

ASX Announcement

Clarification announcement

28 October 2019 - Envirosuite Limited (ASX: EVS) ('Envirosuite' or 'the Company') advises a clarification to the announcement released 23 October 2019 titled, *"First Strategic Co-operation Agreement signed with major Chinese Environmental Protection Group BHZQ"* ('Announcement').

Further to the information contained in the Announcement and in accordance with ASX Guidance Note 8 to listing rules 3.1-3.1B the Company advises that:

The term of the Co-operation Agreement is five years from the date of signing and may then be extended by mutual agreement.

The significance of the Co-operation Agreement is as follows:

On 6 September 2019 the Company announced that it had agreed to issue 40m performance options ("Options") and that the Options will vest on a minimum of A\$10,000,000 in cumulative revenues being received by the wholly owned Chinese subsidiaries of Envirosuite from commencement of operations until 31 December 2021.

The issue of the Options is being put to shareholders for approval at the 2019 Annual General Meeting - refer Resolutions 6 and 7 and the details set out in the Explanatory Statement in the Notice of Meeting lodged with the ASX for release on 25 October 2019.

The Company believes that investors should be updated on material progress toward the achievement of the \$10m minimum revenue hurdle. Establishing distribution channels through the signing of an agreement with a large, reputable and long standing company that is well embedded in one the Company's key target industry verticals in China, is a necessary and significant demonstrative step towards creating the means to achieve the \$10m revenue hurdle.

The Co-operation Agreement states that,

"BHZQ will actively promote EVS solutions to its suppliers and customers, and both sides can jointly promote to potential customers, and share the profit created by such sales to any third party."

The Company advises that the profit sharing is not further defined at an umbrella level at this stage, as the nature of the profit sharing will be reflective of the projects that the two parties choose to collaborate on.

The Company anticipates that the scale and breadth of the larger projects may require disciplines that span across the respective offerings of each party. For example, a major infrastructure project may entail engineering services to be supplied by BHZQ, as well as the software and equipment packaged solution that Envirosuite offers. The wording regarding the 'profit sharing' in the Co-operation Agreement is designed to accommodate such future scenarios.

The Company confirms that there is no other material information or conditions to be satisfied in relation to the Co-operation Agreement.

Ends

To learn more, please visit www.envirosuite.com and <http://en.bhzg-bewg.com>