
ENERGIO LIMITED

ACN 001 894 033

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2.00 pm WST

DATE: 30 November 2012

PLACE: The Melbourne Hotel "Colonial Room", Cnr Hay and Milligan Streets,
Perth WA 6000.

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 on (+61 8)9200 3456.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00 pm WST on 30 November 2012 at:

The Melbourne Hotel "Colonial Room", Cnr Hay and Milligan Streets, Perth WA 6000

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

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 Shareholders at 4.00 pm WST on 28 November 2012.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and 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:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- 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.

New 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 Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, 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:**

- 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
- 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
- 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
- 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:

- 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
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - 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.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2012."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – IAN BURSTON

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

"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Dr Ian Burston, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – KEVIN JOSEPH

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

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Kevin Joseph, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – GIUSEPPE (JOE) ARITI

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

“That, for the purpose of clause 13.4 of the Constitution and for all other purposes, Mr Giuseppe (Joe) Ariti, a Director who was appointed on 19 April 2012, retires, and being eligible, is re-elected as a Director.”

6. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – BRIAN KING

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

“That, for the purpose of clause 13.4 of the Constitution and for all other purposes, Mr Brian King, a Director who was appointed on 28 February 2012, retires, and being eligible, is re-elected as a Director.”

7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

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

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital on the date of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and 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 issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will 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 7 – PLACEMENT – 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 ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to that number of Shares, when multiplied by the issue price, will raise up to \$20 million 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, if the Resolution is passed 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.

9. RESOLUTION 8 – ADOPTION OF NEW CONSTITUTION

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

“That, for the purpose of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

10. RESOLUTION 9 – CHANGE OF COMPANY NAME

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

*“That, for the purpose of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to **Kogi Iron Limited**.”*

11. RESOLUTION 10 – APPROVAL OF LOAN SHARE PLAN

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

*“That for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), sections 259B and 260C(4) of the Corporations Act, and for all other purposes, approval is given to adopt the Company’s Loan Share Plan (**Loan Share Plan**), the terms of which are summarised in the Explanatory Memorandum, and to issue Shares under the terms of the Loan Share Plan from time to time.”*

Voting exclusion: The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

12. RESOLUTION 11 – APPROVAL OF POTENTIAL TERMINATION BENEFITS UNDER THE COMPANY’S LOAN SHARE PLAN

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

“That, conditional upon Resolution 10 being approved, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 10.19, and for all other purposes, the giving of benefits under the Company’s Loan Share Plan to a person by the Company in connection with that person ceasing to be an officer or ceasing to hold a managerial or executive office in the Company (or subsidiary of the Company) be approved on the terms and conditions in the Explanatory Statement.”

Voting exclusion: A vote on Resolution 11 may not be cast (in any capacity) by or on behalf of a person who holds a managerial or executive office in, or is an officer of, the Company and to whom the Resolution permits benefits to be given, and an associate of that person. Section 200E(2A) of the Corporations Act also prevents a retiring managerial or executive officer or any associate of the retiree from voting on this Resolution. However this does not prevent the casting of a vote if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on the resolution, and it is not cast on behalf of the person who holds a managerial or executive office in the Company and to whom the Resolution permits benefits to be given or an associate of that person.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

13. RESOLUTION 12 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO DR IAN BURSTON UNDER THE LOAN SHARE PLAN

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

“That, conditional upon Resolutions 10, 11 and 18 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 7,500,000 Shares to Dr Ian Burston under the Company’s Loan Share Plan and to provide a loan to Dr Ian Burston for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Dr Ian Burston and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

14. RESOLUTION 13 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO MR KEVIN JOSEPH UNDER THE LOAN SHARE PLAN

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

“That, conditional upon Resolutions 10 and 11 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 6,000,000 Shares to Mr Kevin Joseph under the Company’s Loan Share Plan and to provide a loan to Mr Kevin Joseph for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Kevin Joseph and any person who might obtain a benefit, except a

benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

15. RESOLUTION 14 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO MR GIUSEPPE (JOE) ARITI UNDER THE LOAN SHARE PLAN

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

“That, conditional upon Resolutions 10, 11 and 19 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 6,000,000 Shares to Mr Giuseppe (Joe) Ariti under the Company's Loan Share Plan and to provide a loan to Mr Giuseppe (Joe) Ariti for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Giuseppe (Joe) Ariti and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

16. RESOLUTION 15 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO MR DON CARROLL UNDER THE LOAN SHARE PLAN

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

“That, conditional upon Resolutions 10, 11 and 20 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 6,000,000 Shares to Mr Don Carroll under the Company’s Loan Share Plan and to provide a loan to Mr Don Carroll for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Don Carroll and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and

- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

17. RESOLUTION 16 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO MR BRIAN KING UNDER THE LOAN SHARE PLAN

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

“That, conditional upon Resolutions 10, 11 and 21 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 6,000,000 Shares in the Company to Mr Brian King under the Company's Loan Share Plan and to provide a loan to Mr Brian King for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Brian King and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

18. RESOLUTION 17 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO MR NATHAN TAYLOR UNDER THE LOAN SHARE PLAN

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

“That, conditional upon Resolutions 10, 11 and 22 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 6,000,000 Shares in the Company to Mr Nathan Taylor under the Company's Loan Share Plan and to provide a loan to Mr Nathan Taylor for

the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum."

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Nathan Taylor and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

19. RESOLUTION 18 – APPROVAL OF FINANCIAL ASSISTANCE TO DR IAN BURSTON

To consider and, if thought fit, to pass the following as a special resolution:

"That, conditional upon Resolutions 10, 11 and 12 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Dr Ian Burston to assist the acquisition by those persons of ordinary shares under the Company's Loan Share Plan, as detailed in the Explanatory Memorandum."

Voting exclusion: The Company will disregard any votes cast on this Resolution by Dr Ian Burston and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

20. RESOLUTION 19 – APPROVAL OF FINANCIAL ASSISTANCE TO MR GIUSEPPE (JOE) ARITI

To consider and, if thought fit, to pass the following as a special resolution:

“That, conditional upon Resolutions 10, 11 and 14 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Mr Giuseppe (Joe) Ariti to assist the acquisition by those persons of ordinary shares under the Company’s Loan Share Plan, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Giuseppe (Joe) Ariti and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

21. RESOLUTION 20 – APPROVAL OF FINANCIAL ASSISTANCE TO MR DON CARROLL

To consider and, if thought fit, to pass the following as a special resolution:

“That, conditional upon Resolutions 10, 11 and 15 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Mr Don Carroll to assist the acquisition by those persons of ordinary shares under the Company’s Loan Share Plan, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Don Carroll and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

22. RESOLUTION 21 – APPROVAL OF FINANCIAL ASSISTANCE TO MR BRIAN KING

To consider and, if thought fit, to pass the following as a special resolution:

“That, conditional upon Resolutions 10, 11 and 16 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Mr Brian King to assist the acquisition by those persons of ordinary shares under the Company’s Loan Share Plan, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Brian King and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

23. RESOLUTION 22 – APPROVAL OF FINANCIAL ASSISTANCE TO MR NATHAN TAYLOR

To consider and, if thought fit, to pass the following as a special resolution:

“That, conditional upon Resolutions 10, 11 and 17 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Mr Nathan Taylor to assist the acquisition by those persons of ordinary shares under the Company’s Loan Share Plan, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mr Nathan Taylor and any person who might obtain a benefit, except a

benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. 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 if it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD



**SHANE VOLK
COMPANY SECRETARY**

22 OCTOBER 2012

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.energio.net.au>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year was approved, other than the managing director of the company), will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy.

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy

You ***do not*** need to direct your proxy how to vote on this Resolution, and you ***do not*** need to mark any further acknowledgement on the Proxy Form.

3. RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS – MESSRS BURSTON AND JOSEPH

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 6 Directors and accordingly 2 must retire.

Messrs Ian Burston and Kevin Joseph retire by rotation and seek re-election.

4. RESOLUTIONS 4 AND 5 – RE-ELECTION OF DIRECTORS – MESSRS ARITI AND KING

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Messrs Giuseppe (Joe) Ariti and Brian King will retire in accordance with clause 13.4 of the Constitution and being eligible seek re-election.

5. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 6, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 5.2 below).

The effect of Resolution 6 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue on the date of issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

5.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$71,918,095.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 2 classes of Equity Securities on issue, being the Shares (ASX Code: EIO) and a class of listed options (ASX Code: EIOO).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4 and not including issues of securities under the entity's 15% placement capacity without Shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

5.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 5.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

or such longer period if allowed by ASX (**10% Placement Capacity Period**).

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature and scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.1475 50% decrease in Issue Price	\$0.295 Issue Price	\$0.4425 50% increase in Issue Price
351,301,058 (Current)	10% Voting Dilution	35,130,106 Shares	35,130,106 Shares	35,130,106 Shares
	Funds raised	\$5,181,691	\$10,363,381	\$15,545,072
526,951,587 (50% increase)	10% Voting Dilution	52,695,159 Shares	52,695,159 Shares	52,695,159 Shares
	Funds raised	\$7,772,536	\$15,545,072	\$23,317,608
702,602,116 (100% increase)	10% Voting Dilution	70,260,212 Shares	70,260,212 Shares	70,260,212 Shares
	Funds raised	\$10,363,381	\$20,726,762	\$31,090,144

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 313,801,058 Shares on issue comprising:
 - (a) 239,726,983 existing Shares as at the date of this Notice of Meeting;
 - (b) 74,074,075 Shares which will be issued if Resolution 7 is passed at this Meeting (assuming an issue price of \$0.27 per Share); and
 - (c) 37,500,000 Shares which will be issued if Resolutions 10 – 22 are passed.
2. The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
3. The issue price set out above is the closing price of the Shares on the ASX on 8 October 2012.
4. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity being 10% of the Company's issued capital on the date of issue.
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's Agbaja Project (funds may then be used for project, feasibility studies and ongoing project administration) and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

5.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

6. RESOLUTION 7 – PLACEMENT – SHARES

6.1 General

Resolution 7 seeks Shareholder approval for the allotment and issue of up to that number of Shares, when multiplied by the issue price, will raise up to \$20 million (**Placement**).

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 7 will be to allow the Company to issue the Shares pursuant to the Placement 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.

It is intended that a broker or brokers will be appointed for the purpose of the Placement and the fees customary for a placement of this size shall be paid to the appointed broker/s.

6.2 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 up to that number of Shares which, when multiplied by the issue price, equals \$20 million;
- (b) the Shares 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 allotment will occur on the same date;
- (c) the issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a

prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;

- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties 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; and
- (f) the Company intends to use the funds raised from the Placement towards continued exploration on the Agbaja Project (funds may then be used for project, feasibility studies and ongoing project administration) and for working capital purposes.

6.3 Dilution

The closing market price for Shares on 5 October 2012 was \$0.27. The lowest price since the consolidation of the Company's shares (ie maximum discount) is \$0.12 on 4 September 2012. The highest closing price since the consolidation of the Company's shares is \$0.345 on 8 October 2010. Accordingly, set out below is a worked example of the number of Shares that may be issued under Resolution 7 based on an assumed issue price of \$0.12, \$0.27 and \$0.345.

Assumed issue price	Maximum number of Shares which the Company could issue (rounded up to the nearest whole number) pursuant to Resolution 7	Current Shares on issue as at the date of this Notice	Number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 7	Dilution effect on existing Shareholders
\$0.12	166,666,667	239,726,983	406,393,650	41.01%
\$0.270	74,074,075	239,726,983	313,801,058	23.61%
\$0.345	57,971,015	239,726,983	297,697,998	19.47%

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 239,726,983 (being the number of Shares on issue as at the date of this Notice) to 406,393,650 and the shareholding of existing Shareholders would be diluted by 41.01%.

The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

7. RESOLUTION 8 – ADOPTION OF NEW CONSTITUTION

7.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 8 is a special resolution which will enable the Company to adopt a new Constitution (**Proposed Constitution**) to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules. This will incorporate

amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted pursuant to Resolution 9 (if passed);
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website <http://www.energio.net.au> and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9200 3456). Shareholders are invited to contact the Company if they have any queries or concerns.

7.2 Summary of material proposed changes

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividends (clause 21)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 35)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a

proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result

consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 8.

8. RESOLUTION 9 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 9 seeks the approval of Shareholders for the Company to change its name to **Kogi Iron Limited**.

If Resolution 9 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 9 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

9. RESOLUTION 10 – APPROVAL OF THE COMPANY'S LOAN SHARE PLAN

9.1 Background

Shareholder approval is sought for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for the purposes of sections 259B(2) and 260C(4) of the Corporations Act to approve the Loan Share Plan, and to issue Shares and provide benefits under the Loan Share Plan to executive and non executive directors, full-time or part-time employees, contractors and consultants of the Company or its subsidiaries, as selected by the Board from time to time (**Eligible Persons**).

The Board is committed to incentivising and retaining the Company's Eligible Persons in a manner which promotes alignment with Shareholder interests. Additionally, the Board consider equity-based compensation an integral component of the Company's remuneration platform enabling it to offer market-competitive remuneration arrangements.

The Loan Share Plan is intended to enable Eligible Persons to share in any increase in the Company's value (as measured by share price) beyond the date of allocation of the Shares provided any specific performance conditions are met. A summary of the Loan Share Plan is set out in Section 9.4.

9.2 ASX Listing Rules

ASX Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12 month period, the amount of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under ASX Listing Rule 7.1 if the issue of securities is made under an employee incentive scheme and that employee incentive scheme was approved by shareholders no more than 3 years before the date of issue. The Loan Share Plan is regarded

as an employee incentive scheme for the purposes of Listing Rule 7.2 (Exception 9(b)).

The Company proposes that any issue of Shares under the Loan Share Plan not be included when undertaking the calculation of the Company's available 15% limit under ASX Listing Rule 7.1. Accordingly, it is seeking shareholder approval of the Loan Share Plan under Exception 9 to ASX Listing Rule 7.2.

9.3 Corporations Act

As a general rule, the Corporations Act prohibits a company from taking security over shares in itself. However, section 259B(2) of the Corporations Act states that a company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting.

Section 260A of the Corporations Act prescribes the circumstances in which a company may financially assist a person to acquire shares in the Company. However, section 260C(4) of the Corporations Act states that an exemption will apply if the financial assistance is given under an employee share scheme that has been approved by shareholders at a general meeting.

Accordingly, shareholder approval is sought under sections 259B(2) and 260C(4) of the Corporations Act to enable the Company to financially assist Eligible Persons (through provisions of loans) to acquire Shares in the Company.

9.4 Summary of the key terms of the Loan Share Plan

The key terms of the Loan Share Plan are set out below:

- (a) **Eligibility:** The Board may from time to time, invite executive and non executive directors, full-time or part-time employees or contractors or consultants of the Company (or its subsidiaries), or such other persons as the Board determines eligible, to participate in the Loan Share Plan.
- (b) **Shares:** The Directors will determine the number of Shares to be offered to Eligible Persons pursuant to the terms of the Loan Share Plan. However the maximum number of Shares that can be issued will not exceed an aggregate amount of 54,000,000 Shares.

Under the Loan Share Plan, the Shares to be offered to Eligible Persons will be ordinary shares and the Participants will have full entitlements attaching to those ordinary shares (**Plan Shares**).

At the discretion of the Board, the Plan Shares may either be directly issued to Eligible Persons, or existing Shares purchased on-market and transferred. The Board will apply for quotation of the Plan Shares issued (or any unquoted Plan Shares transferred) within the time required by the Listing Rules after the date of grant of the Plan Shares (**Grant Date**).

- (c) **Purchase Price:** At the Grant Date, the Plan Shares will be acquired by Eligible Persons for market value, being the 5 day volume weighted average price of the Company's Shares up to the Grant Date.
- (d) **Loan:** To facilitate the effective operation of a Participant's participation in the Loan Share Plan, the rules of the Loan Share Plan envisages the loans will be interest free and limited recourse such that the Company will accept in full satisfaction of repayment of the loan, the amount of the market value of the Plan Shares at the time the loan is due for

repayment in the event that the market value of the Plan Shares is less than the amount of the loan outstanding.

Unless otherwise determined, the loan period ends when Plan Shares are forfeited including on termination of employment or office, when the Plan Shares are disposed of in accordance with the rules of the Loan Share Plan or such other date as specified in a Participant's offer documentation.

- (e) **Forfeiture / Vesting:** The Plan Shares offered under the Loan Share Plan may be subject to vesting conditions, forfeiture conditions and disposal restrictions (the **Conditions**) as determined by the Board and specified in offer documents to be provided to Eligible Persons. The Board has discretion to waive or deem Conditions to have been satisfied.

The Board's current policy is for each allocation of Plan Shares to be divided into 3 tranches and subject to the following vesting conditions:

- (i) 1/3rd of the Plan Shares will vest on the date of an ASX announcement by the Company of a JORC compliant mineral resource estimation of 500Mt or more with an in-situ iron ore grade of 40% or more to an indicated (or higher) level of confidence at the Agbaja Project;
- (ii) 1/3rd of the Plan Shares will vest on the date of an ASX announcement by the Company that it has secured at least \$15 million of funding to enable commencement of a pre-feasibility (or equivalent) study into the development of mining operations at the Agbaja Project; and
- (iii) 1/3rd of the Plan Shares will vest on the date of an ASX announcement by the Company that it has entered into a formal agreement to access the existing heavy haul rail infrastructure currently running from Lakoja to Warri for the purpose of transporting of iron ore from the Agbaja Project,

subject to those vesting conditions being satisfied on or before 31 December 2014. No tranche is conditional upon the vesting of another tranche.

Unless otherwise determined by the Board, a Participant's Plan Shares will be forfeited in the circumstances set out in the rules of the Loan Share Plan, and include where:

- (i) a Participant's employment, office or contractual relationship with the Company (or a subsidiary of the Company) ceases;
- (ii) the relevant vesting condition are not satisfied or cannot be satisfied by the relevant time;
- (iii) a Participant acts fraudulently or dishonestly or in breach of his or her obligations to the Company (or its subsidiaries); or
- (iv) a Participant becomes insolvent.

If a Participant's Plan Shares are forfeited, and those Plan Shares are sold pursuant to the rules of the Loan Share Plan, the proceeds will first

be applied against the loan balance of the Participant and any surplus proceeds shall be applied as follows:

- (v) If the Participant was a good leaver or a bad leaver (refer below) and the Plan Share had vested, the Participant will be entitled to the surplus.

For the purposes of the Loan Share Plan, a Participant is a good leaver where their employment, office or contractual relationship with the Company (or its subsidiaries) ceases due to death, permanent incapacity, redundancy, bona fide retirement, or any other reason the Board determines.

A Participant is a bad leaver where their employment, office or contractual relationship with the Company (or its subsidiaries) ceases in circumstances including where the Participant is dismissed from employment or office or their contractual relationship is terminated due to serious and wilful misconduct (including, without limitation, fraud and dishonesty), or the Participant resigns from his or her employment or office or terminates his or her contractual relationship with the Company (or its subsidiaries).

- (vi) If the Participant was a good leaver and the Plan Shares had not vested, the Company will be entitled to the surplus unless otherwise determined by the Board.
- (vii) If the Participant was a bad leaver and the Plan Shares had not vested, the Company will be entitled to all of the surplus.
- (viii) In all other circumstances, the Company will be entitled to the surplus unless otherwise determined by the board of Directors.

- (f) **Restrictions on Plan Shares:** Plan Shares cannot be dealt with unless they are not subject to any conditions and there is no outstanding loan on the Plan Shares. Provided the Plan Shares are not subject to any conditions, an Eligible Person may request the Company to sell the Plan Shares on which loans are outstanding on the basis that proceeds are first applied towards discharging the loan. However, the Company is not obliged to consent to the sale of the Participant's Plan Shares.
- (g) **Cash Distributions:** The after-tax amount of any cash dividend as well as any other capital distributions will be applied against repayment of any loan which may have been made available to a Participant to assist the acquisition of their Plan Shares.
- (h) **Trust:** The Company may use a specific purpose trust and trustee to facilitate the operation of the Loan Share Plan and implement any procedures to enforce conditions and to monitor compliance with its securities trading policy.
- (i) **Change of control:** If a change of control event occurs, which is defined in the rules of the Loan Share Plan and includes a takeover of the Company, the Board may in its absolute discretion determine the manner in which all or a specified number of a Participant's Plan Shares (whether vested or unvested) will be dealt with.

- (j) **Amendment:** The Board has the ability to amend the rules of the Loan Share Plan at any time, including with retrospective effect, except that any amendments which affect a Participant's existing entitlements or obligations require a Participant's consent unless the amendment is primarily necessitated to ensure compliance with the Company's constitution or laws or to correct manifest errors.

Copies of the Loan Share Plan documentation will be available for inspection at the Company's registered office and will be provided without charge to Shareholders on request.

For the purpose of Exception 9 of ASX Listing Rule 7.2:

- (a) No Shares have previously been issued under the Loan Share Plan;
- (b) A summary of the key terms of the Loan Share Plan is set out above; and
- (c) A voting exclusion statement is set out under Resolution 10 of the Notice of Meeting.

10. RESOLUTION 11 – APPROVAL OF POTENTIAL TERMINATION PAYMENTS UNDER THE COMPANY'S LOAN SHARE PLAN

Subject to Shareholder approval of Resolution 10, Shareholder approval is also sought for the purposes of section 200B of the Corporations Act and ASX Listing Rule 10.19 to approve the giving of benefits under the Loan Share Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this explanatory statement.

As described above, the board of Directors possess the discretion to determine, where a Participant ceases employment or office before the vesting of their Plan Shares, that some or all of their Plan Shares will not lapse.

The Board's current intention is to only exercise this discretion:

- (a) where the person leaves employment or office without fault on their part; and
- (b) so as only to preserve that number of unvested Plan Shares as are pro-rated to the date of leaving.

The exercise of this discretion may constitute a "benefit" for the purposes of section 200B of the Corporations Act and ASX Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future Participant in the Loan Share Plan who holds:

- (c) a managerial or executive office in, or are an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (d) Plan Shares under the Loan Share Plan at the time of their leaving.

The value of the termination benefits that the board of Directors may give under the Loan Share Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a

particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of Plan Shares that will vest.

The following additional factors may also affect the benefit's value:

- (e) the Participant's length of service and the status of the vesting conditions attaching to the Plan Shares at the time the Participant's employment or office ceases; and
- (f) the number of unvested Plan Shares that the Participant holds at the time they cease employment or office.

10.2 Corporations Act

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate, unless an exception applies.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

10.3 Listing Rules

ASX Listing Rule 10.19 provides that, without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Depending upon the value of the termination benefits (see above), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if such payment would exceed this 5% threshold. Accordingly, Shareholder approval is being sought in case the value of the termination benefits exceeds this 5% threshold.

11. RESOLUTIONS 12 – 17 – APPROVAL FOR THE ISSUE OF SHARES TO DIRECTORS UNDER THE COMPANY'S LOAN SHARE PLAN

Subject to Shareholder approval of Resolution 10, the Company proposes to invite Dr Ian Burston, Mr Kevin Joseph, Mr Giuseppe (Joe) Ariti, Mr Don Carroll, Mr Brian King and Mr Nathan Taylor (**Eligible Directors**) to subscribe for a total maximum amount of 37,500,000 Shares under and in accordance with the Loan Share Plan.

The Board proposes that the following maximum number of Plan Shares will be granted to each of the following people:

Name	Maximum number of Plan Shares
Dr Ian Burston	7,500,000
Mr Kevin Joseph	6,000,000
Mr Giuseppe (Joe) Ariti	6,000,000
Mr Don Carroll	6,000,000
Mr Brian King	6,000,000
Mr Nathan Taylor	6,000,000

The Board has determined that the issue of Plan Shares to the Eligible Directors is an appropriate form of long term incentive for the Company's key management personnel and those persons are essential to the operation of the Company's ongoing business.

In determining the Eligible Directors remuneration packages, including this proposed grant of Plan Shares under the Loan Share Plan, the Board considered the scope of the executive and non executive directors' roles, the business challenges facing the Company and market practice for the remuneration of executive and non executive officers in positions of similar responsibility. Accordingly, they determine that the proposed grant of Plan Shares to the Eligible Directors is appropriate.

A summary of the Loan Share Plan is provided in Section 9.4. The terms of the specific offer to each of the Eligible Directors is summarised below.

11.1 ASX Listing Rules 10.14

ASX Listing Rule 10.11 provides a general restriction against issuing securities to directors without shareholder approval.

ASX Listing Rule 10.14 provides that a company must not issue equity securities to a director of the company under an employee incentive scheme (such as the Loan Share Plan) unless the issue has been approved by shareholders by ordinary resolution. If approval is given by Shareholders under ASX Listing Rule 10.14, separate shareholder approval is not required under ASX Listing Rule 10.11.

Under Resolutions 12 - 17, the Company seeks approval from Shareholders for the issue of Plan Shares to the Eligible Directors, who by virtue of their position as executive and non executive Directors of the Company, are related parties of the Company.

11.2 Section 208 of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless of a number of exceptions apply.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities and the provision of a loan.

Under the Corporations Act, a director of a company is a related party of that company. As the Eligible Directors are Directors of the Company, the proposed

issue of Plan Shares and the provision of a loan to those persons to assist in their acquisition of the Plan Shares constitute the giving of a financial benefit.

Section 208(1) of the Corporations Act provides that for the Company to give a financial benefit to a related party of the Company, the Company must:

- (a) obtain the approval of Shareholders to grant the financial benefit; and
- (b) give the benefit within 15 months following such approval,

unless the benefit falls within one of the exceptions set out in the Corporations Act.

Accordingly, the Company seeks Shareholder approval of the issue of Plan Shares, and to provide loans to the Eligible Directors.

11.3 Information required under the Listing Rules and Corporations Act

For the purpose of Listing Rule 10.15, and sections 217 – 227 of the Corporations Act, the following information is provided to Shareholders for the purpose of obtaining Shareholder approval for the proposed issues of Plan Shares to the Eligible Directors under the Loan Share Plan and the provision of a loan to each of those persons to assist them in the acquisition of their Plan Shares:

- (a) The maximum number of Plan Shares that can be acquired by the Eligible Directors under Resolutions 12 – 17 is as follows:

Name	Maximum number of Plan Shares
Dr Ian Burston	7,500,000
Mr Kevin Joseph	6,000,000
Mr Giuseppe (Joe) Ariti	6,000,000
Mr Don Carroll	6,000,000
Mr Brian King	6,000,000
Mr Nathan Taylor	6,000,000

- (b) The issue price for the Plan Shares will be the market price for the Plan Shares (being the 5 day Volume Weighted Average Price of the Company's ordinary shares immediately prior to the date of grant) (**Issue Price**).
- (c) There have not been any Plan Shares issued or acquired under the Loan Share Plan to date.
- (d) All of the non executive and executive directors, full-time and part-time employees of the Company (or any subsidiary of the Company), and any other person as determined by the Board, may participate, at the Directors' invitation, in the Loan Share Plan. The Eligible Directors are eligible to Participant in the Loan Share Plan.
- (e) The Company intends to make an offer to the Eligible Directors as soon as possible following this Meeting, and in any event, within 12 months after the date of Shareholder approval.

- (f) A voting exclusion statement in relation to Resolutions 12 – 17 is included in the notice of annual general meeting.
- (g) The Company will offer an interest free loan to the Eligible Directors for the total value of the Issue Price of the Plan Shares to assist them to subscribe for the Plan Shares. The material terms of the loan are:
- (i) the loan in relation to a Plan Share must be repaid on the earlier of:
 - (A) the repayment date (if any) as specified in the offer documentation of the borrower;
 - (B) the date that the Plan Shares have been forfeited (i.e. when the borrower of the loan ceases employment or office with the Company); and
 - (C) the date that the borrower has otherwise disposed of, or attempted to dispose of the Plan Shares;
 - (ii) the borrower of the loan must use that loan solely for the purpose of assisting in financing the acquisition of the Plan Shares;
 - (iii) where security cannot be taken over the Plan Shares of the borrower of the loan due to section 259B of the Corporations Act, the borrower will take all reasonable actions requested by the Company that are permitted by law and which reflect the commercial rationale of the loan to provide comfort to the Company in respect of the recoverability of that loan; and
 - (iv) the Borrower may only dispose of the Plan Shares that was acquired with the assistance of a loan if that loan is repaid in full to the Company.

A copy of the loan agreements will be available for inspection at the annual general meeting.

- (h) A related party to whom Resolutions 12 – 17 would permit a financial benefit being given is each of the Eligible Directors.

- (i) The nature of the financial benefit to be given to Eligible Directors is as follows:

Name	Maximum number of Plan Shares to be issued	Value of the financial benefit	
		Loan	Interest
Dr Ian Burston	7,500,000	\$2,325,000	\$1,017,188
Mr Kevin Joseph	6,000,000	\$1,860,000	\$813,750
Mr Giuseppe (Joe) Ariti	6,000,000	\$1,860,000	\$813,750
Mr Don Carroll	6,000,000	\$1,860,000	\$813,750
Mr Brian King	6,000,000	\$1,860,000	\$813,750
Mr Nathan Taylor	6,000,000	\$1,860,000	\$813,750

The amount of the loan to be provided to each of the Eligible Directors will equal the aggregate of the Issue Price for each of the Plan Shares acquired by those persons.

Note:

1 The maximum amount of the Loan to be provided to each director can be calculated by multiplying the number of Plan Shares to be issued by the issue price (as determined by the 5 day weighted average price of the Company's ordinary shares before the date of this Notice (ie \$0.31 and the interest foregone on each Loan is estimated by the Company for each director based on a 5 year loan term and applying an interest rate of 8.75% per annum (being the margin loan rate as per the Reserve Bank of Australia's indicator Lending Rates for September 2012) and assuming monthly repayments of interest and principal repayment at the end of the Loan term.

- (j) In respect of Resolution 12, all Directors recommend that Shareholders vote in favour of Resolution 12, save for Dr Ian Burston who has an interest in the outcome of Resolution 12 and declines to make a recommendation in respect of it.
- (k) In respect of Resolution 13, all Directors recommend that Shareholders vote in favour of Resolution 13, save for Mr Kevin Joseph who has an interest in the outcome of Resolution 13 and declines to make a recommendation in respect of it.
- (l) In respect of Resolution 14, all Directors recommend that Shareholders vote in favour of Resolution 14, save for Mr Giuseppe (Joe) Ariti who has an interest in the outcome of Resolution 14 and declines to make a recommendation in respect of it.
- (m) In respect of Resolution 15, all Directors recommend that Shareholders vote in favour of Resolution 15, save for Mr Don Carroll who has an interest in the outcome of Resolution 15 and declines to make a recommendation in respect of it.
- (n) In respect of Resolution 16, all Directors recommend that Shareholders vote in favour of Resolution 16, save for Mr Brian King who has an interest in the outcome of Resolution 16 and declines to make a recommendation in respect of it.

- (o) In respect of Resolution 17, all Directors recommend that Shareholders vote in favour of Resolution 17, save for Mr Nathan Taylor who has an interest in the outcome of Resolution 17 and declines to make a recommendation in respect of it.
- (p) As at the date of this Notice of Meeting, the Eligible Directors hold the following relevant interests in Shares in the Company:

Name	Shares	Options	% of the current issued share capital of the Company on a fully diluted basis ¹
Dr Ian Burston	1,000,000	Nil	0.39%
Mr Kevin Joseph	Nil	Nil	0%
Mr Giuseppe (Joe) Ariti	600,000	Nil	0.23%
Mr Don Carroll	2,000,000	2,000,000	1.56%
Mr Brian King	280,000	Nil	0.11%
Mr Nathan Taylor	3,100,000	2,000,000	1.99%

Note:

- 1 This assumes that no other Shares are issued and no Options are exercised prior to the date of the Meeting.

- (q) If Shareholders approve Resolutions 12 – 17 (assuming the maximum number of Plan Shares are granted to the Eligible Directors, those persons will have the following interests in Shares:

Name	Shares	Options	% of the issued share capital of the Company on a fully diluted basis after the proposed issue of shares ¹
Dr Ian Burston	8,500,000	Nil	2.89%
Mr Kevin Joseph	6,000,000	Nil	2.04%
Mr Giuseppe (Joe) Ariti	6,600,000	Nil	2.25%
Mr Don Carroll	8,000,000	2,000,000	3.40%
Mr Brian King	6,280,000	Nil	2.14%
Mr Nathan Taylor	9,100,000	2,000,000	3.78%

Note:

1 This assumes that no other Shares are issued and no Options are exercised prior to the date of the Meeting.

(r) Details of each of the Eligible Director's remuneration for the financial year ended 30 June 2012 is as follows:

Name	Number of Plan Shares	Base Salaries per annum (including superannuation) or consulting fees
Dr Ian Burston	7,500,000	\$98,405
Mr Kevin Joseph	6,000,000	\$291,771
Mr Giuseppe (Joe) Ariti	6,000,000	\$12,000
Mr Don Carroll	6,000,000	\$48,000
Mr Brian King	6,000,000	\$177,502
Mr Nathan Taylor	6,000,000	\$51,000

(s) Under the Company's current circumstances, the Board considers that the incentives to the Eligible Directors which would be represented by loans allowing the acquisition of the Plan Shares would be a cost-effective and efficient incentive for the Company to provide, as opposed to alternative forms of incentives such as cash bonuses or increased remuneration.

The granting of the loans will have no effect on the Company's cash flow (other than in respect of any costs associated with the granting of the loan which are not expected to be material) as the Plan Shares will be issued to each participant and a loan granted for the total value of Issue Price of the Plan Shares.

The Board does not consider that the giving of the financial benefit will be likely to materially prejudice the interests of the Company or its Shareholders or the Company's ability to pay its creditors.

The loans are to be interest free. Also, the terms of the loan are such that they are limited recourse. This means that if the borrower of the loan does not repay the loan when it is due for repayment, the Company can only require the Participant to sell those Plan Shares which were acquired with the assistance of the loan. The proceeds of such sale will constitute full satisfaction of the loan even where such proceeds are less than the loan balance at that time. In this event, the borrower would receive a financial benefit from the Company in the form of the Company forgiving the amount of the loan not repaid using the sale proceeds.

The circumstances where the borrower will be entitled to any surplus proceeds is set out in Section 9.4(e). If the borrower is entitled to any surplus proceeds from the sale over and above the loan balance of the borrower at the time, the borrower would have received a financial benefit as the borrower was able to earn a capital gain on the Plan Shares without having to fund the acquisition of the Plan Shares with the

borrower's own funding or alternatively with a loan from a third party at commercial interest rates. The borrower of the loan will also have held voting rights in the Plan Shares and associated rights for the duration of the loan.

The Board considers that the limited recourse nature of the loan is appropriate to enable the Company to adequately incentivise the Eligible Directors and encourage them to increase their shareholdings in the Company to align their interests with those of other Shareholders. The board of Directors considers that the benefits achieved by offering a limited recourse loan exceed the potential detriment to the Company of the loan not being fully repaid.

- (f) Other than the material set out in this Explanatory Memorandum;
 - (i) the Board of Directors does not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or material taxation consequences for the Company or benefits foregone by the Company in issuing the Plan Shares and granting the loans to the Directors; and
 - (ii) the Board is not aware of any other information which Shareholders of the Company would reasonably require in order to decide whether or not it is in the Company's best interest to pass Resolutions 12 – 17.

12. **RESOLUTIONS 18 – 22 – APPROVAL OF FINANCIAL ASSISTANCE TO NON-EXECUTIVE DIRECTORS**

Resolutions 18 – 22 (subject to the approval of Resolutions 10 and 12 – 17) seek the approval of Shareholders, pursuant to section 260B(1) of the Corporations Act, for financial assistance which is to be provided by the Company to assist the acquisition by Dr Ian Burston, Mr Giuseppe (Joe) Ariti, Mr Don Carroll, Mr Brian King and Mr Nathan Taylor (**Assisted Directors**) of Shares under the Company's Loan Share Plan.

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares (or units of shares) in the company, or its holding company, only in certain circumstances, one of which is where the assistance is approved by a special resolution of the shareholders of the company under section 260B of the Corporations Act.

As stated in Section 9.3 of this explanatory statement, section 260C(4) of the Corporations Act states that an exemption will apply if the financial assistance is given under an employee share scheme that has been approved by shareholders at a general meeting. However, that exemption will only apply to certain persons including employees of the Company and directors of the Company who hold a salaried employment or office in the Company.

The Company proposes to provide financial assistance to each of the Assisted Directors to assist their acquisition of Shares under the Company's Loan Share Plan. The provision of the loans to the Assisted Directors will constitute the giving of financial assistance under section 260A of the Corporations Act (**Financial Assistance**).

As the Financial Assistance is proposed to be provided to the Assisted Directors who are non-executive directors, the Company cannot rely on section 260C(4) of the Corporations Act in relation to the provision of Financial Assistance to those persons. Accordingly, the Company is seeking the approval of Shareholders to provide the Financial Assistance to the Assisted Directors.

The terms of the loan agreement which the Company proposes to enter into with each of the Assisted Directors is set out in Section 9.4 of this Explanatory Memorandum. The amount of the loan to be provided to each of the Assisted Directors will equal the aggregate of the Issue Price for each of the Plan Shares acquired by those persons.

The Company proposes to provide the Financial Assistance to the Assisted Directors as soon as possible following this Meeting and in any event within 12 months of the date of this Meeting.

As set out in Section 9.4 of this explanatory memorandum, each loan is granted for the total Issue Price of the Plan Shares at the time the Plan Shares are issued to each Assisted Director. The granting of the loans will therefore have no effect on the Company's cash flow (other than in respect of any costs associated with the granting of the loan which are not expected to be material).

Accordingly, the Directors are of the view that there are reasonable grounds to believe that providing the Financial Assistance will not materially prejudice the interests of the Company, its shareholders and the ability to pay its creditors. The Directors have unanimously approved this statement.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

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.

Chair means the chair of the Meeting.

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).

Company means Energio Limited(ACN 001 894 033).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

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.

Loan Share Plan means the proposed employee incentive plan in respect of the Company set out in the Explanatory Statement through which it is proposed to grant Shares to Eligible Persons.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Participant means an Eligible Person who has been issued and/or transferred a Plan Share in accordance with the Loan Share Plan.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2012.

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

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

Shareholder means a holder of a Share.

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



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Sydney South NSW 1235 Australia



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All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7111



X99999999999

SECURITYHOLDER VOTING FORM

I/We being a member(s) of Energio Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 2:00pm (WST) on Friday, 30 November 2012, at The Melbourne Hotel "Colonial Room", Cnr Hay and Milligan Streets, Perth WA 6000 and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

Resolutions	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval to issue Shares and provide a Loan to Ian Burston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director - Ian Burston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Approval to issue Shares and provide a Loan to Kevin Joseph	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-Election of Director - Kevin Joseph	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Approval to issue Shares and provide a Loan to Giuseppe (Joe) Ariti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-Election of Director - Giuseppe (Joe) Ariti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Approval to issue Shares and provide a Loan to Don Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Re-Election of Director - Brian King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Approval to issue Shares and provide a Loan to Brian King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17 Approval to issue Shares and provide a Loan to Nathan Taylor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Placement - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18 Approval of Financial Assistance to Ian Burston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19 Approval of Financial Assistance to Giuseppe (Joe) Ariti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20 Approval of Financial Assistance to Don Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Approval of Loan Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21 Approval of Financial Assistance to Brian King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Approval of potential termination benefits under the company's Loan Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22 Approval of Financial Assistance to Nathan Taylor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Resolutions 1 and 10-22 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Resolutions and that votes cast by him/her for those Resolutions, other than as proxyholder, 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 Meeting will not cast your votes on Resolutions 1 and 10-22 and your votes will not be counted in calculating the required majority if a poll is called on these Resolutions. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1 and 10-22.

STEP 4

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's security registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm (WST) on Wednesday, 28 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Energio Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**