



28 May 2013

The Manager
Company Announcements Office
ASX Ltd

Chairman's Address

The past year has been extremely challenging for Enerji Ltd as a company.

It is a year of deep frustration for all members of the company (shareholders), as we held high hopes, based on reasonable expectations, that our first Australian site would be completed and producing power prior to the end of calendar 2012.

Although the net cost of the installation at Carnarvon will come in at very close to the estimates we use for business models for future proposed installations, the cost in terms of sharemarket sentiment has been very very high. The opportunity cost, in terms of not having an operating reference site in Australia has also been enormous. Although a number of our prospective customers have proceeded with detailed evaluations, engineering and feasibility studies, irrespective of Carnarvon, many customers are waiting for this first installation to prove what we have been saying is real.

I am certain that more sales would have been achieved had Carnarvon been finished earlier.

I have ensured that we have a thorough understanding of the multiple issues involved in each of the delays. We have had two external expert groups involved with the project, and each has assisted in identifying the 'lessons learnt', which we will thoroughly review to avoid delays with our future projects.

I have also commissioned an external energy sector management consultant to conduct a detailed review of the business from end to end. I have received the interim report that looks at our operations, management, overheads, business model, sales pipeline and development and financial requirements.

It is my intention, after discussions with our Board, to implement changes we deem necessary to ensure the company is in solid position to deliver the shareholder value I believe can be created from our unique offering.

After all the frustration, delay, false dawns and cost of finishing our first site, it is imperative we extract every ounce of benefit from it. Having a high quality reference site operational in Australia will be a very valuable thing.

Firstly, it is on a town site where licensing, construction, commissioning and approvals are far more complex than mine sites and other off grid industrial sites.

Secondly, it will be the first terrestrial site in a warm climate, therefore proving that the technology will work outside the colder European climates.

Thirdly, it will de-risk decision making for other customers, both in town sites and mine sites.

I am often asked: "will your next installation take this long?"

Without making excuses, it is reasonable to say that Carnarvon had a number of special issues that are most unlikely to be present at other sites. Mining companies have a strong incentive to ensure that the retrofitting of the Waste Heat to Power System (WHPS) to their facilities is done

quickly and efficiently, to ensure that the benefits of reduction in fuel burn are achieved in good time.

We are receiving hourly information from our people on the ground in Carnarvon, and the commissioning is proceeding very well. I remain hopeful, based on every bit of information available to me, that we will produce power in the next few days.

You can be assured that we will be informing you all the minute this occurs.

I am personally deeply sorry on behalf of the company that it has taken so long to get to this phase.

I remain extremely positive about our sales prospects in the near term.

We were of course devastated to hear that our National Sales Director, Darren Beazley had to return to the USA in late January after doing so much to build our business. Darren not only made a substantial contribution to building our fledgling business, he formed part of our succession planning for our next phase of growth.

We have been lucky to fill his shoes with Rob Rohrlach, who has substantial off grid and end of grid energy market experience, and a great track record in closing deals in this market. Rob has strengthened and expanded the pipeline, and is working on ambitious but achievable targets.

We will finalise all the studies required under our agreement with an ASX listed mining company with a multi box requirement in the next fortnight, and hope this will lead to a new project soon thereafter.

We continue detailed engagements with requirements for multiple boxes across Australia and the region.

We are working with major remote area power generators and Opcon to apply for Federal funding to develop a smaller power-box to service the needs of smaller town sites and mine sites in outback Australia. This could fast track the development of a WHPS that could service a market that is approximately four times as large as the (already large) market for the current Enerji Ltd units.

I have a very strong belief in the future of this company.

Unlike our competitors we have a solution that is economically compelling and not reliant on subsidies, it works hard 24/7, and the more diesel or gas you burn, the more we can save you. It is also modular, and we can have the next box delivered in 6 weeks!

I am deeply appreciative of the support of all shareholders over the very tough years of establishing this company, to our team at Enerji, and all the contractors and suppliers who have shared our belief in doing something really important.

We are building something important for Australia and the world. Pioneering is never easy, and has been very tough in remote WA over the past year. But for all the starry eyed people who talk about doing something about global warming, we are the people actually doing it. When you can reduce fuel burn by 12-18%, that is a huge win for our environment, and a substantial cost saving to energy users. It is a true win win.

IAN CAMPBELL
CHAIRMAN

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About Enerji

Enerji Limited is a Perth-based clean power company focussed on delivering waste heat to power systems, based on the Opcon Powerbox, in Australia.

The Opcon Powerbox cogeneration technology transforms waste heat into electricity and therefore creates significant energy cost savings and reduced CO₂ emissions for its customers.

Enerji has exclusive sales and distribution rights for the Opcon Powerbox in Australia.

The Opcon Powerbox, manufactured in Sweden by Opcon, represents a significant commercial opportunity through application to industrial, mining and power generation operation