



**Babylon Pump & Power Limited
ACN 009 436 908**

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of Babylon Pump & Power Limited will be held at the Swan View Room, Tompkins on Swan, Corner Dunkley Ave & Canning Highway, Alfred Cove WA 6154 on Monday, 26 November 2018 at 9:00 am (WST).

If you are unable to attend the meeting, you may complete the Proxy Form (enclosed) and return it to the Company as soon as possible and in any event so it is received by the Company Secretary at the place specified in the Proxy Form no later than 2 business days prior to the time of commencement of the meeting.

THIS DOCUMENT IS IMPORTANT

This Notice should be read in its entirety. If you do not understand it or are in any doubt about how to act, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9454 6309.

The **2018 Annual Report** can be viewed on the Company's website at www.babylonpumpandpower.com

BABYLON PUMP & POWER LIMITED
ACN 009 436 908

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Babylon Pump & Power Limited (**Company**) will be held at the Swan View Room, Tompkins on Swan, Corner Dunkley Ave & Canning Highway, Alfred Cove WA 6154 on Monday, 26 November 2018 at 9:00 am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form are part of this Notice.

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 as Shareholders on 24 November 2018 at 4:00 pm (WST). Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlements to vote.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

Note: There is no requirement for Shareholders to approve these statements.

1. Resolution 1 – Adoption of Remuneration Report

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

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions set out in the Explanatory Memorandum."

The vote on this Resolution is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Voting Exclusion

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or

- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Re-election of Director – Mr Michael Kenyon

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

"That, pursuant to and in accordance with, article 6.1(f) of the Constitution and for all other purposes, Mr Michael Kenyon, Director, retires and being eligible, is re- elected as a Director on the terms and conditions set out in the Explanatory Memorandum."

3. Resolution 3 – Approval of Convertible Loan conversion

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the conversion of the Convertible Loans into Shares on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

As per listing Listing Rule 14.11.1, the Company will disregard any votes cast in favour of the resolution by or on behalf of:

- (a) any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares; or
- (b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (c) 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
- (d) 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.

4. Resolution 4 – Approval of additional placement capacity

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

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company’s share capital calculated in accordance with Listing Rule 7.1A, and on the terms and conditions set out in the Explanatory Statement, is approved.”

Voting Exclusion

As per listing Listing Rule 14.11.1, the Company will disregard any votes cast in favour of the resolution by or on behalf of:

- (e) any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares; or
- (f) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (g) 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
- (h) 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.

BY ORDER OF THE BOARD

Michael Kenyon
Company Secretary
Dated: 23 October 2018

BABYLON PUMP & POWER LIMITED

ACN 009 436 908

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Swan View Room, Tompkins on Swan, Corner Dunkley Ave & Canning Highway, Alfred Cove WA 6154 on Monday, 26 November 2018 at 9:00 am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders when deciding whether or not to pass the Resolutions.

A Proxy Form is located at the end of this Explanatory Memorandum.

1. Action to be taken by Shareholders and proxies

1.1 Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

1.2 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 9:00 am (WST) on 24 November 2018, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2. Annual Report

In accordance with section 317(1) of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2018.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available by contacting the registered office on +61 8 9454 6309 or emailing admin@babylonpumpandpower.com;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five (5) Business Days before the Meeting to the Company Secretary at the Company's registered office.

3. Resolution 1 - Adoption of Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified management and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report will cease to hold office and may stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2017 annual general meeting. Please note, if the Remuneration Report receives a Strike at this Meeting and a second Strike is received at the 2019 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

The Board recommends that Shareholders vote in favour of Resolution 1.

4. Resolution 2 - Re-election of Director – Mr Michael Kenyon

Article 13.2 of the Constitution requires that one third of Directors (excluding the Managing Director and rounded down to the nearest whole number) must retire at each annual general meeting of the Company and will be eligible for re-election. The Company currently has 3 Directors including the Managing Director, and therefore, one Director must retire under Article 13.2.

Mr Kenyon was last appointed as a Director at the Company's 2017 annual general meeting and therefore will retire pursuant to Article 13.2 and, being eligible, seeks re-election as a Director.

A brief CV of Mr Kenyon is included in the Directors' Report.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Mr Kenyon) recommends that Shareholders vote in favour of Resolution 2.

5. Resolution 3 – Approval of Convertible Loan conversion

General

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the conversion of the Convertible Loans by various sophisticated and professional investors (as defined in section 708(8) and 708(11) of the Corporations Act) (**Holders**), as contemplated by the Company's announcement dated 15 August 2018.

The Company raised \$4.5 million via a placement of convertible loans to strategically support Company growth. The Company will use the funds raised for the purchase of specialised equipment required for rental and for general working capital purposes.

The key terms of the Convertible Loans are as follows:

- (a) **Face Value:** Each Convertible Loans each have a face value of \$1.00 (**Face Value**). The total Face Value of all the Convertible Loans issued by the Company is \$4.5 million.
- (b) **Unsecured:** The Convertible Loans are unsecured.
- (c) **Effective Date:** The Convertible Loans were entered into with each Holder on or about 17 August 2018 (**Effective Date**).
- (d) **Maturity Date:** Any outstanding Face Value and accrued interest in respect thereof will mature and become payable in full to the Holder on the date that is 2 years after the Effective Date (**Maturity Date**).
- (e) **Conversion Period:** The conversion period is the period commencing after the date that is 6 months from the Effective Date and ending on the Maturity Date (**Conversion Period**).
- (f) **Conversion Price:** The Convertible Loans may be converted into Shares (**Conversion Shares**) at the lower of:
 - (i) 2.25 cents per Share; and
 - (ii) the price of any equity capital raising by the Company that occurred in the 2 month period prior to the date the Company receives the Conversion Notice, subject to a minimum price of 1.0 cents per Share,**(Conversion Price)**.
- (g) **Conversion election:** The Convertible Loans will be convertible at the election of the Holder or any subsequent Holder, in whole or in part (if in part, subject to a minimum Face Value of \$50,000), at any time during the Conversion Period into Conversion Shares at the Conversion Price.
- (h) **Conversion Notice:** A Holder or any subsequent Holder must make a conversion election by giving written notice to the Company specifying the Face Value amount of the Convertible Loans being converted.

Listing Rule 7.1 and Listing Rule 7.2, Exception 4

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

If Resolution 3 is passed, the Company will have the ability to issue Conversion Shares upon conversion of the Convertible Loans to Holders during a period of three months from the date of the Meeting, or longer if permitted by ASX, without impacting the Company's 15% annual issue capacity under Listing Rule 7.1.

Specific information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of Conversion Shares to be issued upon conversion of the Convertible Loans is dependent on the conversion price.

The below table outlines the number of Conversion Shares that may be issued based on varying examples of the price of Conversion Shares.

As per the Convertible Loan Agreements, the minimum Conversion Shares price is 1.0 cents per share. As per the below table, if the Conversion Shares price was 1.0 cents per share, the maximum number of Conversion Shares to be issued upon conversion of the Convertible Loans is 450,000,000.

Further, the maximum Conversion Shares price is 2.25 cents per share, meaning the maximum number of Conversion Shares to be issued at 2.25 cents per share is 200,000,000.

A further example is shown below in the event the Conversion Shares price was at 2.0 cents per share.

Conversion Price (\$)	No. of Conversion Shares
0.01	450,000,000
0.02	225,000,000
0.0225	200,000,000

- (b) The Company will issue the Conversion Shares upon conversion of the Convertible Loans by each of the Holders by 3 months after the date of the Company's AGM. Please note, the Company has made an application to the ASX for a waiver from the requirements of ASX Listing Rule 7.3.2 to enable the Company to issue fully paid ordinary shares to the Holders upon conversion of the Convertible Loans outside of the 3 month period after the date of the AGM.
- (c) The Conversion Shares will be issued at the Conversion Price.
- (d) The Conversion Shares will be issued to the relevant Holders, none of whom are related parties of the Company.
- (e) The Conversion Shares will be fully paid ordinary shares in the capital of the Company on the same terms as the Shares.
- (f) The Company will use the funds raised from the Convertible Loans for the purchase of specialised equipment required for rental and for general working capital purposes. No further funds will be raised upon conversion of the Convertible Loans.
- (g) The issue will occur progressively.

Voting exclusion

A voting exclusion statement is included in the Notice.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Board recommends that Shareholders vote in favour of Resolution 3.

6. Resolution 4 - Approval of additional placement capacity

Background

The Company is seeking shareholder approval to create an ability to issue up to an additional 10% of the issued share capital of the Company under ASX Listing Rule 7.1A (**10% Placement**).

Resolution 4 is a special resolution and requires approval of 75% of the votes cast by Shareholders present and eligible to vote. The only securities that the 10% Placement can cover are existing quoted securities, namely ordinary fully paid Shares.

As at the date of this Notice, the Company has a market capitalisation of \$6,695,453.¹

Eligibility criteria

Under Listing Rule 7.1A, an eligible listed entity may, subject to shareholder approval by way of special resolution, issue Shares comprising up to 10% of its issued share capital in addition to the normal 15% new issue capacity under Listing Rule 7.1.

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

Placement capacity under Listing Rule 7.1 and 7.1A

The 10% Placement is in addition to a listed entity's usual 15% placement capacity under Listing Rule 7.1. As at the date of finalisation of this Notice, the Company has 371,969,632 Shares on issue and therefore, in addition to any other Shares which it can issue under the permitted exceptions to Listing Rules 7.1 and 7.1A, it has the capacity to issue:

- (a) 37,196,963 Shares under Listing Rule 7.1; and
- (b) nil Shares under Listing Rule 7.1A (as the Company has not previously obtained approval under Listing Rule 7.1A).

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula in Listing Rule 7.1A.2.

In summary, Listing Rule 7.1A.2 would apply to the Company as follows:

If the Company has obtained the approval of Shareholders at the Meeting (ie. if Resolution 4 is passed), the Company may issue or agree to issue, during the approval period (ie. the 12 month period after the date of the Meeting or, in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking), the date of such approval, whichever occurs first), a number of Shares calculated in accordance with the following formula:

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

¹ Based on a market price for each Share of \$0.018 and a total of 371,969,632 Shares on issue.

Where²:

A = The number of Shares on issue 12 months before the date of issue or agreement,

- plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2 (which contains numerous exceptions to Listing Rule 7.1 and Listing Rule 7.1A, including in relation to issues of Shares pursuant to pro-rata issues, upon the conversion of convertible securities such as options; under off-market bids, mergers by scheme of arrangement or approved employee incentive schemes, or certain issues of preference shares, etc – refer to Listing Rule 7.2 for full details),
- plus the number of party paid Shares that became fully paid in the 12 months,
- plus the number of Shares issued with Shareholder approval under Listing Rule 7.1 or Listing Rule 7.4,
- less the number of Shares cancelled in the previous 12 months.

D = 10%.

E = The number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or Listing Rule 7.4.

Minimum issue price

In accordance with Listing Rule 7.1A, Shares issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the VWAP (volume weighted average price) of the Shares calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- (a) the date on which the issue price of the Shares is agreed; or
- (b) the issue date (if the Shares are not issued within five trading days of the date on which the issue price is agreed).

Placement period

Shareholder approval under Listing Rule 7.1A is valid from the date of this Meeting until the earlier to occur of:

- (a) 12 months after the date of the Meeting; and
- (b) the date of approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of the Meeting.

² Nb. The explanation of the formula components should be read in conjunction with the definitions and rules of interpretation in the Listing Rules.

Dilution to existing shareholdings

If Resolution 4 is approved by Shareholders and the Company issues Shares under the 10% Placement, there is a risk of economic and voting dilution to existing Shareholders as a result.

Further, as the market price of the Company's Shares may be significantly lower on the issue date than on the date of Meeting approval, and because the Shares may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on current market prices.

As required by Listing Rule 7.3A.2, the table below shows a number of hypothetical scenarios for a 10% Placement where variable "A" in the formula in Listing Rule 7.1A.2 (representing the Company's share capital) has increased by either 50% or 100%, and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of finalisation of this Notice.

Share Capital (Variable 'A' in Listing Rule 7.1A.2)		Dilution table		
		\$0.009 (50% decrease in share price)	\$0.018 share price	\$0.036 (100% increase in share price)
Current Shares (371,969,632 Shares)	Number of Shares	37,196,963	37,196,963	37,196,963
	Funds raised	\$334,773	\$669,545	\$1,339,091
50% increase (557,954,448 Shares)	Number of Shares	55,795,445	55,795,445	55,795,445
	Funds raised	\$502,159	\$1,004,318	\$2,008,636
100% increase (743,939,264 Shares)	Number of Shares	74,393,926	74,393,926	74,393,926
	Funds raised	\$669,545	\$1,339,091	\$2,678,181

The dilution table has been prepared on the following hypothetical assumptions. The Company does not represent that they will necessarily occur:

- (a) the Company issues the maximum number of Shares available under the 10% Placement;
- (b) any increase in Variable A (being the issued share capital at the time of issue) is due to an issue of Shares which is an exception in Listing Rule 7.2, for example a pro-rata rights issue;
- (c) the table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (d) the table does not show the dilution that may be caused to any particular Shareholder by reason of placements under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Meeting; and
- (e) the share price is assumed to be \$0.018, being the approximate Share price on 12 October 2018 prior to finalising this Notice.

Purpose of the 10% Placement

The Company may seek to issue Shares under the 10% Placement for either:

- (a) a cash issue price. In this case, the Company may use the funds for working capital, purchases of specialised equipment required for rental purposes, employee share issues or for other corporate purposes; or
- (b) non-cash consideration, such as for the acquisition of new assets or investments (in such circumstances the Company will provide a valuation of non-cash consideration, as required by Listing Rule 7.1A.3).

In either case, the cash issue price or the value of the non-cash consideration must comply with the minimum issue price noted above.

Allocation policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to the factors including the following:

- (a) the methods of raising funds that are available to the Company, including a rights issue or other issue in which existing shareholders can participate;
- (b) the effect of the issue of the Shares on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement have not been determined as at the date of finalisation of this Notice and may include existing substantial Shareholders and/or new Shareholders, but the allottees cannot include any directors, related parties or associates of a related party of the Company without a further specific shareholder approval.

Voting exclusion

A voting exclusion statement is included in the Notice. At the date of finalisation of the Notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing Shareholders to participate in the issue of the Shares. No existing Shareholder's vote will therefore be excluded under the voting exclusion in the Notice.

No previous approval

The Company has not obtained Shareholder approval under Listing Rule 7.1A in the 12 months preceding the date of this Notice.

Recommendation

As at the date of finalisation of this Notice, the Company has no plans to raise additional capital. However, many eligible companies seek this form of available shareholder approval to enable a capital raising to be implemented if appropriate during the following year. Accordingly, shareholder approval of Resolution 4 is considered to be a prudent approach. The Directors believe that Resolution 4 will provide the Company with flexibility to raise capital quickly if advantageous terms are available, and is in the best interests of the Company. The Board recommends that Shareholders vote in favour of Resolution 4.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

10% Placement has the meaning given in Section 6.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2018.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

ASIC means *Australian Securities and Investments Commission*.

Board means the board of Directors.

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 the ASX declares is not a business day.

Chairperson means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (a) has the meaning given in section 9 of the Corporations Act.

Company or **Babylon** means Babylon Pump & Power Limited ACN 009 436 908.

Constitution means the constitution of the Company as at the date of the Meeting.

Convertible Loans means the convertible from the Holders to the Company pursuant to the Convertible Loan Agreements.

Convertible Loan Agreements means the convertible loan agreements between the Company and the Holders dated on or about 17 August 2018.

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

Director means a director of the Company as at the date of this Notice.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice.

Financial Report means the financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

Group Company means any one of the Company Related Bodies Corporate.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Holders has the meaning given in Section 5.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

Officer has the same meaning, as the context requires, given in paragraphs (a) and (b) of the definition of 'officer' of a corporation, or in paragraphs (a) and (b) of the definition of 'officer' of an entity that is neither an individual nor a corporation, in each case in section 9 of the Corporations Act.

Proxy Form means the proxy form attached to the Notice.

Related Body Corporate has the meaning given to that term in the Corporations Act

Remuneration Report means the remuneration report of the Company in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Secretary means a company secretary of the Company as at the date of this Notice.

Section means a section of this Explanatory Memorandum.

Share means an ordinary share in the issued capital of the Company.

Shareholder means a shareholder of the Company.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

WST means Western Standard Time, being the time in Perth, Western Australia.

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BABYLON PUMP & POWER LIMITED
ACN 009 436 908

PROXY FORM

The Company Secretary, Babylon Pump & Power ACN 009 436 908

By delivery:

74 Harrison Road
FORRESTFIELD WA 6058

By post:

PO Box 31
COMO WA 6952

By email:

admin@babylonpumpandpower.com

**Name of
Shareholder:**

**Address of
Shareholder:**

**Number of Shares
entitled to vote:**

Please mark to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 2 business days before the meeting.

Step 1 - Appoint a Proxy to Vote on Your Behalf

**The Chairperson
(mark box)**

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

or failing the person/body corporate named, or if no person/body corporate is named, the Chairperson of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at 9.00am (WST) on 26 November 2018 at the Swan View Room, Tompkins on Swan, Corner Dunkley Ave & Canning Highway, Alfred Cove WA 6154 and at any adjournment or postponement of that Meeting.

Important – If the Chairperson is your proxy or is appointed as your proxy by default

The Chairperson intends to vote all available proxies in favour of all Resolutions. If the Chairperson is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to all Resolutions you will be expressly authorising the Chairperson to vote in accordance with the Chairperson's voting intentions on all Resolutions even if any of the Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel and even if the Chairperson is a member of Key Management Personnel or a Closely Related Party of Key Management Personnel.

Step 2 - Instructions as to Voting on Resolutions

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Mr Michael Kenyon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Convertible Loan conversion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of additional placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairperson intends to vote all available proxies in favour of each Resolution.

Authorised signature/s

This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (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 other authority) must be deposited at or received by the Forrestfield office of the Company (74 Harrison Road, Forrestfield WA, 6058, by post to PO Box 31, Como, WA, 6952, by email to admin@babylopumpandpower.com) not less than 48 hours prior to the time of commencement of the Meeting (WST).