



**Phoslock  
Environmental  
Technologies**

# **Notice of Annual General Meeting and Explanatory Memorandum**

## **Phoslock Environmental Technologies Limited**

**ACN 099 555 290**

---

Date: Monday, 25 May 2020

Time: 2:00 pm

Online: [web.lumiagm.com/340295613](http://web.lumiagm.com/340295613)

<b>In this document you will find:</b>	<b>Page No</b>
A letter from the Chair outlining the items of business at the Annual General Meeting	1
A Notice of Annual General Meeting	2
An Explanatory Memorandum containing an explanation of and information about the proposed Resolutions	10
A Proxy Form	Enclosed

# Phoslock Environmental Technologies Limited

ACN 099 555 290

Dear Phoslock Shareholder,

In light of the outbreak of Coronavirus (COVID-19), and the resulting guidance and restrictions on travel and public meetings including any stay at home directions, your Directors have decided to hold the 2020 Annual General Meeting entirely online.

Accordingly, on behalf of your Directors, I am pleased to invite you to attend the virtual 2020 Annual General Meeting of Phoslock Environmental Technologies Limited (**Company** or **Phoslock**) to be held online at url address: **web.lumiagm.com/340295613** at 2:00 pm on Monday, 25 May 2020. You will still be able to vote and ask questions at this virtual Annual General Meeting.

I enclose your Notice of Meeting, Explanatory Memorandum, Proxy Form and the Company's 2019 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 these documents in their entirety.

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

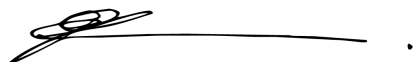
1. **Consideration of the 2019 Annual Report of the Company**
2. **Adoption of the Company's Remuneration Report**
3. **Re-election of Mr Laurence Freedman AM as a Director of the Company**
4. **Re-election of Mr Zhigang Zhang as a Director of the Company**
5. **Increase in the maximum aggregate annual remuneration of non-executive Directors (NEDs)**
6. **Participation of Directors in Share Placement**
7. **Participation of PET Executives in Share Placement**
8. **Other Business**

If you would like to vote on the items of business outlined in the Notice of Meeting, and whether or not you intend to be present at the virtual Meeting, you are encouraged to appoint a proxy to vote on your behalf at that Meeting. If appointing a proxy, the enclosed Proxy Form should be completed and returned to the Company or its share registry (see Notice of Meeting or Proxy Form for further details) as soon as possible and, in any event, by no later than 2.00 pm on Saturday, 23 May 2020. We encourage you to direct your proxy how to vote on each item of business including if you appoint me as Chairman of the Meeting as your proxy.

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

I look forward to seeing you online at the Company's Annual General Meeting and thank you for your continued support.

Yours sincerely,



**Laurence Freedman AM**  
**Chairman**  
**Sydney, Australia**  
**20 April 2020**

---

# Notice of Annual General Meeting

**NOTICE** is given that the 2020 Annual General Meeting of Phoslock Environmental Technologies Limited ACN 099 555 290 (**Company or Phoslock**) will be held online at url address: **web.lumiagm.com/340295613** at 2:00 pm on Monday, 25 May 2020.

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 and should be read in conjunction with this Notice of Meeting.

All documents should be read in their entirety. If you are in any doubt about what to do, you should consult your legal, financial or other professional adviser.

## Agenda

### Business

#### Item 1. Financial and other Reports

To receive and consider the following reports of the Company for the financial year ended 31 December 2019:

- 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, the Remuneration Report for the Company for the financial year ended 31 December 2019 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 (**KMP**), details of whose remuneration are included in the Remuneration Report for the Company or a Closely Related Party of such a member.

However, under the Corporations Act, this voting exclusion does not apply to a vote 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 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.

If you intend to appoint a member of the KMP (such as one of the Directors) or a Closely Related Party of such a member 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 the appropriate box in 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 sees 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).

---

### Item 3. Re-election of Mr Laurence Freedman AM as a Director (Resolution 2)

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

*“That Mr Laurence Freedman AM, who retires by rotation in accordance with clause 22.1 of the constitution of the Company, and being eligible for re-election, be re-elected, and confirmed in office, as a Director of the Company.”*

### Item 4. Re-election of Mr Zhigang Zhang as a Director (Resolution 3)

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

*“That Mr Zhigang Zhang, who retires by rotation in accordance with clause 22.1 of the constitution of the Company, and being eligible for re-election, be re-elected, and confirmed in office, as a Director of the Company.”*

### Item 5. Increase in the maximum aggregate annual remuneration of NEDs (Resolution 4)

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

*“That, for the purpose of ASX Listing Rule 10.17, clause 21.5.1(a) of the constitution of the Company and all other purposes, the maximum aggregate annual remuneration that may be paid by the Company as remuneration for the services of the Company’s NEDs be increased by \$300,000 from \$500,000 to \$800,000 with effect from the close of the Meeting or any adjournment of it.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a Director or an associate of that Director.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote on Resolution 4 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 4 by a KMP or a Closely Related Party of such a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 4. However, under the Corporations Act, this voting exclusion does not apply to a vote cast by the chair of the meeting acting as an undirected proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

### Item 6. Approval of issue of Shares to Mr Laurence Freedman AM (Resolution 5)

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

*“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares to Mr Laurence Freedman, a Director and Chairman of the Company, or his*

---

*nominee, on the terms and conditions and in the manner detailed in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr Laurence Freedman AM or an associate of Mr Laurence Freedman.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote on Resolution 5 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Item 7. Approval of issue of Shares to Mr Zhigang Zhang (Resolution 6)**

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

*“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares to Mr Zhigang Zhang, a Director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Zhigang Zhang or an associate of Mr Zhigang Zhang.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote on Resolution 6 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

## Item 8. Approval of issue of Shares to Mr Robert Schuitema (Resolution 7)

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

*“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares to Mr Robert Schuitema, a Director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr Robert Schuitema or an associate of Mr Robert Schuitema.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote on Resolution 7 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Item 9. Approval of issue of Shares to Mrs Brenda Shanahan (Resolution 8)

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

*“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares to Mrs Brenda Shanahan, a Director of the Company, or her nominee, on the terms and conditions and in the manner detailed in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 8 by or on behalf of Mrs Brenda Shanahan or an associate of Mrs Brenda Shanahan.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote on Resolution 8 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- 
- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Item 10. Approval of issue of Shares to Mr Ningping Ma (Resolution 9)**

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

*“That for the purposes of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares to Mr Ningping Ma, a Director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 9 by or on behalf of Mr Ningping Ma or an associate of Mr Ningping Ma.

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote on Resolution 9 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Item 11. Approval of issue of Shares to PET Executives (Resolution 10)**

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

*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 3,700,000 Shares to PET Executives or their respective nominees on the terms and conditions and in the manner as detailed in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 10 by or on behalf of a PET Executive or other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares in the Company).

However, under the ASX Listing Rules, this voting exclusion does not apply to a vote on Resolution 10 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

- 
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
  - a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
    - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Item 12. Other Business**

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

#### **Questions and Comments by Shareholders**

Even though the Annual General Meeting is being conducted online, you will still have an opportunity to ask questions of senior management present at the Meeting and the Auditor of the Company.

Accordingly, 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 2019 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 2019 Annual Report and the Auditor's independence in relation to the conduct of the audit.

#### **By Order of the Board**

**Chris Hui**  
**Company Secretary**  
**Sydney, Australia**  
**20 April 2020**



---

## 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 Saturday, 23 May 2020.

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

### 2. Voting by Members at Annual General Meeting

A Shareholder attending online will be taken to be present at the Annual General Meeting and be entitled to exercise all rights which the Shareholder is granted under the constitution of the Company or the Corporations Act.

Voting at the Annual General Meeting in respect of each of the Resolutions will be conducted by way of a poll.

### 3. Important Voting Information

The Company encourages all Shareholders to submit a proxy and to direct that proxy how to vote on each Resolution.

The Chair of the Annual General Meeting intends to vote all undirected proxies in favour of each Resolution subject to any voting restrictions and exclusions. However, the Chair of the Meeting is not permitted to vote an undirected proxy on Resolution 1 (Remuneration Report) or Resolution 4 (Maximum Aggregate Annual Remuneration of NEDs) 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 and Resolution 4, if you intend to appoint a member of the KMP (such as one of the Directors other than the Chair) or a Closely Related Party of such a member as your proxy, please ensure that you direct them how to vote on that Resolution by marking the appropriate box for that Resolution in the Proxy Form.

If you intend to appoint the Chair as your proxy for Resolution 1 or Resolution 4, or both, you can direct the Chair how to vote by marking the appropriate box for that Resolution in the Proxy Form. Alternatively, in relation to the Chair only, you can choose not to mark a box and give the Chair your express authority to exercise your undirected proxy even if the Resolution concerned is connected directly or indirectly with the remuneration of a member of the KMP (in which case, as outlined above, the Chair will vote in favour of Resolution 1 and Resolution 4 subject to any voting restrictions and exclusions).

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 or Resolution 4, your vote will not be cast in respect of each such Resolution.

### 4. 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. If an additional Proxy Form is required, the Company's share registry, Computershare Investor Services Pty Limited, will supply it on request (telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)). 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 restrictions and exclusions outlined under “**Important Voting Information**” above).

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 not less than 24 hours prior to the Annual General Meeting, that is, by 2.00 pm on Saturday, 23 May 2020:

- at the Company’s registered office, being Suite 403, Level 4, 25 Lime Street, Sydney, NSW, 2000;
- on-line by going to [www.investorvote.com.au](http://www.investorvote.com.au) or by scanning the QR Code, found on the enclosed Proxy Form, with your mobile device;
- by email ([enquiries@phoslock.com.au](mailto:enquiries@phoslock.com.au)) to the Company’s registered office; or
- at the Company’s share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001 or by facsimile on fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Any revocations of proxies must be received at one of these places before commencement of the Meeting.

## **5. 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.

## **6. Definitions**

Certain terms used in this Notice of Meeting and the Explanatory Memorandum are defined in the “Definitions” section of the Explanatory Memorandum. Those defined terms also apply to the enclosed Proxy Form, unless the context requires otherwise.

# Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders of Phoslock Environmental Technologies Limited ACN 099 555 290 (**Company** or **Phoslock**) in connection with the business to be considered at the Annual General Meeting to be held online at 2:00 pm on Monday, 25 May 2020. Details of how a Shareholder can participate online at the virtual Annual General Meeting are set out in the Notice of Meeting.

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.

Certain terms 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, unless the context requires otherwise.

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

Your Directors recommend that Shareholders carefully read this Explanatory Memorandum and the 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 professional adviser.

## Item 1. Financial and other Reports

The Company’s 2019 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 the Company’s website 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: PET).

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 31 December 2019 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 online 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 2019 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 entities 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 2019 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 remuneration report for the financial year ended 31 December 2018 was adopted at the 2019 Annual General Meeting of the Company held in May 2019 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 18 to 22 of the Company’s 2019 Annual Report.

Resolution 1 is proposed as an advisory resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of that Resolution. However, please refer above for an explanation of the consequences of 25% or more of eligible vote being cast against Resolution 1.

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

### ***Recommendation***

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, your Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

### **Item 3. Re-election of Mr Laurence Freedman AM as a Director (Resolution 2)**

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

Mr Laurence Freedman AM, a NED and Chairman 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 NED.

Details of Mr Freedman’s experience and qualifications are set out on page 23 of the Company’s 2019 Annual Report.

### ***Recommendation***

Your Directors (other than Mr Freedman as an abstention) unanimously recommend that Shareholders vote in favour of Resolution 2.

### **Item 4. Re-election of Mr Zhigang Zhang as a Director (Resolution 3)**

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

Mr Zhigang Zhang, a NED and Deputy Chairman 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 Zhang submits himself for re-election at the Annual General Meeting as a NED.

Details of Mr Zhang’s experience and qualifications are set out on page 23 of the Company’s 2019 Annual Report.

## **Recommendation**

Your Directors (other than Mr Zhang as an abstention) unanimously recommend that Shareholders vote in favour of Resolution 3.

### **Item 5. Increase in the maximum aggregate annual remuneration of NEDs (Resolution 4)**

The Company is seeking Shareholder approval to increase the maximum aggregate annual remuneration of NEDs from \$500,000 per annum (inclusive of superannuation) to \$800,000 per annum (inclusive of superannuation), an increase of \$300,000 per annum.

For the purposes of this Resolution 4, 'remuneration of NEDs' means all fees payable by the Company or any of its child entities to a NED for acting as a director of the Company or any child entity (including attending and participating in any board committee meetings) and includes superannuation contributions for the benefit of a NED and any fees which a NED agrees to sacrifice for other benefits. It does not include reimbursement of genuine out-of-pocket expenses, genuine "special exertion" fees paid in accordance with the Company's constitution or securities issued to a NED under ASX Listing Rule 10.11 or 10.14 with the approval of Shareholders (except where remuneration is sacrificed to pay for the purchase of those securities).

In accordance with the ASX Listing Rules and the Company's constitution, Phoslock must not increase the aggregate fee pool for NEDs' remuneration without the approval of Shareholders.

The last time the aggregate NED fee pool was increased was on 23 November 2017.

The proposed increase to the NED fee pool is sought to:

- maintain market competitiveness to ensure that Phoslock can attract and retain as NEDs high calibre individuals with the appropriate skills, experience, expertise and diversity;
- provide sufficient scope for succession planning and ongoing flexibility; and
- accommodate an increase in the number of NEDs.

Where approval is being sought to increase the maximum aggregate annual remuneration of NEDs, the ASX Listing Rules require the disclosure of securities of Phoslock that have been issued to NEDs under ASX Listing Rule 10.11 or 10.14 with the approval of Shareholders within the preceding 3 years. On 23 November, 2017, Shareholders approved the issue of 2,500,000 Shares to Mr Zhigang Zhang and 1,000,000 Shares to Mrs Brenda Shanahan at an issue price of 17.5 cents per Share and otherwise on same terms as the placement and SPP completed by the Company in September and October, 2017. Apart from those Shares, no other securities of Phoslock have been issued to NEDs under ASX Listing Rule 10.11 or 10.14 with the approval of Shareholders within the preceding 3 years.

If Shareholders do not vote to increase the NED fee pool, then the ability of Phoslock to maintain its market competitiveness, undertake appropriate succession planning and have a degree of flexibility in the number of NEDs on its Board will be constrained. The Board has no immediate plans to increase the size of the Board or increase its NED remuneration but wishes to have the flexibility to do so should circumstances so permit or the Board considers it appropriate.

Resolution 4 is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of that Resolution.

Shareholders' attention is drawn to the voting exclusion statement set out in the Notice of Meeting.

## **Recommendation**

Noting that the NEDs have an interest in the maximum aggregate annual remuneration payable to them, your Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

## Items 6 - 10. Approval of issue of Shares to Directors (Resolutions 5, 6, 7, 8 and 9)

### A. Background

On 9 April 2020, the Company announced to ASX that it had raised \$12 million in new capital placed at an issue price of 50 cents per Share and a further \$3 million from its directors and officers at the same issue price but subject to Shareholder approval. At the same time, it also announced a share purchase plan at the same issue price of 50 cents per Share as the Share Placement. Under the share purchase plan, Shareholders are given the opportunity to purchase up to \$30,000 worth of Shares, subject to any scale back, at an issue price of 50 cents per Share. The total amount to be raised under that plan has been capped at \$5 million. Documents relating to the share purchase plan have already been despatched to Shareholders.

### B. Number of Shares

The table below sets out the maximum number of Shares to be issued to each of your Directors (or their nominees), if Shareholders approve the Resolutions applicable to each Director.

<b>Resolution No.</b>	<b>Director (or nominee of)</b>	<b>Number of Shares to be issued</b>	<b>Aggregate amount to be paid for Shares to be issued</b>
Resolution 5	Mr Laurence Freedman AM	200,000	\$100,000
Resolution 6	Mr Zhigang Zhang	1,500,000	\$750,000
Resolution 7	Mr Robert Schuitema	200,000	\$100,000
Resolution 8	Mrs Brenda Shanahan	200,000	\$100,000
Resolution 9	Mr Ningping Ma	200,000	\$100,000

### C. Terms of Issue

The Shares referred to in the table above will be issued at the price of \$0.50 per Share being the same issue price as under the Share Placement.

All Shares issued to your Directors referred to in the table above will rank equally with all other Shares on issue in the Company.

### D. Resolutions 5 to 9 (inclusive)

Shareholder approval for the issue to Directors of the Shares outlined above is sought for the purposes of ASX Listing Rule 10.11 (outlined below), which governs the issue of securities to related parties of the Company and other persons in a position of influence.

For the purposes of ASX Listing Rule 10.11, each of the Directors (or their nominees) are all related parties of the Company. Each nominee nominated by a Director will be an associate of or related to that Director.

Each of Resolutions 5 -9 (inclusive) is proposed as an ordinary resolution and will be passed if more than 50% of votes cast by Shareholders entitled to vote are in favour of the applicable Resolution. None of the Resolutions is dependent on the passing of any other Resolution.

Shareholders' attention is drawn to each of the voting exclusion statements in relation to each of Resolutions 5 to 9 (inclusive) in the Notice of Meeting.

### E. ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, subject to certain exceptions, a listed company such as Phoslock must not issue or agree to issue securities to any of the following persons without the approval of holders of ordinary securities:

- a related party;
- a person who is, or was at any time in the 6 months before the issue or agreement:
  - a substantial (30%+) holder in the entity; or
  - a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity (in the case of a trust, to the board of the responsible entity of the trust) pursuant to a relevant agreement which gives them a right or expectation to do so;
- an associate of a person referred to above; or
- a person whose relationship with the entity or a person referred to above is such that, in ASX's opinion, the issue or agreement should be approved by security holders.

As, in the opinion of your Directors, each of the Directors and their respective nominees are related parties, Shareholders must approve the proposed issue of the Shares outlined in the above table to them.

#### F. Information required for Shareholder approval under ASX Listing Rules

In accordance with ASX Listing Rule 10.13, the following information is provided for Shareholders:

- (1) The name of each Director to whom (or to whose nominee) Shares will be issued under Resolutions 5 to 9 (inclusive) are set out in the table above.
- (2) Shareholder approval is being sought under ASX Listing Rule 10.11 for the issue to the Directors (or their nominees) of the Shares contemplated by Resolutions 5 to 9 (inclusive) and set out in the table above as, in the opinion of your Directors, each Director (and their respective nominees) are a related party of Phoslock.
- (3) The number of Shares set out opposite each Director's name in the table above will be the maximum number of Shares issued to that Director (or their nominee), subject to Shareholders approving the Resolution applicable to that Director. The Board reserves the right to issue a lesser number of Shares to the number set out in the table above.

The number and class of securities which will be issued to each Director (or their nominee) is set out opposite each Director's name in the table above. All Shares to be issued as contemplated by Resolutions 5 to 9 (inclusive) will be fully paid and will rank equally with all other Shares on issue.

- (4) The Shares contemplated under Resolutions 5 to 9 (inclusive) will be issued within 14 days of the Meeting but, in any event, no later than 1 month (or such later date as ASX may permit) after the date of the Meeting.
- (5) The Shares contemplated under Resolutions 5 to 9 (inclusive) will be issued at a price of \$0.50 per Share, being the same issue price under the Share Placement. The aggregate consideration the Company will receive from each Director for the issue of Shares under Resolutions 5 to 9 (inclusive) is set out in the table above.
- (6) Funds raised through the issue of Shares contemplated under Resolutions 5 to 9 (inclusive) will be used to:
  - a. increase working capital for projects in China and the Company's international business;
  - b. expand sales and marketing coverage and technical support, predominantly in China; and
  - c. expand *PHOSLOCK* production with a second manufacturing line able to produce approximately 20,000 tons per annum.
- (7) The issue of Shares contemplated under Resolutions 5 to 9 (inclusive) highlights the strong confidence each of the Directors has in the future of the Company is not intended to remunerate or incentivise the Directors named.

## G. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits certain companies such as PET from giving certain financial benefits to a related party unless either:

- (1) the giving of the financial benefit falls within one of the exceptions set out in the Corporations Act;  
or
- (2) shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E (and also ASX Listing Rule 10.11 outlined above), each of your Directors is a related party of the Company by virtue of him or her holding office as a director. Further, any nominee of such a Director to whom Shares may be issued is a related party for the purposes of that Chapter (and also ASX Listing Rule 10.11 outlined above).

The proposed issue of the Shares contemplated by Resolutions 5 to 9 (inclusive) to your Directors (or their nominees) constitutes the giving of a financial benefit to a related party of the Company under Chapter 2E of the Corporations Act. Shareholder approval is therefore required in order for the Company to give that financial benefit, unless a relevant exception applies.

As the proposed issue of Shares contemplated by Resolutions 5 to 9 (inclusive) is on the same terms as Shares issued under the Share Placement, your Directors believe the proposed issue falls under the exception contained in section 210 of the Corporations Act. That section provides that shareholder approval is not required for the giving of a financial benefit, if the financial benefit is on terms that would be reasonable in circumstances if the company and the related party were dealing at arm's length terms, or that are less favourable to the related party than the arm's length terms.

Even though Shareholder approval is not being sought for the issue of Shares to your Directors under Chapter 2E of the Corporations Act, Shareholders are still being given the opportunity by virtue of the ASX Listing Rules to vote on whether or not the proposed issue will proceed to fruition.

## H. What happens if Resolutions 5 to 9 (inclusive) are not passed?

The Company will be precluded from issuing Shares to its Directors (or their nominees) unless that issue is approved by Shareholders.

To the extent that any of Resolutions 5 to 9 (inclusive) is not passed, the Company's use of funds set out above will have to be scaled back and the Company may have to raise additional capital from other sources.

## ***Recommendation***

While each of the Directors believes that the proposed issue of Shares contemplated by Resolutions 5 to 9 (inclusive) are in the best interests of the Company as a whole, as those Resolutions relate to the interests of Directors themselves, each Director considers it appropriate that he or she should abstain from making a recommendation to Shareholders about those Resolutions.

## **Item 11. Approval of issue of Shares to PET Executives (Resolution 10)**

As mentioned above in relation to items 6 to 10, on 9 April 2020, the Company announced that PET Executives would, subject to Shareholder approval, participate in the Share Placement, pursuant to which they would contribute together with the Directors an additional \$3,000,000 to the Company at an issue price of 50 cents per Share (being the same issue price under the Share Placement). As mentioned above, Directors have agreed to subscribe for Shares with an aggregate issue price of \$1,150,000, subject to the approval of Shareholders.

A group of approximately 12 PET Executives as determined by the Board in its discretion will, if approved by Shareholders, participate in the proposed issue to them. The identity of and number of Shares allocated to each PET Executive (or his or her nominee) will be determined by the Board. The number of Shares which may be issued to PET Executives is capped at 3,700,000 Shares with an aggregate issue price of \$1,850,000.



#### A. ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of Shares that a listed company such as Phoslock can issue without the approval of its Shareholders over any 12 month period to 15% of the fully paid ordinary Shares it had on issue at the start of that period.

The issue of Shares to PET Executives contemplated by Resolution 10 does not exceed that 15% limit in ASX Listing Rule 7.1 and therefore does not require the approval of the Company's Shareholders. However, the Board nonetheless considers it is appropriate, in the circumstances, that Shareholders not only approve the proposed issue to your Directors outlined above but also the proposed issue to PET Executives or their nominees and therefore requests that Shareholders approve Resolution 10 under ASX Listing Rule 7.1.

If Resolution 10 is approved by Shareholders, the Company will undertake the proposed share issue and the funds raised will contribute to the funding of the activities outlined below. In addition, that issue will not use up any of Phoslock's 15% limit on issuing equity securities without the approval of its Shareholders under ASX Listing Rule 7.1 (outlined above).

#### B. Resolution 10

Resolution 10 requests Shareholders to approve the proposed issue of up to 3,700,000 Shares to PET Executives (or their nominees), to be identified by the Board in its discretion.

Resolution 10 is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of that Resolution.

#### C. Information required for Shareholder approval

In accordance with ASX Listing Rule 7.3, the following information is provided to Shareholders:

- (1) The Company will issue Shares under Resolution 10 to PET Executives (or their nominees). The specified PET Executives who (or whose nominees) will be issued Shares will be determined by the Board in its discretion, but will be selected from the Company's executive or senior management team.
- (2) If Shareholders approve Resolution 10 the total number and type of securities to be issued will be up to 3,700,000 Shares. The Shares contemplated by Resolution 10 will be fully paid and rank equally with all other Shares on issue.
- (3) The Company will issue the Shares contemplated by Resolution 10 within 14 days of the Meeting but, in any event, no later than 1 month (or such later date as ASX may permit) after the date of the Meeting.
- (4) The 3,700,000 Shares will be issued at the issue price of \$0.50 per Share being the same issue price under the Share Placement. The maximum aggregate consideration the Company will receive for the Shares issued under Resolution 10 is \$1,850,000.
- (5) Funds raised through the issue of Shares contemplated under Resolution 10 will be used to:
  - a. increase working capital for projects in China and the Company's international business;
  - b. expand sales and marketing coverage and technical support, predominantly in China; and
  - c. expand PHOSLOCK production with a second manufacturing line able to produce approximately 20,000 tons per annum.
- (6) Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 10 set out in the Notice of Meeting.

#### D. What will happen if Resolution 10 is not passed?

If Resolution 10 is not passed, the proposed issue of up to 3,750,000 Shares will not proceed and the Company's use of funds set out above will have to be scaled back. The Company may have to raise additional capital from other sources.

***Recommendation***

The Board unanimously recommends that Shareholders vote in favour of Resolution 10.

## Definitions

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

- (1) **\$** refers to Australian dollars.
- (2) **Annual General Meeting** or **Meeting** means the 2020 Annual General Meeting of the Company convened by the Notice of Meeting.
- (3) **ASX** means ASX Limited ACN 008 624 691 or, as the context requires, the market operated by it.
- (4) **ASX Listing Rules** means the listing rules of ASX (as amended or waived).
- (5) **Auditor** means the auditor of the Company.
- (6) **Board** means the board of directors of the Company.
- (7) **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.
- (8) **Company** or **Phoslock** means Phoslock Environmental Technologies Limited ACN 099 555 290.
- (9) **Corporations Act** means the *Corporations Act 2001* (Cth).
- (10) **Directors** mean the directors of the Company from time to time.
- (11) **Explanatory Memorandum** means this explanatory memorandum which accompanies, and is incorporated as part of, the Notice of Meeting and includes any documents annexed to it or incorporated by reference.
- (12) **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).
- (13) **Meeting** or **Annual General Meeting** means the annual general meeting of the Company convened by the Notice of Meeting.
- (14) **NED** means a non-executive director of the Company from time to time.
- (15) **New Constitution** means the new constitution proposed to be adopted by Resolution 5 and which is available on the Company's website at [www.phoslock.com.au](http://www.phoslock.com.au).
- (16) **Notice of Meeting** means the Notice of Annual General Meeting dated 21 April 2020 accompanying this Explanatory Memorandum.
- (17) **PET Executives** means employees of the Company or a subsidiary of the Company.
- (18) **Proxy Form** means the proxy form accompanying this Explanatory Memorandum.
- (19) **Remuneration Report** means the Remuneration Report set out in the Directors' Report section of the Company's Annual Financial Report for the financial year ended 31 December 2019.
- (20) **Resolution** means a resolution including a special resolution set out in the Notice of Meeting.
- (21) **Share Placement** means the share placement announced by the Company to ASX on 9 April 2020 pursuant to which 24 million Shares would be issued and \$12 million raised (before costs) at an issue price of 50 cents per Share.
- (22) **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
- (23) **Shares** means fully paid ordinary shares in the capital of the Company quoted on the ASX under the code "PET".

All references to time in the Notice of Meeting, this Explanatory Memorandum or Proxy Form are to Sydney time.

Words importing the singular include the plural and vice versa.

A reference to gender is a reference to all genders.

A reference to a person includes a reference to a body corporate and any other entity.

The meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions.