

NOTICE OF ANNUAL GENERAL MEETING

INCORPORATING EXPLANATORY MEMORANDUM AND PROXY FORM

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|--------------------------|---|
| Date of Meeting: | 23 November 2017 |
| Time of Meeting: | 10.30 am |
| Place of Meeting: | Tonic House, 386 Flinders Lane, Melbourne |

Notice is hereby given that an Annual General Meeting (**Meeting**) of EnviroMission Limited's (**Company**) shareholders (**Shareholders**) will be held at Tonic House, 386 Flinders Lane, Melbourne on 23 November 2017 at 10.30 am for the purpose of transacting the business set out below.

The explanatory memorandum (**Explanatory Memorandum**) that accompanies and forms part of this Notice of Meeting (**Notice**), describes in more detail the matters to be considered.

In accordance with section 249HA of the *Corporations Act 2001* (Cth) (**Corporations Act**) for each of the Items numbered 1 to 4 set out below to be effective, each resolution must be passed at a meeting of Shareholders of which not less than 28 days written notice specifying the intention to propose the resolutions has been given. Please note the relevant voting exclusion statements set out below.

For the purposes of determining voting entitlements at the Meeting, Ordinary Shares in the Company ("**Shares**") will be taken to be held by Shareholders as at 5.00 pm on 22 November 2017 ("**Effective Time**"). Accordingly, transactions registered after the Effective Time will be disregarded in determining entitlements to attend and vote at the Meeting.

This Is An Important Document

This Notice of Meeting and Explanatory Memorandum and any annexures enclosed (**Documents**) are important documents and should be read carefully. The Documents, both individually or collectively, do not constitute financial product advice and have been prepared without reference to the investment objectives, financial situation, taxation position or particular needs of any existing or prospective shareholder(s) of EnviroMission Limited ACN 094 963 238 Albert Rd South Melbourne (**Shareholders**). Shareholders should not construe the Documents as investment, tax or legal advice. Shareholders should seek expert professional advice from their investment, tax, legal and/or other advisers in respect to the Documents before the date of the Meeting.

Following the Chairman's address, the agenda for the Meeting will be as follows:

Ordinary Business.

1. Item 1 - Financial Statements and Reports

To receive and consider the accounts of the Company, the annual Financial Report, Directors' Report and Auditor's Report prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) for the financial year of the Company ending on 30 June 2017.

2. Item 2 – Re-election of Director

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

"That Mr Andrew Draffin who retires in accordance with Article 6.3(c) of the Constitution of the Company and, being eligible, offers himself for re-election, be re-elected as a Director"

3. Item 3 – (non-binding) Adoption of Remuneration Report

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

"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (being pages 4 to 6 of the Company's Annual Report) for the financial year ended 30 June 2017 be adopted."

The vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Exclusion Statement

In accordance with the *Corporations Act 2001* (Cth) the Company will disregard any votes cast in relation to this resolution (in any capacity) by or on behalf of the Key Management Personnel, which includes the Directors and the five highest paid executives in the consolidated group whose remuneration is included in the Remuneration Report (**Excluded Persons**) and closely related parties of an Excluded Person.

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 Chairman 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.

For full details in relation to the votes which are to be disregarded for this resolution, see the Explanatory Memorandum relating to Item 3.

Special Business

4. Item 4 - Approval of Additional Placement Capacity

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

"That, for the purposes of the ASX Listing Rules, including ASX Listing Rule 7.1A, and for all other purposes, the issue of equity securities up to an additional 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule

7.1A.2 (**Additional Placement Capacity**) and on the terms and conditions set out in the Explanatory Memorandum (accompanying and forming part of this Notice of Meeting) be approved."

Voting Exclusion Statement for Item 4

In accordance with ASX Listing Rules 7.3A.7, 14.11 and 14.11.1, the Company will disregard any votes cast by a person who may participate in an issue of equity securities under the Additional Placement Capacity (and any associate of that person) and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Item 4 is passed (and any associate of that person).

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 Chairman 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.

Note: The meaning of "associate" for the purposes of this voting exclusion is as given in sections 12 to 16 of the *Corporations Act 2001* (Cth). Section 12 is to be applied as if paragraph 12(1)(a) reference included a reference to the ASX Listing Rules and on the basis that the Company is the "designated body" for the purposes of that section. A related party of a director or officer of the Company or of a "child entity" of the Company is to be taken to be an associate of the director or officer unless the contrary is established. A "child entity" for these purposes means an entity which is controlled by the Company within the meaning of section 50AA of the *Corporations Act 2001* (Cth) or an entity which is a subsidiary of the Company.

EXPLANATORY MEMORANDUM

THIS EXPLANATORY MEMORANDUM has been prepared to assist Shareholders of EnviroMission Limited (**the Company**) in their consideration of the resolutions proposed for the General Meeting (**Meeting**) to be held at Tonic House 386 Flinders Lane, Melbourne on 23 November 2017 at 10.30 am (AEDST). It should be read in conjunction with the Notice to which this Explanatory Memorandum is enclosed and forms part of.

The Directors of the Company recommend that Shareholders read this document carefully and in its entirety before making any decision in relation to the proposed resolutions.

The following matters should be noted in relation to the items of business set out in the attached Notice.

1. Item 1 – Financial Statements and Reports

This item gives shareholders an opportunity to raise questions on the annual Financial Report, Directors' Report and Auditor's Report (contained in the Company's 2017 Annual Report) and on the performance of the Company generally. A copy of the 2017 Annual Report may be accessed on the Company's website at www.enviromission.com.au/EVM/content/investor_annualreports. A printed copy of the 2017 Annual Report has been sent only to those shareholders who have elected to receive a printed copy. To receive a printed copy of the 2017 Annual Report, please contact the Company's share registry.

This item does not require a formal resolution and, accordingly, no vote will be held on this item. Members will, however, be given a reasonable opportunity to ask questions about, and comment on, the 2017 Annual Report and the management of the Company during discussions on this item.

In addition, the auditor (in person or by representative) is required under the *Corporations Act 2001* (Cth) to attend the meeting to take questions on the conduct of the audit of the Financial Report and the content of the Auditor's Report.

Members who are entitled to cast a vote at the meeting may submit written questions to the auditor by submitting any questions to the Company. These must be received by the Company no later than 5 business days before the meeting.

The Company is required to forward all questions to the auditor and the auditor is required to prepare a list of questions that the auditor considers are relevant. The auditor may omit questions as permitted by the *Corporations Act 2001* (Cth) and therefore not necessarily all questions submitted will be responded to at the meeting.

2. Item 2 – Re-election of Director

Mr Andrew Draffin is retiring in accordance with the Constitution of the Company and being eligible, offers himself for re-election. A full summary of Mr Draffin's experience and qualifications is detailed below.

Andrew Draffin B.Bus, CA (Appointed 27 June 2011)

Andrew Draffin is a partner of the accounting firm Draffin Walker & Co. He holds a Bachelor of Commerce and is a member of the Institute of Chartered Accountants in Australia. Mr Draffin has been a director and Chief Financial Officer of both listed and private companies across a broad range of industries. His focus is on financial reporting,

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treasury management, management accounting and corporate services, areas where he has over 15 years' experience. Mr Draffin is currently a non-executive director of Gladiator Resources Limited and Global Petroleum Limited.

Mr Draffin is also the Company Secretary and Chief Financial Officer.

The Directors (other than Mr Draffin) unanimously recommend that you vote in favour of this resolution.

3. Item 3 – (non-binding) Adoption of Remuneration Report

The Company is required to include in its Directors Report a detailed Remuneration Report relating to Directors' and Executives remuneration. Section 300A of the Corporations Act sets out the information to be included in the Remuneration Report. A copy of the report appears on pages 4 to 6 of the Company's Annual Report.

Section 250R(2) of the *Corporations Act 2001* (Cth) requires a resolution that the Remuneration Report be adopted be put to a vote of Shareholders at the Company's Annual General Meeting. The vote on this resolution is advisory to the Company only and does not bind the board of the Company.

Under section 250SA of the *Corporations Act 2001* (Cth), Shareholders must be given a reasonable opportunity to ask questions about, or make comments on, the report. This is in addition to any questions or comments that Shareholders may have in relation to the management of the Company.

Under Item 3, the Company is seeking member approval of the adoption of the Remuneration Report by the Company. The outcome of this resolution is not binding on the Company nor the Board. However, under sections 250U to 250Y of *Corporations Act 2001* (Cth) a 'two strikes and re-election' process applies in relation to the shareholder vote on the Remuneration Report:

- A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's 2018 Remuneration Report will contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.
- A 'second strike' will occur if the resolution to adopt the Remuneration Report at the 2018 Annual General Meeting of the Company also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that Annual General Meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

Voting Exclusion Statement

In accordance with the *Corporations Act 2001* (Cth), the Company will disregard any votes cast in relation to this resolution (in any capacity) by or on behalf of the Key Management Personnel, which includes the Directors and the five highest paid executives in the consolidated group whose remuneration is included in the Remuneration Report (**Excluded Persons**) and closely related parties of an Excluded Person.

However, an Excluded Person or a closely related party of an Excluded Person (**Voter**) may cast a vote on the resolution as a proxy if the vote is not cast on behalf of an Excluded Person or a closely related party of an Excluded Person and either:

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- the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- the Voter is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
 - expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A closely related party is defined in the *Corporations Act 2001* (Cth) as:

- (a) a spouse or child of the Excluded Person; or
- (b) a child of the Excluded Person's spouse; or
- (c) a dependant of the Excluded Person or of the Excluded Person's spouse; or
- (d) anyone else who is one of the Excluded Person's family and may be expected to influence the Excluded Person, or be influenced by the Excluded Person, in the Excluded Person's dealings with the entity; or
- (e) a company the Excluded Person controls; or
- (f) a person prescribed by the regulations for the purposes this definition in section 9 of the *Corporations Act 2001* (Cth).

Further to this, an Excluded Person or any closely related party of such an Excluded Person who is appointed as a proxy will not vote on the resolution in Item 3 unless:

- the appointment specifies the way the proxy is to vote on the resolution in Item 3; or
- the proxy is the Chairman of the meeting and the appointment expressly authorises the Chairman to exercise the proxy even though the item is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you are an Excluded Person or a closely related party of any such person, you may be held liable for breaching the voting restrictions that apply to you under the *Corporations Act 2001* (Cth) if you cast a vote that the Company will disregard.

The Chairman intends to vote in favour of this resolution for any Shareholders that appoint the Chairman as their proxy and that tick the box on the proxy form authorising the Chairman to vote according to its stated voting intention. For more information about voting restrictions in relation to this resolution please see the Proxy Form.

The Directors unanimously recommend that you vote in favour of adopting the Remuneration Report.

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4. Item 4 - Approval of Additional Placement Capacity

Background

Under ASX Listing Rule 7.1A, certain 'eligible entities' are permitted to issue equity securities of up to 10% of their issued share capital through placements over a 12 month period commencing after the annual general meeting (**Additional Placement Capacity**), if Shareholders approve the Additional Placement Capacity by special resolution at the annual general meeting before any equity securities are issued under the Additional Placement Capacity.

For the purposes of ASX Listing Rule 7.1A an 'eligible entity' is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an 'eligible entity'.

The Additional Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1 and, as such, if the Additional Placement Capacity is approved, the Directors will be allowed to issue equity securities of up to 25% of the Company's issued share capital.

While the Company does not have current plans to undertake a capital raising, the Company seeks shareholder approval by way of a special resolution to have the ability to issue equity securities under the Additional Placement Capacity should the need arise.

Importantly:

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

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

- plus the number of fully paid shares issued in the 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 fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

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 the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

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Pursuant to ASX Listing Rule 7.1A.3 the issue price for each security issued under the Additional Placement Capacity will not be less than 75% of the volume weighted average price for securities in that class over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 5 trading days of the date above, the date on which the securities are issued.

The issue of equity securities under the Additional Placement Capacity may result in voting dilution of existing ordinary shareholders (as shown in Table 1). There is also the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

Equity securities under the Additional Placement Capacity may be issued until the earlier of:

- 22 November 2018; and
- the date of approval by ordinary shareholders of a significant change to the Company's activities under ASX Listing Rule 11.1.2 or the date of approval by ordinary shareholders of a disposal of a major asset under ASX Listing Rule 11.2.

To be clear, any approval of the Additional Placement Capacity at this Annual General Meeting will cease to be valid in the event that ordinary shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

The Company may issue equity securities under the Additional Placement Capacity for the following purposes:

- non-cash consideration: for the acquisition of new assets and investments (in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3); or
- cash consideration: to raise funds for the acquisition of new assets or investments (including assets associated with such acquisition) or to repay debt.

The Company's allocation policy for issues under the Additional Placement Capacity is dependent on prevailing market conditions at the time of any proposed issue. The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including rights issues or other issues in which existing shareholders may participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and

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- advice from the Company's advisors.

As the Company has no current plans to undertake a new capital raising, the allottees under the Additional Placement Capacity have not yet been determined but if such an exercise was undertaken, allottees may include existing substantial shareholders and or new shareholders who are not related parties or associates of a related party of the Company.

The Company previously obtained approval for the Additional Placement Capacity at the 2016 Annual General Meeting held on 25 November 2016. In the 12 months preceding the date of this meeting, the Company has issued no equity securities.

A voting exclusion statement has been included in this Notice. However, as at the date of this Notice, the Company has not approached any particular existing shareholder to participate in the issue of equity securities under the Additional Placement Capacity. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Directors unanimously recommend that you vote in favour of adopting this resolution.

Table 1

| Variable A ASX LR 7.1A2 | Dilution | | |
|--|---|-----------------------|---|
| | \$0.05 50% decrease in Issue Price | \$0.10 Issue Price | \$0.20 100% Increase in Issue Price |
| Current Variable A 563,422,681 Shares | <u>10% Voting Dilution:</u> 56,342,268 Shares | | |
| | \$2,817,113 raised | \$5,634,226 raised | \$11,268,453 raised |
| 50% Increase in Current Variable A 845,134,021 Shares | <u>10% Voting Dilution:</u> 84,513,402 Shares | | |
| | \$4,225,670 raised | \$8,451,340 raised | \$16,902,680 raised |
| 100% Increase in Current Variable A 1,126,845,362 Shares | <u>10% Voting Dilution:</u> 112,684,536 Shares | | |
| | \$5,634,226 raised | \$11,268,453 raised | \$22,536,907 raised |

Table 1 has been prepared based on the following assumptions:

- Current Variable A is calculated as at 16 December 2016.
- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.

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- The table shows only the issue of equity securities under the Additional Placement Capacity and not under Listing Rule 7.1.
- The issue of equity securities under the Additional Placement Capacity includes only shares.
- An issue price of \$0.10, being the closing price of Shares on ASX on 10 May 2016, being the last date that the shares in the Company traded on ASX before suspension.

PROXY FORM

The Company Secretary
 EnviroMission Limited
 238 Albert Rd,
 SOUTH MELBOURNE VIC 3205
 Facsimile Transmission No. +61 3 9699 7566

I/We _____

of

being a member/(s) of EnviroMission Limited hereby appoint of _____

or failing him/or of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Tonic house, 386 flinders Lane, Melbourne, on 23 November 2017, at 10.30am (AEDST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as the Chairman thinks fit.

A Shareholder is entitled to appoint up to 2 proxies. If 2 proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [] % of the Shareholder's votes (an additional Proxy Form will be supplied by EnviroMission on request).

INSTRUCTIONS AS TO VOTING ON ITEMS

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on an Item, the proxy may abstain or vote at the proxy's discretion.

Important for Item 3. If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are expressly authorising the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 3 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Item 3, the Chairman of the Meeting will not cast your votes on Item 3 and your votes will not be counted in computing the required majority if a poll is called on these resolutions. If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 3 by marking the appropriate box below.

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

I/We expressly authorise the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Item 3 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Item 3 is connected directly or indirectly with the remuneration of a member of key management personnel (which includes the Chairman).

I/We direct my/our proxy to vote as indicated below:

| | FOR | AGAINST | ABSTAIN |
|--|--------------------------|--------------------------|--------------------------|
| 1. Financial Statements & Reports | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Adoption of Remuneration Report (Non Binding) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Approval of Additional Placement Capacity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Proxies given by a natural person must be signed by each appointing Shareholder or the Shareholder's attorney duly authorised in writing, Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointer's attorney duly authorised in writing.

As witness my/our hand/s this day of 2017.

If a natural person:

SIGNED by:

Signature

Signature (if joint holder)

Print Name in full

Print name in full

If a Company:

EXECUTED in accordance with section 127 of the Corporations Act:

Signature of Director

Signature of Director / Secretary

Print Name in full

Name of Director / Secretary in full

If by power of attorney:

SIGNED for and on behalf
of
by under a
Power of Attorney dated and who
declares that he/she has not received any
revocation of such Power of Attorney in the presence of:

Signature of Attorney

Signature of Witness

Name of Witness in full

PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. 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.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or another authority) must be deposited at or sent by facsimile transmission to the registered office of EnviroMisslon Limited at 238 Albert Rd, South Melbourne, Victoria 3205, facsimile number **+61 3 9699 7566** not less than 48 hours before the time for holding the Annual General Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the Shareholder or his/or attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

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

In the case of Shares jointly held by two or more persons, all joint holders must sign the proxy form.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons, who are registered as holding the Shares at 5pm on 22 November, 2017, Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.