
PURIFLOH LIMITED

ACN 124 426 339

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 12:00 PM (AEDT)

DATE: Friday, 27 November 2020

PLACE: By Virtual Meeting Facility online at <https://agmlive.link/PO320>
Online registration will commence at 11.30AM (AEDT) on
Friday 27 November

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 PM AEDT on 25 November 2020.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR CARL LE SOUEF

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

"That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Carl Le Souef, a Director who was appointed casually on 25 November 2019, retires, and being eligible, is elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – PROFESSOR PRAVANSU MOHANTY

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

"That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Professor Pravansu Mohanty, a Director who was appointed casually on 25 November 2019, retires, and being eligible, is elected as a Director."

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – SIMON LILL

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

"That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr. Simon Lill, a Director, retires by rotation, and being eligible, is re-elected as a Director."

6. RESOLUTION 5 – APPROVAL OF 7.1A MANDATE

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

7. RESOLUTION 6 – ADOPTION OF EMPLOYEE OPTION PLAN

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

"That, pursuant to and in accordance with Listing Rule 7.2, Exception 13(b) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Option Plan and for the issue of securities under that Employee Option Plan, on the terms and conditions set out in the Explanatory Statement."

Short Explanation: Approval is sought under Listing Rule 7.2 Exception 13 to allow the Company to issue of Options under the Employee Option Plan without reducing the Company's 15% Share placement capacity under Listing Rule 7.1.

Voting Exclusion: The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 3 by a person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

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

Voting Prohibition: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 29 October 2020

By order of the Board



Simon Lill
Director

Voting in person

In light of the status of the evolving COVID-19 situation and Government restrictions on travel and public gatherings in place at the time of the Meeting, the Directors have made a decision that Shareholders will not be able to physically attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to either lodge a directed proxy form prior to the Meeting or attend and vote online at the Virtual Meeting.

Voting online via Virtual Meeting

The Company invites shareholders to attend and participate in a virtual Meeting through its share registry's online meeting facility (**Virtual Meeting**). Shareholders who attend the Virtual Meeting will be able to listen, submit written questions and participate in all poll votes put to the Meeting. To access and vote online at the Virtual Meeting, follow the details on the letter accompanying this Notice on the date and time set out in this Notice, being 27 November 2020 at 12.00PM (Noon) AEDT]. Further details of the Virtual Meeting and online voting are also set out in the accompanying letter.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 3 9673 9673 or email to info@purifloh.com.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.purifloh.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR CARL LE SOUEF

3.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Carl Le Souef, having been appointed by other Directors on 25 November 2019 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

3.2 Qualifications and other material directorships

Mr. Carl Le Souef is a founding partner, Director and co-owner of Somnio Global Holdings Inc and Somnio Global Inc, both of which have a material contract with PurifLOH Limited. Mr. Le Souef oversaw the restructuring of PurifLOH Limited, when it was known as Water Resources Group Limited, during 2013/2014. This restructuring resulted in Mr. Le Souef's private holding company, Dilato Holdings Pty Ltd, emerge as the major shareholder of PurifLOH, a position it still retains.

Mr. Le Souef was previously the sole owner and CEO of one of Australia's largest privately owned organisations operating in the fast-moving consumer goods sector, Private Formula International. Private Formula was a global operation and in 2009, Mr. le Souef negotiated the sale of the company to a US based pharmaceutical major. Mr. Le Souef maintains an executive role within Somnio and in the management of his private investments.

3.3 Independence

Mr. Le Souef controls 18,409,194 shares in PurifLOH Limited through his private company, Dilato Holdings Pty Ltd, of which he is sole shareholder and Director. This shareholding equates to 58.65% of the total issued capital of PurifLOH Limited. Mr. Le Souef is also director and co-owner of Somnio Global Holdings Inc and Somnio Global Inc, both of which have a material contract with PurifLOH Limited.

If elected the Board does not consider Mr Le Souef will be an independent director.

3.4 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, and character. The Company undertook such checks prior to the appointment of Mr Carl Le Souef.

3.5 Board recommendation

The Board has reviewed Mr Le Souef's performance since his appointment to the Board and considers that Mr Le Souef's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Mr Le Souef and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – PROFESSOR PRAVANSU MOHANTY

4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Professor Mohanty, having been appointed by other Directors on 25 November 2019 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

4.2 Qualifications and other material directorships

Professor Pravansu Mohanty is a founding partner, director and co-owner of Somnio Global Holdings Inc and Somnio Global Inc, both of whom have a material contract with PuriflOH Limited. He is the Paul K Trojan Collegiate Professor of Engineering at the University of Michigan. He has a Ph.D. in Materials Science from McGill University, Montreal, Canada, with research interests in the areas of Additive Manufacturing, Plasma/ Laser Materials Processing, Biomaterials, Nanostructured Materials and Functionally Designed Materials for Energy Storage and Energy Generation. He has published numerous scientific papers, patents and received many research grants from Federal agencies including the National Science Foundation, US Army, US Navy, and Dept. of Energy. In 2015, Professor Mohanty was awarded an honor for non-resident Indians, the Hind Rattan (Jewel of India) Award for his contribution to science and engineering, presented to him at the Republic Day of India Celebration in New Delhi.

4.3 Independence

As noted above, Professor Mohanty is a director and co-owner of Somnio Global Holdings Inc and Somnio Global Inc, both of which have a material contract with PuriflOH Limited. Accordingly, Professor Mohanty has interests in material

contracts between the Somnio Group and PurifLOH Limited. However, the Board considers that Professor Mohanty is not in a position of undue influence on the Board of PurifLOH Limited.

If elected the Board considers Professor Mohanty will be an independent director.

4.4 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, and character. The Company undertook such checks prior to the appointment of Professor Mohanty.

4.5 Board recommendation

The Board has reviewed Professor Mohanty's performance since his appointment to the Board and considers that Professor Mohanty's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the election of Professor Mohanty and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR SIMON LILL

5.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Lill, who has served as a Director since 2 September 2013 and was last re-elected on 30 November 2018, retires by rotation and seeks re-election.

5.2 Qualifications and other material directorships

Mr. Lill has a background of over 30 years of stockbroking, capital raising, management, business development and analysis for a range of small and start-up companies, in both the manufacturing and resources industries. He has assisted Mr Le Souef in the restructuring of the Company in 2013/14 and has managed the Company's Australian affairs since that time. He has similarly assisted the restructure of De Grey Mining Limited from his appointment in 2013 and is now Chairman of that Company.

5.3 Independence

If re-elected the Board considers Mr Lill will be an independent director.

5.4 Board recommendation

The Board has reviewed Mr Lill's performance since his appointment to the Board and considers that Mr Lill's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr. Lill and recommends that Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – APPROVAL OF 7.1A MANDATE

6.1 General

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

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an 'eligible entity' as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$47,285,247 (based on the number of Shares on issue and the closing price of Shares on the ASX on 22 October 2020 (\$1.50) and excluding any restricted securities that may be on issue).

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

6.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 ASX trading days of the date in Section 6.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate to further advance the commercialisation of the Company's Free Radical Generator technology and for ongoing working capital purposes.

(d) **Risk of voting dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the market price of Shares and the number of Equity Securities on issue as at 22 October 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate .

| Number of Shares on Issue (Variable A in ASX Listing Rule 7.1A2) | | Shares issued – 10% voting dilution | Dilution | | |
|--|-------------------|-------------------------------------|--------------|-------------|--------------|
| | | | Issue Price | | |
| | | | \$0.75 | \$1.50 | \$2.25 |
| | | | 50% decrease | Issue Price | 50% increase |
| | | | Funds Raised | | |
| Current | 31,523,498 Shares | 3,152,349 Shares | \$2,364,261 | \$4,728,523 | \$7,092,785 |
| 50% increase | 47,285,247 Shares | 4,728,524 Shares | \$3,546,393 | \$7,092,786 | \$10,639,179 |
| 100% increase | 63,046,996 Shares | 6,304,699 Shares | \$4,728,524 | \$9,457,048 | \$14,185,572 |

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 31,523,498 Shares on issue as at the date of this Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 22 October 2020.
2. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
3. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
4. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 unless otherwise disclosed.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;

- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).
- (f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 25 November 2019 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 27 November 2020, the Company has not issued any Equity Securities.

6.3 Voting Exclusion

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, a voting exclusion statement is not included in this Notice and no existing Shareholders will be excluded from voting on Resolution 5.

7. RESOLUTIONS 6 – ADOPTION OF EMPLOYEE OPTION PLAN

7.1 Background

The Company does not have an existing employee option plan. The Directors consider it now appropriate to implement an employee option plan which satisfies ASIC class order conditions, the provisions of the Corporations Act and ASX Listing Rules as well as the current operations and size of the Company.

Resolution 6 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Employee Option Plan" (**Option Plan**) and for the issue of Options under the Option Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Option Plan is to attract and retain eligible employees, provide an incentive to deliver growth and value for the benefit of all Shareholders and facilitate capital management by enabling the Company to preserve cash reserves for expenditure on principal activities.

The Company considers that the adoption of the Option Plan and the future issue of Options under the Option Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

7.2 General

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

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary

securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 6 is passed, the Company will be able to issue Options under the Option Plan to eligible participants over a period of 3 years. The issue of any Options to eligible participants under the Option Plan (up to the maximum number of Options stated in Section 7.3(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the Option Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 6 is not passed, the Company will be able to proceed with the issue of Options under the Option Plan to eligible participants, but any issues of Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Options.

7.3 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 6:

- (a) a summary of the key terms and conditions of the Option Plan is set out in Schedule 1;
- (b) the Company has not issued any Options under the Option Plan as this is the first time that Shareholder approval is being sought for the adoption of the Option Plan; and
- (c) the maximum number of Securities proposed to be issued under the Option Plan, following Shareholder approval, is 1,576,174 Options. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

GLOSSARY

7.1A Mandate has the meaning given in Section 6.1.

\$ means Australian dollars.

AEDT means Australian Eastern Daylight Time, which during the daylight savings period means the time in NSW and Victoria.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means PuriflOH Limited (ACN 124 426 339).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity,

directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Option holder means a holder of an Option.

Option Plan means the incentive option plan the subject of Resolution 6 as summarised in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

SCHEDULE 1 – TERMS AND CONDITIONS OF EMPLOYEE OPTION PLAN

The material terms of the Incentive Option Plan (**Option Plan**) are summarised below:

- (a) **Eligibility:** Participants in the Option Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Option Plan will be issued for no more than nominal cash consideration.
- (e) **Exercise price:** The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the Option exercise price must not be less than any minimum price specified in the Listing Rules.
- (f) **Vesting conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option (**Vesting Conditions**).
- (g) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived (if applicable)) by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible

Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Options, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,

(Special Circumstances), or

- (ii) a change of control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(h) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in, or hedging of, the Option occurring;
- (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (g) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iii) in respect of unvested Option only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (g) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iv) in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Options granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;

- (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option; and
 - (vii) the expiry date of the Option.
- (i) **Not transferrable:** Subject to the Listing Rules, Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (j) **Shares:** Shares resulting from the exercise of the Options shall, subject to any sale restrictions (refer to paragraph (k)), from the date of issue, rank on equal terms with all other Shares on issue.
- (k) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Options (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (l) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Option Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the disposal of Shares ends. The Company will not apply for quotation of any Options on the ASX.
- (m) **No participation rights:** There are no participation rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (n) **Change in exercise price or number of underlying securities:** An Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (o) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Options will be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- (p) **Amendments:** Subject to express restrictions set out in the Option Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Option Plan, or the terms or conditions of any Option granted under the Option Plan including giving any amendment retrospective effect.

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