 Class A Options;
- (c) the Related Party Securities will be issued to Mr Stonehouse (or his nominee) no later than 1 month after the date of the Meeting (or such

later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Related Party Securities will be issued on one date;

- (d) the deemed issue price of the Shares will be \$0.0016 per Share and the Class A Options will be free attaching;
- (e) the Shares issued to Stonehouse will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (f) the Class A Options will be issued upon the terms and conditions in Schedule 1;
- (g) no funds will be received from the issue of the Related Party Securities in relation to the IA Loan or the Consultancy Fees, as they are for the repayment of a debt to Mr Stonehouse and companies that he controls, although funds that were acquired under the IA Loan were used for working capital; and
- (h) funds raised from the issue of the Related Party Securities in relation to the Company Loan will not be received until repayment of the Company Loan. The Company currently intends that they are then used for the purposes set out in section 1.1.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Securities to Mr Stonehouse (or his nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Related Party Securities to Mr Stonehouse (or his nominee) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 4 – ISSUE OF SECURITIES

5.1 General

The Company recently received loan funds of \$160,000 from Mr Peter Avery, a Shareholder. These funds were used for working capital purposes. Subject to Shareholder approval, the Company agreed that the loan funds will be deemed fully repaid through the issue to Mr Avery (or his nominee) of 100,000,000 Shares, together with 50,000,000 free attaching Class A Options.

The subscriber pursuant to this issue is not a related party of the Company.

A summary of ASX Listing Rule 7.1 is set out in section 2.1.

The effect of Resolution 4 will be to allow the Directors to issue the Shares and free attaching Class A Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Loan

It was agreed that Mr Avery, a Shareholder, would loan the Company \$160,000 in anticipation of, subject to Shareholder approval, being issued Shares and free

attaching Class A Options, in lieu of repayment of the funds, to himself or his nominee (**Avery Loan**). The Avery Loan is not subject to interest.

5.3 Price

Under the agreed terms of the Avery Loan, the Shares and Class A Options that will be issued in relation to the Avery Loan will be that number of Shares which, when multiplied by the deemed issue price, equals the Loan Amount, together with 1 free attaching Class A Option for every 2 Shares issued. The deemed issue price of the Shares will be \$0.0016, being the price that was, at the date of 3 October 2013 the lesser of:

- (a) \$0.003;
- (b) 80% of the VWAP of the Shares over the 5 ASX trading days prior to the nomination to convert;
- (c) the same price as Shares that are agreed to be issued to any other entity or person within 30 days before or after the time of the nomination to convert (being \$0.0016); or
- (d) any price agreed with the Company,

5.4 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 100,000,000 and the maximum number of Class A Options to be issued is 50,000,000;
- (b) the Shares and Class A Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (c) the deemed issue price will be \$0.0016 per Share and nil per Class A Option as the Class A Options will be issued free attaching with the Shares on the basis of 1 Class A Option for every 2 Shares issued;
- (d) the Shares and Class A Options will be issued to Mr Avery, a Shareholder who is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Class A Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) no funds will be raised under this Resolution 4, as the Shares and Class A Options are being issued to satisfy a debt, however the funds from the Avery Loan were used for working capital purposes.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

6.1 General

On 21 June 2013, the Company issued 25,000,000 Shares to Belloc Pty Ltd at an issue price of \$0.003 per Share to raise \$75,000.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1. A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares and Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution 5:

- (a) 25,000,000 Shares were issued;
- (b) the issue price was \$0.003 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Belloc Pty Ltd who is not a related party of the Company; and
- (e) the funds raised from this issue were used for working capital purposes.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES

7.1 General

On 17 May 2013, the Company issued 24,000,000 Shares to Belloc Pty Ltd and Landpath Pty Ltd at an issue price of \$0.003 per Share to raise \$72,000.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above and a summary of Listing Rule 7.4 is set out in section 6.1 above.

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares and Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

7.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution 6:

- (a) 14,000,000 Shares were issued to Belloc Pty Ltd;
- (b) 10,000,000 Shares were issued to Landpath Pty Ltd;
- (c) the issue price was \$0.003 per Share;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (e) the Shares were issued to Belloc Pty Ltd and Landpath Pty Ltd who are not related parties of the Company; and
- (f) the funds raised from this issue were used for working capital purposes.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

8.1 General

On 12 September 2013, the Company issued 14,775,413 Shares and 7,387,707 Class A Options to Orequest Pty Ltd at an issue price of \$0.002 per Share to raise \$29,551.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above and a summary of Listing Rule 7.4 is set out in section 6.1 above.

Resolution 7 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares and Class A Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

8.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution 7:

- (a) 14,775,413 Shares 7,387,707 Class A Options were issued;
- (b) the issue price was \$0.002 per Share and the issue price of the Class A Options was nil as they were issued free attaching as a term of the issue of the Shares;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (d) the Class A Options were issued on the terms and conditions set out in Schedule 1;

- (e) the Shares and Class A Options were issued to Orequest Pty Ltd, who is not a related party of the Company; and
- (f) the funds raised from this issue were used for working capital purposes.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

9.1 General

On 27 September 2013, the Company issued 24,805,875 Shares and 12,402,938 Class A Options to Orequest Pty Ltd and Gascoyne Power.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above and a summary of Listing Rule 7.4 is set out in section 6.1 above.

Resolution 8 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares and Class A Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

9.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution 8:

- (a) 15,625,000 Shares and 7,812,500 Class A Options were issued to Orequest Pty Ltd;
- (b) 9,180,875 Shares and 4,590,438 Class A Options were issued to Gascoyne Power;
- (c) the deemed issue price was \$0.002 per Share and the issue price of the Class A Options was nil as they were issued free attaching as a term of the issue of the Shares;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (e) the Class A Options were issued on the terms and conditions set out in Schedule 1;
- (f) the Shares and Class A Options were issued to Orequest Pty Ltd and Gascoyne Power who are not a related party of the Company; and
- (g) the funds raised from this issue were used for working capital purposes.

10. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS

10.1 General

On 11 October 2013, the Company issued 43,750,000 Shares and 21,875,000 Class A Options to Orequest Pty Ltd and Stevsand Holdings Pty Ltd.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above and a summary of Listing Rule 7.4 is set out in section 6.1 above.

Resolution 9 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares and Class A Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

10.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to this Resolution 9:

- (a) 31,250,000 Shares and 15,625,000 Class A Options were issued to Stevsand Holdings Pty Ltd;
- (b) 12,500,000 Shares and 6,250,000 Class A Options were issued to Orequest Pty Ltd;
- (c) the deemed issue price was \$0.0016 per Share and the issue price of the Class A Options was nil as they were issued free attaching as a term of the issue of the Shares;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares;
- (e) the Class A Options were issued on the terms and conditions set out in Schedule 1;
- (f) the Shares and Class A Options were issued to Orequest Pty Ltd and Stevsand Holdings Pty Ltd, who are not related parties of the Company; and
- (g) the funds raised from this issue will be used for working capital purposes.

11. ENQUIRIES

Shareholders are required to contact the Company Secretary, Mr Geoffrey Reid on (+61 8) 9268 3800 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Class A Option means an Option on the terms and conditions in Schedule 1.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Enerji Ltd (ABN 62 009 423 189).

Constitution means the Company's constitution.

Convertible Note means the convertible notes to be issued by the Company pursuant to the Capital Raising Mandate with an aggregate face value not exceeding \$5,000,000, on the terms and conditions set out in Schedule 2.

Convertible Noteholder means the holder of a Convertible Note.

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

Deemed Issue Price means:

- (a) in relation to the conversion of the Convertible Notes: the lesser of \$0.005 and 80% of the VWAP over the 5 ASX trading days prior to the relevant issue;
- (b) in relation to the Facility Fee: \$0.0016;
- (c) in relation to the Retainer Fee: the lower of \$0.005 and 80% of the VWAP over the 5 ASX trading days prior to the end of the calendar month;

- (d) in relation to the Subscription Fee: the most recent conversion price of the Convertible Notes or last price Shares were issued at;
- (e) in relation to the Interest: 80% of the VWAP over the 5 ASX trading days prior to the conversion of the relevant Convertible Note; and
- (f) in relation to Resolutions 3, 4 and 5 will be \$0.001692,

except that the Deemed Issue Price in relation to (b) to (e) above will be a minimum of 80% of the average closing price of Shares over the last five days on which Share trades were recorded on the ASX prior to the date on which the Shares are issued or, if there is a prospectus, prior to the date of the prospectus.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Facility has the meaning given in section 1.1.

Facility Agreements has the meaning given in section 1.1.

General Meeting means the meeting convened by the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rule means a listing rule of the ASX.

Mandate Fees means the Interest, Facility Fee, the Retainer Fee and the Subscription Fee.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Option means an option to acquire a Share.

Related Party Securities has the meaning given in section 4.4.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

RM Corporate Finance means RM Corporate Finance Pty Ltd (ACN 108 084 386).

Securities means Shares, Options or both, as required.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Trading Day means a Trading Day (as defined in the Listing Rules), provided that if no closing price is reported in respect of the Shares by the ASX or the ASX suspends or halts trading in Shares for one or more consecutive Trading Days such day or days will be

disregarded in any relevant calculation and will be deemed not to have existed when ascertaining any period of Trading Days.

VWAP means the volume weighted average trading price of the Shares as traded on the ASX.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF CLASS A OPTIONS

The Class A Options entitle the holder to subscribe for Shares on the following terms and conditions (being those of the Company's listed Options with the code ERJOA):

- (a) Each Class A Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Class A Options in accordance with the terms and conditions of the Class A Options.
- (b) The Class A Options will expire at 5:00 pm (WST) on 30 June 2015 (**Expiry Date**). Any Class A Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Class A Option will be \$0.03 (**Exercise Price**).
- (d) The Class A Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Class A Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Class A Options specifying the number of Class A Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Class A Options being exercised,**(Exercise Notice)**.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Class A Options specified in the Exercise Notice.
- (h) The Class A Options are transferable and it is proposed they will be listed on ASX.
- (i) All Shares allotted upon the exercise of Class A Options will upon allotment rank *pari passu* in all respects with other Shares.
- (j) The Company will apply for quotation of the Class A Options on ASX within 10 business days of their issue.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class A Options. However, the Company will ensure that for the purposes of determining entitlements to any

such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Class A Options prior to the date for determining entitlements to participate in any such issue.

- (m) A Class A Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Class A Option can be exercised.

SCHEDULE 2 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES

The key terms of the Convertible Notes are as follows:

- (a) each Convertible Note will have a face value of \$10,000;
- (b) each Convertible Note will be repayable by way of cash on the earlier of:
 - (i) the occurrence of an event of default (as defined in the facility agreements entered into with each investor); and
 - (ii) 12 months after the date of the first Convertible Note is issued under the relevant Facility Agreement,

(Repayment Date) or through the issue of Shares (together with 1 free attaching Class A Option for every 2 Shares issued) at the Deemed Issue Price, at the discretion of the Convertible Noteholder, at any time prior to the Repayment Date;
- (c) Interest will of 4% per annum will be payable following conversion of the Convertible Note, through the issue of Shares (together with 1 free attaching Class A Option for every 2 Shares issued) at the Deemed Issue Price;
- (d) the issue of Shares and Class A Options upon the conversion of the Convertible Notes will be subject to the approval of Shareholders, if required;
- (e) the Company may draw down on the Facility during the availability period, which commences on the day the holder confirms the availability of a convertible note loan facility to the Company and ceases on a date that is no later than 12 months from the date of issue of the first Convertible Note to the Convertible Noteholder;
- (f) the Company does not intend to list the Convertible Notes for quotation on ASX and it is not obliged to do so;
- (g) subject to the consent of the Company, which will not be unreasonably withheld, the Convertible Notes are freely transferrable by the completion of an instrument of transfer in common form or such other form as the Company approves;
- (h) the Convertible Notes are unsecured;
- (i) subject to compliance with the ASX Listing Rules, if the Company makes a pro-rata bonus issue of Shares or other securities to existing Shareholders (by way of capitalisation of profits or otherwise):
 - (i) the number of Shares which must be issued on the exercise of a Convertible Note will be increased by the number of securities which the Convertible Noteholder would have received if the Convertible Noteholder had exercised the Convertible Note before the record date for the bonus issue;
 - (ii) the Company will apply sufficient profits in paying up in full those additional securities;
 - (iii) when making a bonus issue to the holders of Shares, the Company must ensure that after the issue it will retain not less than a level of profits

which would permit the additional Shares and/or other securities to be issued to the Convertible Noteholder if all of the Convertible Notes outstanding and Interest on the bonus issue entitlement date were converted on the following day; and

- (iv) where, on the conversion of any Convertible Note (or portion of any Convertible Note) and Interest, the Company has insufficient retained profits to permit the issue of all of the additional Shares and/or other securities, the Company must provide consideration to the Convertible Noteholder in a form as close as possible to the Shares and/or other securities it was to receive such that the value of the Convertible Note is preserved;
- (j) in the event of a reconstruction of the capital of the Company prior to the conversion of any Convertible Note by way of consolidation, subdivision, reduction, return, scheme of arrangement or otherwise (but other than by way of a bonus issue, rights issue or other security issue), a proportionate adjustment will be made to the number and issue price of Shares to which the Convertible Noteholder is entitled upon conversion of the Convertible Notes so that:
 - (i) the value of each Convertible Note is not adversely affected by the reconstruction;
 - (ii) the Convertible Noteholder is not conferred with any additional benefits which are not also conferred on the holders of Shares (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of holders of Shares approving the reconstruction of capital); and
 - (iii) subject to the remainder of this section, in all other respects the terms for the conversion of the Convertible Notes shall remain unchanged.

These terms must be varied to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation; and

- (k) there are no participation rights or entitlements inherent in the Convertible Note and Convertible Noteholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Convertible Notes without exercising the Convertible Notes.

SCHEDULE 3 – DETAILED CALCULATIONS FOR MANDATE FEES

Facility Fee

Facility Fee = 110,000,000 Shares

Retainer Fee (Shares equivalent to \$6,000 at \$0.0016 per Share)

Assumes Deemed Issue Price = \$0.0016.

Retainer Fee = $6,000 \div \$0.0016 = 3,750,000$ Shares per month (45,000,000 per annum)

Subscription Fee & Interest (4% per annum of the amount subscribed by investors in respect of the Facility)

Assumes VWAP of Shares = \$0.0016.

Interest calculation assumes conversion at the end of 12 months.

	Q1 ¹				Q2 ²		Q3 ³			Q4 ⁴		Month 12 (\$) (Maturity)
	Month 1 (\$)	Month 2 (\$)	Month 3 (\$)	Month 4 (\$)	Month 5 (\$)	Month 6 (\$)	Month 7 (\$)	Month 8 (\$)	Month 9 (\$)	Month 10 (\$)	Month 11 (\$)	
Drawdown	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Amount Drawn	100,000	200,000	300,000	400,000	500,000	600,000	700,000	800,000	900,000	1,000,000	1,100,000	1,200,000
Retainer Fee	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	(6,000 earnt)	72,000
Subscription Fee 4%	-	-	12,000	-	-	12,000	-	-	12,000	-	-	12,000
Interest 4%	-	-	-	-	-	-	-	-	-	-	-	48,000

Notes:

1: **Monthly Retainer Fee:** $\$6,000 \div \$0.0016 = 3,750,000$ Shares (calculated monthly but payable on an annual basis)

PROXY FORM

APPOINTMENT OF PROXY

ENERJI LTD

ABN 62 009 423 189

GENERAL MEETING

I/We

of

being a member of Enerji Ltd entitled to attend and vote at the General Meeting, hereby

Appoint

--

Name of proxy. NOTE: Leave this box blank if you are selecting the Chairman of the Meeting.

OR

--

the Chairman of the General Meeting as your proxy

or failing the individual or body corporate named or, if no individual or body corporate is named, the Chairman of the General Meeting, or the Chairman's nominee, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting of Enerji Limited to be held at BDO, 38 Station Street, Subiaco, Western Australia on 13 November 2013 at 10.00 am (WST), and at any adjournment thereof.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

Voting on Business of the General Meeting

Resolution 1 – Issue of Convertible Notes
Resolution 2 – Issue of Fees under Finance Facility
Resolution 3 – issue of Related Party Securities
Resolution 4 – Issue of Securities
Resolution 5 – Ratification of Prior Issue of Shares
Resolution 6 – Ratification of Prior Issue of Shares
Resolution 7 – Ratification of Prior Issue of Shares and Options
Resolution 8 – Ratification of Prior Issue of Shares and Options
Resolution 8 – Ratification of Prior Issue of Shares and Options

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

--

Sole Director/Company Secretary

--

Director

--

Director

Contact Name: _____ **Contact Ph (daytime):** _____

ENERJI LTD
ABN 62 009 423 189

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - (a) **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - (b) **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - (c) **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to PO Box 1933, West Perth WA 6872; or
 - (a) or hand deliver to Ground Floor, 10 Ord Street WA 6005; or
 - (b) facsimile to the Company on facsimile number (+61 8) 9226 2018,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.