
Babylon Pump & Power Limited

ACN 009 436 908

NOTICE OF GENERAL MEETING

A general meeting of the Company will be held at the offices of Canaccord Genuity (Australia) Ltd, Level 23, The Exchange Tower, 2 The Esplanade, Perth WA 6000 on Tuesday 1 September 2020 at 8.30am (WST).

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 accountant, solicitor or other professional adviser prior to voting.

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

BABYLON PUMP & POWER LIMITED

ACN 009 436 908

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Babylon Pump & Power Limited (**Company**) will be held at the offices of Canaccord Genuity (Australia) Ltd, Level 23, The Exchange Tower, 2 The Esplanade, Perth WA 6000 on Tuesday 1 September 2020 at 8.30am (WST). (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form 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 30 August 2020 at 8.30am (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 5.

AGENDA

1. Resolution 1 - Approval to issue Convertible Loans

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of the Convertible Loans to the Lenders on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Lenders or a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder) or any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
 - (i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (ii) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (iii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Amendment to Constitution

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

“That, for the purposes of section 136(2) of the Corporations Act, the Constitution of the Company be modified by making the amendment contained in the document tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from the passing of this Resolution.”

Dated 30 July 2020

BY ORDER OF THE BOARD

Michael Kenyon
Company Secretary

BABYLON PUMP & POWER LIMITED

ACN 009 436 908

EXPLANATORY MEMORANDUM

1. 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 offices of Canaccord Genuity (Australia) Ltd, Level 23, The Exchange Tower, 2 The Esplanade, Perth WA 6000 on Tuesday 1 September 2020 at 8.30am (WST).

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

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

2. Action to be taken by Shareholders

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

2.1 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. Lodgment 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.

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

3. Resolution 1 – Approval to issue Convertible Loans

3.1 General

Further to the Company's announcement on 26 June 2020, the Company has raised \$4,675,000¹ through loans (**Loans**) from sophisticated and professional investors, including a \$1,000,000 investment by Belgravia Strategic Equities Pty Ltd, a related party of Mr Geoffrey Lord who is a substantial investor in, and strategic adviser to, the Company.

The funds raised from the Loans will be used to purchase assets for rental projects and parts for heavy diesel maintenance programs, repayment of existing convertible notes, payment of deferred Primepower acquisition consideration and to provide working capital.

The key terms of the Loans are as follows:

- (a) Interest will be payable from 30 June 2020 at the rate of 12% per annum and is payable quarterly in arrears calculated on the basis of a 360-day year consisting of twelve 30 day months.
- (b) The Loans were drawn down on or before 30 June 2020.
- (c) The Loans have a maturity date of 30 June 2022.
- (d) The Loans are unsecured.
- (e) No dividends may be paid by the Company until the Loan has been repaid in full.
- (f) The Company is obligated to seek Shareholder approval at a general meeting of its Shareholders to issue the Lenders with convertible equity securities to replace the Loans (**Shareholder Approval**). On the date that the Company obtains Shareholder Approval, the Company will issue the Convertible Loans to the Lenders. If Shareholder approval for the issue of the Convertible Loans is not obtained by 30 November 2020, the Loans (and any accrued and unpaid interest) will be immediately repayable.

The key terms of the Convertible Loans will be as follows:

- (g) The loan amount of the Loans will roll over to become the face value of the Convertible Loans and the Loans will be deemed to have been repaid in full from such date. Accordingly, the total face value of the Convertible Loans will be \$4,675,000.
- (h) The Convertible Loans have a maturity date of 30 June 2022.
- (i) Interest will be payable from 30 June 2020 at the rate of 12% per annum and is payable quarterly in arrears calculated on the basis of a 360-day year consisting of twelve 30 day months.
- (j) The Convertible Loans (plus any accrued but unpaid interest since the last interest payment date) may be converted into Shares (in whole or in part) at the election of the Lenders at any time from 1 January 2021 until maturity at the lower of:

¹ The amount of the Loans (\$4,675,000) includes an additional \$100,000 to the amount of the Loans initially announced on 26 June 2020 (which was \$4,575,000). The additional \$100,000 was raised at the same time as the rest of the Loans.

- (i) 2.25 cents per Share; and
 - (ii) the price of any equity capital raising by the Company in the two month period prior to the Lender giving notice of conversion (subject to a minimum price of 1 cent per Share).
- (k) From 1 January 2021 the Company may redeem the Convertible Loans early with 30 days' notice (during which time the Lenders will have the right to convert the Convertible Loans). An early redemption premium of 5% of the face value of the Convertible Loans will be payable if the Company elects to redeem the Convertible Loans early.
- (l) The Convertible Loans (plus accrued interest) will immediately mature and become due and payable if any of the following events of default occur:
- (i) the Company fails to comply with the terms and conditions of the Convertible Loans and the failure is not remedied within 20 business days of notice of the failure (if capable of being remedied); or
 - (ii) the Company is declared or presumed to be insolvent, or a receiver, official manager or administrator is appointed.
- The Company will also pay a default interest premium of an additional 10% per annum on the face value of the Convertible Loans for the period of the default.
- (m) In the event of a takeover or scheme of arrangement the Lenders may elect to convert the Convertible Loans and if not converted the Company must repay the Convertible Loans (plus interest) within 30 business days.
- (n) The Convertible Loans are unsecured.
- (o) No dividends may be paid by the Company until the Convertible Loans have been repaid or converted in full.
- (p) The Convertible Loans are only transferable to other institutional, professional or sophisticated investors or otherwise to investors such that a disclosure document is not required.

For illustrative purposes, the table below sets out the aggregate face value of the Convertible Loans held by the Lenders, the maximum number of Shares that may be issued to the Lenders on conversion of the face value and interest (both at a conversion price of 2.25 cents per Share and a conversion price of 1 cent per Share) and the dilutive effect of the issue of such Shares.

	Conversion at maximum price of 2.25 cents per Share	Conversion at minimum price of 1 cent per Share
Aggregate Face Value of Convertible Loans	\$4,675,000	\$4,675,000
Max Shares for conversion of face value	207,777,778	467,500,000

Dilutive Effect of conversion of face value¹	19.88%	35.83%
Max Shares for conversion of interest^{2, 3}	6,233,333	14,025,000
Dilutive Effect of conversion of interest^{1, 3}	0.74%	1.65%
Total Dilutive Effect of conversion of face value and interest^{1, 3}	20.62%	37.48%

1 Assumes no other additional Shares are issued prior to conversion.

2 Assumes interest for a full quarter of \$140,250 which, as interest is payable quarterly, is the maximum amount of interest that can accrue but be unpaid since the last interest payment date.

3 It is noted that the Convertible Loans may be converted in part. If a Lender converts its Convertible Loan in portions during the term of the Convertible Loans then up to a maximum of a full quarter of interest may be converted into Shares each time a portion of Convertible Loan is converted (which may increase the dilutive effect of conversion of interest). 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 (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Convertible Loans to the Lenders.

If Resolution 1 is passed, the Company will issue the Convertible Loans to the Lenders and upon such issue, the Loans will be deemed to have been repaid in full. The aggregate face value of the Convertible Loans is \$4,675,000, being the aggregate loan amount of the Loans.

The Convertible Loans will be convertible at the election of the Lenders at any time during the period commencing on 1 January 2021 and ending on the earlier to occur of 30 June 2022 and the occurrence of an event of default under the Convertible Loan terms.

In addition, Shareholder approval will not be required under Listing Rule 7.1 for the issue of the Shares to the Lenders on conversion of the Convertible Loans pursuant to exception 9 of Listing Rule 7.2 and the issue of those Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed then the Convertible Loans will not be issued to the Lenders and the Company must repay the aggregate amount of the face value of the Loans plus interest to the Lenders in cash by 30 November 2020.

Resolution 1 is an ordinary resolution.

3.2 Information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The Loans have been made by the Lenders, none of whom are related parties of the Company. The Convertible Loans will be issued to, and convertible by, the Lenders.

One of the Lenders is Belgravia Strategic Equities Pty Ltd, a related party of Mr Geoffrey Lord who is a substantial investor in, and strategic adviser to, the Company.

- (b) If Resolution 1 is passed, the Loans will be replaced by the issue of the Convertible Loans no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules) and it is intended that the issue of the Convertible Loans will occur on the date of the Meeting.
- (c) The amount drawdown under the Convertible Loans (\$4,675,000 in aggregate) plus outstanding interest (see section 3.1 above) will be convertible into Shares each at an issue price of the lower of:
 - (i) 2.25 cents per Share; and
 - (ii) the price of any equity capital raising by the Company in the two month period prior to the Lender giving notice of conversion (subject to a minimum price of 1 cent per Share).
- (d) The Convertible Loans will be convertible into a maximum of 481,525,000 Shares based on the minimum conversion price of 1 cent per Share which comprises a maximum of:
 - (i) 467,500,000 Shares for repayment of the face value of the Convertible Loans; and
 - (ii) 14,025,000 Shares for repayment of interest (which assumes interest for a full quarter of \$140,250 which, as interest is payable quarterly, is the maximum amount of interest that can accrue but be unpaid since the last interest payment date).
- (e) The Convertible Loans will be convertible at the Lenders' election at any time during the period commencing 1 January 2021 and ending on the earlier to occur of 30 June 2022 and the occurrence of an event of default under the Convertible Loan terms. Further terms and conditions of the Convertible Loans are set out in Section 3.1.
- (f) Shares issued on conversion of the Convertible Loans will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (g) The funds raised from the issue of the Loans has been, or will be, used to purchase assets for rental projects and parts for heavy diesel maintenance programs, repayment of existing convertible notes, payment of deferred Primepower acquisition consideration and to provide working capital. No further funds will be raised from the issue of the Convertible Loans or the issue of Shares on conversion of the Convertible Loans
- (h) A voting exclusion statement is included in the Notice.

4. Resolution 2 – Amendment to Constitution

4.1 General

The Company is currently governed by its Constitution.

Under section 136(2) of the Corporations Act, a company can modify its constitution, or a provision of its constitution, by special resolution. Accordingly, the Company seeks Shareholder approval to amend its Constitution by a special resolution of Shareholders as set out below.

A copy of the amended Constitution will be tabled at the Meeting and sent to Shareholders on request and will also be available for inspection at the registered office of the Company during normal business hours prior to the Meeting.

Changes to the Listing Rules that commenced on 1 December 2019 require an ASX-listed entity's constitution to contain certain provisions regarding Restricted Securities (as that term is defined in the Listing Rules) if the entity has any Restricted Securities on issue. Although the Company does not presently have any Restricted Securities on issue and does not have any present intentions to undertake a transaction which would result in the issue of Restricted Securities, the Board considers it prudent to take this opportunity to update the Constitution to ensure it complies with these new requirements for Restricted Securities.

With effect from 1 December 2019, the ASX has applied a two-tier escrow regime where ASX will require certain more significant holders of Restricted Securities and their controllers to execute a formal restriction deed in the form of Appendix 9A of the Listing Rules, as was previously the case. However, for less significant holders of Restricted Securities, ASX instead will permit an entity to rely on a provision in its constitution imposing appropriate escrow restrictions on holders of Restricted Securities and to simply give a restriction notice to such holders in the form set out in Appendix 9C of the Listing Rules, advising them of those restrictions.

To facilitate the operation of the ASX's new two-tier escrow regime, certain changes are required to the customary provisions of constitutions of ASX-listed entities regarding Restricted Securities.

4.2 Proposed amendment

Rules 2.6 and 4.2(a) of the Constitution currently provide as follows:

"2.6 Restricted Securities

- (a) The holder of Restricted Securities must not Dispose of those Restricted Securities during the escrow period relating to those Restricted Securities except as permitted by the Listing Rules or the Exchange.*
- (b) The Company must refuse to acknowledge a Disposal (including registering a transfer) of Restricted Securities during the escrow period relating to those Restricted Securities except as permitted by the Listing Rules or the Exchange.*
- (c) A member holding Restricted Securities ceases to be entitled to any dividend, distribution or any voting rights in respect of those Restricted Securities during the period of a breach of the Listing Rules relating to the Restricted Securities, or a breach of a restriction agreement entered into by the Company under the Listing Rules relating to the escrow of the Restricted Securities. However, those Restricted Securities shall not be treated as or taken to be a separate class of share for any purpose."*

...

4.2 Power to decline registration of transfers

- (a) *The Company may ask ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer or may decline to register an instrument of transfer received..."*

Pursuant to Resolution 2, the Company seeks Shareholder approval to:

- (a) delete rule 2.6 of the Constitution in its entirety and replace it with the following:

"2.6 Restricted Securities

The Company must comply with the Listing Rules in respect of Restricted Securities. Without limiting the Company's obligations to comply with the Listing Rules:

- (a) *a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the Exchange;*
- (b) *if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*
- (c) *the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer), of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the Exchange;*
- (d) *a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the Exchange; and*
- (e) *if a holder of Restricted Securities breaches a restriction deed or a provision of this constitution restricting a Disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.*

For the purposes of this rule 2.6, "Dispose" has the meaning given to that term in the Listing Rules and Disposal has a corresponding meaning."

- (b) amend rule 4.2(a) by adding the following underlined words to the beginning of rule 4.2(a) as follows:

"4.2 Power to decline registration of transfers

- (a) *Without limiting rule 2.6, the Company may ask ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer or may decline to register an instrument of transfer received...."*

Resolution 2 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the cast of a corporate Shareholder, by a corporate representative).

5. Definitions

\$ means Australian Dollars.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Chair means the chair of this Meeting.

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

Constitution means the existing constitution of the Company.

Convertible Loans means the convertible loans with an aggregate face value of \$4,675,000 issued by the Company with the key terms set out in Section 3.1.

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Listing Rules means the listing rules of ASX.

Lenders has the meaning given in Section 3.1.

Loans has the meaning given in Section 3.1.

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

Notice means this notice of meeting.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

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

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

BABYLON PUMP & POWER LIMITED

ACN 009 436 908

PROXY FORM

The Company Secretary
Babylon Pump & Power Limited

By hand delivery:
74 Harrison Road
Forrestfield WA 6309

By email:
admin@babylonpumppower.com

By post:
PO Box 31
Como WA 6952

By Facsimile
+61 7 4952 6512

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____
votes in the Company, hereby appoint:

The Chair of the Meeting (mark box)

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting to be held at the offices of Canaccord Genuity (Australia) Ltd, Level 23, The Exchange Tower, 2 The Esplanade, Perth WA 6000 on Tuesday 1 September 2020 at 8.30am (WST), and at any adjournment or postponement of the Meeting, and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit, except for as set out below).

The Chair of the Meeting intends to vote undirected proxies in favour of each Resolution.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

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

	For	Against	Abstain*
Resolution 1 - Approval to issue Convertible Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Amendment to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

The Chair of the Meeting intends to vote undirected proxies in favour of each Resolution.

Authorised signature/s

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

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<div style="border: 1px solid black; width: 200px; height: 20px;"></div>	<div style="border: 1px solid black; width: 200px; height: 20px;"></div>	<div style="border: 1px solid black; width: 200px; height: 20px;"></div>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
_____	_____	_____
Contact Name	Contact Daytime Telephone	Date

¹ Insert name and address of Shareholder

Proxy Notes:

A Shareholder entitled to attend and vote at the General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting. If the Shareholder is entitled to cast 2 or more votes at the General 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 General Meeting, the representative of the body corporate to attend the General 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 should 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 General 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 facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the General Meeting (WST).

Hand deliveries: 74 Harrison Road, Forrestfield WA 6309

Postal address: PO Box 31 Como WA 6952

Email: admin@babylonpumpandpower.com

Facsimile: +61 7 4952 6512