

6 February 2024

To: Australian Securities Exchange

Section 708A(12C)(e) Cleansing Notice
Convertible Securities Agreement

Dotz Nano Limited ACN 125 264 575 (ASX:DTZ) (**Company**) provides this notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82* (**Cleansing Notice**).

The Company confirms that:

- (a) the convertible notes described below will be issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued upon the conversion of the convertible notes issued by the Company on the terms described below (**Convertible Notes**) to be on-sold to retail investors without further disclosure.

This Cleansing Notice is important and should be read in its entirety.

1. BACKGROUND

1.1 Convertible Securities Agreement

As announced on 5 February 2024, the Company entered into a convertible securities agreement with Mercer Street Global Opportunity Fund, LLC (**Mercer**), a US-based investment fund managed by Mercer Street Capital Partners, LLC to raise up to \$12 million in aggregate via the issue of Convertible Notes (**Convertible Securities Agreement**).

The first tranche of funding of \$2,000,000 will be provided to the Company upon satisfaction of the initial closing conditions via the issue of 2,200,000 convertible notes (each with a face value of \$1) (**First Tranche Convertible Notes**).

The second tranche of funding of \$1,500,000 will be provided to the Company by no later than 29 February 2024 via the issue of 1,650,000 convertible notes (each with a face value of \$1) to Mercer (or its nominee) (**Second Tranche Convertible Notes**).

The third tranche of funding of \$1,500,000 will be provided to the Company upon the satisfaction of certain closing conditions, including obtaining the approval of shareholders of the Company (**Shareholders**) via the issue of a further 1,650,000 convertible notes (each with a face value of \$1) to Mercer (or its nominee) (**Third Tranche Convertible Notes**).

Under the Convertible Securities Agreement, the Company and Mercer can agree to additional drawdowns of up to a further \$7 million subject to the satisfaction of further closing conditions via the issue of further Convertible Notes to Mercer (or its nominee) (each with a face value of \$1), (**Subsequent Tranche Convertible Notes**).

A summary of the rights, privileges and restrictions attaching to the First Tranche Convertible Notes is set out in Schedule 1 of this Cleansing Notice. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the First Tranche Convertible Notes holder (**Noteholder**).

In addition to the First Tranche Convertible Notes, on the issue of the First Tranche Convertible Notes the Company agreed under the Convertible Securities Agreement to issue Mercer at the initial closing 2,857,143 options to acquire Shares (**Options**) (the **First Tranche Options**) and 475,889 Shares (**Initial Commencement Shares (Tranche A)**) for nil consideration.

On the issue of the Second Tranche Convertible Notes the Company agreed under the Convertible Securities Agreement to issue Mercer at the second closing 2,142,857 Options.

Subject to obtaining Shareholder approval, on the issue of the Third Tranche Convertible Notes the Company has also agreed to issue Mercer 2,142,857 Options and the Initial Commencement Shares (Tranche B).

Subject to the issue of the First Tranche Convertible Notes, Second Tranche Convertible Notes and Third Tranche Convertible Notes, the Company and Mercer may agree to issue the Subsequent Tranche Convertible Notes, the Subsequent Options and the Subsequent Commencement Shares to raise a further minimum of \$500,000 and up to a maximum of \$7,000,000.

For further information in relation to the Convertible Securities Agreement, please refer to the Company's announcement dated 5 February 2024.

The Company will issue the First Tranche Notes, First Tranche Options and Initial Commencement Shares (Tranche A) today.

2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

- (a) in relation to the First Tranche Convertible Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the First Tranche Convertible Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the First Tranche Convertible Notes, and
- (b) any information that:
 - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules;
 - (ii) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. THE EFFECT OF THE ISSUE ON THE COMPANY

3.1 Effect of the issue on the Company

The principal effect of the issue of the First Tranche Convertible Notes on the Company will be:

- (a) to increase the Company's cash reserves by up to \$2,000,000 (before costs associated with the First Tranche Convertible Notes);
- (b) to increase the number of unquoted convertible notes on issue from nil to 2,200,000;
- (c) the issue of the Initial Commencement Shares (Tranche A) and the First Tranche Options, which will occur concurrently with the issue of the First Tranche Convertible Notes;
- (d) the Company having a liability for the aggregate face value of the First Tranche Convertible Notes (being \$2,200,000); and
- (e) if the First Tranche Convertible Notes are converted at the lowest possible conversion price (being \$0.09), a maximum increase in the number of Shares on issue from 520,018,215 (being the number of Shares currently on issue plus the Initial Commencement Shares (Tranche A)) to 544,938,549.

3.2 Pro Forma Consolidated Statement of Financial Position

To illustrate the effect of the issue of the First Tranche Convertible Notes on the Company, a pro forma Consolidated Statement of Financial Position (**Pro-forma Accounts**) which is set out below has been prepared based on the financial position of the Company's auditor reviewed accounts for the half-year ended 30 June 2023.

The Pro-forma Accounts show the effect of the issue of the First Tranche Convertible Notes as if they had been issued on 30 June 2023.

The accounting policies adopted in the preparation of the Pro-forma Accounts are the same as those used in the preparation of the 30 June 2023 reviewed accounts.

The historical and Pro-forma Accounts are presented in an abbreviated form, insofar as they don't include all of the disclosures required by Australian Accounting Standards applicable to Half-Year Financial Statements. The Proforma Accounts have not been subject to independent audit or review.

The Pro-forma Accounts have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities on the basis that the issue of the First Tranche Convertible Notes were issued on 30 June 2023.

The Company advises that the Pro-forma Accounts do not show the current financial position of the Company as at the date of this Cleansing Notice, and that the information is provided for illustrative purposes only.

The Pro-forma Accounts show the impact that the issue of the First Tranche Convertible Notes and associated securities would have had on the Company's financial position as at 30 June 2023, if these securities were issued on that date, taking into account the issue of the:

- (a) First Tranche Convertible Notes to Mercer for \$2,000,000 in cash; and
- (b) First Tranche Options and the Initial Commencement Shares (Tranche A) under the terms of the Convertible Securities Agreement.

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2023	Adjustment for issue of Tranche 1	30 June 2023 Pro-forma
	US\$	US\$	US\$
Assets			
Current assets			
Cash and cash equivalents	1,149,392	1,327,746	2,477,138
Trade and other receivables	69,537		69,537
Other assets	309,562		309,562
Inventory	7,174		7,174
Total current assets	<u>1,535,665</u>	<u>1,327,746</u>	<u>2,863,411</u>
Non-current assets			
Property, plant and equipment	160,681		160,681
Right-of-use assets	132,306		132,306
Total non-current assets	<u>292,987</u>		<u>292,987</u>
Total assets	<u>1,828,652</u>	<u>1,327,746</u>	<u>3,156,398</u>
Liabilities			
Current liabilities			
Trade and other payables	1,101,512		1,101,512
Lease liabilities	135,102		135,102
Provisions	60,725		60,725
Financial liability	2,027,321	993,794	3,021,115
Derivative financial instruments	588,989	219,078	808,067
Total current liabilities	<u>3,913,649</u>	<u>1,212,872</u>	<u>5,126,521</u>
Total liabilities	<u>3,913,649</u>	<u>1,212,872</u>	<u>5,126,521</u>
Net liabilities	<u>(2,084,997)</u>	<u>114,874</u>	<u>(1,970,123)</u>
Equity			
Issued capital	34,869,395	49,790	34,919,185
Reserves	7,041,180	85,355	7,126,535
Accumulated losses	(43,995,572)	(20,271)	(44,015,843)
Total deficiency in equity	<u>(2,084,997)</u>	<u>114,874</u>	<u>(1,970,123)</u>

(*) Financial liability and derivative instrument amounts before valuation

(**) Exchange rate used to convert the AU\$ values to US\$ in relation to the Tranche 1 is \$0.66

3.3 Potential Effect on Capital Structure

- (a) As at the date of this Cleansing Notice, the total number of issued Shares is 517,218,215, not including the Initial Commencement Shares (Tranche A).

- (b) The capital structure of the Company will be affected by conversion of First Tranche Convertible Notes by the holder of First Tranche Convertible Notes.
- (c) Subject to limits on the conversion under the Convertible Securities Agreement:
- (i) the First Tranche Convertible Notes can be converted into Shares (at the relevant conversion price) at any time after their issue and prior to 18 months from the date of issue of the First Tranche Convertible Notes (**Maturity Date**);
 - (ii) if Mercer has not notified the Company in writing by 5:00 pm on the day that is 10 business days prior to the Maturity Date that it will be converting the First Tranche Convertible Notes (in whole or in part), to the extent not already converted or repurchased prior to the Maturity Date, the Company must pay in full to Mercer the face value of the remaining First Tranche Convertible Notes (and any accrued interest but unpaid interest) within 20 business days of the Maturity Date.
- (d) The effect on the capital structure of the Company upon the issue and conversion of the First Tranche Convertible Notes is outlined below.

Upon issue:

Convertible Notes	Number
Number of Convertible Notes on issue as at the date of this Cleansing Notice	Nil
Number of First Tranche Convertible Notes to be issued under the Convertible Securities Agreement	2,200,000
Total Number of Convertible Notes on issue following the issue of the First Tranche Convertible Notes under the Convertible Securities Agreement	2,200,000

Upon conversion:

Shares	Number
Number of Shares on issue as at the date of this Cleansing Notice	520,018,215
Number of Shares issued upon conversion of the First Tranche Convertible Notes ¹	24,444,445
Number of Initial Commencement Shares (Tranche A)	475,889
Total Number of Shares	544,938,549

¹ On the basis that the First Tranche Convertible Notes are converted at the lowest possible Conversion Price, being \$0.09. The actual number of Shares to be issued on conversion will be calculated in accordance with the formula for the First Tranche Convertible Notes as set out in Schedule 1. It is also noted that the above tables assume that none of the First Tranche Options are exercised.

3.4 Other securities currently on issue

The Company currently has 69,379,894 Options on issue. The Company has agreed to issue 2,857,143 First Tranche Options in accordance with the Convertible Securities Agreement. The First Tranche Options will be issued concurrently with the First Tranche Convertible Notes and Initial Commencement Shares (Tranche A).

In addition to the First Tranche Options, the Company has agreed to issue Mercer 2,142,857 Options in connection with the issue of the Second Tranche Convertible Notes, 2,142,857 Options in connection with the issue of the Third Tranche Convertible Notes (subject to Shareholder approval) and up to 10,000,000 Options in connection with the issue of the Subsequent Convertible Notes (**Subsequent Options**).

The Company has also agreed to issue Mercer such number of Shares for nil cash consideration equal to:

- (a) \$75,000 divided by a deemed issue price per Share equal to the VWAP of Shares for the five trading days prior to the date of execution of the Convertible Securities Agreement, being 475,889 shares (**Initial Commencement Shares (Tranche B)**).
- (b) \$210,000 divided by a deemed issue price per Share equal to the VWAP of Shares for the five trading days prior to the date of execution of the Convertible Securities Agreement, being 1,332,488 shares (**Subsequent Commencement Shares**).

4. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF FIRST TRANCHE CONVERTIBLE NOTES

The Shares issued to the Noteholder on the conversion of the First Tranche Convertible Notes under the Convertible Securities Agreement will rank equally in all respects with all of the Company's existing Shares.

Under the Convertible Securities Agreement, the Company is required to apply to ASX for quotation of the Shares issued on conversion of any First Tranche Convertible Notes.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Shareholders.

(a) General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Company's constitution (Constitution), the Corporations Act or the ASX Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of the Company every holder of fully paid ordinary Shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a Share and more than one of them is present at a meeting and tenders a vote in respect of the Share, the Company will count

only the vote cast by the Shareholder whose name appears first in the Company's Share register.

(c) Variation of Rights

Unless otherwise provided by the terms of issue of a class of shares and subject to the Corporations Act, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(d) Transfer of Shares

Subject to the Constitution, the Corporations Act and ASX Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the ASX Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

(e) Dividends

The Directors may from time to time determine dividends to be distributed to Shareholders according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each Share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the Share (not credited) bears to the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

(f) Winding-up

Subject to the rights of holders of shares with special rights in a winding-up and the Corporations Act, if the Company is wound up all monies and property that are to be distributed among Shareholders on a winding-up, the liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(g) Shareholder liability

As the Shares to be issued on the conversion of the First Tranche Convertible Notes will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(h) Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting

at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a “disclosing entity” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half yearly financial statements accompanied by a directors’ statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 31 December 2022;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Announcement
5 February 2024	Cleansing Statement
5 February 2024	Application for quotation of securities - DTZ
5 February 2024	Proposed issue of securities - DTZ
5 February 2024	Proposed issue of securities - DTZ
5 February 2024	Proposed issue of securities - DTZ
5 February 2024	Dotz secures up to \$12 million in funding
31 January 2024	Quarterly Activities/Appendix 4C Cash Flow Report
22 January 2024	Lind Funding Agreement update
19 January 2024	Unsecured Loan
9 January 2024	Cleansing Statement

9 January 2024	Application for quotation of securities – DTZ
3 January 2024	Notification of cessation of securities - DTZ
7 December 2023	Change of Director's Interest Notice – B Brookes
5 December 2023	Change of Director's Interest Notice – B Brookes
1 December 2023	Cleansing Statement
1 December 2023	Application for quotation of securities – DTZ
27 November 2023	Notification of cessation of securities – DTZ
22 November 2023	Completion of Technology Transfer & Patent Application
2 November 2023	Cleansing Notice
2 November 2023	Application for quotation of securities – DTZ
2 November 2023	Investor Webinar Highlights
1 November 2023	Cleansing Notice
1 November 2023	Application for quotation of securities – DTZ
1 November 2023	Notification regarding unquoted securities – DTZ
30 October 2023	Investor Webinar Presentation
30 October 2023	Quarterly Activities / Appendix 4C Cash Flow Report
27 October 2023	Grant of Waiver of Listing Rule 14.7
25 October 2023	Investor Webinar Invitation
24 October 2023	Notification of cessation of securities – DTZ
19 October 2023	Dotz announces Strategic Collaboration with SINTEF
16 October 2023	Board appointments & Change in Company Secretary
12 October 2023	Update on Israel Situation
2 October 2023	Update – Application for quotation of securities – DTZ
29 September 2023	Cleansing Statement
29 September 2023	Application for quotation of securities – DTZ
28 September 2023	Notification regarding unquoted securities – DTZ
28 September 2023	Terms and Conditions of Unquoted Options

27 September 2023	Cleansing Statement
27 September 2023	Application for quotation of securities – DTZ
26 September 2023	Proposed issue of securities – DTZ
14 September 2023	Results of Meeting
6 September 2023	Change of Director's Interest Notice – KH
29 August 2023	Cleansing Notice
29 August 2023	Application for quotation of securities – DTZ
17 August 2023	DOTZ INTERIM REPORT – 30 JUNE 2023
17 August 2023	Appendix 4D and Half Year Accounts – 30 June 2023
16 August 2023	Notification regarding unquoted securities – DTZ
16 August 2023	Application for quotation of securities – DTZ
16 August 2023	Cleansing Notice
16 August 2023	Dotz Completes Acquisition of Carbon Capture Technology
11 August 2023	Notice of Extraordinary General Meeting / Proxy Form
10 August 2023	Update – Proposed issue of securities – DTZ
4 August 2023	Notification of cessation of securities – DTZ
1 August 2023	Cleansing Notice
1 August 2023	Notification regarding unquoted securities – DTZ
1 August 2023	Application for quotation of securities – DTZ
1 August 2023	SUCCESSFUL COMPLETION OF AU\$4M PRIVATE PLACEMENT
31 July 2023	Quarterly Activities / Appendix 4C Cash Flow Report
26 July 2023	Proposed issue of securities – DTZ
26 July 2023	Dotz Announces Private Placement of Approximately A\$4 million
24 July 2023	Trading halt
20 July 2023	Notification of cessation of securities – DTZ
30 June 2023	Cleansing Statement
30 June 2023	Application for quotation of securities – DTZ

22 June 2023	Change of Director's Interest Notice – DE
7 June 2023	Notice Regarding Securities Subject to Voluntary Escrow
1 June 2023	Cleansing Statement
1 June 2023	Application for quotation of securities – DTZ
30 May 2023	Results of Meeting
24 May 2023	Cleansing Statement
24 May 2023	Application for quotation of securities – DTZ
22 May 2023	INVESTOR UPDATE – WEBINAR
19 May 2023	Company Presentation
19 May 2023	Proposed issue of securities – DTZ
19 May 2023	Addendum to Notice of Meeting
19 May 2023	DOTZ ANNOUNCES ACQUISITION OF CARBON CAPTURE TECHNOLOGY
18 May 2023	Trading halt
1 May 2023	Notice of Annual General Meeting / Proxy Form
27 April 2023	Quarterly Activities / Appendix 4C Cash Flow Report
3 April 2023	Notification regarding unquoted securities – DTZ
3 April 2023	Proposed Issue of Employee Options
24 March 2023	Appendix 4G and Corporate Governance Statement – Revised
24 March 2023	Appendix 4G and Corporate Governance Statement

6. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the First Tranche Convertible Notes and the Initial Commencement Shares (Tranche A).

-ENDS-

This announcement has been authorised for release by the Board of Dotz Nano Limited.

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About Dotz Nano Limited

Dotz Nano Limited (ASX: DTZ) is a nanotechnology company developing innovative climate and industrial nano-technologies.

The Company's primary focus is centred around ground-breaking carbon dioxide (CO₂) management technologies leading towards carbon-neutral future. The company's proprietary carbon-based solid sorbent, offering an efficient and sustainable approach, facilitating industrial deep decarbonization.

To learn more about Dotz, please visit the website via the following link: www.dotz.tech.

Schedule 1 – Terms and Conditions of First Tranche Convertible Notes

Number of Convertible Notes	2,200,000 First Tranche Convertible Notes.
Subscription Price	\$0.909 per Convertible Note.
Face Value	Each Convertible Note will have a face value of \$1.00.
Maturity Date	18 months from the date of issue.
Interest Rate	Upon an event of default occurring, the Company must pay interest at a rate of 18% per annum on the amount of the face value of all Convertible Notes issued which have not been converted or repurchased, calculated daily and compounded monthly. Interest is not otherwise payable on the Convertible Notes.
Conversion of Convertible Notes	<p>Mercer may (at its absolute discretion) convert the Convertible Notes (in a minimum parcel with a face value of at least \$50,000) at any time prior to the date which is 18 months from their date of issue, by giving the Company a conversion notice. The conversion will occur within three business days of receipt of the notice.</p> <p>The number of Shares to which the Noteholder is entitled upon conversion of the Convertible Notes is determined by the following formula:</p> $\text{Number of Shares} = \text{RA} / \text{Conversion Price}$ <p>where:</p> <p>RA means the Repayment Amount of the Convertible Note being converted.</p> <p>Conversion Price means the applicable conversion price per Convertible Note. The applicable conversion price is set out below.</p> <p>Upon conversion of the Convertible Notes:</p> <ul style="list-style-type: none"> (a) those Convertible Notes are cancelled and may not be reissued; and (b) the face value of the Convertible Notes which have been converted will be deemed satisfied.
Conversion by the Company	The Company has no right to require the Noteholder to convert any Convertible Notes at any time.
Conversion Price	<p>In respect of the First Tranche Convertible Notes, Second Tranche Convertible Notes and Third Tranche Convertible Notes, the conversion price will be the higher of:</p> <ul style="list-style-type: none"> (a) if the Conversion Notice is given on or before the date that is three months after the First Closing, 120% of the VWAP during the preceding ten (10) Trading Days on which Shares were traded in the ordinary course of business on the ASX immediately prior to the Execution Date (Conversion Price A); or

	<p>(b) if the Conversion Notice is given after the date that is three months following the First Closing, the lesser of:</p> <ul style="list-style-type: none"> • Conversion Price A; and • 90% of the two lowest daily VWAPs during the preceding twenty (20) Trading Days on which Shares were traded in the ordinary course of business on the ASX immediately prior to the relevant Conversion Notice; and <p>(c) \$0.09.</p> <p>In respect of the Subsequent Convertible Notes, the higher of:</p> <p>(a) the lesser of:</p> <ul style="list-style-type: none"> • 100% of the VWAP during the preceding 20 trading days on which Shares traded in the ordinary course of business on ASX immediately prior to the closing date; and • 95% of the two lowest daily VWAPs during the preceding 20 trading days on which Shares traded in the ordinary course of business on ASX ending on the date immediately prior to the relevant Conversion Notice; and <p>(b) \$0.13.</p>
Security Interest	The Convertible Notes are secured against all of the Company's present and after-acquired assets in favour of Mercer.
Repurchase	<p>So long as:</p> <p>(a) the Company is in compliance with its obligations under the Convertible Securities Agreement;</p> <p>(b) there is no existing event of default; and</p> <p>(c) Mercer has not issued a conversion notice,</p> <p>the Company may elect in writing to repurchase all of the Convertible Notes on issue at a 1.03 times premium, subject to compliance with the law and ASX Listing Rules.</p> <p>If the Company issues notice with respect to the repurchase of Convertible Notes, Mercer may elect to convert up to 100% of the Convertible Notes set out in such notice.</p>
Redemption	<p>If the Noteholder has not notified the Company in writing by the day that is 10 business days prior to the Maturity Date that it will be converting the Convertible Notes (in whole or in part), the Company is to pay in full to the holder of the Convertible Notes, the face value of the Convertible Notes (and any accrued but unpaid interest).</p> <p>If an event of default is subsisting after the Company has notice from the Noteholder requiring repayment, the Company must repay the face value of the outstanding Convertible Notes held by the Noteholder</p>

	<p>together with any accrued by unpaid interest. The Convertible Securities Agreement contains various events which constitute events of default which are standard for agreements of this nature.</p> <p>If there occurs a Change of Control Event, a Qualifying Capital Raising Event or a Delisting Event, the Noteholder may require repayment by the Company of some or all of the Convertible Notes.</p> <p>In this Cleansing Notice:</p> <p>Change of Control Event means each of:</p> <p>(a) a takeover bid being made to acquire all of the Company’s shares and:</p> <ul style="list-style-type: none"> • the offer under the takeover bid is, or becomes, unconditional; and • either: <ul style="list-style-type: none"> ○ the bidder has acquired at any time during the offer period (or after the close of the offer period) a relevant interest in more than 50 per cent of the Shares on issue; or ○ the directors of the Company recommend acceptance of the offer under the takeover bid; <p>(b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100% of the Shares on issue in the Company (where the requisite shareholder approval has also been obtained),</p> <p>Delisting Event means where the Shares are no longer quoted on ASX, the Shares are suspended from trading on ASX for a period of 20 consecutive business days, or in any case, other than as a result (directly or indirectly) of a Change of Control Event.</p> <p>Qualifying Capital Raising Event means capital raises under which the Company raises in aggregate \$15m or more during the term of the Convertible Securities Agreement.</p>
<p>Ranking on Conversion</p>	<p>Shares issued on conversion of the Convertible Notes will rank equally with existing Shares on issue.</p>
<p>Reconstruction of Capital</p>	<p>In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the terms of the Convertible Notes will be reconstructed to the extent necessary to comply with the ASX Listing Rules.</p>
<p>Participation Rights</p>	<p>The Convertible Notes will not carry any entitlement to participate in future issues of securities by the Company prior to any conversion of the Convertible Notes into Shares.</p>

No Voting Rights

Except as required by the Corporations Act, the Convertible Notes will not carry a right to vote at meetings of the Company prior to any conversion of the Convertible Notes.