



Sprintex Limited
ABN: 38 106 337 599

ASX: SIX

ASX RELEASE

1 February 2023

A\$3,121,000 CONVERTIBLE NOTE FUNDING SECURED

Sprintex Limited (ASX:SIX) (“Sprintex” or the “Company”) is pleased to announce the Company has secured A\$3,121,000 by way of issue of convertible notes (“Convertible Notes”), subscribed for by the directors of the Company (“Directors”) to the value of A\$300,000, two substantial shareholders of the Company (“Substantial Shareholders”) to the value of A\$600,000, with the remainder being subscribed for by sophisticated and professional investors (“Investors”).

All the Convertible Notes subscribed for by the Directors, Substantial Holders and the Investors (together, the “Subscribers”) will be issued subject to the Company obtaining Shareholder approval at an upcoming general meeting planned to be held on 13 March 2023. Pursuant to the terms of the Convertible Note deeds (“Deeds”), until Shareholder approval is obtained, the funds paid by the Subscribers shall be available to be utilised immediately by the Company as a loan. In the event that Shareholder approval is not obtained, the funds raised shall be repayable in cash by the Company to the Subscribers in accordance with the redemption provisions pursuant to the terms of the Deeds. A summary of the key terms of the Convertible Notes are set out in Annexure A.

Each Convertible Note will have a conversion price of A\$0.075 per fully paid ordinary share (“Share”) if converted on or before 31 July 2023, or the lower of A\$0.075 per Share and a 10-day VWAP at a 20% discount to the market price for the Company’s Shares at the date of the conversion if the Convertible Notes are converted after 31 July 2023, subject to a minimum floor price of A\$0.001.

Of the A\$2,221,000 worth of Convertible Notes to be issued to the Investors, A\$1,622,500 worth of Convertible Notes will be issued to Investors who were introduced by 180 Market Pty Ltd and MMR Corporate Services Pty Ltd, \$100,000 worth of Convertible notes will be issued to Investors who were introduced by CFAS Advisory and \$498,500 worth of Convertible notes will be issued to Investors who were introduced by CNW Capital Service Limited (“Brokers”). As consideration for these services, the Company will issue to the Brokers, on a pro-rata basis, a fee of 8% of the funds raised by the Brokers under the Convertible Note issue and 9,871,111 options to acquire Shares (“Options”) with an exercise price of \$0.075 and an expiry date of 31 December 2024 (“Broker Options”). In addition, the Company will also issue MMR Corporate Services Pty Ltd a further 3,000,000 Options on the same terms as the Broker Options for introducing the Company to 180 Market Pty Ltd (“MMR Options”). A summary of the terms of the Broker Options and the MMR Options are set out in Annexure B. The Broker Options and the MMR Options will be issued subject to the Company obtaining Shareholder approval, at the upcoming general meeting planned to be held on 13 March 2023.

The funds raised through the issue of the Convertible Notes will be utilised towards the working capital of the Company, aimed mainly at allowing the Company to capitalise on commercialising e-compressor sales opportunities.



- Ends -

This ASX announcement was authorised for release by the Board of Sprintex Limited.

For further information

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About Sprintex

Sprintex is a clean air compressor engineering, research, product development and manufacturing company, incorporated in Australia in 2003. Sprintex designs and manufactures electric and mechanically driven clean air compressors for use in a wide variety of applications, including:

- combustion engines where Sprintex sells Sprintex® twin screw superchargers, and supercharger systems incorporating the Sprintex® twin screw supercharger, in the automotive aftermarket and original equipment manufacturer (OEM) market in Australia, Asia, Africa, the Middle East and the United States of America;
- hydrogen fuel cells, which require a constant flow of oxygen rich air; and
- industrial oil-free clean air applications, including wastewater treatment.

ANNEXURE A – Key Terms of the Convertible Note Deeds

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| 1. | Issuer | Sprintex Limited |
| 2. | Subscribers | The Directors, the Substantial Shareholders and the Investors. |
| 3. | Aggregate Face Value | A\$3,121,000 |
| 4. | Interest Rate | 12% flat rate. |
| 5. | Application for Convertible Notes | <p>(a) The Subscriber agrees to subscribe for, and the Company agrees to issue the Convertible Notes.</p> <p>(b) The Subscriber agrees to pay the principal amount payable on the date of signing of the Convertible Note Deed.</p> <p>(c) The issue of the Convertible Notes is subject to shareholder approval.</p> <p>(d) Until receipt of shareholder approval, the both parties agree that the principal amount payable shall be a loan repayable in accordance with the terms of the Redemption (defined below) of the Convertible Notes, subject to the following amendments - the term "Convertible Notes" is replaced with "Loan", "redeemed" with "repaid" and "redemption" with "repayment".</p> |
| 6. | Interest Payment | <p>(a) The Company shall pay the interest owed in advance, by way of a deduction from the value of Convertible Notes subscribed for, net of any applicable interest withholding taxes.</p> <p>(b) Subsequent to the issue of the Convertible Notes, the Company shall not be liable for any additional interest on the Convertible Notes.</p> |
| 7. | Maturity Date | All Convertible Notes will have a maturity date of 31 July 2024, with the exception of the Convertible Notes issued to Investors introduced by CNW Capital Service Limited (face value of \$498,500) which shall have a maturity date of 31 January 2024 ("Maturity Date"). |
| 8. | Security | The Convertible Notes are unsecured. Each Subscriber shall rank as an unsecured general creditor of the Company. |
| 9. | Conversion Price | Each Convertible Note shall convert into Shares at a conversion price of A\$0.075 if converted on or before 31 July 2023 or the lower of A\$0.075 per Share and a 10-day VWAP at a 20% discount to the market price for the Company's Shares at the date of the conversion if converted after 31 July 2023, subject to a minimum price of A\$0.001. |
| 10. | Redemption | <p>The Convertible Notes will only be redeemed at the first to occur of the following:</p> <p>(a) the receipt by the Company of a notice in writing requesting the Convertible Notes held be redeemed from the Subscriber ("Redemption Notice") in respect of the Convertible Notes as a result of the exercise of the Subscriber's rights in the event that a person other than the Subscriber acquires an interest in over 50% of the Company's Shares ("Change of Control");</p> <p>(b) the receipt by the Company of a Redemption Notice in respect of the Convertible Notes as a result of the exercise of the Subscriber's rights due to an event of default occurring; and</p> <p>(c) the Maturity Date.</p> |

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| <p>11.</p> | <p>Conversion</p> | <ul style="list-style-type: none"> (a) Subject to a Change of Control, the Subscriber will be entitled to convert all, or a portion of the Convertible Notes held, subject to a minimum conversion amount of A\$12,500, at the Conversion Price by delivering a notice in writing requesting the Convertible Notes held be converted from the Subscriber (“Conversion Notice”) to the Company at any time prior to the Maturity Date. (b) Within 5 Business Days of receipt of a Conversion Notice the Company will proceed to issue to the Subscriber that number of Shares as calculated at the Conversion Price. (c) The allotment and issue of Shares on conversion will reduce the principal amount outstanding to the Subscriber pursuant to the Convertible Notes by the value of the conversion amount the subject of the Conversion Notice. (d) The Shares issued upon the conversion will rank equally in all respects with all issued fully paid ordinary shares in the capital of the Company. (e) The Company will make application for Official Quotation by ASX of all Shares issued upon conversion as soon as reasonably practicable after the Shares are issued. (f) Within 5 business days after the issue of Shares to the Subscriber the Company will deliver to the Subscriber a holding statement in respect of the Shares. (g) If only a portion of the Convertible Notes are converted, the Company will, within 5 Business Days after the issue of the Shares, deliver to the Subscriber a new certificate detailing the remaining Convertible Notes held by the Subscriber. |
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ANNEXURE B – Key Terms of the Broker Options and the MMR Options

The terms and conditions of the Broker Options and the MMR Options are set out below:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.075 (“Exercise Price”).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 December 2024 (“Expiry Date”). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (“Exercise Period”).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (“Notice of Exercise”) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (“Exercise Date”).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.