



**Phoslock
Environmental
Technologies**

Notice of Annual General Meeting and Explanatory Memorandum

Phoslock Environmental Technologies Limited

ACN 099 555 290

DATE: **Friday 3rd May 2019**

TIME: **10:00 am**

VENUE: **The Westin Hotel
1 Martin Place
Sydney, NSW**

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www.phoslock.com.au

Phoslock Environmental Technologies Limited

ACN 099 555 290

Dear Phoslock Shareholder,

I am pleased to invite you to attend the 2019 Annual General Meeting of Phoslock Environmental Technologies Limited (**Company** or **Phoslock**) to be held at 10:00 am on Friday, 3 May 2019. The Annual General Meeting will be held at the Westin Hotel, 1 Martin Place, Sydney, NSW.

As foreshadowed in our announcement to ASX on 6 December 2018 relating to the change in Phoslock's financial year end from 30 June to 31 December, the 2019 Annual General Meeting of the Company is being held earlier than in previous years. This is because the change in financial year end to 31 December results in Phoslock being required under the *Corporations Act* to hold its Annual General Meeting by the end of May in this year and each subsequent year.

I enclose your Notice of Meeting, Explanatory Memorandum, Proxy Form and the Company's 2018 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.

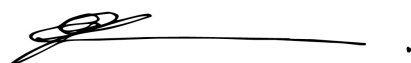
To help you understand what the Notice of Meeting contains, below is a brief outline of the items of business that are proposed for the Annual General Meeting:

- 1. Consideration of the 2018 Annual Report of the Company**
- 2. Adoption of the Company's Remuneration Report**
- 3. Re-election of Mrs Brenda Shanahan as a Director of the Company**
- 4. Election of Mr Ningping Ma as a Director of the Company**
- 5. Other Business**

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, in the case of a body corporate, by representative 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, by no later than 10.00 am on Thursday, 2 May 2019. 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
25 March 2019

Notice of Annual General Meeting

NOTICE is given that the 2019 Annual General Meeting of Phoslock Environmental Technologies Limited ACN 099 555 290 (**Phoslock** or **Company**) will be held at 10:00 am on Friday, 3 May 2019. The Annual General Meeting will be held at the Westin Hotel, 1 Martin Place, 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 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 2018:

- 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 2018 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 Mrs Brenda Shanahan as a Director (Resolution 2)

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

“That Mrs Brenda Shanahan, who retires by rotation in accordance with clause 22.1 of the constitution of the Company, and being eligible for re-election, is re-elected, and confirmed in office, as a Director of the Company.”

Item 4. Election of Mr Ningping Ma as a Director (Resolution 3)

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

“That Mr Ningping Ma, who was appointed a Director since the last Annual General Meeting of the Company and retires in accordance with clause 21.2.1 of the constitution of the Company, and being eligible for election, is elected, and confirmed in office, as a Director of the Company.”

Item 5. 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 2018 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 2018 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
25 March, 2019

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, 1 May 2019.

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 to the extent permitted by law. 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 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, 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 to the extent permitted by law).

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 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. 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).

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 email not less than 24 hours prior to the Annual General Meeting, that is, by 10.00 am on Thursday, 2 May 2019 at the Company's registered office, being Suite 403, Level 4, 25 Lime Street, Sydney, NSW, 2000, or email enquiries@phoslock.com.au

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 at 10:00 am on Friday, 3 May 2019 at the Westin Hotel, 1 Martin Place, 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.

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.

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 and other Reports

The Company’s 2018 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 or the ASX’s website at 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 2018 to be laid before the Annual General Meeting.

Please note that as a consequence of Phoslock changing its financial year end to 31 December as announced to ASX on 6 December 2018, its first financial year resulting from that change is shortened as permitted by the *Corporations Act* to the 6 months’ period from 1 July 2018 to 31 December 2018. With Phoslock transitioning to this new financial year end, it will have an additional 2018 Annual Report in respect of that 6 months’ period ending on 31 December 2018.

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 2018 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 2018 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 30 June 2018 was adopted at the 2018 Annual General Meeting of the Company held in November 2018 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 16 to 20 of the Company's 2018 Annual Report.

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 Mrs Brenda Shanahan 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.

Mrs Brenda Shanahan, 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, Mrs Shanahan submits herself for re-election at the Annual General Meeting as a Non-Executive Director.

Mrs Shanahan has been a Non-Executive Director of Phoslock Environmental Technologies Limited since September, 2017.

Mrs Shanahan is Chairperson of the Audit & Compliance and Remuneration Committees, and a Member of the Nomination Committee.

Mrs Shanahan has a research background in finance in Australian and overseas economies and share markets. Previously she held executive positions included Managing Director of W M Mercer Investment Consulting for Australia and Asia and a member of their international board.

Mrs Shanahan is currently a Non-Executive Director of ASX listed and Clinuvel Pharmaceuticals Ltd., DMP Asset Management Ltd, St Vincent's Medical Research Institute in Melbourne Foundation and the Chair of the Aitkenhead Centre of Medical Discovery.

Mrs Shanahan is a former Director of EquitiLink Limited and former Non-Executive Director of ASX listed company, Challenger Financial Services, and Challenger Limited and Director of Bell Financial Group Ltd.

Recently, Mrs Shanahan was bestowed with an honorary Doctorate from Swinburne University of Technology and was also appointed to the Australian Advisory Board on Technology and Healthcare Competitiveness (a partnership with United States Council on Competitiveness).

Recommendation

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

Item 4. Election of Mr Ningping Ma as a Director (Resolution 3)

On 5 December 2018, Phoslock announced to ASX that Mr Ningping Ma had been appointed to the Board.

Clause 21.2.1 of the constitution of the Company, in summary, provides that any person appointed as a Director by the Board must be confirmed in office at the Company's next annual general meeting otherwise the person ceases to be a Director of the Company at the end of the annual general meeting. In addition, the ASX Listing Rules provide that a person appointed as an addition to the board of directors of a listed entity must not hold office (without re-election) past the next annual general meeting of the listed entity.

Mr Ningping Ma, having been appointed as a Director since the last Annual General Meeting of the Company, submits himself for election at the Annual General Meeting as a Non-Executive Director.

Mr Ma was appointed as a Non-Executive Director of Phoslock Environmental Technologies Limited in December, 2018.

Mr Ma is a member of the Remuneration and Nomination Committees.

Mr Ma graduated from Beijing University of Technology in 1993 with a major in Environmental

Engineering. Mr Ma has more than 25 years of practical experience in the environmental industry.

Mr Ma initially worked for the Beijing Environmental Protection Agency. In 1998 Mr Ma was one of the founders of Beijing Herocan, an environmental engineering technology company. Over 15 years, Beijing Herocan went from four initial shareholders to a team of more than 1,000 employees with offices in China, Hong Kong and Singapore and the company had total asset worth more than Rmb 2.4 billion. Beijing Herocan was engaged in providing integrated water solutions and services. The company obtained more than 50 patents in the environmental industry and gained the awards “China Industry-University-Research Institute Collaboration Innovation Achievement Award” from Ministry of Science and Technology of the People’s Republic of China.

In 2013, as one of the senior executives, Beijing Herocan (now renamed) successfully completed a strategic restructuring and signed an equity merger agreement with Hong Kong listed Company, Beijing Enterprises Water Group (BEWG). After the transaction closed, Mr Ma and three other shareholders set up BHZQ, an environmental engineering technology company 70% owned by BEWG. Mr Ma is Executive Director and Deputy General Manager of BHZQ and is based in Beijing, China.

Recommendation

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

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 2019 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. **Notice of Meeting** means the Notice of Annual General Meeting dated 25 March 2019 accompanying this Explanatory Memorandum.
14. **Proxy Form** means the proxy form accompanying this Explanatory Memorandum.
15. **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 2018.
16. **Resolution** means a resolution including a special resolution set out in the Notice of Meeting.
17. **Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.
18. **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 or this Explanatory Memorandum 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.

Phoslock Environmental Technologies Limited and its Controlled Entities

Sydney Head Office
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Sydney, NSW 2000, Australia

www.phoslock.com.au