



Cleansing notice under Section 708AA(2)(f) of the Corporations Act 2001 (Cth)

Babylon Pump & Power Ltd (ASX:BPP) (**Company**) has today announced that it is undertaking a 4-for-5 pro-rata, non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) to raise approximately \$6.36 million (before costs) (**Entitlement Offer**). The Entitlement Offer is being made in conjunction with a placement to professional and sophisticated investors to raise a further \$1.04 million (before costs) (**Placement**).

Funds raised will be used to support future growth initiatives and for the redemption of \$4.5 million of convertible notes in the Company.

Under the Entitlement Offer, Eligible Shareholders of the Company will be able to subscribe for 4 New Shares for every 5 existing fully paid ordinary Shares in the Company held at 5:00 pm (AWST) on the record date of Wednesday, 15 June 2022 each at the offer price of 0.6 cent per New Share.

The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited.

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Act**). Further details of the Entitlement Offer will be set out in the Offer Document that the Company lodged today with ASX and which will be dispatched to Eligible Shareholders shortly.

Details of the New Shares expected to be issued under the Entitlement Offer are set out below.

Class of securities	Ordinary shares
ASX code of the securities	BPP
Date of expected issue	1 July 2022
Total number of securities expected to be issued	1,059,175,323 New Shares subject to rounding of fractional entitlements

Information required under Section 708AA(7) of the Corporations Act 2001 (Cth)

The Company hereby confirms, as per the requirements set out in section 708AA(7) of the Act, as follows:

- (a) The Company will offer the New Shares pursuant to the Entitlement Offer for issue without disclosure to investors under Part 6D.2 of the Act.
- (b) The Company is providing this notice under paragraph 2(f) of section 708AA of the Act.
- (c) As at the date of this notice, the Company has complied with:



- (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act.
- (d) As at the date of this notice, there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (B) the rights and liabilities attaching to the Shares to be issued pursuant to the Entitlement Offer.
- (e) It is not expected that the issue of the New Shares under the Offer will have any material impact on the control of the Company.

The potential effect of the Offer on each Shareholder's percentage interest in the total issued capital of the Company is dependent on a number of factors including investor demand. Given the structure of the Offer as a pro rata offer the potential effect of the issue of the New Shares will have on each Shareholder's percentage interest in the Company is as follows:

- (i) If all Eligible Shareholders take up their entitlement for New Shares under the Entitlement Offer, the ownership interest (and voting power) in the Company of each Eligible Shareholder will remain largely unchanged and the effect of the change of control of the Company will be negligible. The Company is also undertaking the Placement and Placement Shares will represent approximately 7% of the Company's issued capital following completion of both the Placement and the Offer. Accordingly, existing Shareholders of the Company will be diluted as a result of the Placement.
- (ii) To the extent that any Eligible Shareholder chooses to not take up their full entitlement under the Offer, that Eligible Shareholder's percentage holding in the Company will be diluted by the Shares issued under the Offer and the Placement.
- (iii) If some but not all Eligible Shareholders take up their Entitlement, and some or all of the Top Up Shares are taken up under the Top Up Facility and the Underwriting Agreement, the percentage interest in the total issued Shares of each Eligible Shareholder who does not take up their Entitlement will be diluted and the percentage interest of the total issued Shares of each Eligible Shareholder who does take up their Entitlement will remain the same.
- (iv) If no Eligible Shareholders take up their entitlement to New Shares under the Entitlement Offer or under the Top Up Facility (which the Directors consider unlikely)





then the Underwriter will be required to subscribe, or procure subscriptions from others, for the Shortfall. In these circumstances, the maximum theoretical increase in voting power of the Underwriter (or a sub-underwriter) will be approximately 44% of the Company's issued capital following completion of both the Placement and the Offer. However, as the Underwriter's obligations will be at least partially sub-underwritten, the Directors consider there will be no material effect on the control of the Company even if a substantial Shortfall arose.

The Company currently has one substantial shareholder, Mr Geoffrey Lord, who has a relevant interest in 200,368,492 Shares at the date of this announcement comprising voting power of 17.4% in the Company. Mr Lord is not a related party of the Company. At the date of this announcement, the Company understands that Mr Lord will acquire a relevant interest in 64,166,667 Placement Shares and will enter into a sub-underwriting arrangement with the Underwriter in respect of up to 166,666,667 Shortfall Shares. Mr Lord will not subscribe for Top Up Shares under the Top Up Facility.

Mr Lord's voting power in the Company will increase from 17.4% up to a maximum of 26.97% following completion of the Placement and Offer as a result of Mr Lord participating in the Placement, subscribing for New Shares under the Offer assuming he takes up 100% of his Entitlement and subscribing for the full amount of Shortfall Shares in accordance with his sub-underwriting commitment. Mr Lord's voting power will be less than 26.97% if he takes up less than his full Entitlement or he is not called upon by the Underwriter to subscribe for the full amount of his sub-underwriting commitment.

Authorised for release by the Board of Babylon Pump & Power Ltd.

A handwritten signature in blue ink, appearing to read 'Michael Shelby'.

Michael Shelby
Managing Director

