
Phoslock Environmental Technologies Limited
ACN 099 555 290

NOTICE OF EXTRAORDINARY GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date: Thursday, 18 January 2024

Time: 10:30am (Melbourne time)

Venue: Chapel Suite, The Como Melbourne, 630 Chapel Street, South Yarra VIC 3141

Online at: <https://meetnow.global/M474VTH>

This Notice is important and requires your prompt attention. This Notice and accompanying Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Phoslock Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2, in the absence of a Superior Proposal.

The Phoslock Directors unanimously recommend that Shareholders vote against Resolutions 3 to 10.

Should you wish to discuss the matters in this Notice, please do not hesitate to contact Phoslock, using the contact details on page.

LETTER FROM THE CHAIR

Dear Shareholder

Further to the Company's announcement to ASX on 7 December 2023, Phoslock Environmental Technologies Limited (**Company** or **Phoslock**) has entered into a Sale Agreement with SePRO Corporation to sell all of the Phoslock Group's remaining Phoslock inventory and certain intangible assets, including registered and unregistered intellectual property, as further described in the Explanatory Memorandum (**Business Sale**).

Consistent with the Company's ASX announcement, following completion of the Business Sale, the Company will seek to be removed from the ASX Official List (**Delisting**, which together with the Business Sale constitutes the **Proposed Transactions**). Following completion of the Proposed Transactions, it is intended that the Company will be wound up.

In addition, as requested by Shareholders representing at least 5% of the issued capital in the Company (**Requisitioning Shareholders**), conditional resolutions proposing that the Company continue to trade under a new Board of Directors and management team will be tabled (**Requisitioned Resolutions**).

I invite you to the extraordinary general meeting of Shareholders (**Meeting**) to be held as a hybrid meeting at Chapel Suite, The Como Melbourne, 630 Chapel Street, South Yarra VIC 3141 and online at <https://meetnow.global/M474VTH> on Thursday, 18 January 2024 where you will be asked to consider and, if thought fit, to approve the Proposed Transactions.

The choice for Shareholders at this Meeting is to either:

- approve the Proposed Transactions and proceed to wind up the Company; or
- enable the Company to seek to continue its existing operations under the direction of a new board of directors and management team and in accordance with the strategy detailed in section 4.2 of the Explanatory Memorandum.

The Board has determined that the Proposed Transactions are in the best interests of Phoslock and **unanimously recommends that Shareholders vote in favour** of Resolutions 1 and 2 contained in this Notice, in the absence of a Superior Proposal.

The Board has formed this view for the following reasons:

- The Proposed Transactions represent the best path forward in the Company's circumstances, having undertaken a detailed and rigorous examination of the available alternatives.
- The Proposed Transactions enable Phoslock to realise value for the business' assets. Following a process marketed to an extensive range of potential investors across the globe, the Business Sale represents the best actionable offer received to date.
- The Company has experienced a significant ongoing cash burn in recent years, with additional costs to be incurred in relation to the ongoing investigations into alleged misconduct by past management if the Company is not wound-up and a significant investment required to increase manufacturing capacity and working capital should the Company seek to achieve profitable sales levels. The Proposed Transactions enable the Company to cease ongoing costs and are seen as the optimum way to preserve capital.
- The Proposed Transactions enable the Company to meet its costs and liabilities and maximise the prospects of making a return of capital to Shareholders. Based on current estimates, including likely asset realisations and known liabilities, the Board estimates there will be a return to Shareholders in the order of 1.7 to 2.0 cents per share. Note that this estimate is subject to change and dependent on a range of factors including whether any contingent liabilities crystallise.

- Significant potential obstacles remain in having the ASX's current involuntary suspension lifted. These include the requirement for an unqualified audited opinion that the Company is a going concern. The Company's interim accounts, released on 4 September 2023, were prepared on a non-going concern basis.

If Shareholders do not vote in favour of the Proposed Transactions, they will have the opportunity to consider the Requisitioned Resolutions, being resolutions which propose the removal of all of the existing directors of the Company and the appointment of three new directors, whose intentions regarding the Company's future management are detailed in section 4.2 of the Explanatory Memorandum. **The Board unanimously recommends that Shareholders vote against the Requisitioned Resolutions.**

Background to Resolutions 1 and 2

The Proposed Transactions represent the best path forward in the Company's circumstances, which are discussed below.

Challenging sales environment

The impacts of the COVID pandemic on the business were profound. Limited opportunities to travel in the early tenure of the CEO meant opportunities were difficult to identify and pursue, and potential customers - often government - were focused on other priorities. The Company also faces the challenge of sustaining an ASX-listed company with project-based sales that have been difficult to forecast, irregular, and overall insufficient to cover the Company's overheads. Based on management forecasts, the Company's current manufacturing capacity would need to be expanded in order to facilitate a level of sales that would allow the Company to move beyond a break-even position. This would also require a significant investment in working capital. Various options have been investigated by the Company to expand the Company's production capacity, including building a new factory in the USA. However, given the limited level of sales, challenging financial performance, and existence of contingent liabilities, it is difficult to see a scenario where such an expansion would be justified and where the required capital could be raised.

Despite a significant project pipeline, continued investment in resources and commercial activities, the Company has been unable to secure significant new contracts over the past 24 months. In addition, management has no reasonable confidence that new projects sufficient to sustain the Company can be secured within a foreseeable timeframe. Potential customers are either deferring commitments to proceed with remediation works or are choosing alternative options to address those needs.

Legacy issues

The Company self-reported apparent instances of misconduct by past management and employees to the Australian Federal Police (**AFP**) and has also been investigated by the Australian Securities and Investments Commission (**ASIC**) resulting in extensive investigations of their past dealings that consumed significant management time and led to large legal costs. With regard to these legacy issues, the Company has no control over the length of the investigations and what, if any, course of action the AFP or ASIC may ultimately decide to pursue. Any fines imposed could be significant and remain unknown and unquantifiable contingent liabilities. The potential fines relating to each offence are themselves significant, and there is the potential for regulators to commence proceedings for multiple offences, and to seek orders under applicable proceeds of crime legislation. In addition, the likely costs relating to responding to any such proceedings would also be significant.

Significant work to remediate legacy issues have resulted in a constant drain on the Company's financial resources. To date approximately \$10 million has been spent dealing with these matters, some of which are ongoing.

In addressing legacy issues the Company was successful in: renewing the Board; replacing the Company's auditors; restating its financial statements over a 4 year period; lifting the trading halt for the Company's shares on the ASX; imposing strict ethical standards for achieving sales in all regions; litigating approximately \$9.5 million of bad and doubtful Chinese debts and recovering approximately \$8

million; renovating its factory in China; securing an option over additional land in the USA to expand production facilities if sales exceeded the capacity of the China factory and to avoid US duties on imports from China; and cooperating fully with AFP and ASIC in their investigations into various legacy issues. In addition, management secured a flowing water product - Phosflow - which complemented Phoslock, its sole product for lakes and water bodies.

However, the volume and consistency of sales remained weak despite renewed sales teams and strategies and the ongoing legal costs of cooperating with regulatory investigations remained a drain on cash. The unquantified risk of regulatory fines and penalties relating to legacy issues remained a contingent liability of uncertain amount and duration and presented a difficult challenge for raising additional capital.

Raising additional capital was carefully considered. After approaching a number of major shareholders to determine the likely level of support for a capital raise, the Board believes insufficient support would be forthcoming from shareholders to undertake a successful capital raise. That feedback together with a lack of evidence that future sales would likely eventuate in a volume and consistency sufficient to achieve profitability over the medium term, and having regard to the quantum of unknown fines and penalties that could eventuate from legacy issues, the Company believed it was not in a position to pursue a capital raise.

Conclusion

The Directors, like many Shareholders, continue to believe in the potential of Phoslock's offering. However, despite best efforts, the Company has unfortunately not been able to convert this potential into profitable operating performance. The decision to conclude a sale and wind-up the business is seen as the optimum way to preserve capital, allowing the Company to meet its costs and liabilities and provide the best prospects of enabling a return of capital to Shareholders.

Effect of the Proposed Transactions

If Shareholders approve of the Business Sale and the Delisting and the Business Sale proceeds to Completion, under the Sale Agreement:

- Phoslock will divest its key assets and have virtually no operations nor plans to enter into any new business activity. Whilst timing is uncertain, completion of the Business Sale is expected to occur on or around Wednesday, 21 February 2024. The Resolution to approve the Business Sale, is an ordinary resolution and must be approved by a simple majority of votes cast by Shareholders entitled to vote on the Resolution; and
- the Company will be removed from the ASX Official List, in anticipation of a winding up of the Company. The Resolution to approve the Delisting is a special resolution and must be passed by more than 75% of all votes cast by Shareholders entitled to vote on the Resolution.

Following Completion of the Business Sale, the Company intends to commence a winding up process, and any surplus funds returned to Shareholders.

If Shareholders do not approve Resolutions 1 and 2

If Shareholders do not approve the Proposed Transactions, the Board expects (unless Resolutions 3 – 9 are approved):

- it is likely to become necessary to appoint voluntary administrators in the short-term to dispose of the Company's remaining assets and undertake the formal winding-up. This is expected to result in a realisation of the Company's assets on terms less favourable than the Business Sale. It is also likely to result in significantly increased costs and, consequently, the potential return to Shareholders (and the prospects of any return to Shareholders) would be greatly diminished; and
- in the course of the winding up, the ASX would exercise its power to remove the Company from the ASX Official List as its structure and operations would not be appropriate for a listed entity.

Requisitioned Resolutions

On 5 December 2023, the Company received a notice from the Requisitioning Shareholders (**Requisition Notice**) pursuant to section 249D of the Corporations Act. These Resolutions are set out below and are numbered from 3 to 10.

Resolutions 3 to 10 (inclusive) are conditional on and subject to Shareholders not voting in favour of Resolutions 1 and 2. Resolutions 6 to 9 (inclusive) are additionally conditional on and subject to the Company maintaining at least 3 directors at all times.

Further details on these Resolutions are provided in the Explanatory Memorandum, including a description of the business plan proposed by prospective new Directors. That plan includes a proposal to 're-enter the Chinese market' which is described as 'previously the mainstay of the business'. Shareholders should note the following:

- The majority of sales recorded in China in the period 2017 to 2020 (financial years) related to sales of items, materials or services that were not Phoslock® with some of those sales having to be restated as related party transactions;
- Excluding Phoslock® sales in relation to Xingyun Lake and BHZQ, total sales of Phoslock® constituted approximately 3% of China sales during that period;
- An independent investigation into Xingyun Lake sales revealed significant apparent irregularities with that transaction;
- An independent investigation into BHZQ sales determined that revenue inappropriately recognised from those sales appeared linked to the awarding of options in PET to individuals who were not authorised to benefit from options;
- The Company has expended significant resources and funds in seeking to recover overdue or unpaid receivables relating to previous sales in China; and
- The current Board's position on transacting business in China is governed by a policy that requires all transactions to meet strict governance and transparency standards and not involve other parties that are considered to be high risk.

How to vote

Your vote is important, and you should carefully read this document as it provides important information on the Proposed Transactions, the Meeting and the Resolutions that you, as a valued Shareholder, are being asked to vote on.

I enclose your Notice, Explanatory Memorandum and Proxy Form. The Notice (including the Explanatory Memorandum) sets out the items of business for the Meeting. Please take the time to carefully read these documents.

If you wish to vote on the items of business detailed in the Notice and briefly outlined above, you may attend the Meeting in person or online. In the case of a body corporate, attendance can be by a representative or by appointing a proxy or attorney to vote on your behalf. Further information as to how to attend is set out on pages 6 to 9.

For those unable to attend, we encourage you to submit your directed proxy vote ahead of the meeting. If appointing a proxy, your proxy form should be completed and returned to the Company (see proxy form for further details) as soon as possible, but no later than **10:30AM (Melbourne Time) on Tuesday, 16 January 2024**.

All resolutions to be considered at the Meeting will be decided by way of a poll.

Further information

This Explanatory Memorandum sets out important information regarding the Meeting, including the reasons for the Board's unanimous recommendation that you vote in favour of the Proposed Transactions, in the absence of a Superior Proposal. It also sets out the reasons why you may wish to vote against the Resolutions.

Please read this document carefully and in its entirety, as it will assist you to make an informed decision on how to vote at the Meeting. If you are in any doubt about what you should do, you should consult your financial, legal, tax and other professional advisers before making any investment decision in relation to your Shares.

If you have any questions in relation to the Meeting, please contact the Company Secretary, Mr Matthew Parker at The Commons, 10-20 Gwynne Street, Cremorne, Victoria 3121 or via email at ir@phoslock.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'DKrasnostein', with a stylized initial 'D' and 'K'.

David Krasnostein AM
Chairman
Melbourne, Australia
15 Dec 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is given that an Extraordinary General Meeting of Shareholders of Phoslock Environmental Technologies Limited ACN 099 555 290 (**Phoslock** or the **Company**) will be held as a hybrid meeting at 10:30am (Melbourne time) on Thursday, 18 January 2024 at Chapel Suite, The Como Melbourne, 630 Chapel Street South Yarra VIC 3141 or online at <https://meetnow.global/M474VTH> (the **Meeting**). Shareholders have the opportunity to attend the Meeting in person or virtually.

The Explanatory Memorandum accompanying this Notice is incorporated in, and forms part of, this Notice. 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 Meeting and should be read in conjunction with this Notice.

This Notice is important, and the business of the Meeting affects the shareholding of each Shareholder. Shareholders are encouraged to read this Notice (including the Explanatory Memorandum) in its entirety before making a decision on how to vote on the Resolutions. If you are in any doubt about what to do, you should consult your legal, financial or other professional adviser.

Terms used in this Notice have the meaning given to them in the Glossary set out in the Explanatory Memorandum, unless the context requires otherwise.

AGENDA

The Items of Business should be read in conjunction with the Explanatory Memorandum on pages 13 to 30, which forms part of this Notice.

Resolutions 1 and 2 are put to the Meeting by the Company's Board.

*Your Board recommends you vote **FOR** Resolutions 1 and 2. Each Director will be voting all Shares that they hold or control **FOR** Resolutions 1 and 2 for the reasons outlined in section 1 of the Explanatory Memorandum.*

1. RESOLUTION 1 – APPROVAL OF DISPOSAL OF MAIN UNDERTAKING

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 11.2 and for all other purposes, approval is given for the disposal of all of Phoslock Group’s remaining Phoslock inventory and certain intangible assets (including registered and unregistered intellectual property) to the SePRO Corporation in accordance with the Business Sale Agreement as further described in the Explanatory Memorandum.”

Please refer to the voting exclusion statement in section 11 of this Notice.

2. RESOLUTION 2 – APPROVAL OF DELISTING

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

“That for the purposes of ASX Listing Rule 17.11 and for all other purposes, approval is given for the removal of the Company from the ASX Official List.”

*Resolutions 3 to 10 (inclusive) are put to the Meeting pursuant to the Requisition Notice. They are **NOT** put to the Meeting by the Company's Board.*

*Your Board recommends you vote **AGAINST** these Resolutions and each Director will be voting all Shares that they hold or control **AGAINST** these Resolutions for the reasons outlined in section 4.3 of the Explanatory Memorandum.*

3. RESOLUTION 3 – ELECTION OF FREDERICK BART AS DIRECTOR

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

“That, subject to and conditional on Resolutions 1 and 2 not being passed, in accordance with rule 67 of the Company’s constitution, Mr Frederick Bart be appointed as director of the Company with effect from the conclusion of the Meeting.”

4. RESOLUTION 4 – ELECTION OF SHAWN PIETER VAN BOHEEMEN AS DIRECTOR

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

“That, subject to and conditional on Resolutions 1 and 2 not being passed, in accordance with rule 67 of the Company’s constitution, Mr Shawn Pieter Van Boheemen be appointed as director of the Company with effect from the conclusion of the Meeting.”

5. RESOLUTION 5 – ELECTION OF GRAEME NEWING AS DIRECTOR

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

“That, subject to and conditional on Resolutions 1 and 2 not being passed, in accordance with rule 67 of the Company’s constitution, Mr Graeme Newing be appointed as director of the Company with effect from the conclusion of the Meeting.”

6. RESOLUTION 6 – REMOVAL OF LACHLAN JOHN FOSTER MCKINNON AS A DIRECTOR

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

“That, subject to and conditional on Resolutions 1 and 2 not being passed and the Company maintaining at least 3 directors at all times, in accordance with section 203D of the Corporations Act and rule 69.1 of the Company’s constitution, Mr Lachlan John Foster McKinnon be removed as a director of the Company with effect from the conclusion the Meeting.”

7. RESOLUTION 7 – REMOVAL OF DAVID MILTON KRASNOSTEIN AS A DIRECTOR

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

“That, subject to and conditional on Resolutions 1 and 2 not being passed and the Company maintaining at least 3 directors at all times, in accordance with section 203D of the Corporations Act and rule 69.1 of the Company’s constitution, Mr David Milton Krasnostein be removed as a director of the Company with effect from the conclusion the Meeting.”

8. RESOLUTION 8 – REMOVAL OF ROBERT EDWARD PROSSER AS A DIRECTOR

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

“That subject to and conditional on Resolutions 1 and 2 not being passed and the Company maintaining at least 3 directors at all times, in accordance with section 203D of the Corporations Act and rule 69.1 of the Company’s constitution, Mr Robert Edward Prosser be removed as a director of the Company with effect from the conclusion the Meeting.”

9. RESOLUTION 9 – REMOVAL OF BRENDA MARY SHANAHAN AS A DIRECTOR

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

“That, subject to and conditional on Resolutions 1 and 2 not being passed and the Company maintaining at least 3 directors at all times, in accordance with section 203D of the Corporations Act and rule 69.1 of the Company’s constitution, Ms Brenda Mary Shanahan be removed as a director of the Company with effect from the conclusion the Meeting.”

10. RESOLUTION 10 – REMOVAL OF ANY DIRECTOR APPOINTED AFTER REQUISITION

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

“That, subject to and conditional on Resolutions 1 and 2 not being passed, in accordance with section 203D of the Corporations Act and rule 69.1 of the Company’s constitution, any director of the Company appointed on or after the date of the Requisition Notice but before the commencement of the Meeting be removed as a director of the Company with effect from the conclusion of the Meeting.”

Dated 15 December 2023

By Order of the Board



Matthew Parker
Company Secretary

NOTES

1. Voting and required majority

Resolution 1 must be passed by more than 50% of all votes cast by Shareholders entitled to vote on the Resolution (whether in person or by proxy, attorney or representative).

Resolution 2, being a special resolution, must be passed by more than 75% of all votes cast by Shareholders entitled to vote on the Resolution (whether in person or by proxy, attorney or representative).

Resolutions 3 – 10 (inclusive) must each be passed by more than 50% of all votes cast by Phoslock Shareholders entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative).

Resolutions 3 – 5 (inclusive) are conditional on Resolutions 1 and 2 not being passed by the requisite majority of Shareholders.

Resolutions 6 – 9 (inclusive) are conditional on:

- Resolutions 1 and 2 not being passed by the requisite majority of Shareholders; and
- Resolution 3 – 5 (inclusive) all being passed by the requisite majority of Shareholders.

Each of the Resolutions set out in this Notice will be decided by poll, subject to the voting exclusion, and every Phoslock Shareholder has one vote for each Phoslock Share held at the 7:00pm (Melbourne Time) on Tuesday, 16 January 2024 (**Record Time**).

2. Determination of entitlement to vote

In accordance with Regulation 7.11.37 of the *Corporation Regulations 2001* (Cth), the Directors have determined that, for the purposes of the Meeting, all shares shall be taken to be held by the persons who were registered as Shareholders at the Record Time.

3. Voting at the Meeting or by proxy

Eligible Shareholders are encouraged to attend the Meeting. If unable to attend, Shareholders may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy need not be a Shareholder of the Company.

If Shareholders are entitled to cast two or more votes, they may nominate two persons to vote on their behalf at the Meeting. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of the Shareholder's votes. Fractions of votes will be disregarded. If no number or proportion is specified, each proxy may exercise half of the Shareholder's votes.

A proxy form and reply-paid envelope have been included for Shareholders with this Notice. Proxy voting instructions are provided on the Proxy Form.

4. Appointing a proxy

You can appoint a proxy by completing and signing the enclosed Proxy Form and sending or submitting the form delivered to the Company's Share Registry, Computershare Investor Services Pty Limited as follows:

- **Online:** visit www.investorvote.com.au and quote the 6 digit control number found on the front of the Shareholder's proxy form. Shareholders may also scan the QR code on the front of the accompanying proxy form with their mobile devices and insert their post code; or
- **Post:** GPO Box 242, Melbourne VIC 3001;
- **Fax:** 1800 783 447 (inside Australia) or +61 3 9473 2555 (outside Australia); or

- **Custodian voting:** Intermediary Online Subscribers (Custodians/Nominees) may lodge their vote electronically by visiting www.intermediaryonline.com.

Proxy Forms must be received by the Company by no later than 48 hours before the commencement of the Meeting, being no later than 10:30am (Melbourne Time) on Tuesday, 16 January 2024. Proxy Forms received later than this time will be invalid.

5. **Revocation of proxy**

Any revocations of proxies must be received (at the addresses or in the manner noted at Note 4 above) before commencement of the Meeting, or at the registration desk of the in-person Meeting location, from 9:30am to 10:00am (Melbourne Time) on Thursday, 18 January 2024.

Any revocation of proxy received after the deadline will be treated as invalid.

6. **Attorneys**

If a Shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, the power of attorney (or a certified copy of it) must be received by the Company or its Share Registry (at the addresses or in the manner noted at Note 4 above) 10:30am (Melbourne Time) on Tuesday, 16 January 2024.

7. **Corporate representatives**

If a corporate Shareholder wishes to appoint a person to act as its representative at the Meeting, that person must be provided with a letter or certificate authorising him or her as the company's representative (executed in accordance with the law and the company's constitution) or with a copy of the Resolution appointing the representative, certified by the secretary or a director of that company.

An appointment of corporate representative form may be obtained from the Share Registry online at www.investorcentre.com/au and selecting 'Printable forms.'

8. **Directed proxies**

A proxy may decide whether to vote on any motion except where required by law or the Company's constitution to abstain in their capacity as proxy. If a proxy is directed to vote on an agenda item, he or she may vote only in accordance with the direction. If a proxy is not directed how to vote on an agenda item, he or she may vote as the proxy thinks fit.

If you intend to appoint the Chair of the Meeting as your proxy, you are encouraged to direct them how to vote by marking a box for those Resolutions (for example, if you wish to vote for, or against, or abstain from voting). Shareholders who wish to direct a proxy how to vote on a Resolution must place a mark (i.e. a cross 'X') in the appropriate box on the proxy form.

If you appoint the Chair as your proxy without directing them how to vote, the Proxy Form authorises the Chair to vote as they decide on such Resolutions. If the Shareholder wishes to appoint the Chair as proxy with a direction to vote for, against or abstain from voting on an item, the Shareholder should specify this on the proxy form.

Subject to any voting restrictions and exclusions, where the Chair is appointed as proxy, the Chair intends to vote in favour of all Resolutions.

9. **Enquiries**

If you have any queries in respect of the matters set out in this Notice, you are encouraged to contact the Phoslock's Company Secretary, Matthew Parker, at The Commons, 10-20 Gwynne Street, Cremorne, Victoria 3121 or via email at ir@phoslock.com.au.

10. ASX

A copy of this Notice has been lodged with the ASX. The ASX and its officers take no responsibility for the contents of this booklet.

11. Voting exclusion statement

In accordance with the ASX Listing Rules, Phoslock will disregard any votes cast in favour of **Resolution 1 ('Approval of disposal of main undertaking')** by or on behalf of:

- the Purchaser;
- any other person who will obtain a material benefit as a result of the Business Sale (except a benefit solely by reason of being a holder of ordinary securities in Phoslock); and
- any of their respective associates.

However, the above voting exclusion does not apply to a vote cast in favour of Resolution 1 by:

- a person as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with directions given to the proxy or attorney to vote on the relevant Resolution in that way;
- the Chair as proxy or attorney for a person who is entitled to vote on the relevant Resolution, in accordance with a direction given to the Chair to vote on the relevant Resolution as the Chair decides; or
- a Phoslock Shareholder 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 Phoslock Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the relevant Resolution; and
 - the Phoslock Shareholder votes on the relevant Resolution in accordance with directions given by the beneficiary to the Phoslock Shareholder to vote in that way.

12. Background information

The material in this Notice is general background information about Phoslock and the Proposed Transactions and is current as at the date of this Notice. The information in this Notice is given for informational purposes only, is in summary form and does not purport to be complete or to provide all information that a Shareholder or an investor should consider when making a decision as to how to vote on the Resolutions or a decision.

It is intended to be read in conjunction with Phoslock's other announcements to the ASX.

13. Cautionary statement regarding forward-looking statements

The prospective financial information included in this Notice is predictive in character, may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved. These forward-looking statements generally are identified by the words "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "predict," "contemplate," "potential," "intend," "seek," "future," "may," "could," "should," "will," "would," "will be," "will continue," "will likely result," or similar expressions.

Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions. These statements are based on various assumptions, whether or not identified in this Notice, and on the current expectations

of Phoslock, and are not predictions of actual performance, and, as a result, are subject to risks and uncertainties. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any Shareholder or investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies, both general and specific, many of which are beyond Phoslock's control, and there is a risk that such predictions, forecasts, projections, and other forward-looking statements will not be achieved. Actual results may be materially different from those expressed or implied in forward-looking statements and any projections and assumptions upon which these statements are based.

Subject to any obligations under the Corporations Act or the ASX Listing Rules, the Company does not give any undertaking to update or revise any forward-looking statements after the date of this Notice to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

14. Financial and other information

Any historical performance information included in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Phoslock's future performance.

The Explanatory Memorandum contains pro forma financial information showing the proposed application of the proceeds of the Business Sale. The pro forma financial information provided is for illustrative purposes only and should not be relied upon as it is not represented as being indicative of the Company's future financial condition and/or performance.

15. Privacy and personal information

Phoslock may need to collect personal information to conduct the Meeting. This information may include the name, contact details and security holding of Shareholders, and the name of persons appointed by Shareholders to act as proxy, attorney, or in the case of a corporate Shareholder or proxy, as corporate representative at the Meeting. The primary purpose of collecting this personal information is to assist Phoslock in the conduct of the Meeting. Without this information, Phoslock may be hindered in its ability to carry out this purpose to full effect. The collection of certain personal information is authorised by the Corporations Act.

Personal information may be disclosed to Computershare, print and mail service providers, authorised securities brokers and to related entities of Phoslock.

Shareholders have certain rights to access their personal information that has been collected. Shareholders should contact Computershare in the first instance if they wish to request access to their personal information.

Shareholders who appoint a named person to act as their proxy, attorney, or in the case of a corporate Shareholder or proxy, as their corporate representative at the Meeting, should ensure that they inform that person of the matters outlined above.

16. Date

This notice is dated 15 December 2023.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist Shareholders to consider the Resolutions set out in the Notice. It forms part of and should be read in conjunction with the Notice. The Board recommends that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Capitalised terms not otherwise defined in the Notice and this Explanatory Memorandum are defined in the Glossary contained in this Explanatory Memorandum.

1 Strategic update and background to Resolutions 1 and 2

Given the lack of consistent sales which has plagued the business from its inception and the ongoing investment necessary to support product development and market expansion, a significant capital injection (or some form of transaction with an appropriate partner) was required to support the ongoing long-term operations of the business, at a level that could achieve sustainable business profitability. The funding requirement far surpassed Phoslock's available cash reserves.

As announced on 28 April 2023 (**Strategic Review**), Resolute Advisory Pty Ltd (**Resolute**), a leading independent corporate advisory firm, was engaged to undertake a strategic review of the business. Resolute has actively engaged potential investors that may be interested in contributing capital support or partnering with Phoslock.

Resolute has marketed the PET opportunity to an extensive range of potential investors across the globe. To date, potential investors have not shown actionable interest in investing directly into the PET entity. Investor interest has been negatively impacted by ongoing regulatory and potential legal actions relating to Phoslock's legacy issues.

Notwithstanding this, Phoslock has remained focused at all times on exploring alternative strategic pathways to maximise shareholder value.

Phoslock will continue to monitor and satisfy the Company's liabilities including costs associated with the necessary administration steps leading to a winding-up of the Company. Depending on the quantum of proceeds and the extent of the Company's liabilities and costs, there may be a return of capital to Shareholders.

The Company expects that upon completion of the Business Sale, the Company's consolidated cash reserves will be between \$16.6 million and \$16.8 million. The Company expects that its wind down costs, including the payment in full of all current liabilities and creditors will be between \$4.3 million and \$5.8 million, leaving a net cash amount of between \$10.8 million and \$12.5 million, or approximately 1.7 – 2.0 cents per share. All estimates are approximate figures based on the best information currently available.

The return of any capital to Shareholders and the quantum of any such return cannot be assured due to potential unforeseen expenses that may arise or claims associated with Phoslock's contingent liabilities. As noted above, the determination of this will depend on the outcome of consultation with the relevant regulatory authorities and other stakeholders.

The Company has come to these decisions now, as foreshadowed in announcements made over recent months after having:

- invested an appropriate amount of time and effort in exploring and pursuing the potential opportunities afforded by the Company's products;
- investigated the legacy issues and activities as appropriate; and
- appointed Resolute to run a broad process to identify and examine potential strategic options on its behalf.

While the Company still has cash reserves, this decision now takes due account of creditor obligations, and the interests of Shareholders in that context.

Sale Agreement

Phoslock announced on 7 December 2023 that it entered into an agreement (**Sale Agreement**) pursuant to which it has agreed to sell all of the Phoslock Group's remaining Phoslock inventory and certain intangible assets (including registered and unregistered intellectual property) to SePRO Corporation in accordance with the Sale Agreement, subject to it being approved by the Shareholders of Phoslock and other regulatory conditions outlined below in section 2.3 below (**Business Sale**).

The Business Sale has been unanimously approved by the Phoslock Board, and the Board unanimously recommends Shareholders vote in favour of Resolution 1 in the absence of a Superior Proposal.

The Board has come to the view that it is in the best interests of the Company to:

- enter into the Sale Agreement and complete the Business Sale, as it represents an opportunity for Phoslock to realise value in its remaining inventory and intellectual property; and
- following Completion of the Business Sale, not subsequently undertake to operate or acquire any further business opportunities.

As at the date of this Notice, no Superior Proposal has emerged.

Delisting

Further to the strategic update detailed in section 1 of this Explanatory Memorandum, and irrespective of whether Resolution 1 is approved nor whether the Business Sale proceeds to Completion, the Board has unanimously determined that it is in the best interests of the Company and its Shareholders that the Company be removed from the ASX Official List.

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

Reasons to vote in favour of Resolutions 1 and 2

a) The Business Sale offers Shareholders an opportunity to realise value for the business

Consideration of the Business Sale primarily consists of the Company's pre-impaired Phoslock inventory at cost, plus a premium for other business assets. In the absence of a Superior Proposal, the Business Sale currently represents the best path forward in the Company's circumstances as outlined in the Chair's letter.

b) The Business Sale enables Phoslock to cease its cash burn

The Company has experienced ongoing cash burn in recent years primarily due to a lack of consistent sales as well as significant costs stemming from the Company's legacy issues. The Proposed Transactions enable Phoslock to cease ongoing costs and is seen as the optimum way to preserve capital.

c) Proceeds from the Business Sale may potentially enable the Company to return excess capital to Shareholders

Based on current estimates, the Board expects its consolidated cash reserves along with proceeds from the Business Sale can cover subsequent wind down costs and liabilities, potentially leaving a net cash amount of between \$10.8 million and \$12.5 million, or approximately 1.7 – 2.0 cents per share to be distributed to Shareholders. Note that this estimate is subject to change and dependent on a range of factors including whether any contingent liabilities crystallise.

d) If Resolution 1 is not approved, any subsequent winding up will likely result in a sale of the Company's assets on terms that may be less favourable than the Business Sale

If Resolution 1 is not approved, the winding-up process will likely involve selling Phoslock's assets in a manner that prioritises speed of disposal. This may result in terms less favourable than those offered in the Business Sale. This, combined with repayments of any outstanding liabilities as well as additional closure and winding-up costs, adds uncertainty to the likelihood of any capital remaining for distribution to Phoslock Shareholders.

Reasons you may wish to vote against Resolutions 1 and 2

a) You may consider that there is the potential for a Superior Proposal to emerge

You may believe that a Superior Proposal for Phoslock could emerge in the foreseeable future. However, you should note that as at the date of this Explanatory Memorandum, no Competing Transaction (superior or otherwise) has been received and there can be no assurances that any will emerge in the future.

b) You may believe that the Proposed Transaction is not fair and reasonable or in the best interests of Shareholders

Notwithstanding the unanimous recommendation of the Directors that the Proposed Transaction is fair and reasonable and in the best interests of Shareholders (in the absence of a Superior Proposal), you may believe that the Proposed Transaction is not fair or not reasonable, or otherwise not in your best interests or in the best interests of Shareholders as a whole.

c) You may believe that voting in favour of Resolutions 3 to 10 is in the best interests of Shareholders

Notwithstanding the unanimous recommendation of the Directors that the Proposed Transactions are in the best interests of Shareholders (in the absence of a Superior Proposal), you may believe in the Requisitioning Shareholders' business plan as outlined in Annexure A.

What you are voting on at this Meeting

The Board has called this Meeting for Phoslock Shareholders to consider, and if thought fit, pass Resolutions 1 and 2 to approve the sale of the Company's assets pursuant to the Sale Agreement and for the purposes of ASX Listing Rule 11.2 and remove Phoslock from the ASX Official List.

In addition, the Meeting satisfies the Company's obligation to convene a general meeting to consider the Requisitioned Resolutions (Resolutions 3-10) pursuant to section 249D of the Corporations Act. If Shareholders do not pass Resolutions 1 and 2, they will have the opportunity to consider the Requisitioned Resolutions, being resolutions which propose the removal of all of the existing directors of the Company and the appointment of three new directors, whose intentions regarding the Company's future management are detailed in section 4.2 of the Explanatory Memorandum.

Announcement

The Board recommends that Shareholders read in full the ASX Announcement released by Phoslock about the Business Sale and the Meeting on 7 December 2023.

2 Resolution 1 – Approval of disposal of main undertaking

2.1 Overview of Business Sale

The Company is proposing to sell all of the Phoslock Group's remaining Phoslock inventory and certain intangible assets (including registered and unregistered intellectual property) to the SePRO Corporation in accordance with the Sale Agreement.

The Sale Agreement is subject to certain conditions that must be satisfied before Completion may occur. These conditions are summarised in section 2.3 of this Explanatory Memorandum.

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its Shareholders prior to disposing of its main undertaking. The assets subject of the Business Sale constitute Phoslock's main undertaking for these purposes.

Resolution 1 seeks the required Shareholder approval to the Business Sale under and for the purposes of ASX Listing Rule 11.2.

If Resolution 1 is passed and the other condition precedents are satisfied, the Company will be able to proceed to Completion of the Sale Agreement, resulting in receipt of the Purchase Price. If Resolution 1 does not pass, or if the Business Sale does not proceed to Completion under the terms of the Sale Agreement:

- the Company will not be able to proceed with the Business Sale; and
- the Board expects it would become necessary to appoint voluntary administrators in the short-term to dispose of the Company's remaining assets and undertake the formal winding-up. This is expected to result in a realisation of the Company's assets on terms less favourable than the Business Sale, it is likely to result in significantly increased costs and, consequently, the potential return to Shareholders (and the prospects of any return to Shareholders) would be greatly diminished.

As the Company announced on 31 October 2023, it has terminated the employment of Lachlan McKinnon as its Chief Executive Officer and Matthew Parker as Chief Financial Officer. Both Lachlan McKinnon and Matthew Parker will continue to work for the Company until their notice periods of 12 months lapse or until otherwise advised.

In the employment agreements of Lachlan McKinnon, Matthew Parker and Cherry (Chong) Wang, each employee has the right to immediately terminate their employment with the Company (with associated payments) in circumstances where there is a material downgrading of their position, responsibilities, functions or status within PET by the Company, or where there is a change of control of PET.

Following the Meeting, Matthew Parker will continue to be Company secretary until otherwise advised, and Lachlan McKinnon will continue to be a director of the Company unless Resolution 6 is approved.

2.2 Indicative timetable

The timetable and the dates below are indicative only, and the Company may vary those dates in accordance with the Sale Agreement or in consultation with ASX. It assumes that Resolutions 1 and 2 are approved by Shareholders at the Meeting. Changes to the below dates will be announced to the ASX and notified on the Company's website.

Event	Anticipated date and time
Final time for lodgement of proxies for EGM	10:30am on 16 January 2024
Record Date for voting	7:00pm on 16 January 2024
Meeting of Shareholders	10:30am on 18 January 2024
Completion of the Sale Agreement	21 February 2024

Delisting Time and Date	4:00pm on 26 February 2024
-------------------------	----------------------------

2.3 Key terms of the Sale Agreement

Parties	<p>Phoslock Environmental Technologies Limited (ACN 099 555 290)</p> <p>Phoslock Pty Ltd (ACN 087 115 295)</p> <p>Phoslock Technologies Pty Ltd (ACN 117 501 587)</p> <p>Phoslock Water Solutions (UK) Ltd, a company incorporated in the United Kingdom with registered number 5822187</p> <p>(each a Seller, together the Sellers)</p> <p>SePRO Corporation (Buyer)</p>
Conditions Precedent	<p>The obligations of the Sellers and the Buyer under the Sale Agreement to effect Completion of the Transaction is conditional on the satisfaction of the following:</p> <p>(a) Shareholders approving the Sale in accordance with ASX Listing Rule 11;</p> <p>(b) Buyer obtaining FIRB Approval; and</p> <p>(c) The transfer of regulatory authorisations to the Buyer.</p>
Purchase Price	<p>The total maximum purchase price is A\$3.2 million (excluding GST), comprised of a variable and fixed element as set out below:</p> <p>(a) in respect of the inventory to be sold, the pre-impaired cost of that inventory as set out in the schedule to the Sale Agreement multiplied by the quantity of that inventory as at Completion; and</p> <p>(b) A\$0.425 million in respect of all other assets.</p>
Included Assets	<p>The Buyer has agreed to purchase PET's inventory and, associated records and information (other than Phoslock in the United Kingdom and Phosflow), intellectual property (including registered and unregistered trade marks and patents) and all intangible other assets other than the Excluded Assets.</p>
Exclusivity	<p><u>No shop, no talk, no due-diligence, no recommendation</u></p> <p>Between the Execution Date and Completion, subject to the fiduciary exception, PET must not and must procure no member of the PET Group or its Representatives, directly or indirectly:</p> <p>(a) solicit, invite, facilitate, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any expression of interest, offer, transaction, arrangement or proposal from or with any other person in relation to a Competing Transaction;</p> <p>(b) negotiate or enter into, continue or participate in negotiations or discussions, or communicate any intention to do any of those things, in respect of a Competing Transaction, or enter into any agreement, arrangement or understanding in relation to, or which may be reasonably expected to lead to, an expression of interest, offer or proposal from, or</p>

	<p>agreement with, any other person in relation to a Competing Transaction;</p> <p>(c) provide information with respect to the PET Group, its assets or its operations to any person or entity (other than the Buyer Group or its designees) in connection with any possible Competing Transaction; and</p> <p>(d) make or authorise any statement, recommendation or solicitation in support of any possible Competing Transaction.</p> <p><u>Fiduciary exception</u></p> <p>Paragraphs (a) to (d) above do not restrict any action or inaction, in respect of a Competing Transaction, by PET, a PET Group Member or their representatives if the PET Board has determined in good faith and after consultation with its advisers that:</p> <p>(a) such Competing Transaction is or could reasonably be expected to become a Superior Proposal; and</p> <p>(b) after receiving written legal advice, that compliance with paragraphs(a) to (d) would or would be reasonably likely to constitute a breach of fiduciary duties of the directors of PET.</p>
Termination	<p>The Buyer may terminate the Sale Agreement at any time before Completion on notice to the Sellers if:</p> <p>(a) an Insolvency Event occurs in relation to any Seller;</p> <p>(b) the aggregate quantity of Phoslock available for sale under the Sale Agreement is below 2,500 metric tonnes; or</p> <p>(c) Shareholders vote against a resolution to approve the Sale Agreement.</p> <p>The Sellers may terminate the Sale Agreement at any time prior to Completion if an Insolvency Event occurs in relation to the Buyer.</p>
Reimbursement Fee	<p>PET agrees to pay the Buyer a reimbursement fee of A\$200,000 if Shareholders do not approve the Sale Agreement in circumstances where one or more directors of PET has either failed to make, or has withdrawn, adversely modified or adversely qualified a recommendation to Shareholders to vote in favour of the Sale Agreement.</p>
Warranties and Indemnities	<p>The Sale Agreement contains a list of customary warranties and representations that reflect a transaction of this nature. Mutual warranties are given by all parties with respect to title and capacity. PET provides certain additional customary warranties in relation to the inventory and intellectual property being sold.</p> <p>All warranties are qualified by information:</p> <p>(a) disclosed by the Sellers to the Buyer;</p> <p>(b) information that would be available to the Buyer had it conducted searches of PET's ASX announcements for the two years prior to the Execution Date, registers of Intellectual Property Australia, registers of intellectual property agencies in Brazil, EU, UK, China and the USA and</p>

	<p>registers of the Australian Securities and Investment Commission.</p> <p>The Sale Agreement contains a customary liability regime with respect to de minimis claims and time limits for bringing a claim against the Sellers as well as escrow arrangements.</p>
--	---

2.4 Financial effect

The Company expects to receive approximately A\$3.2 million under the Sale Agreement.

As previously announced, the Company has significantly scaled down business operations in order to reduce expenditure, and if the Business Sale proceeds to Completion, Phoslock will have disposed of virtually all of its material assets. As a result, the Company's ongoing operations would be minimal and as previously announced the Board intends to move to a winding up.

2.5 What Phoslock intends to do with the proceeds of disposal

Further to sections 1 and 2.1 of this Explanatory Memorandum, the Board expects that the Purchase Price will form part of the assets of the Company and potentially be distributed in the course of the winding up of the affairs of the Company.

2.6 Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

2.7 Voting exclusion statement

A voting exclusion statement with respect to Resolution 1 is included in the Notice.

3 Resolution 2 – Delisting

3.1 Overview

The Company seeks approval from Shareholders to remove the Company from the ASX Official List (**Delisting**). Resolution 2 is a special resolution and requires at least 75% of the votes cast by Shareholders entitled to vote and voting to be in favour of the Resolution.

Further to the ASX's announcement on 14 August 2023, the securities of Phoslock are currently suspended from quotation pursuant to ASX Listing Rule 17.3.1.

The Company received in-principle advice from ASX on 29 November 2023 that, subject to receipt of a formal application for Delisting, ASX would likely remove the Company from the ASX Official List, on a date to be decided by ASX in consultation with the Company, subject to compliance with certain conditions. ASX has confirmed that if Shareholder approval is received and unless otherwise agreed with the Company, Phoslock will be removed from the ASX Official List on 26 February 2024.

The conditions imposed by ASX on the Delisting are as follows:

- **(Condition A)** that Phoslock obtain the approval of its security holders to its removal from the ASX Official List by way of a special resolution; and
- **(Condition B)** that the notice of meeting seeking Shareholder approval for the Company's removal from the ASX Official List must:
 - **(Condition B.1)** include a timetable of key dates including the time and date at which the Company will be removed from the ASX if Shareholders vote in favour of the Delisting;

- **(Condition B.2)** include a statement detailing the processes that will exist after the Company is removed from the ASX Official List to allow holders to dispose of their holdings and how they can access those processes; and
- **(Condition B.3)** include to ASX's satisfaction, information prescribed in section 2.11 of ASX Guidance Note 33.
- **(Condition C)** Phoslock releases the full terms of the in-principle advice to the market upon making a formal application to ASX to remove the Company from the ASX Official List.

3.2 Important information

Why is the approval being sought, and what will happen if the approval is given or not given?

Phoslock has applied to ASX to be removed from the ASX Official List under ASX Listing Rule 17.11.

As is its usual practice, ASX has imposed a requirement under ASX Listing Rule 17.11 and Guidance Note 33 *Removal of Entities From the ASX Official List*, that Phoslock obtain Shareholder approval prior to proceeding with a Delisting.

Resolution 2 seeks the required shareholder approval to the Delisting under and for the purposes of the ASX Listing Rules.

If Resolution 2 is passed, the Company will be removed from the ASX Official List on 26 February 2024 (**Delisting Date**). Between the date of the Meeting and the Delisting Date, the Company's shares will continue to be suspended from trading on the ASX.

After the Delisting Date, the Board expects the Company will proceed to be wound up.

If Resolution 2 is not passed, Phoslock will not be able to proceed with the Delisting and expects that the consequences set out below will follow:

- If Resolution 1 to approve the Business Sale is approved and the Business Sale proceeds to Completion, but Resolution 2 to approve the Delisting is not approved, then the Company will remain listed on ASX but the Company will not have any ongoing business operations or plans to enter into any new business activity. The Company expects that in these circumstances, the ASX would exercise its power to remove the Company from the ASX Official List as its structure and operations would not be appropriate for an entity listed on ASX.
- In any event, it is intended that the Company will proceed to be wound up. In the course of the winding up, the ASX would exercise its power to remove the Company from the ASX Official List as its structure and operations would not be appropriate for an entity listed on ASX.

What are Phoslock's reasons for seeking removal from the ASX Official List?

The reasons for the recommendation by the Directors that Shareholders approve the Delisting are set out in section 1 of this Explanatory Memorandum and as follows:

- in the course of the Strategic Review, the Board has undertaken an exhaustive process to identify the Company's options, as described in further detail in section 1 of this Explanatory Memorandum;
- the Board has determined that the Business Sale followed by a winding up of the Company is in the best interests of the Company;

- On 14 August 2023, ASX suspended the securities of Phoslock from quotation pursuant to ASX Listing Rule 17.3.1, and the Board has formed the view that it is unlikely its shares will again be eligible to trade on the ASX;
- the Delisting is therefore an appropriate course of action that is in the best interests of the Company and the Shareholders; and
- in any event, on Completion of the Business Sale, the Board's view is that ASX would exercise its power to remove the Company from the Official List as its structure and operations would not be appropriate for an entity listed on ASX.

Disadvantages of the Delisting

The Directors have considered the potential disadvantages to the Company of Delisting, particularly:

- following the Delisting, Phoslock's shares will no longer be traded on ASX and will instead only be capable of sale by way of private transaction, meaning Shareholders will be responsible for sourcing potential purchasers of their shares;
- if the Company is Delisted, it will have more limited means by which it can raise capital by way of the issue of securities. Typically, an unlisted company does not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents. Therefore, the main means for the Company (as an unlisted company) to raise equity funds would be by way of an offer of securities pursuant to a full form prospectus or by way of placement to sophisticated and other investors who do not require a prospectus; and
- following the Delisting, the Company will be relieved from some of the reporting and disclosure requirements that are imposed by the ASX Listing Rules. These include restrictions on the issue of shares by the Company and requirements to address the ASX Corporate Governance Principles and Recommendations. The absence of continued restrictions in these areas may be perceived to be a disadvantage by some Shareholders.

However, the Board has formed the view that the potential advantages of the Delisting outweigh its potential disadvantages, noting that:

- Phoslock shares have been suspended from quotation by the ASX since 14 August 2023 and are already unable to be traded other than by way of a private transaction. The Board has formed the view that it is unlikely that they will return to quotation, and as a result, the liquidity of Shares will not be materially diminished by the Delisting; and
- the Board does not intend for Phoslock to conduct any fundraising activity, and after the Business Sale, the Company would have disposed of nearly all of its material assets, in advance of its winding up. And in any event, as noted earlier, the Company has undertaken an extensive process to seek additional fundraising with no success.

Consequences for Shareholders of the Delisting

If the Company is Delisted, various requirements of the ASX Listing Rules will no longer apply to the Company, including reporting and disclosure requirements, restrictions on the issue of securities by the Company, and requirements concerning significant changes to the Company's activities.

The absence of the restrictions imposed by the ASX Listing Rules may be perceived to be a disadvantage to some Shareholders.

However, Shareholders will still have the benefit of the disclosure obligations imposed on the Company by the Corporations Act and its Constitution. In the period between the Company

being Delisted and its ultimate liquidation and deregistration, and for so long as the Company has 100 members, the Company would be regarded as an unlisted disclosing entity pursuant to subsection 111AL(2) of the Corporations Act, and must provide continuous disclosure in the manner required by section 675 of the Corporations Act, subject to changes as prescribed by law upon the appointment of an administrator or other insolvency practitioners in the course of the winding up of the Company.

What remedies may Shareholders pursue under the Corporations Act?

If a Shareholder considers the Delisting to be contrary to the interests of the Shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a Shareholder, it may apply to the court for an order under Part 2F.1 of the Corporations Act.

Under section 233 of the Corporations Act, the court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

If a Shareholder considers that the Delisting involves "unacceptable circumstances", it may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer also to Guidance Note 1: Unacceptable Circumstances issued by the Takeovers Panel). Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2. Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote all Shares which they control in favour of Resolution 2.

No Director will receive a payment or benefit of any kind as a result of the Delisting, other than as a Shareholder of the Company and other than the payment of Director fees for so long as their directorship continues.

3.3 Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

4 Resolutions 3 to 10 (inclusive) – pursuant to the Requisition Notice

4.1 Overview

On 5 December 2023, the Company received the Requisition Notice from the Requisitioning Shareholders pursuant to section 249D of the Corporations Act.

The Requisition Notice requested the Company convene a general meeting at which Resolutions 3 – 10 (inclusive) were considered by way of poll of Shareholders. The Company has included the Resolutions in this Meeting in satisfaction of its requirement to convene a general meeting pursuant to the Requisition Notice and section 249D of the Corporations Act.

Resolutions 3 to 10 (inclusive) are conditional on and subject to Shareholders not voting in favour of Resolutions 1 and 2. In addition, to ensure compliance with the statutory minimum number of directors pursuant to section 201A of the Corporations Act, Resolutions 6 to 9 (inclusive) are also conditional on and subject to the Company maintaining at least 3 directors at all times.

The effect of the conditionality of Resolutions 3 to 10 is such that Shareholders have a choice to either:

- approve the Proposed Transactions and proceed to wind up the Company; or
- enable the Company to continue its existing operations under the direction of a new board of directors and management team and in accordance with the strategy detailed in section 4.2 of the Explanatory Memorandum.

As explained further in section 4.3, the current Board unanimously recommends Shareholders vote **IN FAVOUR OF** of Resolutions 1 and 2 and **AGAINST** Resolutions 3 to 10. In addition to reading the Board's recommendation in section 4.3, Shareholders should note the comments on the Requisitioned Resolutions in the letter from the Chair when assessing the viability of the Requisitioning Shareholders' go-forward strategy.

4.2 Information regarding Resolutions 3 – 10

The qualifications of the directors proposed to be appointed under Resolutions 3 – 5 (inclusive) by the Requisitioning Shareholders to the Company's board are included as Annexure A to the Explanatory Memorandum.

Section 249P of the Corporations Act permits the Requisitioning Shareholders to submit a statement for circulating to Shareholders regarding the proposed resolutions. A copy of the Requisitioning Shareholders' statement is included as Annexure A to the Explanatory Memorandum.

4.3 Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2 and **AGAINST** Resolutions 3 to 10 (inclusive).

As explained in detail in section 1 of the Explanatory Memorandum, the Board has undergone a rigorous review of the Company's operations and business plan with a view to implementing a viable strategy to returning the Company to a state of profitable operating performance. Despite the best efforts of the Strategic Review, which included consultation and discussions with potential investors and strategic operating partners across the globe identified by ourselves and Resolute, our strong and considered belief is that it is highly unlikely the Company can be resuscitated.

In the unfortunate circumstances the Company has faced, namely significant cash burn and unquantified contingent liabilities owing to legacy issues, the Board has determined the best outcome for the preservation of capital (and hence for Shareholders) will most likely be achieved through the Proposed Transactions contemplated by Resolutions 1 and 2 and a subsequent winding up of the Company.

The Board's view is that the Company's ability to go-forward and trade its way to profitability is highly unlikely to succeed in the absence of a significant capital injection or consistently large sales volumes. Neither have been able to be secured, despite a global search for investors and strategic partners, due to the challenging sales environment and legacy issues the Company has faced as explained in detail in the letter from the Chair.

As referred to in the letter from the Chair, the Company would require significant levels of capital to increase its manufacturing capacity to facilitate a sales volume that would allow the Company to move beyond a break-even position. In addition, a significant potential obstacle to having the Company's involuntary suspension lifted by the ASX is the requirement for an unqualified opinion that the Company is a going concern, which in turn would require a significant amount of capital to achieve. The Board does not believe there is the likely level of support from Shareholders to raise the requisite amount of capital to achieve profitability through ongoing trade.

Despite our strong conviction that this wind-up strategy is in the best interests of Shareholders, the Requisitioning Shareholders have instead proposed a go-forward strategy. As explained in

Annexure A, their intentions are to renew management, reduce cash burn and attempt to resuscitate the Company.

Our belief, which has been formed after deep consideration of similar strategies to those proposed by the Requisitioning Shareholders, is that a go-forward strategy is nevertheless highly unlikely to result in a greater return for Shareholders than what is likely to be achieved through the Proposed Transactions and wind up. For this reason, and for those explained in greater detail in section 1 of the Explanatory Memorandum, of all the paths forward the Board views the Proposed Transaction and wind up as the most sensible course of action for the Company and Shareholders.

We have not been provided with any information or materials outlining how the Requisitioning Shareholders intend to achieve re-quotations, or how their business plan would address the fundamental roadblocks to profitability articulated in this Explanatory Memorandum and the letter from the Chair.

Consequently, the Board unanimously recommends Shareholders vote in favour of Resolutions 1 and 2 and against Resolutions 3 to 10.

ENQUIRES

All enquiries in relation to the contents of the Notice and the Explanatory Memorandum should be directed to the Company Secretary, Matthew Parker at The Commons, 10-20 Gwynne Street, Cremorne, Victoria 3121 or via email at ir@phoslock.com.au.

GLOSSARY

In this Notice, unless expressly provided otherwise:

Term	Definition
ASX	means ASX Limited (ACN 008 624 691) or, where the context requires, the Australian Securities Exchange operated by ASX Limited
ASX Listing Rules	means the official listing rules of ASX, as amended or waived from time to time.
ASX Official List	means the official list of entities that ASX has admitted and not removed.
Board	means the board of Directors of the Company and, where applicable, includes a committee of the Directors.
Business Sale	means the sale of all of the Phoslock Group's remaining Phoslock inventory and certain intangible assets (including registered and unregistered intellectual property) to the SePRO Corporation in accordance with the Sale Agreement.
Chair	means the chairperson of the Meeting.
Company or Phoslock	means Phoslock Environmental Technologies Limited ACN 099 555 290.
Competing Transaction	<p>means the acquisition of any part of the PET Group or its operations, whether by way of merger, purchase of or subscription for equity securities (other than exercise of any options currently on issue), purchase of assets or otherwise, but excludes:</p> <ul style="list-style-type: none">(a) (subject to the minimum aggregate amount of Phoslock inventory not falling below 2,500 metric tonnes) sales of inventory in the ordinary course of business;(b) any sales of Excluded Assets (including for clarity to a strategic purchaser); and(c) any transfer of employees of the PET Group; and <p>appointing a controller, including any liquidator or administrator (including pursuant to a voluntary winding up).</p>
Completion	means the completion of the Business Sale pursuant to the Sale Agreement.
Computershare	means Computershare Investor Services Pty Limited.
Constitution	means the constitution of the Company (as amended from time to time).
Corporations Act	means the Corporations Act 2001 (Cth).
Delisting	means the removal of the Company from the ASX Official List.
Delisting Date	has the meaning given to that term in section 3.2 of the Explanatory Memorandum.
Directors	means the directors of the Company.
Execution Date	means the execution date of the Sale Agreement.
Excluded Assets	<p>means:</p> <ul style="list-style-type: none">(a) any Phosflow inventory;

- (b) Phoslock inventory which, as at the Execution Date, is located in the United Kingdom;
- (c) goodwill;
- (d) raw material inventory;
- (e) water cleanser bricks inventory;
- (f) property, plant and equipment and other tangible assets;
- (g) software and systems;
- (h) employees;
- (i) cash;
- (j) receivables;
- (k) the benefit of any contract to which a Seller is a counterparty
- (l) any licence or approval personal to any Seller and not capable of transfer; and
- (m) any records not forming part of the information disclosed in the data room.

**Explanatory
Memorandum
EGM or Meeting**

means the explanatory memorandum accompanying this Notice.

means the extraordinary general meeting of Shareholders of the Company convened by this Notice.

FIRB Approval

means, in respect of the Sale Agreement, one of the following occurring:

- (a) the Buyer has received a written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), by or on behalf of the Treasurer of the Commonwealth of Australia stating or to the effect that the Commonwealth Government has no objection to the acquisition by the Buyer of the Included Assets pursuant to the Sale Agreement, and such notice is either unconditional or subject only to conditions which are acceptable to the Buyer (acting reasonably);
- (b) the Treasurer of the Commonwealth of Australia becomes precluded by the passage of time from making an order or decision under Division 2 of Part 3 of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in relation to the acquisition by the Buyer of the Included Assets pursuant to the Sale Agreement;
- (c) if an interim order is made under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of the acquisition by the Buyer of the Included Assets pursuant to the Sale Agreement, the subsequent period for making a final order or decision under Division 2 of Part 3 of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) elapses without the Treasurer making such an order or decision; or
- (d) the Buyer has received a written notice by or on behalf of the Treasurer of the Commonwealth of Australia stating or to the effect that the transactions contemplated by the Sale Agreement are not 'significant actions', 'notifiable actions', 'notifiable national security actions' or 'reviewable national security actions' under the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Insolvency Event

means, in respect of an entity (the **Relevant Entity**):

(a) any of the following occurs:

- (i) a controller (as defined in section 9 of the Corporations Act) or administrator is appointed; or
- (ii) a resolution to appoint a controller or administrator is passed,

to the Relevant Entity, or over a material asset of the Relevant Entity, unless, in the case of an appointment, the appointment of the controller is capable of being set aside, and it is set aside, within 7 days of the appointment being made (or if earlier by the date on which Completion is required to occur under the terms of this document), in each case other than in connection with a Permitted Arrangement (where **Permitted Arrangement** means a solvent reconstruction or amalgamation between members of the Relevant Entity's corporate group which does not (in either case) involve the Relevant Entity)

(b) any of the following occurs:

- (i) an application is made, other than an application which is capable of being set aside, and it is set aside, within 7 days of being made (or if earlier by the date on which Completion is required to occur under the terms of the Sale Agreement);
- (ii) an order is made;
- (iii) a meeting is convened by the shareholders, unitholders, directors or other officers of the entity for the purpose of considering any resolution; or
- (iv) a resolution is passed,

for the winding up of the Relevant Entity, in each case other than in connection with a Permitted Arrangement;

- (c) the Relevant Entity is deregistered, or any steps are taken to deregister the Relevant Entity under the Corporations Act or other applicable legislation;
- (d) the Relevant Entity stops or suspends payment of its debts generally, or threatens to do so;
- (e) the Relevant Entity is unable to pay its debts when they are due, is presumed to be insolvent under the Corporations Act, or its board of directors (or equivalent) resolves that it is or is likely to become insolvent;
- (f) the Relevant Entity enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, any of its creditors or any class of them (other than in connection with a Permitted Arrangement); or
- (g) anything analogous to or having a substantially similar effect to any of the events specified in paragraphs (a) to (f) above occurs under the laws of any applicable jurisdiction in relation to the entity,

excluding:

- (h) a meeting that is convened by the directors or shareholders of PET for the purpose of considering a resolution relating to the voluntary solvent winding up of PET; and
- (i) a resolution being passed by the directors or shareholders of PET relating to the voluntary solvent winding up of PET,

provided that the winding up is conditional on Completion having occurred and PET having complied with its obligations under to transfer the trade marks, company names, domain names and social media accounts (and is without prejudice to the other rights of the Buyer under the Sale Agreement).

Notice	means this Notice of Extraordinary General Meeting, including the Explanatory Memorandum and the Proxy Voting Form.
PET Group	means PET and each of its Subsidiaries from time to time.
Proposed Transactions	means the Business Sale and Delisting.
Phoslock Group	means Phoslock and each of its Subsidiaries.
Purchaser, SePRO Corporation or Buyer	means SePRO Corporation of 11550 N. Meridian Street, Suite 600, Carmel, IN 46032.
Purchase Price	<p>means, in respect of the Sale Agreement, the total amount payable by the Buyer to the Sellers (excluding GST) comprised of a fixed and variable component as follows:</p> <ul style="list-style-type: none"> (a) in respect of the inventory, the cost (per metric tonne) (excluding GST) of that Inventory multiplied by the quantity (in metric tonnes) of that inventory as at Completion; plus (b) in respect of all other assets, the aggregate amount of A\$425,000 (excluding GST).
Representatives	means, in respect of an entity, its directors, officers, employees, contracts, agents and advisors.
Resolute	means Resolute Advisory Pty Ltd.
Resolution	means a resolution in this Notice.
Requisition Notice	has the meaning given to that term in the letter from the Chair.
Requisitioned Resolutions	has the meaning given to that term in the letter from the Chair.
Requisitioning Shareholders	has the meaning given to that term in the letter from the Chair.
Sale Agreement	means the Business Sale Agreement between Phoslock and SePRO Corporation dated 7 December 2023.
Shareholder	means a person registered as a holder of a fully paid ordinary share in the capital of Phoslock.
Subsidiaries	has the meaning given to that term by section 9 of the Corporations Act.
Superior Proposal	<p>means a bona fide offer or proposal which:</p> <ul style="list-style-type: none"> (a) if entered into or completed would result in a Competing Transaction; and (b) does not result from a breach by the Company of its Exclusivity obligations (as summarised in section 2.3) <p>that the Board, acting in good faith, and after receiving written advice from its external legal and financial advisers, determines:</p>

- (c) is reasonably capable of being valued and of being completed in a reasonable timeframe; and
- (d) would, if completed substantially in accordance with its terms, be more favourable to Shareholders (as a whole) than the Sale Agreement.

Strategic Review

has the meaning given to that term in section 1 of the Explanatory Memorandum.

Proxy Voting Form

means the form by which a Shareholder can appoint a proxy pursuant to this notice, a form of which is attached to this Notice as Annexure B.

ANNEXURE A - STATEMENT OF MEMBERS' REASONS

Pursuant to section 249P of the *Corporations Act 2001* (Cth)

We, the requisitioning shareholders (**Requisitioning Shareholders, we or us**) of Phoslock Environmental Technologies Limited (**Company or PET**) confirm that we are the beneficial holders of more than 5% of the votes that may be cast at a general meeting of the Company.

1 Our proposals

1.1 Appoint new directors

We propose that Messrs Frederick Bart, Shawn Pieter van Boheemen and Graeme Newing (each, a **Nominee Director**) replace the current board of directors of the Company.

Statements of their experience, qualifications and suitability to these roles are included in paragraph 2 of this document.

We believe that Messrs Bart's, van Boheemen's and Newing's appointment as directors of the Company will substantially benefit the shareholders by:

- (a) improving the internal skills, experience and capabilities of the Company's board of directors, as the Nominee Directors are skilled in efficient corporate management, cost controls, budgeting and recruitment of staff with the necessary qualifications to carry out tasks and duties relevant to the Company's business; and
- (b) applying their combined skills to recruit the appropriate executive staff to resuscitate the business.

1.2 Business plan

On their appointment, the Nominee Directors plan to immediately take the following actions to build shareholder value and resuscitate the business:

- (a) **(Cut costs and reduce cash-burn)** drastically cut costs, preserve the remaining cash and to gain a reasonable, low-risk return on the Company's cash reserves in order to stop losses;
- (b) **(Rebuilding relationships)** seek to recruit competent, specialist management with deep knowledge of the business, who will help to re-establish relationships with prior customers and thereby increase the Company's sales in a controlled and profitable manner;
- (c) **(Tax losses)** investigate and attempt to utilise the approximately \$40 million of carried-forward tax losses of the Company; and
- (d) **(Return to China)** in due course, re-enter the Chinese market (previously the mainstay of the business) and, in particular, to sell the Company's significant inventory which is still located in China.

2 Biographies

2.1 Biography of Mr Frederick Bart

Mr Bart has a wide and diverse interest in many private and public companies since 1980.

In 1989, Mr Bart established and chairs a number of private companies under the umbrella of the Bart Group which covered hotels, retail, commercial and residential land development and technologies which still continue to operate. The Group today employs more than 1,000 people and is active in many local and overseas markets.

In 2000, Mr Bart became a director and Chairman of Audio Pixels Holdings Limited (ASX:AKP). Audio Pixels is developing the first digital speaker in the world and currently has a market capitalisation of over \$320m.

In 2001, Mr Bart became Chairman of Electro Optic Systems Holdings Limited (ASX:EOS). It is now one of Australia's premier defence companies, with activities worldwide, employing over 400 people. It is currently included in the S&P/ASX 300. Mr Bart resigned as Chairman in 2021.

In 2018, Mr Bart joined the Board of Weebit Nano Limited (ASX:WBT), a successful developer of substantially improved flash memory and energy technology. Mr Bart resigned from the Board in June 2023.

Mr Bart was a long term shareholder in the Company and has a good understanding of the Company and its importance in the global need to control algal infestations.

2.2 Biography of Mr Shawn Pieter van Boheemen

Mr van Boheemen has 30 years' experience in senior financial positions with both Australian and multinational organisations in commercial finance leadership positions across a range of healthcare, biotech, manufacturing, service-based and financial services industries.

His experience includes Australian ASX and ASIC reporting, SEC reporting in the US, capital raising and financing, compliance and regulatory affairs, internal and external audit, taxation, business and financial analytics, intellectual property protection, and regulatory and financial reporting both in Australia and the US.

Mr van Boheemen holds a Master of Commerce degree with a major in Accounting (UWS), a Bachelor of Business degree in Accounting and Commercial Law (UWS) and is a Fellow of the Australian Society of Certified Practising Accountants as well as a Justice of the Peace in NSW.

2.3 Biography of Mr Graeme Newing

Mr Newing is an expert financial and corporate analyst with some 50 years' experience.

He gained a BSc (Hons 1) in Mineral Technology at Otago University in 1974. He was subsequently employed as a securities analyst for stockbroking firms for over 30 years, including as head of resources research and was a director of County NatWest Securities Australia.

In the mid-2000s he formed a consultancy, Graeme Newing & Associates, to provide independent research for stockbrokers and for both investment and operating companies.

He is an expert at analysing companies, their financial status and outlook and corporate assets and liabilities.

Mr Newing was, until recently, a long-term shareholder in the Company and has analysed and published many reports on the Company. He has visited and inspected the Company's Chinese facilities.

Annexure B – Proxy Voting Form



Phoslock Environmental Technologies Ltd
ABN 88 099 555 290

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact

PET

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Phoslock Environmental Technologies Limited Extraordinary General Meeting

The Phoslock Environmental Technologies Limited Extraordinary General Meeting will be held on Thursday, 18 January 2024 at 10:30am (AEDT). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your proxy appointment to be effective it must be received by 10:30am (AEDT) on Tuesday, 16 January 2024.



ATTENDING THE MEETING VIRTUALLY

To watch the webcast, ask questions and vote on the day of the meeting, please visit:
<https://meetnow.global/M474VTH>

For instructions refer to the online user guide www.computershare.com.au/virtualmeetingguide



ATTENDING THE MEETING IN PERSON

The meeting will be held at:
Chapel Suite, The Como Melbourne, 630 Chapel Street, South Yarra, VIC 3141

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.



Phoslock Environmental Technologies Ltd
ABN 88 099 555 290



PET

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:30am (AEDT) on Tuesday, 16 January 2024.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Phoslock Environmental Technologies Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Phoslock Environmental Technologies Limited to be held at Chapel Suite, The Como Melbourne, 630 Chapel Street, South Yarra, VIC 3141 and as a virtual meeting on Thursday, 18 January 2024 at 10:30am (AEDT) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

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

	For	Against	Abstain
Item 1 Approval of disposal of main undertaking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Approval of delisting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Frederick Bart as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Election of Shawn Pieter Van Boheemen as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Election of Graeme Newing as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Removal of Lachlan John Foster Mckinnon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Removal of David Milton Krasnostein as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8 Removal of Robert Edward Prosser as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 9 Removal of Brenda Mary Shanahan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 10 Removal of any Director appointed after the date of the Requisition Notice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

