



## ASX Release

1 November 2010

The Manager  
Company Announcement Office  
Australian Stock Exchange

### SHARE PURCHASE PLAN

Please find attached the Share Purchase Plan documentation.

Eligible shareholders will receive by post on or around 4 November 2010 a copy of the Share Purchase Plan documentation and a personalised 'Share Purchase Plan Application Form'.

Yours faithfully

A handwritten signature in black ink, appearing to read "D Franks", with a long horizontal flourish extending to the right.

David Franks  
Company Secretary  
Australian Power and Gas Company Limited

### About Australian Power & Gas:

Australian Power & Gas is listed on the Australian Stock Exchange (ASX) under the code APK. The company holds a full suite of gas and electricity licences in Victoria, New South Wales, Queensland and South Australia and has been approved to operate by NEMMCO, the National Electricity Market Management Company.

Australian Power & Gas benefits from a strong management team with over 50 years of combined experience in the energy industry.

-ENDS-

Investor Enquiries  
Andrew Butler, Australian Power & Gas  
02 8908 2711 or 0419 818 866



2 November 2010

Dear Shareholder

On behalf of the Directors of Australian Power and Gas Company Limited (**Australian Power and Gas**), I am pleased to offer you the opportunity to participate in a Share Purchase Plan (**SPP**).

The SPP will allow you to apply to purchase ordinary shares in Australian Power and Gas (**Shares**) up to a value of \$10,000 (subject to any scale back of applications) without brokerage or transaction costs. The SPP will raise up to a maximum of \$1,000,000 (before costs) and will not be underwritten. Australian Power and Gas reserves absolute discretion regarding the amount raised under the SPP, including the right to scale back applications. Should this happen, you may be allocated less than the value of Shares you applied for and the difference will be refunded to you.

As you may be aware, Australian Power and Gas recently conducted a placement of Shares to professional investors, raising a total amount of \$15 million (**Placement**). The major purpose of the Placement was to fund the Company's expansion of its operations into Queensland and New South Wales.

Australian Power and Gas is offering the SPP to eligible shareholders to allow shareholders to apply to purchase Shares to further participate in the growth of Australian Power and Gas by increasing their shareholding at the same price as the professional investor participants in the Placement (at \$0.45 per Share).

Your participation in the SPP is entirely voluntary. If you are an eligible shareholder, you may apply to purchase a minimum of \$2,000 up to a maximum of \$10,000 of Shares (in increments of \$2,000), at an issue price of \$0.45 per Share. You may apply to purchase Shares under the SPP from 9.00am (Sydney time) on 4 November 2010 to **5.00pm (Sydney time) on 10 November 2010**.

Please note that the future market price of Shares is uncertain and may be below the issue price of Shares under the SPP. I encourage you to take the opportunity to review the enclosed information detailing the SPP. Should you have any queries regarding your entitlement to participate or the SPP, please contact the Australian Power and Gas Share Registry information line on 1300 035 598.

On behalf of the Directors of Australian Power and Gas, I thank you for your continuing support of Australian Power and Gas.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ian McGregor".

**Ian McGregor**  
Chairman

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**Australian Power & Gas Pty Ltd**  
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# SHARE PURCHASE PLAN

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# Australian Power and Gas Company Limited

**ABN 96 077 206 583**

## Share Purchase Plan (SPP)

The SPP complies with the Australian Securities and Investments Commission Class Order [09/425] (as may be amended from time to time) (**Class Order**) which enables Australian Power and Gas Company Limited (**Company**) to issue shares without a prospectus.

This is an important document detailing the opportunity available to eligible shareholders of the Company to apply to purchase ordinary shares in the Company to up to a value of \$10,000 without brokerage or transaction costs, subject to the Company raising a maximum of \$1,000,000 under the SPP. If you are unsure about what to do, please contact your professional advisor. The SPP offer is not a recommendation and does not take into account the individual investment objectives, financial situation or particular needs of each eligible shareholder. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to apply to participate in the SPP.

If you have any questions regarding the SPP after reading this booklet, please call the Company's Share Registry information line on 1300 035 598 (within Australian) or +61 3 9938 4381 (outside Australia).

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES OR TO U.S. PERSONS**

This statement does not constitute an offer of any securities for sale. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

## KEY DATES

The key dates for the Share Purchase Plan (SPP) are set out below. These dates are subject to change by the Company in its absolute discretion and Eligible Shareholders should ensure they check the Company's website ([www.australianpowerandgas.com.au](http://www.australianpowerandgas.com.au)) and the ASX for any announcements concerning the SPP.

<b>Record Date</b> Date for determination of Eligible Shareholders	7.00pm (Sydney time), Friday 29 October 2010
<b>Opening Date</b> Applications mailed and opening date for receipt of applications	Thursday 4 November 2010
<b>Closing Date</b> Closing date for applications to be received by the Company	5.00pm (Sydney time), Wednesday 10 November 2010
<b>Acceptance and Allotment Date</b> Date upon which the Company accepts applications, determines number of Shares to be issued (subject to any scale back) and Shares will be allotted	Wednesday 17 November 2010
<b>Share Trading Date</b> Date upon which Shares are expected to commence trading on ASX	Thursday 18 November 2010
<b>Despatch Date</b> Date holder statements will be despatched	Thursday 18 November 2010

## ELIGIBLE SHAREHOLDERS

You are eligible to apply for ordinary shares in the Company (**Shares**) under the SPP if you meet the criteria set out in paragraph 2 of the terms and conditions of the SPP.

The participation in the SPP by Eligible Shareholders will be on the terms and conditions set out on the following pages.

Participation by Eligible Shareholders in the SPP is non-renounceable (i.e. you may not transfer your right to subscribe for Shares under the SPP to anyone else) and is entirely voluntary.

## INSTRUCTIONS

If you would like to apply to participate in the SPP, please follow the instructions on the enclosed Application Form.

To participate, you can either:

- (a) **Apply Online:** Apply online by making a payment by BPAY<sup>®1</sup>. To do this, you must have an Australian bank account. Your personalised Application Form carries the Biller Code and your unique personalised Customer Reference Number which you must use to participate in the SPP. If you make your payment with BPAY, you do not need to return your Application Form. If you choose to pay by BPAY you will be taken to make the statements contained in the Application Form and in this document. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Ensure you have read and accurately followed your banking institution's BPAY FAQ or other instructions prior to making payments under the SPP.

<sup>1</sup> BPAY<sup>®</sup> Registered to BPAY Pty Ltd ABN 69 079 137 518



OR

- (b) **Apply by returning the enclosed Application Form:** Complete the enclosed Application Form and return it using the enclosed reply paid envelope together with your cheque, bank draft or money order (in Australian currency, drawn on an Australian bank and for the correct amount) made payable to "Australian Power and Gas Company Limited".

You will not be able to withdraw or revoke your application or BPAY payment once you have submitted or made it.

All applications and payments must be received by the Company no later than **5.00pm (Sydney time) on 10 November 2010**.

#### **IMPORTANT NOTICES**

If you apply to participate in the SPP by completing and returning the Application Form or making a BPAY® payment, you are accepting the risk that the market price of the Shares may change between the date of this document, the date on which you send in an Application Form or make a BPAY® payment and the Allotment Date. This means that it is possible that, up to or after the Allotment Date, you may be able to buy the Shares on market at a lower price than the issue price of Shares under the SPP.

Investments in the Company are subject to investment risk. The Company does not guarantee that its Shares will trade on ASX at any particular price or that such Shares will trade at a price equal to, or in excess of, the issue price of Shares under the SPP. Further, the Company does not guarantee any particular rate of return on an investment in its Shares, the performance of the Company generally or the repayment of capital.

The Company encourages you to seek your own professional advice regarding your participation in the SPP.

## TERMS AND CONDITIONS OF THE SHARE PURCHASE PLAN (SPP)

Please read the following information which sets out the terms and conditions of the SPP.

### 1 SPP Timetable

Eligible Shareholders may apply to acquire ordinary shares (**Shares**) under the SPP from 9.00 am (Sydney time) on 4 November 2010 (**Opening Date**) until 5.00pm (Sydney time) on 10 November 2010 (**Closing Date**).

Applications by BPAY or by Application Forms accompanied by cheque, bank draft or money order may not be processed or may not be valid if they have not been received by the Closing Date.

The Company expects the Shares to be issued under the SPP on 17 November 2010 (**Allotment Date**) and for the Shares to commence trading on ASX on 18 November 2010 (**Share Trading Date**).

The Company expects to despatch holding statements for the Shares issued under the SPP on or around 18 November 2010 (**Despatch Date**).

The Company can change, at any time in its absolute discretion, any of the dates in the SPP timetable by lodging a revised timetable with ASX.

### 2 Eligible shareholders

You are eligible to apply to acquire Shares under the SPP (**Eligible Shareholder**) if:

- (a) your registered address, as recorded in the Company's share registry, is in Australia or New Zealand; and
- (b) you were registered as a shareholder at 7.00pm (Sydney time) on 29 October 2010 (**Record Date**)

unless:

- (c) you hold Shares on behalf of another person who resides outside Australia or New Zealand, in which case you will not be eligible to participate in respect of the Shares of that person; or
- (d) you are a "U.S. Person" as defined in Regulations under the U.S. Securities Act; or
- (e) you are acting for the account or benefit of a U.S. Person, in which case you will not be eligible to participate in respect of the Shares of that person.

Participation by Eligible Shareholders in the SPP is on the same terms and conditions, is non-renounceable (i.e. you may not transfer your right to subscribe for Shares under the SPP to anyone else) and is entirely voluntary.

### 3 Participation in the SPP

If you are an Eligible Shareholder, you can apply to acquire a minimum value of shares of \$2,000, up to a maximum value of \$10,000 provided that any application of shares under the SPP is in multiples of \$2,000.

The maximum limit of \$10,000 applies to you even if you have multiple shareholdings in the Company. For example, if you are a sole and a joint shareholder of the Company as at the Record Date of 29 October 2010, you can only apply for Shares under the SPP once, either in your capacity as a sole shareholder or as joint shareholder, up to a total value of \$10,000.



No fractions of Shares will be issued.

The maximum aggregate value of Shares to be issued by the Company under the SPP is anticipated to be limited to \$1,000,000. In the event the Company receives valid Application Forms for Shares valued at more than \$1,000,000, the Company may scale back applications in accordance with paragraph 12 of these terms and conditions.

#### 4 Trustees and nominees

If you are expressly noted on the Company's share register as a trustee or nominee for a named beneficiary, you may apply for up to the maximum value of \$10,000 in Shares under the SPP in respect of each such beneficiary. If the Company's share register does not record a named beneficiary in respect of your trustee or nominee holding, the rules for multiple single holdings apply and you may only apply for up to a maximum amount of \$10,000 of Shares, regardless of the number of participating beneficiaries (refer to paragraph 3 of these terms and conditions).

#### 5 Payment for Shares

All amounts in these terms and conditions are expressed in Australian dollars. You must pay for the Shares you apply for by BPAY®, cheque, bank draft or money order in Australian dollars and payable to "Australian Power and Gas Company Limited" and cheques crossed "Not Negotiable".

#### 6 The Company's discretion regarding applications

Your application for Shares under the SPP is subject to the acceptance by the Company. The Company may accept or reject applications to acquire Shares under the SPP, including (but not limited to) in cases where:

- (a) an Application Form is incomplete or is incorrectly completed (or otherwise determined by the Company to be invalid);
- (b) a cheque or payment is dishonoured or has not been completed correctly;
- (c) a cheque, bank draft or money order is not made out for the correct amount. The Company reserves the right to return an Application Form and payment or it may issue an applicant a reduced number of Shares corresponding to the value of the payment received;
- (d) a BPAY® payment is not received or is incomplete or invalid;
- (e) an applicant is applying (in aggregate) for shares of a value which is not a multiple of \$2,000 or is in excess of \$10,000;
- (f) an Application Form is received after the Closing Date. While the Company has the discretion to accept late BPAY® payments or Application Forms and payments, there is no assurance that it will do so. Any late Application Forms and payments will be returned to applicants at their registered address or refunded; or
- (g) the Company believes an applicant is not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements).

Any rejected Application Forms and payment will be returned to applicants at their registered address. If the Company returns your Application Form and payment, no Shares will be allotted to you under the SPP.

#### 7 Interest

No interest will be paid on any payments made under the SPP, including on payments returned to applicants.



## 8 Your obligations in participating in the SPP

If you apply to participate in the SPP by returning the Application Form with payment:

- (a) you confirm that you are an Eligible Shareholder (as defined in paragraph 2 of these terms and conditions) and that you are not a person to whom it would be unlawful for the Company to accept your application to participate in the SPP or to issue you Shares under the SPP;
- (b) you certify that you have not applied for Shares of a value of more than \$10,000 under the SPP in any capacity as a shareholder of the Company;
- (c) you certify that you have not applied for Shares of a value of more than \$15,000 under the SPP and any similar arrangement in the 12 months prior to your application, under any capacity as a shareholder of the Company;
- (d) you agree to apply for Shares on these terms and conditions and, if allotted Shares, agree to be registered as the holder of those Shares in the Company's share registry and be subject to the constitution of the Company;
- (e) you accept that you will not be able to withdraw or revoke your application once you have applied online or sent it in;
- (f) you authorise the Company (and its officers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
- (g) you acknowledge that the Company may at any time determine that your Application Form is valid, in accordance with these terms and conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (h) you agree that, where you have previously provided the Company or its securities registry with bank account details for the purpose of direct credit of the Company's dividends, any refund to be paid to you under these terms and conditions may be direct credited into that nominated account;
- (i) you accept the risk associated with any refund that may be sent to you by direct credit or cheque to your address shown on the Company's share registry;
- (j) you are responsible for any dishonour fees or other costs the Company may incur in presenting a cheque for payment which is dishonoured;
- (k) you acknowledge that the Company has not provided you with investment advice or financial product advice or recommendation, and that it does not have any obligation to provide any such advice or recommendation to you concerning your decision to apply for Shares under the SPP;
- (l) you acknowledge that the Company is not liable for any exercise of its discretions referred to in these terms and conditions or the SPP;
- (m) you irrevocably and unconditionally agree to these terms and conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP;
- (n) you acknowledge that the Shares have not been, and will not be, registered in any jurisdiction outside Australia and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, applicable securities laws in relevant jurisdictions; and
- (o) you agree not to send materials related to the SPP to any person in the United States or that is, or is acting for the account of benefit, a US Person.

The postal acceptance rule does not apply to applications to participate in the SPP. If the full amount is not received by BPAY® or by cheque, bank draft or money order with a completed Application Form by the Closing Date, the Company reserves the right to refund the payment (in the case of BPAY® payments) or return the payment and Application Form to you and not allot any Shares to you.

## 9 Issue price of Shares

The issue price for each Share under the SPP is \$0.45 and is a fixed price. You agree to pay the issue price per Share for the total number of Shares you have applied for.

The issue price is a 10.6% discount to the 5 day volume weighted average market price of Shares in the Company as quoted on the ASX during the previous 5 trading days trading ending 29 October 2010.

## 10 Rounding of Shares

If you apply to acquire Shares under the SPP, you will apply for a certain value of Shares rather than a certain number of Shares. Subject to these terms and conditions, the number of Shares you are allocated will be determined by:

- (a) if there is no scale back applied to your allotment in accordance with paragraph 12 of these terms and conditions, dividing the amount paid by you by the issue price of Shares under the SPP; or
- (b) if there is a scale back applied to your allotment, the scaled back amount divided by the issue price of Shares under the SPP.

If the calculation above produces a fractional number, the number of Shares you will be allotted will be rounded down to the nearest whole number and any residual amount as the result of rounding will be retained by the Company (subject to any scale back in accordance with paragraph 12 of these terms and conditions).

## 11 Ranking of Shares

The Shares issued under the SPP will rank equally with existing Shares in the Company and will carry the same voting rights, dividend rights and entitlements to dividends, rights and bonus issues.

The Shares issued under the SPP will be quoted on ASX.

## 12 Scale Back

The total amount anticipated to be raised under the SPP is \$1,000,000. The Company reserves the right, exercisable at its absolute discretion, regarding the amount raised under the SPP and the right to scale back individual applications. The Company also reserves the right to increase or reduce the maximum amount to be raised under the SPP, in its absolute discretion.

If there is a scale back, the Company intends, but is not obliged, to apply it on a pro rata basis to all applicants. It is also the Company's intention that, if a scale back is required, each applicant will be scaled back based on the value of Shares applied for under the SPP and the size of their shareholding at the Record Date, or a combination of both.

If a scale back occurs and, when applied to the value of Shares you applied for, produces a fractional number, the number of Shares to be allotted to you will be rounded down to the nearest whole number of Shares. Further, if you do not receive the value of Shares you applied for under the SPP, the difference between the value of the Shares allotted (calculated at the issue price of \$0.45) and the application money received by the Company will be refunded to you, without interest, following The Allotment Date. Amounts will be refunded by direct credit to your nominated account for the payment of the Company's dividends or by cheque mailed to your address as shown on the Company's share registry.

**13 Important information on price risk**

Before deciding whether to participate in the SPP, you should refer to the current market price of Shares, which can be obtained from the financial pages of your daily newspaper, your broker, your financial adviser or the ASX. The market price of Shares may rise or fall between the date of this document and the Allotment Date. This means that the price you pay per Share under the SPP may be greater than or less than the price of Shares at the time the Shares are issued to you under the SPP. **In determining whether you wish to participate in the SPP and to the extent to which you participate, you should seek your own personal financial and/or taxation advice.**

**14 Administration of the SPP**

The Company has not appointed a broker for the SPP.

The Company reserves the right to suspend or terminate the SPP at any time up to the Allotment Date, despite receiving applications for Shares under the SPP.

The Company reserves the right to waive compliance with any provision of these terms and conditions. The Company may amend these terms and conditions and, where there is uncertainty as to the operation of the SPP, may make determinations about the operation, and may do so in each case generally or in relation to any participant or application. Any amendment or determination that is made by the Company will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates.

**15 Governing Law**

These terms and conditions are governed by the laws of New South Wales.





AUSTRALIAN POWER AND GAS COMPANY LIMITED ABN 96 077 206 583

PHONE: (02) 8908 2700 (MONDAY TO FRIDAY 9AM TO 5PM)

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