

# Notice of Annual General Meeting and Explanatory Memorandum

## Phoslock Water Solutions Limited ACN 099 555 290

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Date: Friday, 25<sup>th</sup> November, 2016

Time: 10:00 am

Venue: Sheraton on the Park Hotel

161 Elizabeth Street

Sydney, NSW

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# Phoslock Water Solutions Limited

## ACN 099 555 290

Dear Shareholder,

I am pleased to invite you to attend the 2016 Annual General Meeting of Phoslock Water Solutions Limited (**Company**) to be held at 10:00 am on Friday, 25<sup>th</sup> November, 2016. The Annual General Meeting will be held at the Sheraton on the Park Hotel, 161 Elizabeth Street, Sydney, NSW.

I enclose your Notice of Meeting, Explanatory Memorandum, Proxy Form and the Company's 2016 Annual Report (for those Shareholders who have elected to receive a printed copy).

The Notice of Meeting (including the Explanatory Memorandum) sets out the items of business for the Annual General Meeting. Please take the time to carefully read the whole document.

To help you understand what the Notice of Meeting contains, below is an outline of the items of business that are proposed for the Annual General Meeting:

**1. Receipt and consideration of Financial Statements and Reports of the Company**

**2. Adoption of the Remuneration Report for the Company**

**3. Re-election of Mr Laurence Freedman AM as a Director of the Company**

- Mr Freedman, a non-executive Director of the Company, offers himself for re-election. Your Directors (other than Mr Freedman) unanimously recommend re-election of Mr Freedman as a Director.
- Refer to the Company's 2016 Annual Report for details regarding Mr Freedman's experience and qualifications.

**4. Other Business**

Any other business that may be properly conducted or transacted.

If you would like to vote on the items of business outlined in the Notice of Meeting, you may attend the Annual General Meeting in person or appoint a proxy to vote on your behalf at the Annual General Meeting. If appointing a proxy, the enclosed Proxy Form should be completed and returned to the Company (see Proxy Form for details) as soon as possible and, in any event, no later than 10.00 am on Thursday, 24<sup>th</sup> November 2016. We encourage you to direct your proxy how to vote on each item of business.

If you have any queries in relation to the Annual General Meeting, please contact me on (02) 8014 7611.

Yours sincerely,



**Laurence Freedman AM**  
**Chairman**  
**Sydney, Australia**  
**10 October, 2016**

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# Notice of Annual General Meeting

**NOTICE IS GIVEN** that the 2016 Annual General Meeting of Phoslock Water Solutions Limited ACN 099 555 290 (**Company**) will be held at 10:00 am on Friday, 25<sup>th</sup> November 2016 at the Sheraton on the Park Hotel, 161 Elizabeth Street, Sydney, NSW.

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated in, and forms part of, this Notice of Meeting. The Explanatory Memorandum has been prepared to provide Shareholders with an explanation of the items of business and the Resolutions to be proposed and considered at the Annual General Meeting.

## Agenda

### Business

#### Item 1. Financial Statements and Reports

To receive and consider the following reports of the Company for the year ended 30 June 2016:

- the Annual Financial Report;
- the Directors' Report; and
- the Auditor's Report.

*There is no vote on this item of business.*

#### Item 2. Adoption of Remuneration Report (Resolution 1)

To consider and, if thought fit, to pass the following resolution as an **advisory resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act 2001, the Remuneration Report for the Company for the financial year ended 30 June 2016 be adopted."*

*Under the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company. However, please refer to the Explanatory Memorandum for an explanation of the consequences of 25% or more eligible votes being cast against this advisory resolution.*

#### Voting exclusion statement

In accordance with the Corporations Act, a vote must not be cast (in any capacity) on Resolution 1 by or on behalf of a member of the Company's Key Management Personnel, details of whose remuneration are included in the 2016 Remuneration Report for the Company or a Closely Related Party of such a member.

However, this voting exclusion under the Corporations Act in relation to a vote cast on Resolution 1 does not apply if:

- it is cast by a person as a proxy appointed in writing by a person entitled to vote that specifies how the proxy is to vote on Resolution 1; or
- it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote as an undirected proxy that expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

**What this means for Shareholders:** If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on Resolution 1. If you intend to appoint the Chair of the Meeting as your proxy, you can direct him how to vote by marking a box on the Proxy Form for Resolution 1 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for Resolution 1 and give the Chair your express authority to vote your undirected proxy as he see fit even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the KMP (in which case, the Chair will vote in favour of Resolution 1).

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### Item 3. Re-election of Director (Resolution 2)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That the Mr Laurence Freedman AM, who retires by rotation in accordance with clause 22 of the constitution of the Company, and being eligible for re-election, is re-elected as a Director of the Company.”*

### Item 4. Other Business

To conduct or transact any other business that may be properly brought before the Annual General Meeting.

### Questions and Comments by Shareholders

A reasonable opportunity will be given to Shareholders as a whole at the Annual General Meeting to ask questions about or make comments on the Company’s 2016 Annual Report, the Remuneration Report and the management or performance of the Company and to ask the Auditor or their representative questions relevant to the conduct of the audit, the preparation and content of their Auditor’s Report, the accounting policies adopted by the Company in relation to the preparation of its 2016 Annual Report and the Auditor’s independence in relation to the conduct of the audit.

**By Order of the Board**



**Robert Schuitema**  
**Company Secretary**  
**Sydney, Australia**  
**10 October, 2016**

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## Voting and Proxies

### 1. Determination of Shareholding and Voting Entitlement

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the Shares will be taken, for the purpose of determining those persons entitled to attend and vote at the Annual General Meeting, to be held by the persons who are registered as holding them as at 7.00 pm on Wednesday, 23<sup>rd</sup> November, 2016.

Accordingly, transactions registered after that time will be disregarded when determining entitlements to attend and vote at the Annual General Meeting.

### 2. Votes of Members

Unless a poll is demanded in advance of voting on a Resolution, voting on each Resolution will initially be by way of a show of hands. On a show of hands, each Shareholder present in person or by proxy or attorney or, in the case of a body corporate, by a representative at the Annual General Meeting will have one vote. On a poll, every Shareholder present in person or by proxy or attorney or, in the case of a body corporate, by a representative will have one vote for each Share held by him or her.

### 3. Important Voting Information

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

The Chair of the Annual General Meeting intends to vote all undirected proxies in favour of each Resolution. However, the Chair of the Meeting is not permitted to vote an undirected proxy on Resolution 1 (Remuneration Report) unless the proxy expressly authorises the Chair to exercise the proxy on such Resolution even if it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

In respect of Resolution 1, if your proxy is a person who is not entitled to vote in his or her own right (such as one of the Directors), the person may still vote as your proxy provided you have directed your proxy on the Proxy Form the way your proxy is to vote or your proxy is the Chair of the Meeting and you have expressly authorised him to vote as outlined above.

If the Directors or another KMP (other than the Chair) or a Closely Related Party is your proxy, and you fail to provide a voting direction as outlined above in relation to Resolution 1, your vote will not be cast in respect of such Resolution.

### 3. Proxies

A Shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on behalf of the Shareholder. Where the Shareholder is entitled to cast 2 or more votes, the Shareholder may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions).

A proxy need not be a Shareholder of the Company.

A Proxy Form accompanies this Notice of Meeting. The Proxy Form contains important information and other instructions which you should read carefully.

Any instrument of proxy deposited or received by the Company in which the name of the appointee is not filled in will be deemed to be given in favour of the Chair of the Meeting to which it relates.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions or signed by a duly authorised officer or attorney.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution of the Company to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit (subject to the exceptions set out above under "**Important Voting Information**" above).

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To be effective, the instrument appointing a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of the power or authority) must be received by the Company, by hand delivery, post or facsimile not less than 24 hours prior to the Annual General Meeting, that is, by 10.00 am on Thursday, 24<sup>th</sup> November 2016 at the Company's registered office, being Suite 403, Level 4, 25 Lime Street, Sydney, NSW, 2000, facsimile: (02) 8014 7625

#### **4. Bodies Corporate**

A Shareholder which is a body corporate and which is entitled to attend and vote at a meeting of Shareholders of the Company may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at the meeting or in the capacity of a Shareholder's proxy. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on that body corporate's behalf, all of the powers that the body could exercise at a meeting or in voting on a resolution. The representative must present satisfactory evidence that they are authorised to act as the body corporate's representative prior to admission to the meeting.

# Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders of Phoslock Water Solutions Limited ACN 099 555 290 (**Company**) in connection with the business to be considered at the Annual General Meeting to be held at 10:00 am on Friday, 25<sup>th</sup> November 2016 at the Sheraton on the Park Hotel, 161 Elizabeth Street, Sydney, NSW.

This Explanatory Memorandum is incorporated in, and forms part of, the accompanying Notice of Meeting. The purpose of this Explanatory Memorandum is to provide Shareholders with information relevant to the Resolutions to be put to Shareholders at the Annual General Meeting.

Terms and expressions used in this Explanatory Memorandum, the Notice of Meeting and the Proxy Form have the meaning given to them in the “**Definitions**” section located at the end of this Explanatory Memorandum.

Details of the items of business to be considered at the Annual General Meeting are set out below.

Your Directors recommend that Shareholders carefully read this Explanatory Memorandum and accompanying Notice of Meeting in full before making a decision in relation to any of the Resolutions. If Shareholders are in any doubt about what to do, they should consult their legal, financial or other adviser.

## Item 1. Financial Statements and Reports

The Company’s 2016 Annual Report is enclosed with the Notice of Meeting (for those Shareholders who have elected to receive a printed copy) and is also available online at [www.phoslock.com.au](http://www.phoslock.com.au) or the ASX’s website at [www.asx.com.au](http://www.asx.com.au) (ASX code: PHK).

Section 317 of the Corporations Act requires the Annual Financial Report of the Company (which includes the Financial Statements and Directors’ Declaration), the Directors’ Report (which includes the Remuneration Report) and the Auditor’s Report in respect of the financial year ended on 30 June 2016 to be laid before the Annual General Meeting.

Except for the non-binding advisory resolution in respect of the Remuneration Report (refer to Resolution 1 below), there is no requirement in either the Corporations Act or the Company’s constitution for Shareholders to approve the Annual Financial Report, the Directors’ Report or the Auditor’s Report.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports and on the management or performance of the Company.

The Auditor or a representative of the Auditor is required to attend the Meeting and will be available to take Shareholders’ questions relevant to the conduct of the audit, the preparation and content of their Auditor’s Report, the accounting policies adopted by the Company in relation to the preparation of its 2016 Annual Report and the Auditor’s independence in relation to the conduct of the audit.

## Item 2. Adoption of Remuneration Report (Resolution 1)

The Corporations Act requires listed companies to put a Remuneration Report relating to director and executive remuneration for each financial year to a resolution of members at their annual general meeting. The Remuneration Report for the Company is included in the Company’s 2016 Annual Report.

Under section 250R(3) of the Corporations Act, the vote on the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

If, at 2 consecutive annual general meetings of the Company, 25% or more of votes cast on a resolution that the Remuneration Report be adopted are against the adoption of the Remuneration Report, the Company will be required to put to Shareholders a resolution at the second annual general meeting proposing the calling of an extraordinary general meeting to consider the election of Directors of the Company (known as a “**spill resolution**”).

If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (known as a “**spill meeting**”) within 90 days of the spill resolution. All of



the Directors who were in office when the Remuneration Report (being, the report laid before the second annual general meeting) was approved by the Board (other than the Managing Director) will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting, those persons whose re-election as Directors is approved will remain directors of the Company.

The Company's 2015 Remuneration Report was adopted at the 2015 Annual General Meeting by more than 75% of the eligible votes cast.

In compliance with section 300A of the Corporations Act, the Remuneration Report sets out the Company's policy for determining the nature and amount of remuneration for the Directors and specified executive officers of the Company. The Board has a policy of ensuring that remuneration paid to Directors and management is market competitive while at the same time aligned to the achievement of strategic objectives and the creation of value for Shareholders.

During this item of business, there will be opportunity for Shareholders at the Annual General Meeting to comment on and ask questions about the Remuneration Report. The Remuneration Report is available on pages 13 to 18 of the Company's 2016 Annual Report.

Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 1 in the Notice of Meeting.

### **Item 3. Re-election of Director (Resolution 2)**

Clause 22 of the Company's constitution requires that at each Annual General Meeting one-third of the Directors must retire from office.

The Mr Laurence Freedman AM, a non-executive Director of the Company, retires by rotation and is eligible for re-election at the Annual General Meeting. In accordance with clause 22 of the Company's constitution, Mr Freedman submits himself for re-election at the Annual General Meeting as a non-executive Director.

Details of Mr Freedman's experience and qualifications are set out on page 19 of the Company's 2016 Annual Report.

### ***Recommendation***

The Directors (other than Mr Freedman) unanimously recommend that Shareholders vote in favour of Resolution 2.

## Definitions

Unless the context requires otherwise, the following words shall have the following meanings in this Explanatory Memorandum, the Notice of Meeting and the Proxy Form:

- (1) **Annual General Meeting** or **Meeting** means the 2016 annual general meeting of the Company convened by the Notice of Meeting.
- (2) **ASX** means ASX Limited ACN 008 624 691 or, as the context requires, the market operated by it.
- (3) **Auditor** means the Auditor of the Company.
- (4) **Board** means the board of directors of the Company.
- (5) **Closely Related Party** has the meaning given in section 9 of the Corporations Act and includes a spouse, dependent and certain other close family members of a KMP, as well as companies controlled by a KMP.
- (6) **Company** means Phoslock Water Solutions Limited ACN 099 555 290.
- (7) **Corporations Act** means the *Corporations Act 2001* (Cth).
- (8) **Directors** mean the directors of the Company from time to time.
- (9) **Explanatory Memorandum** means this Explanatory Memorandum.
- (10) **Key Management Personnel** or **KMP** means persons having authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities, directly or indirectly, including any Director (whether executive or otherwise).
- (11) **Notice of Meeting** means the notice of Annual General Meeting accompanying this Explanatory Memorandum.
- (12) **Proxy Form** means the proxy form accompanying this Explanatory Memorandum.
- (13) **Remuneration Report** means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2016.
- (14) **Resolution** means a resolution set out in the Notice of Meeting.
- (15) **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
- (16) **Shares** means fully paid ordinary shares in the capital of the Company quoted on the ASX under the code "PHK".

All references to time in the Notice of Meeting are to Sydney time.

# Shareholder Proxy Form

Phoslock Water Solutions Limited, Suite 403, Level 4, 25 Lime, Street, Sydney, NSW, 2000.

Please post or deliver all Proxies to Suite 403, 25 Lime Street, Sydney, NSW 2000 or send to facsimile (02) 8014 7625

I/We .....

of .....

appoint .....

or in his/her absence .....

of .....

or, if no person is named above or is absent, the Chair of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.00 am (Sydney time) on Friday, 25<sup>th</sup> November 2016 and at any adjournment of that meeting.

**Important Notes:** *If you appoint a proxy, we encourage you to direct your proxy how to vote on each item of business.*

*The Chair of the Annual General Meeting intends to vote all undirected proxies in favour of each Resolution.*

*In relation to Resolution 1, if the Chair of the Annual General Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'FOR', 'AGAINST' or 'ABSTAIN' box in relation to that Resolution, you will have expressly authorised the Chair to exercise your proxy in respect of that Resolution even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.*

*Other than in the circumstance contemplated above in respect of the Chair, Directors, other Key Management Personnel of the Company and their Closely Related Parties (see Notice of Meeting and overleaf) are not permitted to cast any votes in respect of Resolution 1 (Remuneration Report) that arise from any undirected proxy that they hold. If the Directors or another Key Management Personnel (other than the Chair of the Meeting) is your proxy, and you fail to provide a voting direction in respect of Resolution 1, your vote will not be cast.*

*If appointing a second proxy please state the number of shares or the percentage of voting rights applicable to this Proxy Form.*

Number of shares OR  %

I/We direct my/our proxy to vote in respect of the Resolutions to be considered as indicated with an "X" below, and to vote or abstain in respect of any procedural resolution as my/our proxy thinks fit.

	FOR	AGAINST	ABSTAIN*
<b>Resolution 1: Adoption of Remuneration Report</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2: Re-election of Mr Laurence Freedman AM</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the Resolution to be considered by the Meeting and any adjournment of the Meeting (subject to the restrictions set out in "Important Notes" above or otherwise imposed by law).

\*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Individual or Shareholder 1**

**Individual/Sole Director or Sole Company Secretary**

**Shareholder 2**

**Director**

**Shareholder 3**

**Director/Company Secretary**

**Date:** .....

This Proxy Form should be signed by the Shareholder. If a joint holding, all Shareholders must sign. If signed by the Shareholder's attorney, the power of attorney must have been previously lodged with the Company or a certified copy attached to this Proxy Form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act*.

# Instructions for completing this Proxy Form

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## Appointment of proxy

Insert the name of your proxy, if your proxy is someone other than the Chair of the Annual General Meeting. If you leave the appointment section of this Proxy Form blank or your named proxy is unable to attend, the Chair of the Annual General Meeting for the time being will be your proxy to vote your Shares. Your proxy need not be a Shareholder of the Company.

You may appoint one or 2 proxies to attend and vote at the Annual General Meeting on your behalf. If you appoint 2 proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes in which case any fraction of votes will be disregarded. Where a Shareholder appoints more than one proxy, neither proxy is entitled to vote on a show of hands. If you require an additional Proxy Form, the Company will supply it on request.

## Voting directions to your proxy

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your Shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy (subject to any voting exclusion) may vote as he or she chooses. If you mark more than one box on an item, your vote on that item will be invalid.

The Chair of the Annual General Meeting intends to vote all undirected proxies in favour of each Resolution. In relation to Resolution 1, if the Chair of the Annual General Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'FOR', 'AGAINST' or 'ABSTAIN' box in relation to that Resolution, you will have expressly authorised the Chair to exercise your proxy in respect of that Resolution even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

Other than in the circumstance contemplated above, Directors, other Key Management Personnel of the Company and their Closely Related Parties (see Notice of Meeting) are not permitted to cast any votes in respect of Resolution 1 (Remuneration Report) that arise from any undirected proxy that they hold. If the Directors or another Key Management Personnel (other than the Chair of the Meeting) is your proxy, and you fail to provide a voting direction in respect of Resolution 1, your vote will not be cast.

## Signature(s)

You must sign this form in the spaces provided as follows:

- **Individual Holding:** The Shareholder must sign in the box.
- **Joint Holding:** If Shares are held in joint names, all Shareholders must sign in the boxes.
- **Attorney:** If you are signing as an Attorney, the Power of Attorney must have already been lodged with the Company or, alternatively, a certified copy of it must accompany this Proxy Form.
- **Companies:** Only duly authorised officer(s) can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory, i.e. Director and Director, or Company Secretary and Director, or Sole Director and Sole Company Secretary.

## Lodgement of Proxy

The Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company at least 24 hours before the time for holding the Annual General Meeting that is, by 10.00 am on Thursday, 24<sup>th</sup> November 2016. Proxy Forms and accompanying documents may be sent to the Company by posting or delivering them to the address on this form or sending them by facsimile to the facsimile number on this form.