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ASX Announcement

Thursday 28 September, 2017

Waiver of ASX Listing Rule 7.3.2

MainstreamBPO Limited (ASX: MAI) refers to its Notice of Meeting for the Company's Annual General Meeting (AGM) to be held on 29 September 2017.

The Company applied to the ASX for a waiver of Listing Rule 7.3.2 in relation to Agenda Item 5 (Grant of shares to Mr John McCann) as the proposed issue dates of the tranches of shares are more than three months after the AGM.

The Company is pleased to advise that on 27 September 2017 ASX granted the requested waiver of Listing Rule 7.3.2 to approve the issue of up to 2,722,464 of shares over three years to Mr McCann, subject to the following conditions:

1. The Earn-Out Shares must be issued no later than 17 May 2020, subject to shareholder approval having been obtained, and the relevant milestone as disclosed in the Notice having been achieved.
2. The Earn-Out Shares are issued on the same terms and conditions as approved by the holders of ordinary securities.
3. For any annual reporting period during which any of the Earn-Out Shares have been issued or remain to be issued, the Company's annual report must set out in detail the number of Earn Out Shares issued in that annual reporting period, and the number of Earn-Out Shares that remain to be issued, and the basis on which those Earn-Out Shares may be issued.
4. For any half year or quarterly period during which any of the Earn-Out Shares have been issued or remain to be issued, the Company's interim report and quarterly activities report must include a summary statement of the number of Earn-Out Shares issued during the reporting period, and the number of Earn-Out Shares that remain to be issued, and the basis on which those Earn-Out Shares may be issued.
5. The milestones which must be satisfied for the Earn-Out Shares to be issued is not varied.

6. The terms of this waiver are immediately disclosed to the market.

Accordingly the Company provides the following additional disclosures in relation to the proposed share issue, including worked examples.

Pursuant to this, if Trinity Fund Administration (Trinity) achieves its target Profit Before Tax (PBT) for each 12 month period ending 30 June 2017, 2018 and 2019 the Company proposes to issue shares to Mr McCann using the following formula:

$$A = (B-C)/D/E$$

Where:

A = Proposed number of shares to be issued

B = US 333,333

C = 3.5x the shortfall of Trinity's actual PBT as compared to its target PBT of US 400,000

D = USD/AUD exchange rate of 0.7425 on 17 May 2017, being the date the Sale Agreement was signed between the Company and Trinity

E = \$0.4947, being the 20 day Volume Weighted Average Price (VWAP) of the Company's ordinary shares during the 20 trading days immediately prior to the execution of the Sale Agreements on 17 May 2017

Using the above formula, the table below shows some examples of the number of shares that could be issued on 18 May 2018, 2019 and 2020 based on a range of PBT outcomes.

Example	Trinity PBT (\$ USD)	% of hurdle reached	Shortfall to Target PBT	Shortfall Multiplier	Shortfall applied	Number of shares issued per tranche	Tranche issue dates
1	400,000	100%	-	3.5x	-	907,487	17 May 2018, 17 May 2019 and 17 May 2020
2	375,000	94%	25,000	3.5x	87,500	669,272	
3	350,000	88%	50,000	3.5x	175,000	431,056	
4	325,000	81%	75,000	3.5x	262,500	192,841	
5	300,000	75%	100,000	3.5x	350,000	-	

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Alicia Gill', with a stylized, cursive script.

Alicia Gill
Company Secretary
MainstreamBPO Limited