



Energy Technologies Ltd
ABN 38 002 679 469

ENERGY TECHNOLOGIES LIMITED

ABN 38 002 679 469

Notice of General Meeting

Explanatory Statement

30 August 2012

General Meeting to be held at 102 Old Pittwater Road, Brookvale, New South Wales on 17
October 2012 at 10.00am

The Notice of General Meeting and Explanatory Statement should be read in their entirety.

Energy Technologies Limited
ABN 38 002 679 469

Notice of General Meeting

Notice is hereby given for a **General Meeting** of the members of **Energy Technologies Limited** ABN 38 002 679 469 (the **Company**) to be held at 102 Old Pittwater Road, Brookvale, New South Wales on **17 October 2012** at **10.00am**.

The Explanatory Statement that accompanies this Notice of General Meeting describes the matters to be considered.

BUSINESS OF THE MEETING

Resolution 1 – Return of capital

To consider, and if thought fit, to pass, the following Resolution:

"That for the purposes of 256C of the Corporations Law and for all other purposes, the capital of the company be reduced by means of a distribution to the holders of fully paid ordinary shares in the company, such distribution to be made pro rata at the rate of two cents per share to the number of fully paid ordinary shares held by each shareholder on the register at 25 October 2012, such payment to be made in one or more tranches as the directors see fit."

Voting exclusion statement

By order of the Board



Gregory Knoke
Company Secretary
30 August 2012

Voting Instructions

Proxies

1. A Shareholder entitled to attend and vote is entitled to appoint a proxy.
2. A person who is entitled to cast two or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy appointed is entitled to exercise.
3. Appointment of a proxy by a Shareholder who is a corporation must be under its common seal or the hand of its attorney or the hand of a person duly authorised by the corporation.
4. A proxy need not be a Shareholder.
5. To be effective, the proxy form must be received by the Company at 102 Old Pittwater Road, Brookvale NSW 2100 or received by facsimile on 02 9939 9812 not less than forty-eight (48) hours prior to the time for holding the meeting (15 October 2012).

Corporate Representation

If your holding is registered in a company name and you would like to attend the meeting (and do not intend to return a proxy form), please bring with you to the meeting a duly completed Appointment of Corporate Representative Form to enable you to attend and vote at the General Meeting. Alternatively contact the Company's share registry, Computershare Investor Services Pty Limited, investor enquiries 1300 850 505, who will forward to you a form for completion.

Entitlement to Vote

For the purposes of the Corporations Regulation 7.11.37, the Board has determined that in relation to the General Meeting being convened by this Notice, shares will be taken to be held by the persons who are registered holders at 7.00 pm (Sydney time) on 15 October 2012.

Accordingly share transfers registered after that date will be disregarded in determining entitlements to attend and vote at the meeting.

Questions and Comments

The Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the Resolutions.

Energy Technologies Limited
ABN 38 002 679 469

Explanatory Statement

This Explanatory Statement is an important document that accompanies the Notice of General Meeting and should be read carefully in its entirety.

Explanatory Statement

This Explanatory Statement has been prepared for the Shareholders of **Energy Technologies Limited** in connection with the General Meeting of the Company to be held on **17 October 2012 at 10.00am**.

This statement explains the items of business to be considered at the meeting and is provided to assist Shareholders in their consideration of the proposed Resolutions contained in the Notice of General Meeting.

Resolution 1

1. Background to the proposed resolution

In 2011, shareholders approved the sale of a significant asset of EGY, being the business of its subsidiary Dulhunty Power International Limited ("DPIL"). At the time of the approval, directors advised that they intended that the capital proceeds of sale be 'recycled' by being:

- used to support the existing investments and businesses of EGY;
- used to make acquisitions; and
- returned to shareholders.

In particular, it was foreshadowed that two cents per share would be returned to the shareholders of EGY as return of capital, subject to the necessary approvals.

Until very recently, the exact financial outcome of the sale process could not be determined, as it was dependent on the outcome of a net asset valuation process subsequent to completion. That process has now come to an end, and the amount which is now available to EGY is ascertained.

This resolution seeks the approval of EGY's shareholders to the return of capital previously foreshadowed.

2. Why is Shareholder approval required?

EGY is subject to the Corporations Act and the ASX Listing Rules.

The Corporations Act permits the return of capital to the shareholders of a company provided that the approval of the shareholders is given under section 256C.

Accordingly, shareholders are asked to approve the proposed return of capital.

Listing Rule 7.25 of the ASX Listing Rules prohibits reorganisation of a company's capital (including a return of shares) if to do so would be likely to decrease its trading price to less than 20 cents. The ASX has given the company a waiver of this listing rule to permit the return of capital to proceed.

3. **If the resolution is passed**

If the resolution is passed, EGY will return capital to its shareholders at the rate of two cents per share.

4. **Directors' Recommendations**

The Directors consider that it is in the best interests of EGY to approve the return of capital.

Advantages of the Transaction

The Directors consider that returning the capital has a number of advantages, including:

- (i) the return of capital will correct what is currently an imbalance in the company's balance sheet. The company is holding cash which is far in excess of its immediate requirements, and this creates an unstable position in the market;
- (ii) the return of capital will be in accordance with the company's stated intention for the proceeds of sale of DPIL;
- (iii) the return of capital will align EGY's capital base with the scale of its operations, resulting in a better rate of return on capital to EGY's shareholders;

Disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction:

- (iv) the return of capital will reduce EGY's cash holdings by approximately A\$3.28 million;
- (v) the company may be prevented from taking steps or making acquisitions that it would otherwise have been able to make with significant cash reserves

5. **Effect of the Transaction on the Company's Shareholding and Voting Power**

The proposed return of capital will have no effect on EGY's shareholding and voting power.

6. **Effect of the Transaction on the Company's consolidated balance sheet**

The return of capital will have a substantial effect on EGY's consolidated balance sheet. Set out below is EGY's balance sheet as at 31 December 2011, and a pro-forma balance sheet showing the expected position of the company following the proposed return of capital.

<i>Balance Sheet Items</i>	<i>EGY consolidated balance sheet as at 31 December 2011 (from published half-yearly accounts)</i>	<i>EGY consolidated balance sheet following return of capital</i>
Current Assets	8,842,875	5,557,600
Non-Current Assets	585,041	585,041
Total Assets	9,427,916	6,142,641
Current Liabilities	1,322,042	1,322,042
Non-Current Liabilities	28,882	28,882
Total Liabilities	1,350,924	1,350,924
NET ASSETS	8,076,992	4,791,717
Shareholders' Equity	7,023,033	3,737,758
TOTAL EQUITY	8,076,992	4,791,717

7. **Consequences if Resolution 1 not approved**

If Resolution 1 is not approved by Shareholders at the General Meeting, the return of capital will not proceed.

8. **Taxation consequences of Return of Capital**

The directors intend that the payment be treated as a return of capital by the Australian Taxation Office. The company's accountants have advised that it is prudent to seek a ruling from the Australian Taxation Office as to the tax treatment of the payment. The company is in the process of obtaining such a ruling, and expects to have it prior to the meeting for discussion at the meeting.

9. **Timetable**

If resolution 1 is passed, the following timetable will be operative:

Date of this Notice	30 August 2012
Last time by which proxies for the Extraordinary General Meeting can be lodged	10am Sydney time 15 October 2012
Time for determining entitlements to vote at the General Meeting	7pm Sydney time 15 October 2012
General Meeting	10am Sydney time on 17 October 2012 102 Old Pittwater Road, Brookvale, New South Wales
Advice of the result of the meeting	17 October 2012
The company shares commence to trade without an entitlement to the capital return ('ex-entitlement')	19 October 2012
Record date for determining entitlements to participate in the capital return	25 October 2012
Payment of the capital return	8 November 2012 and thereafter if paid in more than one tranche