

**De.mem Limited**  
ACN 614 756 642

NOTICE OF ANNUAL GENERAL MEETING



ACN 614 756 642

**NOTICE OF ANNUAL GENERAL MEETING**  
**AND**  
**EXPLANATORY STATEMENT TO SHAREHOLDERS**

FOR AN ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON TUESDAY, 28 MAY 2019

AT GROUND FLOOR, 16 ORD STREET, WEST PERTH, WESTERN AUSTRALIA, 6005

AT 3.00PM (AWST)

**IMPORTANT INFORMATION**

*This is an important document that should be read in its entirety.*

*If you do not understand it you should consult your professional advisers without delay.*

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

You are encouraged to attend the Meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form to:-

PO Box 902, West Perth, Western Australia, 6872, no later than 3.00pm (AWST) on 26 May 2019.

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NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting of the members of De.mem Limited ("**De.mem**" or "**the Company**") will be held at Ground Floor, 16 Ord Street, West Perth WA 6005 commencing at 3.00pm (AWST) on Tuesday, 28 May 2019.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 3.00pm (AWST) on Sunday, 26 May 2019.

Terms and abbreviations used in the Notice are defined in the Glossary.

**BUSINESS**

**Financial Statements and Reports**

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2018 together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Independent Auditor's report.

**RESOLUTION 1 ~ ADOPTION OF REMUNERATION REPORT**

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

*"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the director's report in the annual report for the financial year ended 31 December 2018".*

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

**Voting exclusion statement:** The Company will disregard any votes cast (in any capacity) in favour of the Resolution by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report; or
- (b) a Closely Related Party of those persons (which includes their spouse, child, dependent, other family members and any controlled company).

unless the vote is cast as a proxy for a person who is entitled to vote on this Resolution in accordance with a direction on the Proxy Form or by the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution and expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**RESOLUTION 2 ~ RE-ELECTION OF MR BERND DAUTEL AS DIRECTOR**

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

*"That, for the purpose of clause 11.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Bernd Dautel, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

NOTICE OF ANNUAL GENERAL MEETING

**RESOLUTION 3 ~ RE-ELECTION OF MR MICHAEL EDWARDS AS DIRECTOR**

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

*"That, for the purpose of clause 11.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Michael Edwards, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

**RESOLUTION 4 ~ RATIFICATION OF PRIOR ISSUES OF SECURITIES**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,222,222 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion statement:** The Company will disregard any votes cast on this Resolution by or on behalf of a person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**RESOLUTION 5 ~ APPROVAL OF 10% PLACEMENT CAPACITY**

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

*"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion statement:** The Company will disregard any votes cast on this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or any associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or
- (d) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**DEBORAH HO  
COMPANY SECRETARY**

**BY ORDER OF THE BOARD  
DE.MEM LIMITED**

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## EXPLANATORY STATEMENT

### **Proxy Form**

To vote by proxy, please complete and sign the relevant enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

If you wish to appoint the Chairman as your proxy, mark the appropriate box on the Proxy Form. If you appoint the Chairman as your proxy, he or she can only cast your votes on Resolution 1 (Adoption of the Remuneration Report) if you expressly authorise him or her to do so. If the person you wish to appoint as your proxy is someone other than the Chairman, please write the full name of that person on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be your proxy. A proxy need not be a Shareholder of the Company.

### **Corporate Shareholders**

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary, that director.

### **Corporate representatives**

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

### **Votes on Resolutions**

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

### **Voting restrictions that may affect your proxy appointment**

Due to the voting exclusions that may apply to certain items of business, the Key Management Personnel and their Closely Related Parties will not be able to vote your proxy on Resolution 1

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(Adoption of the Remuneration Report) unless you have directed them how to vote or, in the case of the Chairman, if you expressly authorise him or her.

### **Chairman voting undirected proxies**

If the Chairman is your proxy, the Chairman will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chairman to vote your undirected proxies at his/her discretion.

As at the date of this Notice, the Chairman intends to vote undirected proxies FOR each of the Resolutions. In exceptional cases the Chairman's intentions may subsequently change and in this event, the Company will make an announcement to the market.

### **Voting eligibility – snapshot date**

The Company may specify a time, not more than 48 hours before the Meeting, at which a "snapshot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company that are quoted on ASX at 5.00pm WST on Sunday, 26 May 2019 shall, for the purpose of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### **Defined terms**

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

### **Questions from Shareholders**

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company.

The Chairman will allow a reasonable opportunity for Shareholders to ask the Company's auditor questions about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the Auditor in responding to any questions that you may have, please submit any questions to the Company by Monday, 20 May 2019 to the Company Secretary at Ground Floor, 16 Ord Street, West Perth, Western Australia, 6005.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the annual financial report for the year ended 31 December 2018. The Chairman will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at Ground Floor, 16 Ord Street, West Perth WA 6005 commencing at 3.00pm (AWST) on Tuesday, 28 May 2019.

This Explanatory Statement is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed.

### **1. FINANCIAL STATEMENTS AND REPORTS**

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2018 together with the declaration of the directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

In accordance with amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at <http://www.demembranes.com/>.

### **2. RESOLUTION 1 ~ ADOPTION OF REMUNERATION REPORT (NON-BINDING)**

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report as set out in the Directors' Report of the annual financial report of the Company for the financial year ending 2018 be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the year ending 31 December 2018.

The Chairman will allow a reasonable opportunity for discussion of the Remuneration Report at the Annual General Meeting.

In accordance with the Corporations Act, if at least 25% of the votes cast on the Resolution are voted **against** adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting, if at the first of those annual general meetings a Spill Resolution was not put to a vote.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors who were in office when the Directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

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

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

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board recommends that Shareholders vote in favour of the adoption of the Remuneration Report.

**3. RESOLUTION 2 ~ RE-ELECTION OF MR BERND DAUTEL AS A DIRECTOR**

Clause 11.2 of the Constitution of the Company requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr Dautel retires by rotation at this Annual General Meeting and, being eligible, seeks re-election.

A biography for Mr Dautel is set out below.

Mr Dautel has been a Venture Capital expert with New Asia Investments Pte Ltd in Singapore since 2012. In this function, he managed investments into companies from the chemicals and electronics sectors. Prior to this, Mr. Dautel was the Managing Director Asia/Pacific for Wieland Metals, a large German manufacturer of semi-finished copper goods. He built the company's business in the Asia/Pacific region from the early stage to approximately 400 million in annual revenues over 20 years, with operations in Singapore, China, India and many other countries in the Asia/Pacific region.

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

Resolution 2 is an ordinary resolution.

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

**4. RESOLUTION 3 ~ RE-ELECTION OF MR MICHAEL EDWARDS AS A DIRECTOR**

Clause 11.2 of the Constitution of the Company requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr Edwards retires by rotation at this Annual General Meeting and, being eligible, seeks re-election.

A biography for Mr Edwards is set out below.

Mr Edwards is a Geologist and Economist with over 20 years of experience in Senior Management in both the private and public sector. He has a Bachelor of Business (Economics and Finance) from Curtin University of Technology and a Bachelor of Science (Geology) from the University of Western Australia. Mr. Edwards spent three years with Barclays Australia in their corporate finance department and then eight years as an exploration and mine geologist with companies such as Gold Mines of Australia, Eagle Mining and International Mineral Resources.

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The Board (excluding Mr Edwards) recommends that Shareholders vote in favour of Resolution 3.

Resolution 3 is an ordinary resolution.

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

**5. RESOLUTION 4 ~ RATIFICATION OF PRIOR ISSUE OF SECURITIES**

On 4 April 2019, the Company completed a placement raising \$300,000 issuing 2,222,222 Shares at \$0.135 per share ("**Placement**"). Resolution 4 seeks Shareholder approval to ratify the Placement pursuant to ASX Listing Rule 7.4.

Listing Rule 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that when a company in general meeting ratifies the previous issue made pursuant to the ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying these previous issues, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain shareholder approval.

Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) 2,222,222 Shares were issued;
- (b) the Shares were issued at a \$0.135 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated or otherwise exempt investors, who are not related parties of the Company; and
- (e) funds raised is for working capital.

**6. RESOLUTION 5 ~ APPROVAL OF 10% PLACEMENT CAPACITY**

ASX Listing Rule 7.1A provides that an Eligible Entity (defined below) may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1 (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 7.1 below).

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The effect of Resolution 5 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

**6.1 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

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

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

**(Eligible Entity).**

The Company currently has 123,802,956 Shares on issue and the last recorded closing price of the Shares on 11 April 2019 was \$0.14. The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$17,332,413.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one classes of quoted Equity Securities on issue, being the Shares (ASX Code: DEM).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$1. (A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement to issue:
  - A. plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - B. plus the number of partly paid shares that became fully paid in the previous 12 months;
  - C. plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4; and
  - D. less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that

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are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

**6.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 7.2(a)(i) the date on which the Equity Securities are issued.

(b) **Date of Issue**

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

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period)**

(c) **Risk of Voting Dilution**

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

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table on the following page.

The table shows the economic and dilution effect that an issue of the 10% Placement Capacity will have on existing Shareholders, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 11 April 2019.

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

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Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.07 50% decrease in Issue Price	\$0.14 Issue Price	\$0.28 100% increase in Issue Price
<b>Current</b> <b>123,802,956</b>	<b>Shares issued</b>	12,380,296	12,380,296	12,380,296
	<b>Funds raised</b>	\$866,621	\$1,733,241	\$3,466,483
<b>50% increase in current</b> <b>185,704,434</b>	<b>Shares issued</b>	18,570,443	18,570,443	18,570,443
	<b>Funds raised</b>	\$1,299,931	\$2,599,862	\$5,199,724
<b>100% increase in current</b> <b>247,605,912</b>	<b>Shares issued</b>	24,760,591	24,760,591	24,760,591
	<b>Funds raised</b>	\$1,733,241	\$3,466,483	\$6,932,966

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

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

1. There are currently 123,802,956 Shares on issue as at the date of this Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 11 April 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercisable into Shares before the date of issue of the Equity Securities.
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example at 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
  - (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.
- (d) **Purpose of Issue under 10% Placement Capacity**

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

- (i) as cash consideration in which case the Company intends to use any funds raised towards the continued development of the

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Company's nanofiltration membrane technology, sales & marketing expenses, general operational expenses and working capital.

- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

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

(e) **Allocation under the 10% Placement Capacity**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

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

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A on 29 May 2018.

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12-month period preceding the date of the Meeting, being on and from 29 May 2018, the Company otherwise issued a total of 16,133,982 Shares, representing 13.64% of the total number of equity securities on issue at the commencement of that 12-month period.

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Further details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in Schedule 1.

**Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

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

Resolution 5 is a special resolution.

**7. ENQUIRIES**

Shareholders are required to contact the Company Secretary on (+61 8) 9482 0500 if they have any queries in respect of the matters set out on these documents.

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**8. GLOSSARY**

**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 6 of the Explanatory Statement.

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

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

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

**Chairmann** means the Chairman of the Meeting.

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

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

**Company** means De.mem Limited (ABN 12 614 756 642).

**Constitution** means the Company's constitution.

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

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

**Eligible Entity** means the meaning given to it within Section 6 of the Explanatory Statement.

**Equity Securities** means a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

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

**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.

**Meeting** means this Annual General Meeting.

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EXPLANATORY STATEMENT

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

**Officer** means any Director of the Company or such other person within the meaning of that term as defined by the Corporations Act.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2018.

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

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

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

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**WST** means Western Standard Time as observed in Perth, Western Australia.

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EXPLANATORY STATEMENT

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 29 MAY 2018**

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 24 December 2018  Appendix 3B - 24 December 2018	4,587,762	Shares <sup>2</sup>	Eligible participants pursuant to the Company's Rights Issue Offer.	\$0.135 per Share (being a discount of 20.58%)	Cash Amount raised = \$619,348  Amount spent = approximately \$204,000 Use of funds: Cost of the issue, manufacturing & operating cost, research & development and working capital.  Amount remaining = approximately \$415,348 Proposed use of remaining funds: Manufacturing & operating cost, research & development, working capital.
Issue – 16 January 2019  Appendix 3B - 16 January 2019	4,453,702	Shares <sup>2</sup>	Eligible participants pursuant to the Company's Rights Issue Offer.	\$0.135 per Share (being a discount of 3.57%)	Cash Amount raised = \$601,250  Amount spent = \$0 Use of funds: Cost of the issue, manufacturing & operating cost, research & development and working capital.  Amount remaining = \$364,344 Proposed use of remaining funds: Manufacturing & operating cost, research & development, working capital.
Issue – 5 March 2019  Appendix 3B - 5 March 2019	1,970,296	Shares <sup>2</sup>	Eligible participants pursuant to the Company's Rights Issue Offer.	\$0.135 per Share (being a discount of 15.62%)	Cash Amount raised = \$265,990 Amount spent = \$0  Amount remaining = \$265,990 Proposed use of remaining funds: Manufacturing &

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EXPLANATORY STATEMENT

					operating cost, research & development, working capital.
Issue – 15 March 2019  Appendix 3B - 15 March 2019	2,900,000	Shares <sup>2</sup>	Eligible participants pursuant to the Company's Rights Issue Offer.	\$0.135 per Share (being a discount of 0%)	Cash Amount raised = \$391,500 Amount spent = \$0  Amount remaining = \$391,500 Proposed use of remaining funds: Manufacturing & operating cost, research & development, working capital.
Issue – 4 April 2019  Appendix 3B - 4 April 2019	2,222,222	Shares <sup>2</sup>	Sophisticated and otherwise exempt investors who took part in a placement conducted by the Company	\$0.135per Share (being a discount of 10%)	Cash Amount raised = \$300,000 Amount spent = \$0  Amount remaining = \$300,000 Proposed use of remaining funds: Working capital.

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: DEM (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

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# PROXY FORM

**DE.MEM LIMITED**

ACN 614 756 642

**All correspondence to:**

De.mem Limited

PO Box 902, West Perth WA 6872

Phone: 08 9482 0500

I/We

\_\_\_\_\_ (insert name of holder – please print)

Of

\_\_\_\_\_ (insert address of holder – please print)

## Appointment of Proxy

I/We being member/s of De.mem Limited and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with an 'X')

**OR**

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting or a nominee of the Chairman, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of De.mem Limited to be held at Ground Floor, 16 Ord Street, West Perth, Western Australia, 6005 on Tuesday, 28 May 2019 commencing at 3.00pm (AWST) and at any adjournment of that meeting.

## AUTHORITY FOR CHAIRMAN TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

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

**Important:** The Chairman of the Meeting intends to vote all undirected proxies in favour of all Resolutions. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions even if those Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## Voting directions to your proxy - please mark

**X to indicate your directions**

### Ordinary business

		For	Against	Abstain*
<b>Resolution 1</b>	Approval of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	Re-election of Mr Bernd Dautel as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	Re-election of Mr Michael Edwards as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>	Ratification of Prior Issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b>	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, 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.

## PLEASE SIGN HERE

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

### Individual or Securityholder 1

Sole Director and Sole Company Secretary

### Securityholder 2

Director

### Securityholder 3

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

## **Instructions for Completing 'Appointment of Proxy' Form**

### **1. Your Name and Address**

This is your name and address as it appears on the Company's share register. If this information is incorrect, please contact the Share register on **1300 554 474 (toll free)**. Security holders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

### **2. Appointment of a Proxy**

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Company.

### **3. Votes on Items of Business**

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may, subject to the comments below, vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- (a) if proxy holders vote, they must cast **all** directed proxies as directed; and
- (b) any directed proxies which are **not** voted will automatically default to the Chairman, who must vote the proxies as directed.

Further details on these changes are set out below.

#### ***Proxy vote if appointment specifies way to vote***

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**:

- (a) 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); and
- (b) 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; and
- (c) if the proxy is the Chairman 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
- (d) if the proxy is not the Chairman – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-Chairman proxy to Chairman in certain circumstances***

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

- (a) 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; and
- (b) the appointed proxy is not the Chairman of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,the Chairman 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.

### **4. Appointment of a Second Proxy**

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

## 5. Signing Instructions

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

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

## 6. Attending the Meeting

Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, the proxy's authority to speak and vote for the member is suspended while the member is present at the Annual General Meeting.

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

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting scheduled for 3.00pm (AWST) on Tuesday, 28 May 2019. Any Proxy Form received after that time (3.00pm (AWST) 26 May 2019) will not be valid for the scheduled Meeting.

### Documents may be lodged:

**By email**

dho@ventnorcapital.com

**By mail -**

De.mem Limited

PO Box 902

West Perth WA 6872

**or in person -**

Ground Floor, 16 Ord Street

West Perth WA 6005

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