



[www.advanceenergyltd.com.au](http://www.advanceenergyltd.com.au)

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## ASX ANNOUNCEMENT

31<sup>st</sup> December 2009

### Successful first tranche issue of listed convertible notes

Advance Energy Limited ("Advance" or "The Company") is pleased to announce that it has successfully completed the first tranche issue of 6,650,500 convertible notes with a \$1 face value, pursuant to the prospectus dated 29 October 2009. The prospectus allowed for an issue of up to 20,000,000 convertible notes with a \$1 face value and the balance will be issued by subsequent tranches during the remainder of the offer period.

The majority of the first tranche issue has come from the redemption of existing short term unlisted convertible notes and the conversion of short term debt. The listed notes are for a five year period from the date of issue.

The Company will recommence its roadshow in the UK and Australia in late January to place the balance of the issue.

## FOR FURTHER INFORMATION CONTACT

Mr Anthony Short (Managing Director) or Mr David Ballantyne (Company Secretary)  
Telephone: 08 9486 1122  
Facsimile: 08 9486 1011

## ABOUT ADVANCE ENERGY LIMITED

*Advance Energy Limited is focused on the acquisition and development of oil and gas producing assets in Texas USA. The company aims to acquire assets with a combination of debt and equity that have current production and cash flow and to enhance production and cash flow through the further development of these assets. Once a property has reached its full productive potential and/or has achieved economic payout to Advance Energy, the Company looks to on sell all or part of its interest. It is the aim of the Company to develop a portfolio of assets which will be developed and traded to maximise returns on funds invested.*

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ADVANCE ENERGY LIMITED

ABN

62 111 823 762

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Listed Convertible Notes   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 6,650,500  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | -9.5% interest payable quarterly in arrears<br>-Expiry 5 years from date of issue<br>-Conversion option, after 2 years the note holder will have a biannual opportunity to convert to fully paid ordinary shares on 30 <sup>th</sup> June or 31 <sup>st</sup> December, at the higher of \$0.08 or 15% discount to a 30 day volume weighted average share price. |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>	<p>No</p> <p>Upon conversion (if converted) they rank equally with fully paid ordinary shares. Before conversion they are entitled to quarterly interest payments, and have the right to receive notices for all shareholder meetings.</p>										
5	Issue price or consideration	\$1.00 per note										
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Asset Acquisition, Development and Refinancing										
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	Allotment date 31 December 2009 Issue date 4 January 2009										
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>(a) 156,367,722</td><td>(a) FPO</td></tr><tr><td>(b) -</td><td>(b) Options</td></tr><tr><td>(c) 6,650,500</td><td>(c) Convertible notes</td></tr><tr><td>(d) -</td><td>(d) CPS</td></tr></table>	Number	+Class	(a) 156,367,722	(a) FPO	(b) -	(b) Options	(c) 6,650,500	(c) Convertible notes	(d) -	(d) CPS
Number	+Class											
(a) 156,367,722	(a) FPO											
(b) -	(b) Options											
(c) 6,650,500	(c) Convertible notes											
(d) -	(d) CPS											

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9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th><sup>+</sup>Class</th></tr><tr><td>(a) - (b) 19,350,000 (c) 5,250,000 (d) 9</td><td>(a) FPO (b) Options (c) Convertible notes (d) CPS</td></tr></table>	Number	<sup>+</sup> Class	(a) - (b) 19,350,000 (c) 5,250,000 (d) 9	(a) FPO (b) Options (c) Convertible notes (d) CPS
Number	<sup>+</sup> Class					
(a) - (b) 19,350,000 (c) 5,250,000 (d) 9	(a) FPO (b) Options (c) Convertible notes (d) CPS					
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No change				

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the <sup>+</sup> securities will be offered	
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	
15	<sup>+</sup> Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	

<sup>+</sup> See chapter 19 for defined terms.

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20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

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- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)
- (a) ☒ Securities described in Part 1
- (b) ☐ All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

Provided separately to ASX Quotations

- 35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

<sup>+</sup> See chapter 19 for defined terms.

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**Entities that have ticked box 34(b)**

38	Number of securities for which +quotation is sought	
39	Class of +securities for which quotation is sought	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?  If the additional securities do not rank equally, please state: <ul style="list-style-type: none"><li>• the date from which they do</li><li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li><li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li></ul>	
41	Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another security, clearly identify that other security)	
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	

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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 31 December 2009

~~Director~~/Company Secretary

Print name: David Ballantyne

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