

PHOSENERGY LIMITED

ACN 164 573 728

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY MEMORANDUM

Date of Meeting

Friday, 6 May 2022

Time of Meeting

2:00 pm (Adelaide time)

Place of Meeting

In person: Offices of Grant Thornton Australia Limited, Level 3,
170 Frome Street, Adelaide, South Australia, 5000

Virtual: <https://meetnow.global/M2767NW>

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Damien Connor, on 1300 105 041.

Shareholders who are unable to attend the Annual General Meeting in-person or via the online meeting platform, are encouraged to lodge their proxy forms online at: www.investorvote.com.au, or by mail, in accordance with instructions contained on the proxy form and within this Notice of Meeting.

PhosEnergy Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of PhosEnergy Limited (ACN 164 573 728) (the **Company**) will be held on Friday, 6 May 2022 at 2.00 pm (Adelaide time) at the offices of Grant Thornton Australia Limited, Level 3, 170 Frome Street, Adelaide, South Australia, 5000, and virtually (details below).

Attendance at the Meeting will be governed by the SA State Government COVID Safety Guidelines. Shareholders who plan to attend the Meeting in person should be mindful of government warnings and advice and monitor the Company's website for any updates about the Meeting, including a possible change of Meeting location.

There is a risk that Shareholders intending to attend the physical Meeting may not be admitted, depending on the number of Shareholders who wish to physically attend the Meeting. The Company strongly encourages Shareholders to read this Notice of Meeting carefully and vote by proxy following the instructions set out in this Notice of Meeting.

The Company will update Shareholders if changing circumstances will impact planning for the Meeting.

Shareholders who wish to virtually attend the Annual General Meeting (which will be broadcast as a live webcast), can register online at <https://meetnow.global/M2767NW>. Online registration will commence at 1:30pm on Friday, 6 May 2022, being 30 minutes prior to the Meeting.

The Directors of PhosEnergy encourage Shareholders to participate in the Meeting by attending in person or via the online platform. Shareholders who are unable to attend the Meeting (either in person or online) or choose not to attend the Meeting, are encouraged to appoint a proxy ahead of the Meeting to cast their vote at the Meeting. If you wish to appoint a proxy, please lodge your proxy online at www.investorvote.com.au or by mail, in accordance with instructions contained on the proxy form and within this Notice of Meeting.

Instructions on how to complete a proxy form are set out in this Notice of Meeting. Proxy forms must be received by no later than 2:00 pm (Adelaide time) on Wednesday, 4 May 2022.

If you have elected to receive notices from the Company electronically, then your personalised proxy form will be emailed to you. For other Shareholders, a copy of your personalised proxy form will be sent to you by mail.

The Company advises that a poll will be conducted for voting on all Resolutions being considered at the Meeting.

This Notice of Meeting (which includes the following agenda, information for Shareholders and explanatory memorandum) details the formal business to be dealt with at the AGM.

How to participate in the AGM

In person

Shareholders can participate in the AGM in person by attending the offices of Grant Thornton Australia Limited, Level 3, 170 Frome Street, Adelaide, South Australia, 5000.

Online

Shareholders can participate in the AGM and watch the webcast online from their computer or mobile device by entering the following URL into their browser: <https://meetnow.global/M2767NW>. Online registration will open 30 minutes before the Meeting.

The online platform will allow Shareholders, proxyholders, attorneys and authorised representatives to view the Meeting, vote and ask questions in real-time. Further information on how to participate in the Meeting online is provided in this Notice of Meeting, and in the Virtual Meeting Guide, which can be accessed at www.computershare.com.au/virtualmeetingguide.

How to submit your vote in advance of the meeting

Proxy votes must be received by 2.00pm (Sydney time) on Wednesday, 4 May 2022 to be valid for the meeting. Instructions on how to appoint a proxy online are on the online voting website, www.investorvote.com.au.

Your proxy may be appointed in a variety of ways described on page 6 of this Notice under 'Appointment of proxies and corporate representatives'.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting.

The Explanatory Memorandum and proxy form comprise part of this Notice of Meeting. Shareholders are urged to vote by completing and lodging their proxies online at www.investorvote.com.au or otherwise returning a completed Proxy Form, by no later than 2:00pm (Adelaide time) on Wednesday, 4 May 2022.

Terms and abbreviations used in the Notice of Meeting and Explanatory Memorandum are defined in the Glossary of the Explanatory Memorandum.

AGENDA

The Explanatory Memorandum that accompanies and forms a part of this Notice of Annual General Meeting describes the matters to be considered at the Meeting.

GENERAL BUSINESS

FINANCIAL STATEMENTS AND REPORT

To receive and consider the Financial Report for the year ended 31 December 2021 and the reports of the Directors and Auditor, as set out in the 2021 Annual Report.

Note: there is no requirement for Shareholders to approve the Annual Report.

ORDINARY BUSINESS

RESOLUTION 1 – ELECTION OF MS LUCY GAUVIN AS A DIRECTOR

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

'That, in accordance with clause 13.1(c) of the Constitution and for all other purposes, Lucy Gauvin, a director appointed on 31 December 2021, retires at this Meeting and, being eligible and offering herself for re-election, be elected as a Non-Executive Director of the Company.'

RESOLUTION 2 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

'That, for the purposes of section 327B(1)(b) of the Corporations Act and for all other purposes, Grant Thornton Audit Pty Ltd, being qualified and having been nominated and consented in writing to act in the capacity of auditor of the Company, is appointed as auditor of the Company with effect from the latter of the date of receipt of ASIC's consent to the resignation of HLB Mann Judd under section 329(6) of the Corporations Act and the date of this Meeting.'

RESOLUTION 3 – APPROVAL OF NON-EXECUTIVE DIRECTOR FEE POOL

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

'That, for the purposes of clause 13.4(a) of the Constitution and for all other purposes, approval is given to increase the maximum total aggregate amount of fees payable to the non-executive directors to \$500,000 per annum.'

SPECIAL BUSINESS

RESOLUTION 4 – CHANGE OF COMPANY NAME

To consider and, if thought fit, pass the following Resolution as a Special Resolution:

'That, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to entX Limited, with effect from the date that ASIC alters the details of the Company's registration.'

RESOLUTION 5 – ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, pass the following Resolution as a Special Resolution:

'That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the constitution of the Company be repealed and replaced with a constitution in the form of the document tabled at this Meeting and signed by the Chair for the purposes of identification, with effect from the date that ASIC alters the details of the Company's registration.'

VOTING PROHIBITIONS

Resolution 3: In accordance with sections 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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

Chairman's voting intention

The Chairman intends to vote undirected proxies on, and in favour of, all the proposed Resolutions.

By order of the Board



Damien Connor
Company Secretary

Adelaide, 30 March 2022

INFORMATION FOR SHAREHOLDERS

PARTICIPATING IN THE MEETING

In person

Shareholders can participate in the AGM in person by attending the offices of Grant Thornton Australia Limited, Level 3, 170 Frome Street, Adelaide, South Australia, 5000.

Online registration

You will be able to attend and participate in the Meeting online using your computer, your mobile phone or device.

You can participate in the Meeting by entering the following link in your browser: <https://meetnow.global/M2767NW> and follow the instructions below:

1. Click on 'Join Meeting Now'.
2. Enter your SRN/HIN. Proxyholders will need to contact Computershare on +61 3 9415 4024 by no later than one hour prior to the Meeting to obtain their login details.
3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop-down list.
4. Accept the Terms and Conditions and 'Click Continue'.

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact the call centre before the meeting to obtain their login details.

Further information about how to log in to the online meeting platform, to register for the Annual General Meeting, and to participate in the Annual General Meeting as a Shareholder, proxyholder, attorney or authorised representative is available in the Virtual Meeting Guide, which can be accessed at www.computershare.com.au/virtualmeetingguide.

VOTING

For the purpose of determining the voting entitlements at the Meeting, the Board has determined that, in accordance with the Company's Constitution and the Corporations Act, the shares in the Company will be taken to be held by the registered holders of those shares at 7.00 pm (Sydney time) on Wednesday, 4 May 2022. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Voting on all items of business will be conducted on a poll. You may vote at the Annual General Meeting:

- a) in person at the Meeting; or
- b) live and online during the Meeting using the online meeting platform (at <https://meetnow.global/M2767NW>); or
- c) in advance of the Meeting, by appointing a proxy and directing your proxy how to vote:
 - i) online at www.investorvote.com.au by no later than 2:00 pm (Adelaide time) on Wednesday, 4 May 2022; or
 - ii) completing your personalised proxy form and sending to the Company's Share Registry via:

Mail to: PhosEnergy Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia;

Fax to: PhosEnergy Limited C/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447
(outside Australia) +613 9473 2555;

- iii) online at www.intermediaryonline.com (only available to Custodian Voting with an Intermediary Online subscription).

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 2.00 pm (Adelaide time) on Wednesday, 4 May 2022.

Notice of Annual General Meeting – 2022

Appointment of proxies and corporate representatives

A Shareholder entitled to attend and vote is entitled to appoint up to two proxies. A proxy need not be a Shareholder and may be either an individual or a body corporate.

If a Shareholder is a corporation, it can attend and vote at the meeting by appointing an individual person to act as its corporate representative or by appointing a proxy to attend and vote on its behalf. A Shareholder that is a body corporate, or a proxy who is a body corporate, will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Meeting and provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

Where a Shareholder wishes to appoint two proxies, they can do so online at www.investorvote.com.au. A Shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies but fails to specify the proportion or number of votes that each may exercise, each proxy appointed may exercise half the Shareholder's votes. Fractions of votes are to be disregarded.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and (iv) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded, or is otherwise required under section 250JA on the resolution; and
- either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Subject to the voting restrictions set out below, if you do not direct your proxy to vote by marking the relevant box on the proxy form, your proxy may vote as they choose on that item of business.

The Chair intends to vote all available proxies in accordance with the Board recommendations set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting. If the Chair is your proxy, either by appointment or by default, and you have not indicated your voting intention, you expressly authorise the Chair to exercise the proxy in respect of Resolution 3, even though this Resolution is connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 2.00 pm (Adelaide time) on Wednesday, 4 May 2022.

Voting by Attorney

A Shareholder entitled to attend and vote, may appoint an attorney to act on his or her behalf at the Meeting. An attorney may, but need not, be a Shareholder of the Company.

An attorney may not vote at the Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

Notice of Annual General Meeting – 2022

Proxy Lodgement

Proxies are able to be lodged by the following means:

- Online: Enter the control number, SRN/HIN and postcode shown on the first page of your proxy form at www.investorvote.com.au
- Mail: PhosEnergy Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia; or
- Fax: PhosEnergy Limited C/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447 (outside Australia) +613 9473 2555.
- Custodian Voting: Custodian Voting is available for Intermediary Online subscribers only (Custodians) by visiting www.intermediaryonline.com to submit your voting intentions.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 2.00 pm (Adelaide time) on Wednesday, 4 May 2022. Any proxy forms received after that time will not be valid for the Meeting.

Technical difficulties

Technical difficulties may arise during the course of the Meeting. The chairperson has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chairperson will have regard to the number of Shareholders impacted and the extent to which participation in the business of the Meeting is affected.

Where the chairperson considers it appropriate, the chairperson may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to lodge a proxy in accordance with the instructions provided even if they plan to attend online.

Other Company documents and how to update your communication preferences

- A copy of the Company's 2021 Annual Report is available online at the Company's website www.phosenergy.com.
- In order to receive shareholder communications from the Company electronically, instead of by post, go to www.investorcentre.com.au to register your details and update your communication preferences.

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum forms part of the Notice of Meeting and has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Shareholders to be held on Friday, 6 May 2022 at 2.00pm (Adelaide time).

This Explanatory Memorandum should be read in full and in conjunction with the accompanying Notice of Annual General Meeting before making any decision in relation to the resolutions, and is a brief explanation of Resolutions 1 to 5 in the Notice of Annual General Meeting and why the Company is seeking Shareholder approval.

Terms defined in the Notice of Meeting have the same meaning in this Explanatory Memorandum.

FINANCIAL STATEMENTS AND REPORT

As required by section 317 of the Corporations Act, the Financial Report, Directors' Report and the Auditor's Report for the most recent financial year ended 31 December 2021 will be laid before the Meeting.

These reports are set out in the 2021 Annual Report. The Company advises that the 2021 Annual Report is available on the Company's website at www.phosenergy.com. Pursuant to section 110E of the Corporation Act, Shareholders may elect to receive a hard copy, electronic copy or, no copy at all, of the 2021 Annual Report (and future Annual Reports) from the Company free of charge by contacting the Company Secretary on 1300 105 041 or via email at dconnor@phosenergy.com.

This Item does not require a formal resolution to be put to the Meeting and there is no requirement for Shareholders to approve these reports.

During this item of business, Shareholders will be given reasonable opportunity to ask questions about the reports and the business and management of the Company. Also, Shareholders will be given a reasonable opportunity to ask a representative of the Company's Auditor, HLB Mann Judd, questions in relation to the preparation and content of the Auditor's Report, the conduct of the audit (including the independence of the Auditor), and the accounting policies adopted by the Company.

RESOLUTION 1 - ELECTION OF MS LUCY GAUVIN AS A DIRECTOR.

Clause 13.1(c) of the Constitution provides that the directors may at any time appoint any person to be a director. A person appointed as a director under this clause holds office until the end of the next annual general meeting of the Company but is eligible for election at that meeting.

Ms Gauvin was appointed as a Non-Executive Director of the Company by the Board on 31 December 2021 and was also appointed as chair of the Company's Audit & Risk Management Committee. Ms Gauvin retires at this Meeting and, being eligible and offering herself for election, seeks election at the first Annual General Meeting since her appointment, in accordance with clause 13.1(c) of the Company's Constitution.

The qualifications and experience of Ms Gauvin is set out below.

Lucy Gauvin (Independent Non-Executive Director)

BCom (CorpFin), LLB

Ms Gauvin has near 20 years' experience as a corporate and commercial lawyer with a primary focus in the energy and resources industry. Ms Gauvin is presently General Counsel of ASX listed Strike Energy Limited (ASX:STX), and prior to that was a Partner in the Corporate and Commercial team at national law firm Piper Alderman. Ms Gauvin's corporate and commercial experience includes asset acquisitions and disposals, commodity sales, joint ventures, project development and financing, IPOs, capital raisings, mergers and acquisitions, corporate governance and compliance.

The Board (with Ms Gauvin abstaining) considers Ms Gauvin to be an independent director. Ms Gauvin is not considered by the Board (with Ms Gauvin abstaining) to hold any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

Ms Gauvin has acknowledged to the Company that she will have sufficient time to fulfil her responsibilities as a Director.

If Resolution 1 is passed, Ms Gauvin will be elected as a director. If Resolution is not passed, Ms Gauvin will not be elected as a director.

Board Recommendation

The Board (with Ms Gauvin abstaining) unanimously recommends that Shareholders vote in favour of Resolution 1.

Explanatory Memorandum

RESOLUTION 2: APPOINTMENT OF AUDITOR

General

The Board resolved to appoint Grant Thornton Audit Pty Ltd as the Company's auditor based on the firm's reputation and experience. Grant Thornton is a registered company auditor, has had previous experience in conducting audits of public companies (listed and unlisted), and is a well-known and respected firm. The change of auditor is considered appropriate in light of the Company changing its registered office and principal place of business from Perth to Adelaide.

As a consequence, HLB Mann Judd applied under section 329(5) of the Corporations Act for ASIC's consent to resign as auditor of the Company. As at the date of this Notice, ASIC has not provided its consent to the resignation of HLB Mann Judd as the Company's auditor. Accordingly, the appointment of Grant Thornton as auditor of the Company will become effective on the latter of the date of receipt of ASIC's consent to resignation and the date of this Meeting (subject to shareholders approving this Resolution 2). Grant Thornton have not yet been paid for audit services provided to the Company.

Under section 327C(2) of the Corporations Act, any auditor appointed under section 327C(1) holds office until the company's next annual general meeting. The Company is therefore required to appoint an auditor to fill the vacancy in the office of auditor at this annual general meeting pursuant to section 327B(1)(b) of the Corporations Act.

The Company does not believe that the audit quality will be diminished as a result of changing auditors.

Grant Thornton has given its written consent to act as the Company's auditor pursuant to section 328A(1) of the Corporations Act. As at the date of this Notice, Grant Thornton has not withdrawn that consent.

The Company has received written notice of nomination from a member of the Company for Grant Thornton to be appointed as the Company's auditor, in accordance with section 328B of the Corporations Act. A copy of the notice of nomination is attached to this Explanatory Memorandum at Annexure A.

Accordingly, Resolution 2 seeks the approval of shareholders to appoint Grant Thornton as the Company's auditor.

Board Recommendation

Resolution 2 is an Ordinary Resolution.

The Board recommends that shareholders vote in favour of Resolution 2.

RESOLUTION 3: APPROVAL OF NON-EXECUTIVE DIRECTOR FEE POOL

Clause 13.4(a) of the Constitution provides that remuneration payable to the Non-Executive Directors will not exceed the sum determined by the Company in a general meeting from time to time, and the total aggregate fixed sum will be divided between the Non-Executive Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

Resolution 3 seeks the approval of Shareholders pursuant to clause 13.4(a) of the Constitution to set the total aggregate fixed sum per annum to be paid to the Non-Executive Directors to \$500,000.

The maximum aggregate amount of fees proposed to be paid to the Non-Executive Directors per annum has been determined after reviewing similar companies (listed and unlisted). The Directors believe that the proposed level of remuneration is in line with or lower than the aggregate remuneration of such companies.

The proposed level of fees does not mean that the Company must pay the entire amount approved as fees in each year, rather the proposed limit is requested to:

- create the capacity to allow for the appointment of additional Non-Executive Directors as and when determined appropriate;
- allow for overlapping tenures as part of the Board's orderly succession planning; and
- attract and retain Non-Executive Directors whose skills and qualifications are appropriate for the size and nature of the Company.

Board Recommendation

Resolution 3 is an Ordinary Resolution.

Bryn Jones (being the only director without an interest in the outcome of the Resolution) recommends that Shareholders vote in favour of Resolution 3.

Explanatory Memorandum

RESOLUTION 4: CHANGE OF COMPANY NAME

It is proposed that Shareholders approve the Company's name being changed from "PhosEnergy Limited" to "entX Limited". In accordance with section 157(1) of the Corporations Act, if a company wishes to change its name, it must pass a special resolution of shareholders to adopt the new name.

The Company's business has been redefined and reshaped over the past 18 months with a broadening of the energy technology portfolio to go beyond the PhosEnergy Process into future energy technologies across a range of industrial, space, defence and resource applications.

While the PhosEnergy Process will remain a key part of the Company's business, the Board sees this as the right time for the Company to adopt a new company name, entX Limited, and corporate identity that better represents the breadth of its current operations, marks the Company's evolution and frames up its forward-looking aspirations.

The proposed name has been reserved by the Company and if Resolution 4 is passed, the Company will lodge a copy of the special resolution with ASIC following the meeting in order to effect the change. If Resolution 4 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

Board Recommendation

Resolution 4 is a Special Resolution and as such requires approval of 75% of the votes cast by Shareholders present and eligible to vote on this Resolution.

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

RESOLUTION 5: REPLACEMENT CONSTITUTION

General

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders. Resolution 5 seeks the approval of Shareholders to repeal the Company's existing Constitution and adopt a new constitution ("**Proposed Constitution**") which is of the type required for a listed public company limited by shares.

The Proposed Constitution will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted on 1 July 2013. The Company is considering making an application to the ASX for admission to the Official List. As such, the amendments are to ensure that the Company has in place an ASX compliant constitution. The Company however cautions Shareholders that no such application has been made and does not guarantee that an application will be made in the future or at all. There can also be no certainty that any such application would be successful.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.phosenergy.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (1300 105 041 or dconnor@phosenergy.com). Shareholders are invited to contact the Company if they have any queries or concerns.

If Resolution 5 is passed, the Company will adopt the Proposed Constitution with effect from the date that ASIC alters the details of the Company's registration.

Summary of material proposed changes

Restricted Securities (article 2.7)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX

Explanatory Memorandum

will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Under article 2.7 of the Proposed Constitution, holders of restricted securities will be taken to have agreed in writing that those securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the applicable escrow period. Holders of restricted securities will also not be entitled to participate in any return of capital on those securities during the applicable escrow period, except as permitted by the Listing Rules or ASX.

Minimum Shareholding (article 2.6 and schedule 4)

Article 2.6 and schedule 4 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act and Listing Rules such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Schedule 4 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (article 4.4)

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Article 4.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Closing date for Director nominations (article 7.5)

On 19 December 2019, ASX amended Listing Rule 3.13.1 to provide that companies must release an announcement setting out the date of its meeting and the closing date for nominations at least 5 business days before the closing date for the receipt of such nominations. The closing date period under article 7.5 of the Proposed Constitution is at least 35 business days before the meeting.

General meetings (article 5.2)

The Proposed Constitution provides for the ability of the Company to hold general meetings using virtual technology only, as well as physical or hybrid meetings. This improved flexibility is necessary to ensure the Company is able to hold general meetings at times where physical meetings may not be practicable (such as during pandemics).

Deemed notice to uncontactable Shareholders (article 14.5)

Article 14.5 provides that a document will be deemed to have been served to a Shareholder if the document is exhibited in the registered office of the Company for 48 hours in the event that:

- a Shareholder does not have an address in the register of Shareholders, and has not nominated an alternative address; or
- the Company reasonable believes that a Shareholder is not known at the Shareholder's address in the register of Shareholders or any alternative address provided.

Maximum number of Directors

Clause 13.1(a) of the existing Constitution stipulates that the number of Directors must be not less than three, or more than the number from time to time resolved by the Directors provided that such number does not exceed 10.

The Proposed Constitution provides that unless otherwise determined by the Company in general meeting, the number of Directors is to be not less than 3. The Proposed Constitution therefore provides for no maximum number of Directors, subject to the applicable provisions in the Corporations Act.

Partial (proportional) takeover provisions (article 4.9 and schedule 5)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Explanatory Memorandum

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This article of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the article.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Board Recommendation

Resolution 5 is a Special Resolution and as such requires approval of 75% of the votes cast by Shareholders present and eligible to vote on this Resolution.

The Board recommends that shareholders vote in favour of Resolution 5.

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 5.

Explanatory Memorandum

GLOSSARY

In the Explanatory Memorandum and Notice of Annual General Meeting:

Annual General Meeting or **AGM** or **Meeting** means the annual general meeting of Shareholders to be held as a virtual meeting on Friday, 6 May 2022 at 2.00 pm (Adelaide time), at the offices of Grant Thornton Australia Limited, Level 3, 170 Frome Street, Adelaide, South Australia, 5000 and online at <https://meetnow.global/M2767NW> .

Annual Report or **2021 Annual Report** means the annual report of the Company for the financial year ended 31 December 2021.

Associate has the meaning given to that term in the Corporation Act.

ASX means ASX Limited (ABN 98 008 624 691).

Board means the board of Directors.

Chair means the Chair of the Meeting.

Closely Related Party means: (a) a spouse or child of the member; or (b) has the meaning given in section 9 of the Corporations Act.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth), as amended.

Director means a director of the Company.

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 the Explanatory Memorandum accompanying the Notice of Meeting.

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

Grant Thornton means Grant Thornton Audit Pty Ltd (ACN130 913 594) of Level 3, 170 Frome Street, Adelaide, South Australia, 5000.

HLB Mann Judd means HLB Mann Judd (WA Partnership) (ACN 193 232 714) of Level 4, 130 Stirling Street, Perth, Western Australia, 6000.

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

Listing Rules means the listing rules of ASX.

Meeting means the meeting of shareholders convened by the Notice.

Notice of Meeting or **Notice** means this Notice of this Annual General Meeting.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

PhosEnergy or the **Company** means PhosEnergy Limited (ACN 164 573 728).

Resolution means a resolution referred to in this Notice.

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

Shareholder or **Member** means each person registered as a holder of a Share.

Special Resolution means a resolution passed by more than 75% of the votes at a general meeting of Shareholders.

Explanatory Memorandum

ANNEXURE A – NOTICE OF NOMINATION

30 March 2022

The Directors
PhosEnergy Limited
Level 10, 111 Gawler Place
Adelaide, SA, 5000

Dear Directors,

Notice of Nomination of Auditor under section 328B(1) of the *Corporations Act 2001* (Cth)

In accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Act**), I James Davidson, being a member of PhosEnergy Limited (ACN 164 573 728), hereby nominate Grant Thornton Audit Pty Ltd of Level 3, 170 Frome Street, Adelaide, South Australia for appointment as auditor of the Company at the Company's general meeting.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Act.

Yours faithfully



James Davidson