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**PURIFLOH LIMITED**

**ACN 124 426 339**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10:00 am (AEDT)

**DATE:** Friday, 22 November 2019

**PLACE:** The Wattle Room  
Level 3  
480 Collins Street  
MELBOURNE VIC 3000

***The business of the Meeting affects your shareholding and your vote is important.***

***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.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00 PM AEDT on 20 November 2019.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2019.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR WILLIAM PARFET

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr William Parfet, a Director who was appointed as an additional Director on 5 November 2018, retires, and being eligible, is elected as a Director.”*

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#### 4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal 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.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a 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.

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**5. RESOLUTION 4 – ISSUE OF SHARES TO RELATED PARTY IN LIEU OF OUTSTANDING DIRECTOR FEES**

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

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 42,633 Shares to Steve Morris (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Morris (or his nominee) or any of their associates (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 Excluded Party, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**6. RESOLUTION 5 – ISSUE OF SHARES TO RELATED PARTY IN LIEU OF OUTSTANDING DIRECTOR FEES**

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

*"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 32,500 Shares to Simon Lill (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Lill (or his nominee) or any of their associates (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 5 Excluded Party, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**7. RESOLUTION 6 – ISSUE OF SHARES TO RELATED PARTY IN LIEU OF OUTSTANDING DIRECTOR FEES**

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 35,597 Shares to Steve Annear (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Annear (or his nominee) or any of their associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**8. RESOLUTION 7 – ISSUE OF SHARES TO RELATED PARTY IN LIEU OF OUTSTANDING DIRECTOR FEES**

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 18,128 Shares to Ms Lucia Cade (or her nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Ms Cade (or her nominee) or any of their associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 7 Excluded Party, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**9. RESOLUTION 8 – ISSUE OF SHARES TO RELATED PARTY IN LIEU OF OUTSTANDING DIRECTOR FEES**

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

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 11,684 Shares to William Parfet (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Parfet (or his nominee) or any of their associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 8 Excluded Party, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Dated: 18 October 2019**

**By order of the Board**



**Simon Lill**  
**Director**

### **Voting in person**

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

### **Voting by proxy**

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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 on 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 member appoints 2 proxies and the appointment does not specify the proportion or number of the member'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.

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 3 9673 9673 or email to [info@purifloh.com](mailto:info@purifloh.com).**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.purifloh.com](http://www.purifloh.com).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.



Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## **3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR WILLIAM PARFET**

### **3.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr William Parfet, having been appointed by other Directors on 5 November 2018 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

### **3.2 Qualifications and other material directorships**

Mr Parfet currently serves as the Chairman and CEO of Northwood Group, which includes the investment arm of his family office, having recently retired from numerous public company positions. He has served as the Independent Lead Director for Stryker Corporation, Director for Monsanto company, Director for Consumers Energy, and Director for Taubman company. Most recently he served as the Executive Chairman of inviCRO LLC in Boston which was sold to Konica Minolta in 2017.

### **3.3 Independence**

On 7 November 2018, the Company announced the investment of A\$9.6 million through the issue of 4 million shares at a price of \$2.40 per share to Upjohn Laboratories LLC (**Upjohn**), the investment arm of Mr Parfet's family office. In addition, Upjohn also acquired 1,271,601 shares in an off-market transfer from the Company's then second largest shareholder, to take its total holding to 5,271,601 shares, or 16.8% of the expanded issued capital of the Company.

If elected the Board does not consider Mr Parfit will be an independent director.

### **3.4 Board recommendation**

The Board supports the election of Mr Parfet and recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY**

### **4.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities equal to 10% of its issued capital (**10% Placement Capacity**) without using that entity's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$138,085,006 (based on the number of Shares on issue and the closing price of Shares on the ASX on 10 October 2019 (\$4.40) and excluding any restricted securities that may be on issue).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being the Shares (ASX Code: PO3).

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

### **4.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

#### **(a) 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 the date in Section 4.2(c)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

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

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 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) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 10 October 2019.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable A in ASX Listing Rule 7.1A2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$2.20	\$4.400	\$6.60
			50% decrease	Issue Price	50% increase
		Funds Raised			
<b>Current</b>	31,523,498 Shares	3,152,349 Shares	\$6,935,168	\$13,870,336	\$20,805,503
<b>50% increase</b>	47,285,247 Shares	4,728,524 Shares	\$10,402,753	\$20,805,506	\$31,208,258
<b>100% increase</b>	63,046,996 Shares	6,304,699 Shares	\$13,870,338	\$27,740,676	\$41,611,013

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-

rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 31,523,498 Shares on issue comprising:
  - (a) 31,382,956 existing Shares as at the date of this Notice of Meeting; and
  - (b) 140,542 Shares which will be issued if Resolutions 4 to 8 are passed at this Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 10 October 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. 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.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's 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.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration, in which case the Company intends to use funds raised for ongoing working capital to further advance the Company's Free Radical Generator technology; or
- (ii) to introduce a strategic investor to the Company's register, in which case the funds raised through such introduction would be used in a manner consistent with Section 4.2 (f)(i) above.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

(f) **Allocation policy under the 10% Placement Capacity**

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

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(g) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2018 (**Previous Approval**).

The Company has not issued any Shares or Options pursuant to the Previous Approval.

During the 12-month period preceding the date of the Meeting, being on and from 22 November 2019, the Company has not issued any Equity Securities.

### 4.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

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## 5. RESOLUTIONS 4 TO 8 – APPROVAL TO ISSUE SHARES IN LIEU OF OUTSTANDING DIRECTOR FEES TO DIRECTORS

### 5.1 Remuneration Regime

The Board had resolved to adopt a remuneration regime, pursuant to which a Director may elect, on a quarterly basis, to accept either 50% or 100% of their director fees for a given quarter as equity (**Equity Election**) (the **Remuneration Regime**).

Under the Remuneration Regime, a Director must make the election at least one week prior to the commencement of the relevant quarter. It is proposed that the issue price for Shares issued under the Remuneration Regime will be the volume weighted average market price of the Shares for the relevant quarterly period (**Quarterly VWAP**), with a minimum floor price equal to \$2.40 per share (**Floor Price**).

The Floor Price has been assessed as \$2.40 per Share and is relevant being the Share price paid by Upjohn for their investment on 7 November 2018.

With respect to the Equity Election, "director fees" refers to those fees payable to a Director in consideration for services provided in the capacity as a Director (as set out in Section 5.2 below). It does not include other amounts that may be payable by the Company to a Director, including reimbursement of genuine out of pocket expenses or genuine "special exertion" fees paid in accordance with the Constitution.

In adopting a remuneration strategy for its Directors, at all times the Company strives to seek a balance between preservation of cash proceeds and an equitable remuneration structure. To align Directors' personnel interests with that of Shareholders, Directors may elect to sacrifice a portion of their cash remuneration in lieu of Shares, subject to compliance with the ASX Listing Rules.

Resolutions 4 to 8 seek Shareholder approval for the issue of Shares pursuant to the Remuneration Regime.

### 5.2 General

Resolutions 4 to 8 seek Shareholder approval to convert a total of \$391,394 in outstanding director fees pertaining to the period ended 30 June 2018 and quarters ended 30 September 2018, 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019 (**Outstanding Director Fees**) into equity as follows:

Director	Period ended 30 June 2018	Quarter ended 30 September 2018	Quarter ended 31 December 2018	Quarter ended 31 March 2019	Quarter ended 30 June 2019	Quarter ended 30 September 2019
Steve Morris	\$77,000	\$15,000	\$6,000	Nil	Nil	\$10,000
Simon Lill	\$64,000	\$14,000	Nil	Nil	Nil	Nil
Steve	\$35,250	\$18,677	\$12,000	\$12,000	\$12,000	\$12,000

Director	Period ended 30 June 2018	Quarter ended 30 September 2018	Quarter ended 31 December 2018	Quarter ended 31 March 2019	Quarter ended 30 June 2019	Quarter ended 30 September 2019
Annear						
Lucia Cade	Nil	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
William Parfet	Nil	Nil	\$7,467	\$12,000	\$12,000	\$12,000
<b>Total</b>	<b>\$176,250</b>	<b>\$59,677</b>	<b>\$37,467</b>	<b>\$36,000</b>	<b>\$36,000</b>	<b>\$46,000</b>

With respect to the debt to equity conversions, the Board have resolved that:

- (a) consistent with the Company's Remuneration Regime (details of which are set out in Section 5.1), the Outstanding Director Fees pertaining to the quarters ended 30 September 2018, 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019 will, subject to Shareholder approval, convert into equity at the relevant Quarterly VWAP (being \$2.40 (Floor Price) for the September 2018 quarter, \$3.14 for the December 2018 quarter, \$3.91 for the March 2019 quarter, \$3.56 for the June 2019 quarter and \$4.19 for the September 2019 quarter); and

Outstanding Director Fees accrued to 30 June 2018 will, subject to Shareholder approval, convert into equity at the Floor Price of \$2.40. To this end, Resolutions 4 to 8 seek Shareholder approval for the issue of up to 140,542 shares on the following basis:

Resolution	Outstanding Director Fees accrued to 30 June 2018 Conversion price = \$2.40		Outstanding Director Fees accrued between 1 July 2018 and 30 September 2018 Conversion price = \$2.40		Outstanding Director Fees accrued between 1 October 2018 and 31 December 2018 Conversion price = \$3.14		Outstanding Director Fees accrued between 1 January 2019 and 31 March 2019 Conversion price = \$3.91		Outstanding Director Fees accrued between 1 April 2019 and 30 June 2019 Conversion price = \$3.56		Outstanding Director Fees accrued between 1 July 2019 and 30 September 2019 Conversion price = \$4.19		TOTAL	
	Fees	Shares	Fees	Shares	Fees	Shares	Fees	Shares	Fees	Shares	Fees	Shares	Fees	Shares
<b>Resolution 4 - Morris</b>	\$77,000	32,083	\$15,000	6,250	\$6,000	1,911	Nil	Nil	Nil	Nil	\$10,000	2,389	\$108,000	42,633
<b>Resolution 5 - Lill</b>	\$64,000	26,667	\$14,000	5,833	Nil	Nil	Nil	Nil	Nil	Nil	Nil		\$78,000	32,500
<b>Resolution 6 - Annear</b>	\$35,250	14,688	\$18,677	7,782	\$12,000	3,822	\$12,000	3,067	\$12,000	3,373	\$12,000	2,866	\$101,927	35,597
<b>Resolution 7 - Cade</b>	Nil	Nil	\$12,000	5,000	\$12,000	3,822	\$12,000	3,067	\$12,000	3,373	\$12,000	2,866	\$60,000	18,128
<b>Resolution 8 - Parfet</b>	Nil	Nil	Nil	Nil	\$7,467	2,376	\$12,000	3,067	\$12,000	3,373	\$12,000	2,866	\$43,467	11,684
<b>TOTAL</b>	<b>\$176,250</b>	<b>73,438</b>	<b>\$59,677</b>	<b>24,865</b>	<b>\$37,467</b>	<b>11,932</b>	<b>\$36,000</b>	<b>9,201</b>	<b>\$36,000</b>	<b>10,118</b>	<b>\$46,000</b>	<b>10,988</b>	<b>\$391,394</b>	<b>140,542</b>

On 7 November 2018, the Company announced that it had raised \$9.6 million through the placement of 4 million shares at an issue price of \$2.40 per Share to Upjohn Laboratories LLC (an entity which is wholly owned by Mr William Parfet) (**Upjohn**), which represented a significant premium to the Share price at the time. As such, the Quarterly VWAP for the September 2018 quarter of \$2.40 represents a discount to the current Share price (approximately 54.5%, based on a Share price of \$4.40 on 10 October 2019). It also represents a significant premium to the September 2018 quarterly VWAP.

Notwithstanding the above, the Company believes that the Quarterly VWAP for the September 2018 quarter is an appropriate deemed issue price as:

- (a) Mr Morris and Mr Lill had accrued fees over a period of time to assist the Company's cash requirements whilst it was being funded by loans from the major shareholder, Dilato Holdings Pty Ltd.
- (b) Each of Mr Annear and Ms Cade expressed a desire to be paid in equity rather than cash upon joining the board.
- (c) To preserve the Company's capital reserves, each of Mr Morris (\$77,000), Mr Lill (\$64,000) and Mr Annear (\$35,250) have agreed to convert Outstanding Director Fees accrued as at 30 June 2018 at a conversion price equal to the Floor Price, despite these fees having been accrued prior to the placement to Upjohn.
- (d) The Company considered seeking Shareholder approval for the Remuneration Regime during the September 2018 quarter. However, the Board resolved to delay the process until the then potential investment by Upjohn (which remained uncertain at the time) had been settled and disclosed to the market.

### **5.3 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue of Shares constitutes giving a financial benefit and each of Messrs Morris, Lill, Annear and Parfet and Ms Cade are related parties of the Company by virtue of being Directors.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Shares to the Directors.



## 5.4 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares:

- (a) the related parties are Messrs Morris, Lill, Annear and Parfet, and Ms Cade, and they are related parties by virtue of being Directors;
- (b) the maximum number of Shares (being the nature of the financial benefit being provided) to be issued to the Directors is set out in Section 8.1 above;
- (c) the Shares will be issued to the Directors no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) the Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the Shares issued to the Directors will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the value of the Shares, based on the closing price of \$4.40 on the 10 October 2019, is as follows:

Resolution	Value
Resolution 4 (Morris)	\$187,585.20
Resolution 5 (Lill)	\$143,000.00
Resolution 6 (Annear)	\$156,626.80
Resolution 7 (Cade)	\$79,763.20
Resolution 8 (Parfet)	\$51,409.60

- (g) the relevant interests of the Directors in securities of the Company as at the date of this Notice are set out below:

Director	Shares
Steve Morris	266,472
Simon Lill	251,250
Steve Annear	250,000
Lucia Cade	Nil
William Parfet	5,271,601

Refer to the Appendices 3Y for each Director for further details with respect to their interests in the securities of the Company.

- (h) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Director	Current Financial Year	Previous Financial Year
Steve Morris	\$60,000	\$33,000
Simon Lill	\$48,000	\$48,000
Steve Annear	\$48,000	\$32,250
Lucia Cade	\$48,000	\$6,700
William Parfet	\$48,000	Nil

- (i) if the maximum number of Shares are issued to the Directors, a total of 140,542 Shares would be issued. This will increase the number of Shares on issue from 31,382,956 to 31,523,498 with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.45% comprising 0.14% pursuant to Resolution 4, 0.10% pursuant to Resolution 5, 0.11% pursuant to Resolution 6, 0.06% pursuant to Resolution 7 and 0.04% pursuant to Resolution 8;
- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$6.22	27 August 2019
Lowest	\$0.44	30 October 2018
Last	\$4.40	10 October 2019

- (k) the primary purposes of the issue of the Shares to the Directors is to preserve the cash reserves of the Company and provide a performance linked incentive component in the remuneration package for the Directors to motivate and reward the performance of the Directors;
- (l) Steve Morris declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 5 to 8, Mr Morris recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the issue of Shares to the Directors will align the interests of the Directors with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to the Directors. Each Director will have a greater involvement with, and share in, any future growth and profitability of the Company; and
- (ii) the issue of the Shares to the Directors in lieu of accrued director fees will enable the Company to preserve its cash reserves and spend a greater proportion of such reserves on its operations.

- (m) Simon Lill declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 4, 6, 7 and 8, Mr Lill recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (n) Steve Annear declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 4, 5, 7 and 8, Mr Annear recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (o) Lucia Cade declines to make a recommendation to Shareholders in relation to Resolution 7 due to her material personal interest in the outcome of the Resolution. However, in respect of Resolutions 4, 5, 6 and 8, Ms Cade recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (p) William Parfet declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 4 to 7, Mr Parfet recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (q) in forming their recommendations, each Director considered the experience of each other Directors, the existing and proposed contribution of each Directors to the Company and the current market practices when determining the issue of the Shares upon the terms proposed;
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 8.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## GLOSSARY

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**\$** means Australian dollars.

**AEDT** means Australian Eastern Daylight Time, which during the daylight savings period means the time in NSW and Victoria.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means PurifLOH Limited (ACN 124 426 339).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

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## Instructions for completing 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):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(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 this Proxy Form when you return it.
  - **(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. **(Lodgement of Proxy Form):** Proxy forms can be lodged
  - (a) by completing and signing the enclosed Proxy Form and returning by (Return of Proxy Form): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
    - (i) post to: PurifLOH Limited, Level 3, 2 – 4 Ross Place, South Melbourne Victoria 3205; or
    - (ii) facsimile to the Company on facsimile number +61 03 9673 9699;
    - (iii) hand delivering to Link Market Services Limited at Level 12, 680 George Street, Sydney, NSW 2000; or
    - (iv) email to the Company at [corporate@purifloh.com](mailto:corporate@purifloh.com) or [info@purifloh.com](mailto:info@purifloh.com)

so that it is received not less than 48 hours prior to commencement of the Meeting. Proxy Forms received later than this time will be invalid.

**PROXY FORM**

**PURIFLOH LIMITED  
ACN 124 426 339**

**ANNUAL 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 The Wattle Room, Level 3, 480 Collins Street, Melbourne, VIC Australia 3000 on 22 November 2019 at 10AM AEDT, and at any adjournment thereof.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 and Resolutions 4 to 8 (except where I/we have indicated a different voting intention below) even though Resolution 1 and Resolutions 4 to 8 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

The Chair intends to vote undirected proxies in favour of all Resolutions. 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 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of director – Mr William Parfet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of 10% Placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Related Party in Lieu of Outstanding Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to Related Party in Lieu of Outstanding Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Related Party in Lieu of Outstanding Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to Related Party in Lieu of Outstanding Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Shares to Related Party in Lieu of Outstanding Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a 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):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail  
in relation to this Proxy Form:** YES  NO

