



EMEFCY GROUP LIMITED (ACN 127 734 196)

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11 am (AEST)

DATE: Friday 5 May 2017

PLACE: Giorgios Restaurant Function Room
1235 High Street
Armadale, Victoria
Australia

This Notice of Annual General Meeting (together with the accompanying Explanatory Memorandum) 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 Annual General Meeting, please do not hesitate to contact the Company on +61 3 9824 5254.



4 April 2017

Dear Shareholder

On behalf of the Board, we are pleased to present the Emefcy Group Limited Annual Report and Notice of Meeting for the year ended 31 December 2016. Emefcy develops, manufactures and markets new, energy-efficient MABR based wastewater treatment solutions, aiming to change the economics of water re-use in various markets and addressing the growing global demand for clean water in municipal and industrial plants.

First Sales

Our first full year as a listed ASX entity has been of substantial progress. Plants have been successfully commissioned in Israel (the first commercial plant), US Virgin Islands (the first plant under governance of the US EPA), China (the first plant in our key strategic territory); as well as two projects in Ethiopia, and a global pipeline of projects to satisfy.

China

China is a particularly large and compelling market opportunity in itself. To progress our China strategy, we have signed four distribution agreements with established water companies - China Gezhouba Group, Jiangsu Jinzi Environmental Technology, Beijing Sinorichen Environmental Protection Corporation, and Wuxi Municipal Design Institute. In December, we saw our first China demo plant commissioned ahead of schedule.

In line with projected demand, we have upgraded our production line in Israel and commenced building a purpose-built, fully integrated China production plant.

Research and Development

Larger capacity MABR technologies, SABREv2 and SUBRE have already been piloted in field, and position the Company for higher capacity markets. The Electrogenic Bio Reactor ("EBR") technology for potential use in certain industrial wastewater applications is currently progressing with its own project team to its anticipated 2018 timeframe.

Capital Management

Our policy is to maintain a prudent approach towards capital management that balances appropriate working capital requirements of the business with maintaining an optimal capital structure. To this end Emefcy successfully completed a A\$31.6 million private placement in July 2016, ensuring a strong balance sheet with net assets of US\$24,063,649 at the end of 2016 (end 2015: US\$9,362,056).

Results

The audited financial accounts, prepared in accordance with Australian Approved Accounting Standards, reflect the activities of Emefcy Group Limited. The consolidated loss for the company after income tax for the reporting period was US\$9,946,051 (2015: loss of US\$8,862,327).

AUSTRALIA

Suite 1, 1233 High Street
Armadale, Victoria
AUSTRALIA 3143
Phone: + 61 (0)3 9824 5254
Facsimile: + 61 (0)3 9822 7735

Emefcy Group Limited

ABN: 52 127 734 196

www.emefcygroup.com

info@emefcygroup.com

ISRAEL

P.O. Box 3171
7 Ha'eshel Street
Caesarea, Israel 3088900
Phone: +972-4-6277555
Facsimile: +972-4-6277556

Board, Governance and Management

The Board is committed to ensuring that our business is conducted in accordance with high standards of corporate governance. Mr Robert Wale was appointed as Non-Executive Director in April and is a strong addition to the Board. Emefcy has expanded its leadership team and operations in China, US and Israel in order to execute on its strategic growth plan.

The following 12 months will continue to see Emefcy capitalise on and further expand its activities and grow the business in line with our ambition as a global wastewater treatment leader.

Yours sincerely

A handwritten signature in black ink, appearing to read "Richard Irving".

Richard Irving
Executive Chairman
Emefcy Group Limited

**NOTICE OF ANNUAL GENERAL MEETING
EMEFCY GROUP LIMITED (ACN 127 734 196)**

Notice is hereby given that the 2017 Annual General Meeting (**Meeting** or **AGM**) of Emefcy Group Limited (ACN 127 734 196) (**Company**) will be held at 11 am (AEST) on Friday 5 May 2017 at Giorgios Restaurant Function Room, 1235 High Street, Armadale, Victoria, Australia.

Each of the resolutions proposed to be put to Shareholders at the Meeting are set out in this Notice of Annual General Meeting (**Notice**) and further details regarding those resolutions are set out in the Explanatory Memorandum accompanying this Notice. The Explanatory Memorandum and Proxy Form accompanying this Notice are incorporated into, and form part of, this Notice. Terms defined in the Glossary at the end of the Explanatory Memorandum have the same meanings when used in this Notice.

ITEM 1: FINANCIAL REPORTS

To receive and consider the Financial Report of the Company and the reports of the Directors and Auditor for the financial year ended 31 December 2016.

ITEM 2: PROPOSED RESOLUTIONS

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

“That the Remuneration Report for the financial year ended 31 December 2016 as set out in pages 9 to 11 (inclusive) of the Annual Report be adopted.”

NOTE: The voting on this resolution is advisory only and does not bind the Company or the Directors. Also, a voting exclusion statement applies to this resolution. Please see the “Important Information” section below for further details.

RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR RICHARD IRVING

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

“That Mr Richard Irving, being a Director of the Company who retires in accordance with the Constitution of the Company and being eligible, is re-elected as a Director of the Company.”

RESOLUTION 3: RE-ELECTION OF DIRECTOR – MR ROSS HAGHIGHAT

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

“That Mr Ross Haghighat, being a Director of the Company who retires in accordance with the Constitution of the Company and being eligible, is re-elected as a Director of the Company.”

RESOLUTION 4: REFRESHMENT OF PLACEMENT CAPACITY THROUGH RATIFICATION OF PREVIOUS ISSUES OF SHARES

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

- (a) *“That, for the purposes of ASX Listing Rule 7.4, Shareholders ratify and approve the previous issue, which was made in reliance on ASX Listing Rule 7.1, of a total of 29,723,996 Shares on 29 July 2016 under a placement to institutional and sophisticated investors at an issue price of \$0.64 per Share, in which the Company raised a total of*

\$19,023,357, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

- (b) *“That, for the purposes of ASX Listing Rule 7.4, Shareholders ratify and approve the previous issue, which was made in reliance on ASX Listing Rule 7.1A, of a total of 19,676,004 Shares on 29 July 2016 under a placement to institutional and sophisticated investors at an issue price of \$0.64 per Share, in which the Company raised total of \$12,592,643, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

Note: A voting exclusion statement applies to these resolutions. Please see the “Important Information” section below for further details.

RESOLUTION 5: APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

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

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up 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 and on the terms and conditions set out in the Explanatory Memorandum.”

Note: This is a special resolution and for it to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of Shares) must be in favour of the resolution. Also, a voting exclusion statement applies to this resolution. Please see the “Important Information” section below for further details.

Dated: 4 April 2017

By Order of the Board



Richard Irving
Executive Chairman

IMPORTANT INFORMATION

VOTING EXCLUSION STATEMENT

Resolution 1: Adoption of Remuneration Report

The Company will disregard any votes cast (in any capacity) on this resolution by or on behalf of a member of the Company's key management personnel (**KMP**), whose remuneration details are included in the Remuneration Report, or any of their Closely Related Parties. However, the Company need not disregard a vote on this resolution if it is cast as a proxy for a person who is entitled to vote on the resolution in accordance with a direction on the Proxy Form, or it is cast by the Chairman of the Meeting as a proxy for a person who is entitled to vote and the appointment of the Chairman as proxy does not specify the way the proxy is to vote and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Resolution 4: Refreshment of Placement Capacity Through Ratification of Previous Issues of Shares

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an Associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5: Approval of Additional 10% Placement Capacity

The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any Associates of such persons. However, the Company need not disregard a vote on this resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the Chairman of the Meeting as proxy for a person who is entitled to

vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

PROXY INSTRUCTIONS

A Shareholder who is entitled to vote at the Meeting may appoint:

- one proxy if the Shareholder is only entitled to one vote; and
- one or two proxies if the Shareholder is entitled to more than one vote.

Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes (in which case any fraction of votes will be disregarded).

A Proxy Form is attached to this Notice.

Completed Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) must be received by the Company's share registry, Boardroom Pty Limited, no less than 48 hours before the time of commencement of the Meeting by the means outlined below.

The Proxy Form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a body corporate, in accordance with section 127 of the Corporations Act. A proxy given by a foreign body corporate must be executed in accordance with the laws of that body corporate's place of incorporation.

The proxy may, but need not, be a Shareholder of the Company.

If you sign the Proxy Form and do not appoint a proxy, you will have appointed the Chairman of the Meeting as your proxy.

Completed Proxy Forms may be lodged using the enclosed reply paid envelope or:

Online www.votingonline.com.au/emefcyagm2017

By Fax +61 2 9290 9655

By Mail Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

In Person Level 12, 225 George Street,
Sydney NSW 2000 Australia

Completed Proxy Forms (and any necessary supporting documents) must be received by Boardroom Pty Limited no later than 11am (AEST) on Wednesday 3 May 2017. Proxy Forms received after that time will not be valid.

Further instructions on completing and lodging the Proxy Form are set out in the attached Proxy Form.

HOW THE CHAIRMAN WILL VOTE UNDIRECTED PROXIES

Subject to any restrictions set out in this Notice or the Proxy Form, the Chairman of the meeting intends to vote all undirected proxies in favour of all resolutions.

If you appoint the Chairman of the Meeting (or the Chairman is taken to be appointed) as your proxy and you do not direct the Chairman how to vote on a resolution, then by completing and returning the Proxy Form, you expressly authorise the Chairman to exercise the proxy even though a resolution is connected directly or indirectly with the remuneration of a member of the KMP and to vote in accordance with his stated intention to vote in favour of all resolutions.

If you have appointed the Chairman of the Meeting (or the Chairman is taken to be appointed) as your proxy and you direct the Chairman how to vote on a resolution by marking either “for”, “against” or “abstain” for a resolution, then your vote will be cast in accordance with your direction.

CORPORATE REPRESENTATIVES AND ATTORNEYS

A Shareholder, or proxy, that is a body corporate and entitled to attend and vote at the Meeting may appoint an individual to act as its corporate representative. Evidence of the appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Company.

A Shareholder entitled to attend and vote at the Meeting may appoint an attorney to attend and vote at the Meeting on the Shareholder’s behalf. The power of attorney appointing the attorney must be duly signed and specify the name of each of the Shareholder, the Company and the attorney, and also specify the meetings at which

the appointment may be used. The appointment may be a standing one.

A corporate representative or an attorney may, but need not, be a Shareholder of the Company.

Corporate representatives should bring to the Meeting appropriate evidence of appointment as a representative in accordance with the constitution of the Company. Attorneys are requested to bring to the Meeting the original or a certified copy of the power of attorney pursuant to which they were appointed. Proof of identity will also be required for corporate representatives and attorneys.

VOTING ENTITLEMENT

For the purposes of the Meeting, the Directors have determined that pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), Shares will be taken to be held by the persons who are the registered holders at 7.00 pm (AEST) on 3 May 2017. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

On a poll, Shareholders have one vote for every Share held. Holders of options are not entitled to vote.

**EXPLANATORY MEMORANDUM
EMEFCY GROUP LIMITED (ACN 127 734 196)**

This Explanatory Memorandum accompanies and forms part of the Notice of Annual General Meeting (**Notice**) issued to convene the 2017 Annual General Meeting (**Meeting**) of the Shareholders of Emefcy Group Limited (**Company**) to be held at 11 am (AEST) on 5 May 2017 at Giorgios Restaurant Function Room, 1235 High Street, Armadale, Victoria, Australia.

ITEM 1: FINANCIAL REPORTS

The Corporations Act requires the Financial Report and the reports of the Directors and Auditor for the financial year ended 31 December 2016 to be laid before the Meeting.

The Company's 2016 Annual Report (which includes the Financial Report, Directors' Report and Auditor's Report) is available on the Company's website at <http://www.emefcy.com/investors/>.

A copy of the Annual Report has also been sent to each Shareholder (other than those Shareholders who have previously elected not to receive the Annual Report, whether in paper form or electronically). Any Shareholder who has made this election and now wishes to receive a paper or electronic copy of the Annual Report should contact the Company to arrange receipt.

Neither the Corporations Act nor the Constitution of the Company requires a vote of Shareholders on these reports. However, Shareholders as a whole will be given a reasonable opportunity at the AGM to ask questions about, or make comments on, these reports and the business and management of the Company.

In addition, a Shareholder who is entitled to cast a vote at the Meeting may submit a written question to the Auditor if the question is relevant to:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Financial Report,

by giving the question to the Company by no later than 28 April 2017 (being the 5th business day before the day on which the Meeting is to be held). The Company will pass the questions on to the Auditor, and the Auditor will prepare a list of questions that the Auditor considers relevant to the matters outlined above, which will be made available to Shareholders at the Meeting.

ITEM 2: PROPOSED RESOLUTIONS

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the financial year ended 31 December 2016 forms part of the Directors' Report and is set out in pages 9 to 11 (inclusive) of the Annual Report, which is available at <http://www.emefcy.com/investors/>.

The Remuneration Report includes:

- (a) a discussion of the Board's policy for determining the nature and amount of remuneration of the Company's Key Management Personnel;
- (b) a discussion of the relationship between such Board policy and the Company's performance;
- (c) details of any performance conditions associated with the remuneration of Key Management Personnel, including why they were chosen and how performance is measured against them; and
- (d) the remuneration details for each of the Company's Key Management Personnel, including the value of any options and performance rights granted to such person.

Section 250R(2) of the Corporations Act requires the Company to put a resolution to the Shareholders at the AGM for the adoption of the Remuneration Report. The vote on this resolution is advisory only and will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration practices and policies.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments on, the Remuneration Report.

Also, Shareholders should note that under the Board spill provisions contained in the Corporations Act (known generally as the “two strikes rule”), if 25% or more of the votes cast on this resolution are against the adoption of the 2016 Remuneration Report, this will be considered the “first strike”. While this would not impact this AGM, if a “second strike” is cast against the 2017 Remuneration Report at next year’s annual general meeting, this will trigger a vote on a resolution to spill the Board, and all Directors who were in office at the date of that meeting (other than the Managing Director) must stand for re-election.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTIONS 2 AND 3: RE-ELECTION OF MR RICHARD IRVING AND MR ROSS HAGHIGHAT

Clause 4.3(c)(i) of the Constitution provides that one third of the directors for the time being must retire at each annual general meeting. Under clause 4.3(c)(ii) of the Constitution, the Directors who must retire in accordance with this rule are the Directors (other than the Managing Director) who have been longest in office since their election.

As at the date of this Notice, the Board is comprised of four Directors and the Managing Director. Each of Mr Richard Irving and Mr Ross Haghighat was elected as a Director by the Shareholders at the Extraordinary General Meeting held on 17 November 2015. Accordingly, of the four Directors, they have held office for the longest period.

Resolution 2

Mr Irving retires and, being eligible, offers himself for re-election as a Director.

Mr Irving has a Bachelor and Master of Science in Electrical Engineering from Manchester University, United Kingdom. Based in Silicon Valley, Mr Irving brings over 30 years’ experience in venture capital, business management, marketing and engineering. He was one of the co-founders of Pond Venture Partners in 1997 and has been involved in over 30 start-ups and participated in more than \$3 billion of IPOs, acquisitions and private financings. Mr Irving has worked in technology companies since 1982 including chip design at AT&T Bell Labs (1982-86), Marketing Department Manager at AMD (1986-89), VP Graphics, Imaging & Multimedia at Brooktree (1990-94) and has been self-employed at Irving International (technology consulting 1989 & 1994-97). Mr Irving joined the Board on 18 December 2015 in the role of the Executive Chairman.

Board Recommendation

The Board (other than Mr Irving, who is the subject of this resolution) recommends that Shareholders vote in favour of the re-election of Mr Irving as a Director.

Resolution 3

Mr Haghighat retires and, being eligible, offers himself for re-election as a Director.

Mr Haghighat has an MBA, a Bachelor of Science, and a Masters in Material Science in Organometallic Chemistry from Rutgers University, United States. He has over 25 years’ experience in product venturing with ten startups, including five exits and creating over \$4 billion in shareholder value. Mr Haghighat is based in Boston and is currently a director of NASDAQ-listed Aduro Biotech, and Managing Partner of Triton Systems, Inc. He also served on the board of S12 Technologies and FRX Polymers.

Board Recommendation

The Board (other than Mr Haghighat, who is the subject of this resolution) recommends that Shareholders vote in favour of the re-election of Mr Haghighat as a Director.

RESOLUTION 4: REFRESHMENT OF PLACEMENT CAPACITY THROUGH RATIFICATION AND APPROVAL OF PREVIOUS ISSUE OF SHARES

(a) Placement capacity refreshment – Ratification of Shares issued in July 2016 in reliance on Listing Rule 7.1

On 29 July 2016, the Company issued a total of 49.4 million Shares through a placement to institutional and sophisticated investors, of which 29,723,996 Shares were issued in reliance on Listing Rule 7.1. In order to refresh the Company's ability under Listing Rule 7.1 to issue Equity Securities without obtaining Shareholder approval, Shareholders are asked to ratify and approve the issue of these Private Placement Shares for the purposes of Listing Rule 7.4.

Listing Rule 7.1 imposes a restriction on the number of Equity Securities issued without shareholder approval during the 12 month period, if the number of these securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period (**15% Placement Capacity**). Listing Rule 7.4 provides that an issue of Equity Securities can be treated as having been made with shareholder approval for the purposes of Listing Rule 7.1 if the holders of ordinary securities subsequently approve it and the issue did not breach Listing Rule 7.1 at the time of the issue.

The number of Equity Securities which are allowed to be issued without shareholder approval is calculated in the following formula under Listing Rule 7.1 (**7.1 Formula**).

(A x B) - C

Where:

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- plus the number of shares issued in the previous 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of shares issued in the previous 12 months with approval of Shareholders under Listing Rules 7.1 and 7.4; and
- less the number of shares cancelled in the previous 12 months.

B is 15%

C is the number of Equity Securities issued or agreed to be issued in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The passing of Resolution 3(a) will result in 29,723,996 Private Placement Shares being included in **A** in the 7.1 Formula (as well as in the equivalent formula under Listing Rule 7.1A) and will also refresh the Company's 15% Placement Capacity under Listing Rule 7.1 in respect of that number of Equity Securities, by enabling the Company going forward, in reliance on Listing Rule 7.1, to issue 29,723,996 additional Equity Securities without Shareholder approval.

Ratification will provide the Company with flexibility in capital management and allows the Company to make further issues of Shares for working capital or other purposes as required.

In accordance with Listing Rule 7.5, the following information is provided in relation to the Private Placement Shares that were issued under the 15% Placement Capacity:

- (i) **the number of Private Placement Shares issued:** 29,723,996 Shares.
- (ii) **the price at which the Shares were issued:** A\$0.64 per Share.
- (iii) **the terms of the Shares to be issued:** the Private Placement Shares rank equally with existing Shares.
- (iv) **the names of the allottees or the basis on which allottees of the Shares are determined:** the Shares were issued to professional and sophisticated investors who participated in the institutional placement, as announced to ASX on 25 July 2016.
- (v) **the use (or intended use) of the funds raised:** the funds were or are to be used to fund:
 - (A) full commercial entry and scale up of activities into the China market;
 - (B) expansion of the Company's global sales and marketing activities;
 - (C) continuing product development activities, including fast track development of products in China;
 - (D) redemption of amounts payable under the redeemable note deed to True North Venture Partners L.P.; and
 - (E) costs of the capital raising and provide ongoing working capital.

(b) Placement capacity refreshment – Ratification of Shares issued in July 2016 in reliance on Listing Rule 7.1A

In addition to the 15% Placement Capacity, an eligible entity can seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital without shareholder approval (**10% Placement Capacity**). The Company obtained such Shareholder approval at the last annual general meeting on 18 May 2016. On 29 July 2016, the Company issued a total of 19,676,004 Shares through a placement to institutional and sophisticated investors under its 10% Placement Capacity.

In order to have these Shares be treated as if they had been issued with Shareholder approval for purposes of calculating the 10% Placement Capacity, Shareholders are asked to ratify and approve the issue of these Private Placement Shares for the purposes of Listing Rule 7.4.

Similar to the ratification allowed for the 15% Placement Capacity, under Listing Rule 7.4, an issue of Equity Securities made under Listing Rule 7.1A without prior shareholder approval can be treated as having been made with that approval if shareholders subsequently approve it.

The passing of Resolution 3(b) will result in 19,676,004 Shares being included in A in the 7.1 Formula (as well as in the equivalent formula under Listing Rule 7.1A), and so would increase the denominator when the number of Shares available under the 15% Placement Capacity and under the 10% Placement Capacity is calculated. This will enable the Company to maximise the number of equity securities that can be issued over the next 12 months without further approval from the Shareholders, thereby giving the Company greater speed and flexibility in issuing further Shares.

In accordance with Listing Rules 7.5 and 3.10.5A, the Company provides the following information in relation to these Private Placement Shares:

- (i) **the number of Private Placement Shares issued:** 19,676,004 Shares.
- (ii) **the price at which the Shares were issued:** A\$0.64 per Share.
- (iii) **the terms of the Shares to be issued:** the Private Placement Shares rank equally with existing Shares.
- (iv) **the names of the allottees or the basis on which allottees of the Shares are determined:** the Shares were issued to professional and sophisticated investors who participated in the institutional placement, as announced to ASX on 25 July 2016.
- (v) **the use (or intended use) of the funds raised:** the funds were or are to be used as described above in paragraph (a)(v).
- (vi) Dilutive effect of these Private Placement Shares: 198,159,973 Shares were on issue before the private placement and the 19,676,004 Private Placement Shares were issued. Therefore the dilutive effect of the 19,676,004 Private Placement Shares was 9.9%.
- (vii) The 19,676,004 Private Placement Shares were issued for cash consideration. The reason why the Company issued the Shares under Listing Rule 7.1A rather than a rights issue is because the Company was not able to undertake a rights issue without a prospectus at the time, having been re-admitted to the Official List of ASX for less than one year.
- (viii) The lead manager of the placement was Henslow Pty Ltd, and the joint co-managers were Empire Capital Partners and EAS Advisors LLC. The total fees payable to the managers of the placement was \$221,236.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTION 5: APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

(a) Additional 10% Placement Capacity under Listing Rule 7.1A

The Company is seeking Shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Capacity. As noted above, the Company obtained Shareholder approval of its 10% Placement Capacity at its last annual general meeting on 18 May 2016. The approval of this placement capacity will expire, however, on 17 May 2017 (or 12 months after that Shareholder approval was obtained). Accordingly, the Company is proposing to have Shareholders approve a new 10% Placement Capacity.

An “eligible entity” for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Although the Company has recently been included in the S&P All Ordinaries Index, it has not yet become part of the S&P / ASX 300 Index. As a result, as at the date of this Notice, the Company is an eligible entity.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being the Shares.

If Shareholders approve this resolution, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the following formula prescribed in ASX Listing Rule 7.1A.2:

(A x D) - E

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the previous 12 months;
- plus the number of Shares issued in the previous 12 months with approval of Shareholders under ASX Listing Rule 7.1 or 7.4. This does not include an issue of Shares under the Company's 15% placement capacity without subsequent Shareholder approval; and
- less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under ASX Listing Rule 7.1 or 7.4.

(b) Specific Information required by Listing Rule 7.3A

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this resolution:

Minimum price

The minimum price at which the Equity Securities may be issued is 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; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of that date, the date on which the Equity Securities are issued.

Risk of dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the voting interests of Shareholders who do not receive Equity Securities under the issue and may also dilute their economic interests (for example, if the issue of the Equity Securities is at a discount to the market price of the Equity Securities or results in the decrease of the market price of the Equity Securities).

The table below seeks to demonstrate the potential dilution of existing Shareholders resulting from the issue of Equity Securities under the 10% Placement Capacity calculated in accordance with the formula contained in ASX Listing Rule 7.1A.2. The table does this by setting out the potential number of Shares issued and funds raised on the basis of the

current number of Shares on issue as at the date of this Notice. The table assumes that the class of Equity Securities that will be issued will be Shares, as that is currently the Company's only class of quoted Equity Securities. The table also assumes a placement of 10% occurs and shows examples where:

- (i) the number of Shares on issue (variable 'A' in the formula) increases by 50% and 100%; and
- (ii) the issue price increases and decreases by 50% against the current market price.

Number of Shares on issue (variable 'A' in formula)	Dilution			
	Dilution Variable	\$0.43 (50% decrease in current issue price)	\$0.86 (Current issue price)	\$1.29 (50% increase in current issue price)
variable 'A' - 257,051,054 Shares	Additional 10% Shares issued	25,705,105 Shares	25,705,105 Shares	25,705,105 Shares
	Funds raised	\$11,053,195	\$22,106,390	\$33,159,585
50% increase in variable 'A' - 385,576,581 Shares	Additional 10% Shares issued	38,557,658 Shares	38,557,658 Shares	38,557,658 Shares
	Funds raised	\$16,579,793	\$33,159,586	\$49,739,379
100% increase in variable 'A' - 514,102,108 Shares	Additional 10% Shares issued	51,410,211 Shares	51,410,211 Shares	51,410,211 Shares
	Funds raised	\$22,106,391	\$44,212,781	\$66,319,172

* The number of Shares on issue (variable 'A' in the formula) could increase as a result of the issue of Shares that does not require Shareholder approval (such as under a pro-rata rights issue) or an issue of Shares with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. The current number of Shares on issue is the Shares on issue as at 30 March 2017.
2. The current issue price is the closing price of the Shares on the ASX on 30 March 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1 or under an exception under ASX Listing Rule 7.2.
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.
7. Any fractions resulting from the calculations above have been rounded down.

Shareholders should note that there is a risk that:

- (i) the market price for the 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.

Date of issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of this Meeting and expiring on the first to occur of the following:

- (iii) the date that is 12 months after the date of this Meeting; and
- (iv) the date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or

11.2 (disposal of the Company's main undertaking) or such longer period if allowed by ASX.

Purpose of issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for various purposes, including to assist the Company in the event of a future capital raising, in raising funds for carrying out its business objectives and in particular, to accelerate commercialisation of the Company's technology, to pursue business development opportunities, to accelerate product development activities and otherwise for general working capital purposes. In addition, from time to time, as part of its growth strategy, the Company considers acquiring various companies and businesses. In that context, the availability of the 10% Placement Capacity will give the Company the flexibility to fund the purchase price for an acquisition, or the working capital requirements of the acquired company or business, wholly or partly through the issue of Equity Securities.

The Directors do not intend at this stage to issue any of the Equity Securities for non-cash consideration, however in the event they are issued for non-cash consideration, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees 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 allottees at the time of the issue under the 10% Placement Capacity, 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 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).

Previous approval under Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 18 May 2016.

In accordance with Listing Rule 7.3A.6, because the Company has previously obtained approval under Listing Rule 7.1A, the Company is required to provide the following information to Shareholders:

- (i) the total number of Equity Securities issued by the Company in the 12 months preceding the date of the Meeting was 79,057,089 Equity Securities, representing 37.8% of the total number of Equity Securities on issue (which was 209,188,502) at the commencement of that 12 month period; and
- (ii) details of all issues of Equity Securities by the Company during the 12 months preceding the Meeting are set out in Schedule 1.

Voting exclusion

A voting exclusion statement applies to this resolution on the terms set out in the “Important Information” section of the Notice of Annual General Meeting. At the date of this Notice, the Company has not invited any existing Shareholder to participate in the issue of the Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholder’s vote will be excluded under the voting exclusion in the Notice.

Board Recommendation

The Board recommends that Shareholders in vote in favour of this resolution.

GLOSSARY

AGM or Meeting	the Annual General Meeting of the Company to be held at 11am (AEST) on 5 May 2017 at Giorgios Restaurant Function Room, 1235 High Street, Armadale, Victoria, Australia
Annual Report	the Annual Report of the Company for the year ended 31 December 2016
ASIC	the Australian Securities and Investments Commission
Associate	has the meaning given to the term by section 12 and 16 of the Corporations Act
ASX	ASX Limited (ACN 008 624 691)
ASX Listing Rules	the Listing Rules of ASX
Auditor	BDO East Coast Partnership (ABN 83 236 985 726)
Board	the board of Directors of the Company
Chairman	the Chairman of the Meeting
Closely Related Party	has the meaning given in section 9 of the Corporations Act
Company	Emefcy Group Limited (ACN 127 734 196)
Constitution	the Company's constitution
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Director	a director of the Company
ESOP	the Employee Share Option Plan which was approved by the Shareholders at the annual general meeting of the Company held on 14 October 2015
Equity Security	has the meaning given in the ASX Listing Rules
Explanatory Memorandum	the Explanatory Memorandum accompanying and forming part of the Notice
Key Management Personnel or KMP	the key management personnel of the Company named in the Remuneration Report, including the Directors
Notice or Notice of Annual General Meeting	this Notice of Annual General Meeting and the Explanatory Memorandum and Proxy Form
Private Placement Shares	A total of 49,400,000 Shares issued on 29 July 2016 under a private placement to institutional and sophisticated investors at an issue price of \$0.64 per Share, which raised a total of \$31,616,000
Proxy Form	the Proxy Form accompanying and forming part of the Notice
Remuneration Report	the Remuneration Report for the year ended 31 December 2016 as set out in pages 9 to 11 (inclusive) of the Annual Report
Share	a fully paid ordinary share in the capital of the Company
Share Exchange and Purchase Agreement	The Share Exchange and Purchase Agreement dated as of October 1, 2015, between the Company (which was then named Savcor Group Limited), Emefcy Ltd and the (then) shareholders of Emefcy Ltd
Shareholder	a holder of a Share

SCHEDULE 1
ISSUES OF EQUITY SECURITIES SINCE THE 2016 7.1A APPROVAL

Date of Appendix 3B	Number of equity securities issued	Class of equity securities issued	Allottees	Issue price and Discount	Form of consideration
06/05/2016	2,837,946	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
10/06/2016	1,747,311	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$104,839
10/06/2016	1,000,000	Unlisted options	Issued as part of the remuneration of the director	Nil	Issued for no consideration
10/06/2016	1,000,000	Unlisted options	Issued as part of the remuneration of the director	Nil	Issued for no consideration
10/06/2016	400,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
10/06/2016	100,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
16/06/2016	7,314,692	Fully paid ordinary shares	Issued as a result of the satisfaction of the first two commercial milestones, as part of the consideration to the vendors, in accordance with the acquisition terms approved by shareholders on 17 November 2015	Nil	Issued as consideration under the Share Exchange and Purchase Agreement
16/06/2016	192,013	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$11,521
23/06/2016	38,435	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$2,306
23/06/2016	1,000,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
29/07/2016	230,611	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$13,837
01/08/2016	49,400,000	Fully paid ordinary shares	Placement to institutional and sophisticated investors	\$0.64; 9% discount	\$31,616,000
01/08/2016	1,800,000	Unlisted options	Issued as part of the ESOP	Nil	\$1,152,000
01/08/2016	300,000	Unlisted options	Issued as part of the ESOP	Nil	\$237,780
03/08/2016	3,985,807	Fully paid ordinary shares	Issued as a result of the satisfaction of the first two commercial milestones, as part of the consideration to the vendors, in accordance with the acquisition terms approved by shareholders on 17 November 2015	Nil	Issued as consideration under the Share Exchange and Purchase Agreement
10/08/2016	150,000	Fully paid ordinary shares	Issued as part of the remuneration of a China based consultant	Nil	Issued for no consideration
16/08/2016	192,012	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$11,521
05/09/2016	384,352	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$23,061

Date of Appendix 3B	Number of equity securities issued	Class of equity securities issued	Allottees	Issue price and Discount	Form of consideration
05/09/2016	250,000	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.15	\$37,500
05/09/2016	350,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
13/09/2016	38,435	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$2,306
22/09/2016	55,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
17/10/2016	200,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
21/10/2016	268,981	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$16,139
02/11/2016	100,000	Unlisted options	Issued as part of the remuneration of the consultant	Nil	Issued for no consideration
02/11/2016	350,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
18/11/2016	500,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
18/11/2016	200,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
18/11/2016	268,882	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$16,133
29/11/2016	702,759	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$42,166
01/12/2016	3,249,853	Fully paid ordinary shares	Issued on exercise of unlisted options	\$0.06	\$194,991
13/02/2017	350,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
03/03/2017	25,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration
03/03/2017	75,000	Unlisted options	Issued as part of the ESOP	Nil	Issued for no consideration



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEST) on Wednesday 3 May 2017.**

🖥 TO VOTE ONLINE

STEP 1: VISIT www.votingonline.com.au/emefcyagm2017

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEST) on Wednesday 3 May 2017**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

🖥 **Online** www.votingonline.com.au/emefcyagm2017

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Emefcy Group Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Giorgios Restaurant Function Room, 1235 High Street, Armadale, Victoria, Australia on Friday, 5 May 2017 at 11:00am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Richard Irving	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Mr Ross Haghighat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Refreshment of Placement Capacity Through Ratification of Previous Issues of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017