

Rule 3.19A.2

Appendix 3Y

Change of Director's Interest Notice

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 30/9/2001.

Name of entity: Australian Power and Gas Company Limited
ABN: 96 077 206 583

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	James Myatt
Date of last notice	5 November 2012

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	A. Direct B. Indirect
Nature of indirect interest (including registered holder) <small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	B. Rebelle P/L atf Myatt Family Trust (Spouse is sole director/secretary of Rebellee P/L)
Date of change	19 December 2012
No. of securities held prior to change	<i>Direct</i> A. 3,000,000 Performance shares <i>Indirect</i> B. 1,000,000 CEO Options – Tranche 2 B. 142,857 CEO Options – Tranche 3 B. 2,000,000 CEO Options – Tranche 4 B. 1,000,000 CEO Options – Tranche 5 B. 918,026 Ordinary shares
Class	A. Ordinary Shares
Number acquired	A. 1,000,000 (exercised options)
Number disposed	N/A
Value/Consideration <small>Note: If consideration is non-cash, provide details and estimated valuation</small>	500,000 at \$0.50 per share (\$250,000) 500,000 at \$0.60 per share (\$300,000)

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No. of securities held after change	<p><i>Direct</i> A. 3,000,000 Performance shares</p> <p><i>Indirect</i> B. 1,000,000 CEO Options – Tranche 2 B. 142,857 CEO Options – Tranche 3 B. 2,000,000 CEO Options – Tranche 4 B. 1,000,000 CEO Options – Tranche 5 B. 1,918,026 Ordinary shares</p>
Nature of change <small>Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back</small>	Allotment of ordinary shares associated with Tranche 2 CEO Options exercised through loan re-approved by shareholders at AGM held on 20 November 2012 and notification of exercising of options as per Appendix 3B dated 5 November 2012.

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	N/A
Nature of interest	N/A
Name of registered holder (if issued securities)	N/A
Date of change	N/A
No. and class of securities to which interest related prior to change <small>Note: Details are only required for a contract in relation to which the interest has changed</small>	N/A
Interest acquired	N/A
Interest disposed	N/A
Value/Consideration <small>Note: If consideration is non-cash, provide details and an estimated valuation</small>	N/A
Interest after change	N/A

Part 3 – Closed period

Were the interests in the securities or contracts detailed above traded during a ⁺closed period where prior written clearance was required?	No
If so, was prior written clearance provided to allow the trade to proceed during this period?	N/A
If prior written clearance was provided, on what date was this provided?	N/A

⁺ See chapter 19 for defined terms.

ANNEXURE A

Terms of CEO Options – Tranche 2 – Options totalling 1,000,000

Number of Options	Date Options will be issued to the Employee	First date on which Options may be exercised	Last date on which the Options may be exercised	Exercise price for each Option
Exercised *	On commencement of appointment to APK Board	Upon issue.	30/10/2012	\$0.50
Exercised *	On commencement of appointment to APK Board	Upon securing QLD Power agreement on terms agreed by the Board	30/10/2012	\$0.60
500,000	On commencement of appointment to APK Board	Meeting board agreed KPIs by 31 Dec 2008 including customer acquisition targets, complying with financing facility covenants and operational targets	30/10/2013	\$0.70
500,000	On commencement of appointment to APK Board	Meeting board agreed KPIs by 31 Dec 2009 including customer acquisition targets, complying with financing facility covenants and operational targets	30/10/2013	\$0.80

The agreement includes a loan provision, subject to shareholder approval, for conversion of the options.

* using abovementioned loan, re-approved by shareholders at Company AGM held on 20 November 2012.

Terms of CEO Options – Tranche 3 – Options totalling 142,857

Name	Exercise Price	Expiry Date	Performance Conditions	Notes	Options issued No.	Fair value at grant date per option	\$
Rebellee PL	\$0.35	1 Oct 2013	Vest 1/3/2009	1	142,857	TBD	
					142,857		

Terms of CEO Options – Tranche 4 – Options totalling 2,000,000

Number of Options	Date Options will be issued to the Employee	First date on which Options may be exercised	Last date on which the Options may be exercised	Exercise price for each Option
1,000,000	18 February 2010	APK achieving 150,000 billable customer accounts by 31 Dec 2010. Remaining employed by APK for 12 months after option issue	30/10/2014	\$0.40
1,000,000	18 February 2010	APK achieving 150,000 billable customer accounts by 31 Dec 2010. Remaining employed by APK for 24 months after option issue	30/10/2014	\$0.45

Terms of CEO Options – Tranche 5 – Options totalling 1,000,000

Number of Options	Date Options will be issued to the Employee	First date on which Options may be exercised	Last date on which the Options may be exercised	Exercise price for each Option
500,000	3 December 2010	APK achieving 250,000 net customer accounts by 31 Dec 2011. Remaining employed by APK at 30 June 2012	1/10/2014	\$0.50
500,000	3 December 2010	APK achieving 250,000 net customer accounts by 31 Dec 2011. Remaining employed by APK at 30 June 2013	1/10/2014	\$0.55

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Terms of CEO Performance Shares

Long Term Incentive: 3,000,000 Performance Shares, to be issued under the Employee Share Scheme where:

- (a) the Performance Shares are subject to the following restriction conditions which must be satisfied by 30 June 2014:
 - (i) (Market Capitalisation Condition) Market Capitalisation of \$300 million for 60 consecutive days is achieved during the 3 year period from the Commencement Date; and
 - (ii) (Employment Condition) the Employee remains employed by the Company during the 3 year period from the Commencement Date.
- (b) Satisfaction of Restriction Conditions – if the Restriction Conditions are not satisfied by the 30 June 2014:
 - (i) because the Employment has been terminated by the Employee, the Company may at its sole discretion, waive any or all of the Restriction Conditions applying to a prorated portion of the Performance Shares:
 - (A) based on the length of Employment during the 3 year period from the Commencement Date; and
 - (B) subject to the satisfaction of the Market Capitalisation Condition by 30 June 2014 (or as applicable to the number of Performance Shares for which the Market Capitalisation Condition has been deemed satisfied);
 - (ii) because the Market Capitalisation Condition has not been satisfied by the Condition Satisfaction Date, the Company will deem the Market Capitalisation Condition satisfied for a prorated portion of the Performance Shares:
 - (A) based on the highest Market Capitalisation achieved for 60 consecutive days during the 3 year period from the Commencement Date subject to a minimum Market Capitalisation of \$100 million and a maximum Market Capitalisation of \$300 million; and
 - (B) subject to the satisfaction of the Employment Condition by 30 June 2014 (or as applicable to the number of Performance Shares for which the Employment Condition has been waived by the Company); and
 - (iii) because the Employment has been terminated due to the retirement, total and permanent disability or death of the Employee or due to a bona fide redundancy, or where the Company terminates Employment (except in case of a summary dismissal in accordance with the Agreement, the Company will waive the Restriction Conditions.
- (c) Change of Control Event – if a Change of Control Event has occurred, the Company will waive the Restriction Conditions applying to the Performance Shares which are not satisfied.
- (d) The Company may buy back the Performance Shares for which the Restriction Conditions have not been satisfied (or waived or removed in accordance with the Agreement, in accordance with the Employee Share Scheme Rules).

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