



VALMEC



DELIVERING VALUE

www.valmec.com.au

19 March 2015

Company Announcement Office
Australian Securities Exchange Limited

Dear Sir/Madam

Re: Notice of General Meeting

Please find attached a Notice of General Meeting as dispatched to shareholders today.

The meeting is required to satisfy the Corporations Act concerning the proposal to grant financial assistance in connection with the acquisition of Exterran (Australia) Pty Ltd on 31 December 2014.

Yours sincerely,

Ranko Matic
Non-Executive Director
Company Secretary



ABN: 94 003 607 074
ACN: 003 607 074

VALMEC LIMITED

ACN 003 607 074

NOTICE OF GENERAL MEETING

DATE: 20 April 2015 (Monday)
TIME: 10am (WST)
PLACE: Bentleys
Level 1, 12 Kings Park Road
WEST PERTH, W.A

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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Ranko Matic on (+618) 9226 4500.



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CHAIRMAN'S LETTER

12 March 2015

Dear Shareholder

Following the Company's acquisition of Exterran (Australia) Pty Ltd (now known as Valmec Services Pty Ltd) (**Valmec Services**) in December 2014, the Company has further enhanced its capabilities and delivery of greater value to its clients. This was recently demonstrated by Valmec Services being awarded a significant contract valued at \$5.3 million to provide maintenance services to the Talinga Gas Processing Facility in Queensland.

To facilitate the acquisition of Valmec Services in December 2014, the Company had obtained an increased facility from its financier, BankWest. As a condition to the increased facility, BankWest requires that after the acquisition, Valmec Services must become one of the guarantors to the facility agreement and also to grant a security interest over its assets to BankWest.

Under the Corporations Act, Valmec Services' proposed grant of a guarantee and security to BankWest for the purposes of the Company's acquisition (this is referred to as the "**Giving of Financial Assistance**" under the Corporations Act), requires a special resolution to be passed by the Shareholders.

Therefore, the purpose of this coming General Meeting is to seek Shareholders' approval for the "Giving of Financial Assistance" by Valmec Services to the Company.

The advantages and disadvantages for Valmec Services' giving of financial assistance to the Company are set out in the Explanatory Memorandum.

This booklet includes the Notice for the General Meeting and the Explanatory Memorandum. We have also enclosed a Proxy Form.

I strongly encourage you to read this booklet carefully as it contains important information that will enable you to vote on an informed basis.

This booklet is also available on the Company's website <http://www.valmec.com.au/> and ASX's announcements.

If you are unable to attend the meeting, you may wish to appoint a proxy to vote on your behalf by completing the Proxy Form and returning it to us by 10am (WST) on 18 April 2015.

Please note that registration for the General Meeting will commence at 9.45am (WST) on 20 April 2015.

The Directors look forward to meeting you on 20 April 2015.

Yours sincerely

STEPHEN ZURHAAR
Chairman



NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the Shareholders of Valmec Limited ACN 003 607 074 (**Company**) will be held at Bentleys, Level 1, 12 Kings Park Road, WEST PERTH, W.A on 20 April 2015 (Monday) at 10am (WST).

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10.00 am (WST) on 18 April 2015.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the General Meeting.

Defined terms used in this Notice of General Meeting have the meanings given to them in the Glossary accompanying this Notice of General Meeting.

AGENDA

1. RESOLUTION - APPROVAL OF FINANCIAL ASSISTANCE UNDER SECTION 260A OF THE CORPORATIONS ACT

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

"For the purposes of section 260B(2) of the Corporations Act, approval is given for the financial assistance to be provided by Valmec Services Pty Ltd, a subsidiary of the Company, in connection with the Acquisition as described in the Explanatory Memorandum accompanying the Notice of Meeting to pass this resolution dated 13 March 2015."

DATED: 13 March 2015

BY ORDER OF THE BOARD

**MR RANKO MATIC
NON-EXECUTIVE DIRECTOR
COMPANY SECRETARY**



EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

1. RESOLUTION - APPROVAL OF FINANCIAL ASSISTANCE UNDER SECTION 260A OF THE CORPORATIONS ACT

1.1 Restrictions on companies giving financial assistance

Under Section 260A(1) of the Corporations Act, a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under Section 260B of the Corporations Act (as to which see paragraph 1.2 below); or
- (c) the assistance is exempt under Section 260C of the Corporations Act.

Financial assistance is defined very broadly and may include giving security over a company's assets, and giving a guarantee and indemnity in respect of another person's liability.

Under Section 260A(2) of the Corporations Act, financial assistance may be given before or after the acquisition of shares.

1.2 Shareholder approval for financial assistance

If the company will be a subsidiary of a listed domestic corporation (**Listed Australian Holding Company**) immediately after the acquisition, then section 260B(2) requires that the financial assistance must also be approved by a special resolution passed at general meeting of that Listed Australian Holding Company.

1.3 Approval under section 260B(1) and section 260B(2)

The purpose of this Explanatory Memorandum is to explain in further detail the proposed Financial Assistance Resolution set out in the Notice which must be passed under section 260B(1) and section 260B(2) of the Corporations Act to enable the giving of the financial assistance in connection with the Acquisition (as described below).

1.4 The Acquisition

The Company (**Parent**) acquired the entire issued share capital of Exterran (Australia) Pty Ltd now known as Valmec Services Pty Ltd (**Subsidiary**) on 31 December 2014 under the terms of a share sale agreement dated 15 December 2014 (**Acquisition**). Accordingly, on



completion of the Acquisition, the Subsidiary became a wholly-owned subsidiary of the Company.

The Parent is listed and is a domestic corporation which is not itself a subsidiary of another domestic corporation.

1.5 Resolution required in connection with the Financial Assistance

The Subsidiary must have the financial assistance outlined in this Explanatory Memorandum approved by a special resolution at a general meeting, with no votes being cast in favour of the resolution by the person acquiring the shares or by their associates, in accordance with section 260B(1)(a) of the Corporations Act.

Since the Company is a Listed Australian Holding Company, the financial assistance outlined in this Explanatory Memorandum must be approved by a special resolution at a general meeting of the Company in accordance with section 260B(2) of the Corporations Act.

1.6 The Relevant Financial Assistance

In 2014, the Company and the Initial Borrowers (**Borrower Group**) entered into the Facility Agreement with the Financier for debt facilities to be available to replace existing facilities provided by Director-related entities and to be used for general corporate, project securitisation and working capital purposes of the Borrower Group. Under the Amended Facility Agreement, the limit in the facilities made available by the Financier to the Company was increased and as a condition subsequent, the Financier requires that after the Acquisition, the Subsidiary is to enter into a deed of accession effecting the Subsidiary as an additional guarantor to guarantee and indemnify the Borrower's obligations under the Facility Agreement and to grant a general security interest over the Subsidiary's assets and undertaking in favour of the Financier.

1.7 Reasons for giving financial assistance

The reason for the giving of the financial assistance described above is to enable the Borrower to comply with its obligations under the Amended Facility Agreement.

If such obligations are not complied with, the increased facility may not become available which could result in an insufficiency for the funding needs of the Borrower Group to develop the growth opportunities available to the Subsidiary following the Acquisition. It will also result in a default of the Amended Facility Agreement and all monies owing to the Financier will be payable immediately or on the Financier's demand.

1.8 Effect of financial assistance

As the Company is already liable for the amounts payable under the Facility Agreement, the giving of the financial assistance described in this Explanatory Memorandum by the Subsidiary is unlikely to have any adverse effect on the Parent, except that the operations of the Subsidiary will be restricted by the representations and undertakings given by it under the Facility Agreement.

The substantial effect of the financial assistance on the Subsidiary is that it will have guaranteed all amounts payable under the Facility Agreement and have granted the security for such obligations. The operations of the Subsidiary will also be restricted by the representations and undertakings given by it under the Facility Agreement.



The Directors of the Company and the Subsidiary do not currently believe that either the Borrower or any of the guarantors under the Facility Agreement are likely to default in their obligations under the Facility Agreement.

1.9 Advantages of the proposed resolution

The advantage to the Company of the proposed resolution is that the Subsidiary will be able to provide the guarantees and give the security which is a precondition to the availability of the facility and ensuring that the Company and the Borrower Group will not be in default of the Amended Facility Agreement. The advantages of the proposed resolution to the Subsidiary include:

- (a) the facility will be available. The directors of the Subsidiary believe that this is in the interests of the Subsidiary because:
 - (i) the Subsidiary will have greater access to funding in the bank and capital markets as a result of integration with the Borrower; and
 - (ii) the Subsidiary will benefit from synergies, cost savings and greater growth potential through its integration with the Borrower;
- (b) the directors of the Subsidiary believe that the financing is the most efficient form of financing available to finance the ongoing financial requirements of the Borrower.

The directors of Subsidiary and of the Company believe that the transactions contemplated by this Explanatory Memorandum are in the interests of Subsidiary and of the Company.

1.10 Disadvantages to the Company of the proposed resolution

As the Company is already liable for and has provided security, the Directors of the Company do not believe there are any disadvantages to the Company of the proposed resolution, except that the operations of the Subsidiary will be restricted by the undertakings and representations and warranties given by the Subsidiary under the Facility Agreement.

1.11 Recommendation of the Board

The Directors of the Company and of the Subsidiary unanimously recommend that the Shareholders vote in favour of the relevant Financial Assistance Resolution to approve the giving of financial assistance.

1.12 Notice to ASIC

As required by section 260B(5) of the Corporations Act, copies of the Notice and this Explanatory Memorandum as sent to the Shareholders were lodged with the Australian Securities & Investments Commission before they were sent to the shareholders

1.13 Disclosure

The Directors of the Company and of the Subsidiary consider that this Explanatory Memorandum contains all information known to the Company that would be material to the Shareholders in deciding how to vote on the proposed resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the Shareholders.



Glossary

The following definitions are used in the Notice of General Meeting and the Explanatory Memorandum:

Acquisition is defined in paragraph 1.4.

Amended Facility Agreement means the deed of amendment and restatement of the Facility Agreement between the Financier, the Company and the Initial Borrowers.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the securities exchange market operated by the ASX, as the context requires.

Board or **Board of Directors** means the board of Directors of the Company.

Company means Valmec Limited ACN 003 607 074.

Corporations Act means Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Explanatory Memorandum means the explanatory memorandum set out in the body of this document.

Facility Agreement means the facility agreement dated 27 May 2014 between the Financier and the Initial Borrowers.

Financier means Commonwealth Bank of Australia trading as Bankwest of Level 12, 300 Murray Street Perth, Western Australia 6000.

General Meeting means the general meeting of the Company to be held on 20 April 2015 pursuant to the Notice of General Meeting.

Initial Borrowers means the borrowers under the Facility Agreement namely Valmec Holdings Pty Ltd ACN 162 343 062, Valmec Australia Pty Ltd ACN 153 441 831 and Core Plant & Equipment Pty Ltd ACN 111 702 848.

Notice of General Meeting or **Notice** means the notice of General Meeting set out in the body of this document.

Resolution means a resolution passed by the requisite majority of Shareholders of the Company on a show of hands or by the requisite majority of votes given on a poll.

Share means a fully paid ordinary share in the issued capital of the Company and **Shares** means any two or more of them.

Shareholder means a holder of a Share.

Subsidiary means Valmec Services Pty Ltd ACN 086 840 299 (previously known as Exterran (Australia) Pty Ltd).



VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

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 in 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 Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder'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.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and



- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.



**PROXY FORM
VALMEC LIMITED
ACN 003 607 074**

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR ☐ the Chair of the Meeting as my/our proxy,

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Bentleys, Level 1, 12 Kings Park Road, WEST PERTH, W.A on 20 April 2015, at 10am (WST), and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of the Resolution. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting	FOR	AGAINST	ABSTAIN
Resolution - Giving of financial assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____%

Signature of Shareholder(s): Date: _____

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary



INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item, the vote will be invalid on that item.
3. **(Signing instructions):**
 - a) **(Individuals):** Where the holding is in one name, the Shareholder must sign.
 - b) **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - c) **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to the Proxy Form when you return it.
 - d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - a) Post to Valmec Limited, C/ Bentleys, PO Box 44, West Perth, Western Australia 6872;
 - b) Fax to the Company on facsimile number +618 9226 4300;
 - c) Email to the Company at reception@perth.bentleys.com.au

The Proxy Form must reach the Company before 10am (WST) on 18 April 2015. Proxy Forms received later than this time will be invalid.