

24 October 2007

Dear Shareholder

**Notice of Annual General Meeting**

Australian Power and Gas Company Limited (the **Company**) is convening its Annual General Meeting (**Meeting**) of shareholders on 30 November 2007 and we invite you to attend. The meeting will be held at Maasai Room, Christie Corporate, Level 4, 100 Walker Street, North Sydney NSW 2060, at 2pm and will consider:

- The 2007 Annual Report.
- Resolution 1: Adoption of the Remuneration Report as required by the *Corporations Act 2001* in a non-binding resolution. The Remuneration Report is contained in the 2007 Annual Report.
- Resolution 2: Re-election of Mr Bellman. Mr Bellman retires by rotation in accordance with the Company's Constitution and offers himself for re-election.
- Resolution 3: Re-election of Mr McGregor. Mr McGregor retires by rotation in accordance with the Company's Constitution and offers himself for re-election.

Attached to this letter is a Notice of General Meeting and an Explanatory Memorandum setting out details on each of the resolutions to be proposed at the Meeting. Shareholders are reminded that the 2007 Annual Report is only mailed to those shareholders who have elected to receive it in hard copy. The 2007 Annual Report can be viewed on the Company's web site at [www.australianpowerandgas.com.au](http://www.australianpowerandgas.com.au) if you have not received a hard copy.

If you are unable to attend the Meeting, I encourage you to vote using the Proxy Form which is also enclosed. If you are able to attend, please bring this letter with you to facilitate your entitlement to vote.

As it is known, Mr Wayne Bellman has convened a General Meeting for 15 November 2007. Notwithstanding this, the resolutions being proposed are important for shareholders to consider for the future operations and growth of the company.

The Directors' recommendations are as follows:

- (a) The Board recommends that you vote in favour of resolution one.
- (b) Mr Poole and Mr Hogg recommend that you vote in favour of resolution three.

Mr Bellman and Mr McGregor have not made a recommendation in relation to resolutions two and three respectively due to their interests in the resolutions.

Given recent events and the calling of the General Meeting for 15 November 2007 by Mr Wayne Bellman, in the event that you appoint the Chairman as your proxy and do not direct those votes, the Chairman will vote against Resolution 2 and Mr Bellman's re-election as a Director.

Recent events have not distracted your management or your Board from ensuring the success of the Company. I strongly recommend that all shareholders read all documentation as supplied by the Board. Despite these recent events, the 2007 year was an exciting time for the Company. During the year we have built an energy retailing business from a business plan to a dynamic business with over 50,000 customer accounts, after having obtained retail energy licences. The continuing success in signing new customers provides the platform for its future operations.

If you have any questions, please contact David Franks (Company Secretary) on 02 9419 2966. Thank you for your continued investment and support.

Yours sincerely

A handwritten signature in black ink, appearing to be 'I. McGregor', written in a cursive style.

**Ian McGregor**  
**Director**  
**By order of the Board**  
**Australian Power and Gas Company Limited**

## Voting Entitlements

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the share register of the Company at 7pm (AEST) on 28 November 2007.

## Questions from shareholders

The Chairman of the meeting will allow a reasonable opportunity for questions about or comments on the management of the Company at the meeting. The auditors responsible for preparing the audit report for the year ended 30 June 2007 will attend the meeting. The Chairman of the meeting will allow a reasonable opportunity for members to ask the auditor questions at the meeting about:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the board of directors and the auditors of the Company in responding to questions, please submit any questions you may have to the address below no later than 22 November 2007.

Mr David Franks  
Company Secretary  
Australian Power and Gas Company Limited  
Suite 206, The Bentleigh  
1 Katherine Street, Chatswood, NSW 2067  
Fax : (02) 9419 2944  
Email: dfranks@fa.com.au

By order of the Board



David Franks  
Company Secretary  
24 October 2007

## Explanatory Memorandum to shareholders

This Explanatory Memorandum has been prepared for the information of shareholders of the Company in connection with the business to be conducted at the Annual General Meeting (AGM) of the Company to be held on 30 November 2007 at Maasai Room, Christie Corporate, Level 4, 100 Walker Street, North Sydney NSW 2060 at 2pm.

This information is important. You should read the information relating to the meeting carefully and if necessary, seek your own independent advice.

### Accounts

The Annual Report of Australian Power and Gas Company Limited accompanies this notice of meeting. In accordance with the Corporations Act 2001, shareholders will be given reasonable opportunity at the AGM to ask questions and make comments on the financial statements and reports and on the business operations and management of the Company.

### 1. Adoption of Remuneration Report

The Remuneration Report is set out on pages 10 to 16 of the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and other key management personnel. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

Under Section 250R(2) of the Corporations Act 2001, the Company must put the adoption of the Remuneration Report to a vote at the AGM. This vote is advisory only and does not bind the Directors or the Company.

### 2. Re-election of Directors

The Company's Constitution requires that one third of Directors retire at each AGM of the company. A Director retiring can offer themselves for re-election.

Mr Bellman and Mr McGregor have retired by rotation and offer themselves for re-election. A profile of each of the Directors is included in the Directors' Report contained in the Annual Report.

Australian Power and Gas Company Limited  
ACN 077 206 583

# Notice of Annual General Meeting and Explanatory Memorandum

For the Annual General Meeting of shareholders to be held on 30 November 2007,  
at Maasai Room, Christie Corporate, Level 4, 100 Walker Street, North Sydney NSW 2060, at 2pm

## Notice of General Meeting

Notice is given that the Annual General Meeting of shareholders of Australian Power and Gas Company Limited ACN 077 206 583 (**Company**) will be held on:

**Date:** 30 November 2007

**Time:** 2pm

**Place:** Maasai Room, Christie Corporate, Level 4, 100 Walker Street, North Sydney NSW 2060

This notice is issued by the Company.

## Items of business

### Accounts

To receive and consider the Financial Statements together with the Directors' and Auditor's Reports for the 12 months ended 30 June 2007.

### 1. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary, non-binding resolution of the Company:

*"That for the purposes of Section 250R(2) of the Corporations Act, the Company be authorised to adopt the Remuneration Report."*

### 2. Re-election of Wayne Bellman

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

*"That Mr Wayne Bellman, being a director of the Company who retires by rotation pursuant to Clause 12.2 of the Company's Constitution, and being eligible, is re-elected as a director of the Company."*

### 3. Re-election of Ian McGregor

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

*"That Mr Ian McGregor, being a director of the Company who retires by rotation pursuant to Clause 12.2 of the Company's Constitution, and being eligible, is re-elected as a director of the Company."*

## Explanatory Memorandum

The Explanatory Memorandum forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

### Appointment of proxy

A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote at the meeting. The person appointed as a proxy may be an individual or a body corporate. If a shareholder chooses to appoint a body corporate as its proxy, the body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the shareholder's proxy.

### Number of proxies and proportion of votes per proxy

A shareholder entitled to attend and vote is entitled to appoint one or two proxies to attend and vote in their place. If two proxies are appointed, the shareholder may specify the proportion or number of votes which each proxy may exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

### Proxy need not be shareholder

A proxy need not be a shareholder of the Company.

### Lodgement of proxy forms

A proxy form is enclosed with this Notice of Annual General Meeting. A proxy form and the authority (if any) under which it is signed or a certified copy of that authority must be lodged with the Company, as an original, by fax or by email not less than 48 hours before the time for commencement of the meeting (ie. 2pm AEST on 28 November 2007).

For these purposes:

Mr David Franks  
Company Secretary  
Australian Power and Gas Company Limited  
Suite 206, The Bentleigh  
1 Katherine Street  
Chatswood  
NSW 2067  
Fax : (02) 9419 2944  
Email : dfranks@fa.com.au

Appointing a proxy will not stop you attending the meeting in person and voting at the meeting instead of your proxy.

### Directing your proxy

You can direct your proxy how to vote by marking the "for", "against" or "abstain" boxes on the proxy form. If you choose to direct your proxy but do not mark the boxes correctly, the proxy's vote will be invalid. If you have appointed someone other than the Chairman as your proxy and do not direct them how to vote, that person may vote, or abstain from voting, at their discretion.

### No direction (where Chairman is proxy)

If the Chairman is your proxy and you do not specifically direct how your proxy is to vote on a resolution, you will be taken to have directed your proxy to vote as follows:

**Resolution 1** - in favour of that resolution

**Resolution 2** - against that resolution

**Resolution 3** - in favour of that resolution

Given recent events and the calling of the General Meeting for 15 November 2007 by Mr Wayne Bellman, in the event that you appoint the Chairman as your proxy and do not direct those votes, the Chairman will vote against Resolution 2 and Mr Bellman's re-election as a Director.

**It is noted that the Chairman is voting against resolution 2, therefore please do not assume that the Chairman is voting for all resolutions. Please ensure you direct your proxies carefully.**

## Appointment of Proxy Form

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I / We

*being a Member of Australian Power and Gas Company Limited entitled to attend and vote at the Annual General Meeting, hereby*

Appoint

*name of proxy*

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 2pm AEST on Friday 30 November 2007 at Maasai Room, Christie Corporate, Level 4, 100 Walker Street, North Sydney NSW 2060 and at any adjournment thereof. If no directions are given, the Chairman will vote as follows:

**Resolution 1** – in favour of that resolution

**Resolution 2** – against that resolution

**Resolution 3** – in favour of that resolution

**It is noted that the Chairman is voting against resolution 2. Please ensure you direct your proxies carefully. For further details refer to the Chairman's letter and Notice of Meeting.**

**Voting on Business of the General Meeting** *(please mark X to indicate your directions)*

**FOR      AGAINST      ABSTAIN**

**Resolution 1** - adoption of Remuneration Report

          

**Resolution 2** - re-election of Wayne Bellman

          

**Resolution 3** - re-election of Ian McGregor

          

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll. If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_%

**Signature of Securityholder(s)** *(this section must be completed)*

Signed this \_\_\_\_\_ day of November 2007 by:

*Individual or Securityholder 1*

*Securityholder 2*

*Securityholder 3*




*Sole Director and Sole Company Secretary      Director*

*Director/Company Secretary*

**Companies – affix common seal if appropriate**

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## Instructions for completing 'Appointment of Proxy' form

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**To lodge a proxy form:**  
Australian Power and Gas Company Limited  
Suite 206, The Bentleigh, 1 Katherine Street  
Chatswood, New South Wales 2067 Australia

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form as soon as possible and either:
  - (a) send or deliver the proxy form to:  
Australian Power and Gas Company Limited  
c/- Franks & Associates Pty Ltd  
Suite 206, The Bentleigh  
1 Katherine Street  
Chatswood New South Wales 2067
  - (b) send the proxy form by facsimile to the Company Secretary on facsimile number 02 9419 2944
  - (c) send the proxy form by email to [dfranks@fa.com.au](mailto:dfranks@fa.com.au)

**so that it is received not later than 2pm AEST on 28 November 2007. Proxy forms received later than this time will be invalid.**

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