

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Emefcy Group Limited (ASX:EMC)

ABN

52 127 734 196

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | *Class of *securities issued or to be issued | (a) and (b) Unlisted Options (New Classes)
(c) and (d) Ordinary Shares |
| 2 | Number of *securities issued or to be issued (if known) or maximum number which may be issued | (a) 11,191,336
(b) 1,500,000
(c) 650,000
(d) 1,300,000 |
| 3 | Principal terms of the *securities (e.g. if options, exercise price and expiry date; if partly paid *securities, the amount outstanding and due dates for payment; if *convertible securities, the conversion price and dates for conversion) | <p>(a) Unlisted Options issued to Mr Henry Charrabé, the designated Managing Director & CEO of the proposed merged group combining Emefcy and RWL Water LLC (RWL). As detailed below, one of the vesting conditions for these Options is the completion of the acquisition of RWL (Transaction) under the Sale and Purchase Agreement dated 26 May 2017 with RSL Investments Corporation.</p> <p>The vesting of these Options will be subject to a number of conditions,</p> |

including that the completion of the Transaction occurs within 120 days after 26 May 2017 (**Transaction Condition**).

All of these Options have an exercise price per Option of \$0.93.

If the Transaction Condition is satisfied, 50% of these Options shall vest in equal instalments at the end of each consecutive three (3) month period over a four (4) year period commencing on 26 May 2017. Vesting shall be subject to the Option holder continuing to be employed by RWL Water at the end of the relevant three (3) month period.

If the Transaction Condition is satisfied, the other 50% of these Options shall vest in equal annual instalments at the end of each consecutive twelve (12) month period over a four (4) year period commencing on 26 May 2017, subject to the achievement of performance criteria established by the board of directors of the Company, in good faith consultation with the Option holder.

All of these Options will expire on 25 May 2025.

- (b) Unlisted Options issued under the Company's Employee Share Option Plan. These Options are also subject to the Transaction Condition. All of these Options have an exercise price per Option of \$0.85.

If the Transaction Condition is satisfied, 50% of these Options shall vest in equal instalments at the end of each consecutive three (3) month period over a four (4) year period commencing on 26 May 2017. Vesting shall be subject to the Option holder continuing to provide services to RWL Water at the end of the relevant three (3) month period.

If the Transaction Condition is satisfied, the other 50% of these Options shall vest in equal annual instalments at the end of

+ See chapter 19 for defined terms.

each consecutive twelve (12) month period over a four (4) year period commencing on 26 May 2017, subject to the achievement of performance criteria established by the CEO of RWL Water, in good faith consultation with the Option holder.

All of these Options will expire on 25 May 2025.

(c) Fully paid Ordinary Shares issued pursuant to the exercise of unlisted options (ASX Code: EMCAB).

(d) Fully paid Ordinary Shares issued pursuant to the exercise of unlisted options (ASX Code: EMCAI).

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

(a) and (b) No, the options are unlisted, however, Ordinary Shares issued upon exercise of the options will rank equally with the Company's existing Ordinary Shares.

(c) and (d) Yes

5 Issue price or consideration

(a) and (b) Nil cash, issued as part of the remuneration of the recipients.

(c) Issued upon exercise of options (ASX Code: EMCAB) having an exercise price of \$0.15.

(d) Issued upon exercise of options (ASX Code: EMCAI) having an exercise price of \$0.64.

6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

(a) and (b) As noted above, issued as part of the remuneration of the recipients.

(c) As noted above, issued upon exercise of options (ASX Code: EMCAB).

		(d) As noted above, issued upon exercise of options (ASX Code: EMCAI).
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	5 May 2017
6c	Number of +securities issued without security holder approval under rule 7.1	(a) 11,191,336
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	(c) 650,000 Ordinary Shares, issued upon exercise of options that were approved at a general meeting on 7 May 2015.
6f	Number of +securities issued under an exception in rule 7.2	(b) 1,500,000 options issued to a services provider under the Company's Employee Share Option Plan that was approved at a general meeting on 17 November 2015 (ESOP). (d) 1,300,000 Ordinary Shares, issued upon exercise of options that were issued to an adviser under the ESOP.
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration	Not applicable

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was released to ASX Market Announcements

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- 6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

52,271,427

- 7 ⁺Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

- (a) and (b) 31 May 2017
(c) 400,000 Ordinary Shares were issued on 1 June 2017, and 250,000 Ordinary Shares were issued on 2 June 2017
(d) 5 June 2017

- 8 Number and ⁺class of all ⁺securities quoted on ASX (including the ⁺securities in section 2 if applicable)

Number	⁺ Class
240,392,786	Fully Paid Ordinary Shares

- 9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)

Number and ⁺ Class	
Number	Class – Fully Paid Ordinary Shares
	Escrow Expiry Date
18,608,268	23 December 2017
Total Fully Paid Ordinary Shares on issue (quoted and unquoted)	
259,001,054	
For Unlisted Options please see Schedule 1 attached.	

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Unchanged

Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable.
12	Is the issue renounceable or non-renounceable?	Not applicable.
13	Ratio in which the +securities will be offered	Not applicable.
14	+Class of +securities to which the offer relates	Not applicable.
15	+Record date to determine entitlements	Not applicable.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable.
17	Policy for deciding entitlements in relation to fractions	Not applicable.
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not applicable.
19	Closing date for receipt of acceptances or renunciations	Not applicable.
20	Names of any underwriters	Not applicable.
21	Amount of any underwriting fee or commission	Not applicable.
22	Names of any brokers to the issue	Not applicable.
23	Fee or commission payable to the broker to the issue	Not applicable.

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable.
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable.
28	Date rights trading will begin (if applicable)	Not applicable.
29	Date rights trading will end (if applicable)	Not applicable.
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable.
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable.
33	⁺ Issue date	Not applicable.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1*

*Options described in Part 1 will be unlisted.

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which ⁺quotation is sought

39 ⁺Class of ⁺securities for which quotation is sought

+ See chapter 19 for defined terms.

40

Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41

Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 5 June 2017

Director
Emefcy Group Limited
Peter Marks

Print name:

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	188,636,911
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p>Note:</p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	70,214,143
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	258,851,054

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	38,827,658
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	12,441,336
“C”	12,441,336
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	38,827,658
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	12,441,336
Total [“A” x 0.15] – “C”	26,386,322 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	258,851,054
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	25,885,105
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	0

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	25,885,105
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	25,885,105 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

Appendix 3B – Schedule 1

Number	Class – Unlisted Options	
	Exercise Price	Expiration Date
2,500,000	\$0.30	18 Dec 2018
2,500,000	\$0.40	18 Dec 2019
2,000,000	\$0.30	31 Jul 2018
2,000,000	\$0.40	31 Jan 2019
500,000	\$0.35	13 Apr 2020
431,473	\$0.30	23 Dec 2019
431,473	\$0.40	23 Dec 2019
100,000	\$0.30	28 Feb 2020
100,000	\$0.40	28 Feb 2020
75,000	\$0.30	23 Mar 2020
75,000	\$0.40	23 Mar 2020
50,000	\$0.30	12 Apr 2020
50,000	\$0.40	12 Apr 2020
400,000	\$0.5909	16 May 2020
100,000	\$0.5909	28 May 2020
1,000,000	\$0.40	18 May 2020
1,000,000	\$0.40	18 May 2021
1,000,000	\$0.933	31 May 2020
500,000	\$0.64	31 July 2018
250,000	\$0.7926	25 July 2020
325,000	\$0.867	25 August 2020
55,000	\$0.70	1 August 2018
200,000	\$1.00	25 September 2020
100,000	\$0.64	31 October 2019
350,000	\$1.071	26 October 2020
500,000	\$0.74	31 October 2020
200,000	\$1.00	9 November 2020
350,000	\$1.00	9 February 2021
75,000	\$0.872	20 December 2020
25,000	\$0.84	10 January 2021
1,000,000	\$0.817	4 March 2021
2,000,000	\$0.72	31 March 2019
1,000,000	\$0.72	31 March 2019
175,000	\$0.86	3 May 2021
11,191,336	\$0.93	25 May 2025
1,500,000	\$0.85	25 May 2025
34,109,282	Total Unlisted Options issued	

+ See chapter 19 for defined terms.