



Mission NewEnergy Limited

One Mission : One Energy : NewEnergy

MISSION NEWENERGY LIMITED ABN 117 065 719

Tempo Offices

Unit B9, 431 Roberts Road

Subiaco WA 6008

Australia

Telephone: (+618) 9443 9512

Facsimile (+618) 9201 1958

NOTICE OF GENERAL MEETING

Time: 10 am (Perth time)

Date: 16 June 2009

Location: Meeting Room 8, Perth Convention Exhibition Centre
21 Mounts Bay Road, Perth, Western Australia, Australia

This Notice of Meeting should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9443 9512.

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MISSION NEWENERGY LIMITED
ACN 117 065 719
NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders will be held at 10 am (Perth time) on 16 June 2009 at Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia, Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at close of business on 12th June 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

Ratification of Prior Issue

Item 1 To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That approval be given under and for the purpose of ASX Listing Rule 7.4 and for all other purposes, for the prior issue of 7 million fully paid ordinary shares and 7 million warrants in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying and forming part of this meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 1 by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Approval of New Issue

Item 2 To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That approval be given under and for the purpose of ASX Listing Rule 7.1 and for all other purposes, for the issue of:

(a) *up to 150 million fully paid ordinary shares and up to 150 million warrants (including the 7 million issued as per Resolution 1) to investors; and*

(b) *up to a maximum 1.236 million success warrants and performance warrants in total to Chardan Capital Markets, LLC and BBY Limited,*

in each case on the terms and conditions set out in the Explanatory Statement accompanying and forming part of this meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution 2 by a person who may participate in the proposed issue and any person who might obtain a benefit in respect of the proposed issue (except a benefit solely in the capacity as a holder of ordinary securities) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 12 MAY 2009

BY ORDER OF THE BOARD



**PETER TORRE
COMPANY SECRETARY
MISSION NEWENERGY LIMITED**

NOTES:

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10 am (Perth time) on 16 June 2009 at:

Perth Convention Exhibition Centre
21 Mounts Bay Road
Perth, Western Australia
Australia

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Computershare Investor Services Pty Limited, GPO Box D182, Perth WA 6840; or
- (b) person to Computershare Investor Services Pty Limited, Level 2, 45 St Georges Terrace, Perth, Western Australia; or
- (c) facsimile to (+61 8) 9323 2033,

so that it is received not later than 10 am (Perth time) on 14th June 2009.

Proxy Forms received later than this time will be invalid.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10 am (Perth time) on 16 June 2009 at Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia, Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

OVERVIEW OF CAPITAL RAISING

On 28th April 2009, the Company announced that it had agreed to issue 24.14 million Units in total at an issue price of US\$0.145 (approximately A\$0.205) per Unit (the **Placement**). Each Unit comprises one Share and one Warrant (which is exercisable for one Warrant Share). The Company received applications from certain investors in the United States wishing to subscribe for the Units under a Private Placement Memorandum and Subscription Agreement. The United States transaction was brokered by placement agents Chardan Capital Markets, LLC and Euro Pacific Capital, Inc.

In addition, the Company may issue up to a further 125.86 million Units (being the balance of the 150 million Units for which shareholder approval is being sought and which equates to up to a further 124.3% of the current issued capital of the Company) after the date of this Notice. Any further issue of Units will occur within 3 months of the date of the meeting for which this notice is being given and will be issued at the same issue price per Unit as for the Placement.

No Director, or associate of a Director, participated in the Placement, or will participate in any issue of the remaining Units.

On 4 May 2009, the Company issued 7 million Units to the initial investors (which equated to 14.9% of the issued share capital of the Company) to raise up to US\$1.015 million (not including the capital that will be raised on the exercise of the Warrants). This first portion of the Placement represented less than 15% of the Company's issued capital (counting warrants as an issue of the underlying shares) and so did not require prior shareholder approval.

The Company will issue immediately upon obtaining shareholder approval the remaining Units in the Placement (being 17.14 million Units) on a pro rata basis to those same investors (which equates to up to 17% of the current issued share capital of the Company) to raise up to a further US\$2.49 million (not including the capital that will be raised on the exercise of the Warrants). The issue of this second portion of the Placement is conditional on shareholder approval under ASX Listing Rule 7.1 because it exceeds the 15% limit on new issues set out in that Listing Rule. However, Resolution 2 seeks approval for the issue of further Units on the same terms to the extent necessary.

Use of funds raised from the Placement

The net proceeds raised from the Placement will be used by the Company for (1) payment of construction costs for its second biodiesel refinery in Malaysia (including repayment of related indebtedness); (2) investment in its Jatropa business; (3) investment in ligno-cellulosic technology and (4) general corporate purposes.

Reasons for the Placement

The Company has broadly considered its capital raising requirements, with a particular focus on the final payment associated with the completion of the second biodiesel refinery. Despite having arranged a senior debt facility of US\$17 million, the Board has decided that additional equity will provide the company with the following benefits:

1. a reduction in the amount of debt required to the Company's meet capital expenditure;
2. the strengthening of the Company's balance sheet,

3. alleviating debt covenants imposed on the Company.

In deciding to raise additional equity, the Board considered the equity raising alternatives available to the Company, and specifically considered an issue to existing shareholders as opposed to a placement to new investors. However, given the concentration of the Company's shareholder base (with the 20 shareholders holding approximately 87% of the issued share capital of the Company), the Board determined that an issue of securities to new investors would likely have the following benefits:

1. the Company would have the ability to raise more equity capital than under a rights issue;
2. expansion the shareholder base of the Company; and
3. increased liquidity in the shares of the Company.

Further issues of Units

The Placement will, in total, represent up to 20.39% of issued capital post the Placement, or 33.88% if all Warrants are exercised (but assuming, in each case, that none of the current Convertible Notes are exercised). Further, the exercise of the warrants would raise up to a further US\$7.24 million.

If all of the remainder of the 150 million Units are issued, then the total issue for which approval is being sought will represent 61.42% of issued capital post the issue, or 76.10% if all Warrants are exercised (but assuming, in each case, that none of the current Convertible Notes are exercised).

In the event that demand for the remaining Units cannot be found in the United States, then the Company may seek to offer Units to institutional investors outside the United States. For instance, the Company is in discussions with a potential strategic investor in Asia. A transaction with the strategic investor could involve the issuance of an equity interest of approximately 20% in Mission NewEnergy at an effective price per Unit lower than the price in this Offering, representation on our Board of Directors including at least one executive director and other commercial considerations. Such a transaction would be subject to approval by our Board, shareholders and the Australian Foreign Investment Review Board. There can be no assurance whether a transaction with a strategic investor will be consummated or, if consummated, what the actual terms would be.

Commission payable to brokers and advisers, Success Warrants and Performance Warrants

In connection with the Placement, the Company's United States placement agent, Chardan Capital Markets, LLC, (**Placement Agent**) will receive cash in the amount of up to 8% of the aggregate principal amount of the issued Units to accredited investors, plus warrants (**Success Warrants**) to acquire a number of ordinary shares equal to 2% of the aggregate principal amount (in A\$) of the Units issued to accredited investors.

For example, based on current total proceeds of A\$5 million from the issue of Units, the Placement Agent will receive 100,000 Success Warrants. If the maximum 150 million Units are issued for total proceeds of US\$21.75 million, and assuming this converts to A\$30.9 million at current exchange rates, the maximum number of Success Warrants would be 618,000. The Success Warrants have an exercise price of A\$1.00 and expire 31 July 2011. The Company will also be responsible for the Placement Agent's reasonable out-of-pocket expenses related to the Placement.

In addition to the Placement Agent's commission and Success Warrants, each of the Placement Agent and the Company's Australian Advisor, BBY Limited (**BBY**), will receive warrants (**Performance Warrants**) to acquire a number of ordinary shares equal to 1% of the aggregate principal amount (in A\$) of the Units issued to accredited investors. The Performance Warrants will have an exercise price of A\$1.20 and expire 31 July 2011. The Performance Warrants will be issued only if the Company's volume weighted average share price is above A\$1.20 during the 3 month period following the date which is 9 months after the Placement completes. If this performance hurdle is met, the Placement Agent and BBY will each receive between 50,000 Performance Warrants (based on 1% of current total proceeds of A\$5 million) and 309,000

Performance Warrants (based on 1% of maximum total proceeds of A\$30.9 million as calculated above).

The issue of Success Warrants and Performance Warrants is not conditional on Resolution 2 being passed. If approval is not granted, the warrants will still be issued (as has been agreed with the Placement Agent and BBY) but the issue will reduce the Company's capacity to make further issues of securities under the 15% limit in ASX Listing Rule 7.1.

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF UNITS

1.1 GENERAL

On 1st May 2009, the Company issued 7 million Shares and 7 million Warrants to raise US\$1.015 million.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares and Warrants (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as a warrant), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this prior issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The Directors recommend that you **vote in favour** of Resolution 1.

1.2 ADDITIONAL INFORMATION REQUIRED BY ASX LISTING RULE 7.4

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 7 million Units (comprising 7 million Shares and 7 million Warrants) were allotted on 1st May 2009;
- (b) the issue price was US\$0.145 per Unit;
- (c) the Units were issued to approximately 40 US "accredited investors", as defined in Regulation D under the US Securities Act of 1933, as amended, introduced by US broker-dealers Chardan Capital Markets, LLC and Euro Pacific Capital, Inc;
- (d) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Warrants were issued on the terms set out in Schedule 1.

RESOLUTION 2 – APPROVAL OF NEW ISSUE

2.1 GENERAL

As noted above, the issue of the remaining Units in the Placement is conditional upon shareholder approval under Listing Rule 7.1.

The Directors recommend that you **vote in favour** of Resolution 2.

2.2 ASX LISTING RULE 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 2 will be to allow the Directors to issue up to a total of 150 million Shares and 150 million Warrants (including those to be ratified under Resolution 1) to investors, and up to 1,236,000 Success Warrants and Performance Warrants to the Placement Agent and BBY. Approval is required because this portion of the issue will exceed the Company's 15% annual placement capacity.

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Placement Securities:

- (a) the number of Units to be issued is up to 143 million, comprising:
 - (i) up to 143 million Shares; and
 - (ii) up to 143 million Warrants;
- (b) the remainder of the Placement (being 17.14 million Units) will be issued immediately upon the Company obtaining shareholder approval (and in any event within 3 months of the date of the meeting) and it is intended that allotment will occur on the same date. To the extent that the remainder of the Units for which approval is sought under Resolution 2 are issued, they may be allotted progressively as subscriptions are agreed, and in any event within 3 months of the date of the meeting;
- (c) the issue price per Unit will be US\$0.145;
- (d) the Units issued under the Second Tranche pursuant to the Placement will be issued to the same people who received the first issue of Units referred to in Resolution 1. Any further issue of Units are likely to be issued to US "accredited investors", as defined in Regulation D under the US Securities Act of 1933, or other institutional or strategic investors;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Warrants will be issued on the terms set out in Schedule 1.

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Success Warrants and Performance Warrants to the Placement Agent and BBY:

- (g) the maximum number of warrants to be issued is up to 1,236,000, comprising:
 - (i) up to 618,000 Success Warrants to the Placement Agent; and
 - (ii) up to 618,000 Performance Warrants to the Placement Agent and BBY;
- (h) a number the Success Warrants representing 2% of the current amount of the Placement will be issued immediately upon the Company obtaining shareholder approval (and in any event within 3 months of the date of the meeting). To the extent that the remainder of the Units for which approval is sought under Resolution 2 are issued,

further Success Warrants will be issued progressively as subscriptions are agreed, and in any event within 3 months of the date of the meeting;

- (i) the conditional right to the Performance Warrants will be treated as granted immediately upon the Company obtaining shareholder approval. The actual Performance Warrants will only be issued after the performance period has expired and the share price performance condition has been met;
- (j) the Success Warrants and Performance Warrants will have no issue price, and will have exercise prices of A\$1.00 and A\$1.20 respectively. All warrants expire on 31 July 2011;
- (k) amounts received (if any) upon exercise of the warrants will be used to reduce debt and for working capital purposes; and
- (l) the Shares issued on exercise of the warrants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

ENQUIRIES

Shareholders are requested to contact the company secretary, Mr Peter Torre on (+ 61 8) 9443 9512 if they have any queries in respect of the matters set out in these documents.

GLOSSARY:

\$ means Australian dollars, unless otherwise noted.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except any day that ASX declares is not a business day.

Company means Mission NewEnergy Limited (ACN 117 065 719).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Warrant means a warrant which upon its exercise will entitle the holder to acquire one Share.

Perth time means time in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF WARRANTS

The following terms and conditions apply to the warrants issued to investors as a component of the Units. These terms and conditions do not apply to the warrants to be issued to the Placement Agent and BBY.

Exercise Price

Each Warrant will entitle the holder to acquire one ordinary share of Mission NewEnergy at an exercise price of A\$0.30. In addition, a Warrant will not entitle the holder to participate in a new issue of ordinary shares or other securities of Mission NewEnergy unless the Warrant has been exercised.

Expiry Date

The expiration date for exercise of the Warrants will be the fifth anniversary of the First Closing Date, being 1 May 2014.

Early Expiry of Warrants

If at any time on or after April 15, 2012 the immediately preceding 20-trading day volume weighted average price (as published by or derived from the Australian Securities Exchange) is at least A\$1.00, the Company may give written notice to each warrant holder that if such holder does not exercise its Warrants within 15 days from the date of such notice, then the Warrants would expire on that 15th day.

No quotation

The Warrants will not be quoted on any stock exchange.

Adjustments

If Mission NewEnergy undergoes a reorganization of capital or bonus issue, the number and exercise price of the Warrants will be adjusted to the extent necessary to comply with the ASX Listing Rules and the Corporations Act.

