



24 December 2019

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Notice under Section 708A(12C)(e) of the *Corporations Act 2001* (Cth)

NetLinkz Limited ACN 141 509 426 (**Company**) has prepared this cleansing notice (**Cleansing Notice**) for the purposes of section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (as notionally modified by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82*) (**Corporations Act**) to permit fully paid ordinary shares in the capital of the Company (**Shares**) to be issued on conversion of the convertible notes issued by the Company to each of Lind Global Macro Fund LP and CST Capital Pty Ltd ACN 628 583 700 as trustee of the CST Investments Fund (each an **Investor** and together, the **Investors**) to be on-sold to retail investors without further disclosure under Chapter 6D of the Corporations Act.

This Cleansing Notice is important and should be read in its entirety. Neither the Australian Securities & Investments Commission (**ASIC**) nor ASX Limited (**ASX**) takes responsibility for the contents of this Cleansing Notice.

1. Background

- 1.1 On 24 December 2019, the Company entered into a share purchase and convertible security agreement with each Investor (each an **Agreement**). Pursuant to the terms of each Agreement each Investor has agreed to provide funding to the Company by way of two separate funding streams, namely subscriptions for ordinary shares in the Company (**Shares**) and the advancement of convertible note instruments (**Convertible Notes**). Each Agreement also provides for the issue of unlisted options (with each Option entitling the holder to receive one Share on exercise) (**Options**) to each Investor.
- 1.2 A summary of the securities to be issued under each Agreement is set out below:
 - 1.2.1 each Agreement limits the maximum number of securities that may be issued under it to 100,000,000 Shares (**Maximum Share Number**) (beyond which any issue may only be made with the prior approval of the Company's shareholders);
 - 1.2.2 the Company will issue a Convertible Security to each Investor (**First Convertible Note**) (which can only be converted or redeemed subject to the Maximum Share Number), with such First Convertible Notes being issued within the Company's available placement capacity under ASX Listing Rule 7.1;
 - 1.2.3 each Investor will be issued 5,000,000 Options, which will be issued within the Company's available placement capacity under ASX Listing Rule 7.1;



- 1.2.4 each Investor will agree to acquire Shares in the Company on a monthly basis (subject to the Maximum Share Number) (**Tranche Shares**);
 - 1.2.5 each Investor will be issued 9,650,000 Shares under the Agreement (**Collateral Shares**), which will be issued within the Company's available placement capacity under ASX Listing Rule 7.1;
 - 1.2.6 within 75 days of the entry into each Agreement, the Company will be required to seek the approval of its shareholders for the issue of a replacement Convertible Note to each Investor (**Replacement Convertible Note**), which (subject to shareholder approval being obtained) will be on the same terms as the initial issued Convertible Note [(save for the conversion price of the Replacement Note)] but its conversion or redemption will not be subject to the Maximum Share Number);
 - 1.2.7 regardless of whether the Replacement Convertible Note is issued, monthly Share purchases under each Agreement will remain subject to the Maximum Share Number.
- 1.3 The Company gives notice that:
- 1.3.1 the Company issued the Convertible Notes without disclosure to investors under Part 6D.2 of the Corporations Act; and
 - 1.3.2 this notice is given in accordance with section 708A(12C)(e) of the Corporations Act.
- 2. Key terms of each Agreement**
- 2.1 Set out below is a summary of the key terms of each Agreement as they relate to this Cleansing Notice:
- 2.1.1 **Issue of First Convertible Security** – pursuant to each Agreement the Company will issue a convertible note to each Investor with each such First Convertible Note having a face value of A\$3,750,000. Each Investor will advance an amount of A\$3,375,000 to the Company to acquire their First Convertible Note no later than the last to occur of 5 business days after the date of entry into their respective Agreement with the Company and two business days after the satisfaction of the conditions precedent to the issue of the First Convertible Note (as set out in the Agreement) (**Closing**). The maximum number of Shares which may be issued on conversion of all of the First Convertible Notes issued pursuant to the Agreements is 25,000,000 Shares.
 - 2.1.2 **Issue of 19,300,000 Collateral Shares** – at the time of issue of the First Convertible Notes, the Company is required to issue 9,650,000 Collateral Shares to each Investor. The Collateral Shares to be issued to Lind and CST will be issued under the Company's available placement capacity under ASX Listing Rule 7.1. A commitment fee is payable by the Company to Investor at the Closing in respect of the issue of the Collateral Shares. Pursuant to the terms of the Agreement, if the number of Collateral Shares held by an Investor reduces below 7,500,000 at any time during the term of the Agreement, that Investor can require the issue of further Shares so that the Collateral Shares held by that Investor is topped up to the original 7,500,000 Collateral Shares issued to that Investor. However, the maximum aggregate number of additional Collateral Shares (**Additional Collateral Shares**) that can be required to be issued in this manner (without shareholder approval being obtained) is limited to 10,000,000 Shares per Investor. The issue of the Collateral Shares and the agreement to issue the Additional Collateral Shares is being made within the Company's available placement capacity under ASX Listing Rule 7.1.



2.1.3 Issue of Tranche Shares – pursuant to the terms of each Agreement:

- (a) for the duration of the term specified in the Agreement (**Tranche Term**), on each date that is thirty calendar days after the date of the immediately preceding closing of an issue of Tranche Shares (or such later date as may be determined under the Agreement) each Investor must make a prepayment to the Company for the purchase of subsequent rounds of Tranche Shares. Such prepayment amount will be:

- (i) \$150,000 (**Base Amount**); or
- (ii) by mutual agreement in writing between the parties to the Agreement, an amount which is greater than the Base Amount but equal to or less than \$500,000,

provided that there will be no more than a total of 24 rounds of Tranche Share issues during the Tranche Term, and each Investor will not be required to pay an aggregate amount exceeding A\$12,000,000 for the issue of Tranche Shares to it. The Company will also pay as a fee an amount of \$75,000 to each Investor on the first closing and issuance of Tranche Shares under the Agreement;

- (b) at any time during the Tranche Term, either party to an Agreement may, in certain circumstances, give written notice (a **Pause Notice**) prior to the closing date for the issue of Tranche Shares, pause the operation of an Agreement in respect of the issue of Tranche Shares for (such paused period being the **Pause**), in which case, that closing of an issue of Tranche Shares and other subsequent closings within the Pause will be cancelled and each Investor must not make prepayments to the Company for the purchase of Tranche Shares until the end of the Pause; and
- (c) the number of Tranche Shares to be issued pursuant to a tranche will be determined by dividing the amount of prepayment received by the Company from the Investor by the price per Share which is equal to 90% of the average of the five lowest daily volume weighted average prices (**VWAPs**) of the Company's Shares as traded on ASX, during the twenty trading days prior to the relevant issue date for the Tranche Shares (being the 28th calendar day after the date of a closing of an issue of Tranche Shares, provided that where such date falls on a day that is not a business day, then the business day that immediately precedes the date that would otherwise be an issuance date will be the relevant issue date for the Tranche Shares (**Purchase Price**)).

2.1.4 Requirement to obtain shareholder approval – the Company must, within 75 days of Closing, convene and hold a meeting of its shareholders to seek approval for the issue of the Replacement Convertible Note to each Investor. It is proposed that each Replacement Convertible Note will be on the same terms as the First Convertible Notes, and will have the same outstanding Face Value, but will not be subject to the Maximum Share Number (as the conversion price for each Replacement Convertible Note will not be a fixed amount but will be at a price agreed between the parties determined by reference to the XX) Assuming shareholder approval is received, each Replacement Convertible Note will automatically be issued to each Investor in replacement of the First Convertible Note issued to them. The First Convertible Note issued to each Investor will be redeemed by the Company in full and all of the obligations of the Company in connection with the First Convertible Notes will be discharged and satisfied in full and each Replacement Convertible Security will be outstanding.



3. Contents of this Cleansing Notice

This Cleansing Notice sets out information that the Company believes investors and their professional advisers would reasonably require to make an informed assessment of the effect of the issue of the First Convertible Notes on the Company and summarises the rights and liabilities attaching to the First Convertible Notes and the Shares that will be issued on conversion of the First Convertible Notes.

4. Effect of issue of the First Convertible Notes on the Company

The First Convertible Notes were issued to the Investors without disclosure to investors under Part 6D.2 of the Corporations Act and without shareholder approval.

The principal effects of the issue of the First Convertible Notes on the Company are as follows:

- the Company will issue two First Convertible Notes, one to each Investor;
- each First Convertible Note will have an issue price of A\$3,375,000 and a face value of A\$3,750,000 (**Face Value**);
- each First Convertible Note will be secured over the assets of the Company until such time as the Company repays the outstanding amount in respect of each First Convertible Note (either by way of issue of Shares on conversion of a First Convertible Note or by redeeming the First Convertible Note for cash);
- each Investor may elect to convert the First Convertible Note held by it (in its sole and absolute discretion and in whole or in part) into an aggregate of 12,500,000 Shares. For the avoidance of doubt, each Investor is not obligated to convert any amounts under a First Convertible Note into Shares;
- the cash reserves of the Company will increase by A\$6,750,000 (before deducting the fees and expenses associated with the entering into of the transactions contemplated by each Agreement) immediately after completion of the issue of the First Convertible Notes to the Investors.

Each First Convertible Note is convertible into Shares at a price of A\$0.30 per Share (**Conversion Price**). The number of Shares issued to each Investor on conversion of a First Convertible Note will be determined by dividing the Face Value outstanding on the First Convertible Note by the Conversion Price.

The below table demonstrates the maximum dilutory effect of the issue of the First Convertible Notes on the Company as at the date of this Cleansing Notice (noting that the First Convertible Notes will convert into a maximum aggregate of 25,000,000 Shares based on the Conversion Price).



| Securityholder | Number of Shares prior to conversion of First Convertible Notes ¹ | Percentage of issued capital (%) | Number of Shares following conversion of First Convertible Notes ² | Percentage (%) |
|--|--|----------------------------------|---|----------------|
| Existing shareholders of the Company (excluding the Investors) | 1,771,503,793 | 100% | 1,771,503,793 | 97.6% |
| Lind Global Macro Fund LP – current shareholding | - | -% | 22,150,000 | 1.2% |
| CST Capital Pty Ltd ACN 628 583 700 as trustee of the CST Investments Fund | - | -% | 22,150,000 | 1.2% |
| TOTAL | 1,771,503,793 | 100% | 1,815,803,793 | 100% |

Notes:

1. Assumes that no additional Shares are issued prior to conversion of the First Convertible Notes and no convertible securities on issue in the Company as at the date of this Cleansing Notice (such as options) are exercised.
2. Assumes the entire Face Value of each First Convertible Note is converted into Shares.

5. Pro-forma statement of financial position

Annexure A - Pro-forma statement of financial position

6. Rights and liabilities attaching to each First Convertible Note

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| Term | Sixteen (16) months from the date of Closing and the date which is 30 days after the date on which the Company has satisfied all of its obligations under each Agreement. |
| Face Value | \$3,750,000 |
| Amount payable to acquire each First Convertible Note | \$3,375,000 (Funded Amount) |
| Conditions precedent to Closing | An Investor will have no obligation to advance the Funded Amount to the Company, unless the conditions precedent set out below are fulfilled, or waived in writing by the Investor, prior to Closing: |



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| | <ul style="list-style-type: none"> the Company has delivered or caused to be delivered to the Investor, and the Investor has received: <ul style="list-style-type: none"> a copy of the resolutions duly passed by the board of directors of the Company to approve, among other things, entry into each Agreement; copies of any third party consents or approvals required to enter into each Agreement or to give effect to the transactions contemplated by each Agreement; the security documents securing the Company's obligations under each Agreement have been executed by all parties to them (other than an Investor) (Security Documents); a flow of funds request; the Collateral Shares required to be issued at Closing; the Options required to be issued at Closing; the Company has issued the Collateral Shares to each Investor (or its nominee); the Company has lodged this Cleansing Notice with ASX and ASX has released this Cleansing Notice to the market; the representations and warranties of the Company contained in each Agreement are true and correct in all respects as of the dates as of which they are made or deemed to be made under each Agreement; no 'event of default' (as defined below in this table) has occurred and no 'event of default' would result from Closing being effected; the Company has performed and complied in all respects with all agreements and covenants required by each Agreement to be performed and complied with by the Company as at or prior to Closing; and the Investor has received each of the documents required to be delivered to it under an Agreement, or which evidences satisfaction of the abovementioned conditions. <p>The Company will have no obligation to effect a Closing, unless and until the following conditions are fulfilled, or waived in writing by the Company, by no later than immediately prior to Closing:</p> |
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| | <ul style="list-style-type: none"> the Investor has performed or complied in all respects with all agreements and covenants required by each Agreement as at or prior to Closing; and the representations and warranties of an Investor contained in each Agreement are true and correct in all respects as of the dates as of which they are made or deemed to be made under the relevant Agreement. |
| Interest | No interest is payable in respect of each First Convertible Note |
| Issue Date | 24 December 2019 |
| Security | Each First Convertible Note is secured against the assets of the Company. |
| Conversion | <p>Each Agreement provides that:</p> <p>(a) subject to the requirements set out in paragraphs (b)(ii) to (v) below (inclusive), at any time during the term of each Agreement, and on more than one occasion, an Investor may provide the Company no less than two business days prior notice (Conversion Notice) requiring the Company to effect a conversion of a First Convertible Note (Conversion) on a date specified by the Investor in its sole discretion (each a Conversion Date) (each date of such notice, a Conversion Notice Date).</p> <p>(b) a Conversion Notice must specify:</p> <p>(i) which First Convertible Note being converted, and the amount of the Face Value (Conversion Amount);</p> <p>(ii) whether the Conversion Amount will be constituted in whole or in part by a reduction in the Collateral Shares which are required to be issued to an Investor under each Agreement and, if so, advise the reduction in the Collateral Shares which will be applied to satisfy some</p> |



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| | <p>or all of the Conversion Amount (Conversion Collateral Capitalisation Election); and</p> <p>(iii) the Conversion Price;</p> <p>(c) upon receipt of a Conversion Notice, the Company must effect the Conversion by:</p> <p>(i) subject to paragraph (ii) below), issuing Shares to the Investor (Conversion Shares); and</p> <p>(ii) where a Conversion Collateral Capitalisation Election has been made:</p> <p>(A) agreeing to a conversion of the relevant Convertible Security by way of a reduction in the Collateral Share number in accordance with the Conversion Collateral Capitalisation Election; and</p> <p>(B) the number of Conversion Shares required to be issued will be reduced by that same number as the reduction in the Collateral Share Number;</p> <p>(d) the number of Conversion Shares that the Company must issue in a Conversion will be determined by dividing the A\$ amount of the Conversion Amount by the Conversion Price; and</p> <p>(e) where a Conversion Collateral Capitalisation Election has been made, the Collateral Share number will be reduced accordingly.</p> |
| Conversion Price | \$0.30 |
| Cash substitution formula | <p>If an issue of Shares to an Investor in accordance with the terms of an Agreement would result in the Investor acquiring a relevant interest in the Shares which would cause the Investor's (and its associates') voting power in the Company (and its associates) to exceed 19.99%, then without limiting any of an Investor's other rights under the Agreement, an Investor or the Company may by written notice to the other party require the Company to pay a cash amount to the Investor, within 5 business days, equal to Z multiplied by \$C in lieu of the issue of Shares, where:</p> <ul style="list-style-type: none"> • Z = the number of new Shares which, if issued to the Investor, would cause the Investor's relevant interest in the Company to exceed 19.99%; and • \$C = the VWAP per Share on the date the Investor's Shares were to be issued. |
| Redemption | Subject to certain redemption restrictions set out in the Agreement, an Investor may, at any time to the extent that there is |



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| | <p>an amount outstanding in respect of a First Convertible Note held by the Investor, require the Company by notice (Redemption Notice) to redeem some of the Face Value (Redemption Face Value Amount) at a redemption rate of 102.5% of the Redemption Face Value (Redemption Amount).</p> <p>The Company must pay the Investor the Redemption Amount on or before 2 business days after receiving the Redemption Notice by either:</p> <ul style="list-style-type: none"> • paying the Redemption Amount in immediately available funds; or • issuing Shares to the Investor with the number of Shares to be issued being the Redemption Amount divided by the Equity Redemption Price (defined below). |
| Equity Redemption Price | The price per Share equal to 92% of the lowest daily VWAP during the 10 trading days immediately prior to the date of the Redemption Notice. |
| Repayment upon maturity | The amount outstanding in cash (being the face value less the amount of Shares issued on conversion) |
| Company repayment rights | <p>In its sole discretion, the Company may repay the outstanding balance of a First Convertible Note (being the amount outstanding in respect of a First Convertible Note) and repay any other amount outstanding to an Investor at any time. In the event of the Company electing to exercise its right under to repay amounts owing to an Investor under an Agreement, it must issue the Investor with a repayment notice for a First Convertible Note (Repayment Notice).</p> <p>A Repayment Notice must exclude that part of the amount outstanding for a First Convertible Note in respect of which, as of the time the Company gives an Investor a Repayment Notice, the Investor has already given a Conversion Notice or Redemption Notice to the Company (the Excluded Amount).</p> <p>Within five business days of receiving a Repayment Notice, an Investor may give a Conversion Notice for up to the outstanding Face Value of its First Convertible Note (Repayment Conversion Notice, Repayment Conversion Amount) at the lower of the Conversion Price and the Equity Redemption Price.</p> <p>Upon issuing a Repayment Notice to an Investor, the Company irrevocably and unconditionally agrees to, within five business days of receiving a Repayment Conversion Notice, or if no Repayment Conversion Notice is received then within ten business days of issuing the Repayment Notice:</p> <ul style="list-style-type: none"> (i) repay the First Convertible Note and repay any other amount outstanding under an Agreement, for 102.5% of |



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| | <p>the aggregate amount outstanding (excluding the Repayment Conversion Amount and any Excluded Converted Amount) (Payout Amount); and</p> <p>(ii) pay the Payout Amount to the Investor in immediately available funds.</p> |
| Transferability | The First Convertible Notes are not assignable. |
| Events of Default | <p>Any of the following will constitute an event of default for the purposes of each Agreement:</p> <ul style="list-style-type: none"> any of the representations, warranties, or covenants made by the Company or any of its agents, officers, directors, employees or representatives in any document entered into in connection with an Agreement, materials or public filing are inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Company to an Investor, any of its representatives, or the Company's shareholders, is inaccurate, false or misleading, in any material respect, as of the date as of which it is made or deemed to be made, or on any 'closing date', 'conversion date', (being the date on which the Investor specifies to convert a First Convertible Note) or date of issuance of any Shares to an Investor under an Agreement; the Company or any Australian subsidiary of the Company suffers or incurs an insolvency event; the Company or any of its Australian subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business, or disposes of, or threatens to dispose of, a substantial part of its assets; the Company or any of its Australian subsidiaries takes action to reduce its capital or pass a resolution referred to in section 254N(1) of the Corporations Act without an Investor's prior written consent; the Company does not comply with its obligation to lodge cleansing statements at the time Shares are issued on conversion of a First Convertible Note or Replacement Convertible Note; any Investor's Shares are not issued within timeframes required by an Agreement or not quoted or not able to be freely traded on ASX (as appropriate) within three business days following the date of their issue; any of the conditions precedent to closing under the Agreement or for the issue of Shares on conversion of the |



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| | <p>First Convertible Note or Replacement Convertible Note (as the case may be) have not have been fulfilled in a timely manner or the time prescribed;</p> <ul style="list-style-type: none"> • a stop order, suspension of trading, cessation of quotation, or removal of the Shares from ASX has been requested by the Company or imposed by ASIC, ASX or any other governmental authority or regulatory body with respect to public trading in the Shares on ASX, except for a suspension of trading not exceeding fifteen trading days in any twelve month period or as agreed to by an Investor; • a document entered into in connection with the transactions contemplated by an Agreement has become, or is claimed (other than in a vexatious or frivolous proceeding) by any person that is not the Investor or its affiliate to be, wholly or partly void, voidable or unenforceable; • except as disclosed to ASX prior to the date of each Agreement and only where it would result in a material adverse effect on the assets, liabilities, results of operations, condition (financial or otherwise), business or prospects of the Company and its subsidiaries taken as a whole (Material Adverse Effect), any person has commenced any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted any claim before any governmental authority, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of an Investor or the Company to enter into any transaction documents contemplated by each Agreement or undertake any of the contemplated transactions (other than a vexatious or frivolous proceeding or claim); • any event, condition or development occurs or arises which has or would be likely to have a Material Adverse Effect; • any consent, permit, approval, registration or waiver necessary for the consummation of the transactions contemplated by an Agreement that remains to be consummated at the applicable time, has not been issued or received, or does not remain in full force and effect; • the transactions to be undertaken at a closing, an issue of Tranche Shares or a Conversion would result in the Company breaching ASX Listing Rule 7.1; • the Investor has not received all those items required to be delivered to it in connection with the issue of Tranche Shares, conversion of the First Convertible Note or a Replacement Convertible Note (as the case may be) or a closing of a transaction contemplated by the Agreement, each in accordance with the Agreement; |
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| | <ul style="list-style-type: none"> the Company fails to perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement under any transaction document entered into by it in connection with the Agreement; a default judgment of an amount of AU\$250,000 or greater is entered against the Company or any of its Australian subsidiaries; the Company and/or any of its Australian subsidiaries defaults in relation to any payment obligation under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a third party (taking into account any applicable grace period agreed by the relevant third party) for an amount in excess of AU\$250,000; any present or future liabilities, including contingent liabilities, of the Company or any of its Australian subsidiaries for an amount or amounts totalling more than AU\$250,000 have not been satisfied on time or have become prematurely payable; the Company does not, within 75 days of the date of Closing, obtain shareholder approval to the issue of the Replacement Convertible Notes to the Investors; or the Company is in default (however described) of the Security Documents; the Company is in default (however described) of the Agreement entered into with the other Investor; any other matter which is referred to as an Event of Default under the Agreement (if any); the Company does not issue additional Collateral Shares to an Investor in compliance with the requirements of an Agreement; or the Company breaches clause 11.22 of the Agreement, being its undertaking, representation and warrants to the Investor in respect of the finance facilities entered into between the Company and GEM Global Yield Fund LLC SCS. |
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7. Other securities issued under each Agreement

Under each Agreement, the Company also issued to each Investor:

- 9,650,000 Collateral Shares on the terms described below; and



- 5,000,000 unlisted Options with each Option having an exercise price of \$0.20 (**Exercise Price**) and expiring on or before the date that is 36 months after the date of issue of the Options (**Expiry Date**).

The Collateral Shares

Each Investor may sell, assign, mortgage or otherwise deal with the Collateral Shares at its discretion. Notwithstanding how the Investor chooses to deal with the Collateral Shares during the term of the Agreement, each Investor will be deemed to hold the 9,650,000 Collateral Shares, less the amount collateralised (in accordance with the process described below), at the expiry of the term of the Agreement.

If at any time the number of Collateral Shares held by an Investor (**Collateral Shareholding Number**) is less than 7,500,000 Shares, that Investor may give the Company written notice requesting that the Company issue additional Shares to the Investor as Collateral Shares (**Additional Collateral Shares**), so that following the issue, the Collateral Shareholding Number of an Investor is at least 7,500,000 (**Top-up Notice**), provided that the Company must not issue an aggregate number of Additional Collateral Shares exceeding 10,000,000 Shares without first obtaining the approval of its shareholders to do so.

During the term of each Agreement, an Investor may elect to reduce its Collateral Shareholding Number by advancing in cleared funds to the Company an amount equal to the number of Collateral Shares it seeks to reduce multiplied by the price per Collateral Share equal to the lower of:

- 90% of the average of the 5 lowest daily VWAP's per Share as traded on ASX in the 20 consecutive trading days immediately prior to the date of collateralisation, as selected at the Investor's discretion; and
- 130% of the 20 day VWAPs per Share as traded on ASX in the 20 trading days immediately prior to Closing,

(**Collateralisation Price**).

The Options

Each Option will grant the holder of that Option the right but not the obligation to be issued by the Company one Share on payment of the Exercise Price (subject to any adjustment under the Agreement). Each Option will be exercisable prior to the Expiry Date.

Without limiting the generality of, and subject to, the other provisions of each Agreement, an Option holder may exercise any of its Options at any time prior to the Expiry Date, by delivery of:

- (a) a copy, whether facsimile or otherwise, of a duly executed exercise notice (**Exercise Notice**), to the Company and the Company's share registry;
- (b) payment of an amount equal to the Exercise Price multiplied by the number of Options being exercised.

As soon as reasonably practicable, but in any event no later than three business days after receipt of a duly completed Exercise Notice and the payment of the relevant Exercise Price, the Company must cause its share registrar to:



- (a) issue and electronically deliver the Shares in respect of which the Options are so exercised by the Option holder; and
- (b) provide to the Option holder holding statements evidencing that such Shares have been recorded on the Share register.

Treatment in the event of a bonus issue

Subject to any restrictions contained in the ASX Listing Rules, if prior to an exercise of an Option, but after the issue of the Option, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of Shares resident in Australia, then on exercise of the Option, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the date on which entitlements to the issue were calculated.

Treatment in the event of a rights issue

If prior to an exercise of an Option, but after the issue of the Option, any offer or invitation is made by the Company to at least all the holders of Shares resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro rata basis relative to those holders' shareholding at the time of the offer, the Exercise Price will be reduced as specified in the ASX Listing Rules in relation to pro-rata issues (except bonus issues).

Treatment in the event of a reconstruction of the Company's capital

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the ASX Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

- (a) the number of the Shares to which each Option holder is entitled on exercise of the outstanding Options will be reduced or increased in the same proportion as, and the nature of the Shares will be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
- (b) an appropriate adjustment will be made to the Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options will not alter.

Rights prior to exercise of an Option

Prior to its exercise, an Option does not confer a right on the Option holder to participate in a new issue of securities by the Company.

Redemption of Options

The Options will not be redeemable by the Company.

Assignability and transferability of Options

The Options will be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable Law.



8. Rights and liabilities attaching to Shares that will be issued on conversion of the First Convertible Notes

Each Share issued to an Investor upon conversion of a First Convertible Note will be issued as a fully paid ordinary share in the capital of the Company and will rank equally with existing Shares on issue in the Company in all respects with effect from the date of issue of such Shares.

9. Compliance with continuous disclosure

The Company is a 'disclosing entity' under the Corporations Act. In accordance with the Corporations Act and the ASX Listing Rules, the Company is subject to continuous disclosure obligations which require it to disclose information to the ASX as it arises for the purposes of making that information available to the market.

Copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, an ASIC office. The Company will provide a copy of the following documents to any person on request and free of charge:

- the annual financial report most recently lodged with ASIC by the Company;
- any half-year report lodged with ASIC after lodgement of that annual financial report and before lodgement of this Cleansing Notice; and
- any continuous disclosure notices given after the lodgement of that annual financial report and before lodgement of this Cleansing Notice.

10. No excluded information

As at the date of, and other than as set out in this Cleansing Notice, there is no information that:

- has been excluded from a continuous disclosure notice in accordance with the Listing Rules of the prescribed financial market whose operator was given notice; and
- is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the body and
 - the rights and liabilities attaching to the Convertible Note and resulting Shares to be issued on conversion of the Convertible Note.

Yours faithfully,

James Tsiolis
Chief Executive Officer
NetLinkz Limited

ANNEXURE A - PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE COMPANY
AS AT 23 DECEMBER 2019

NETLINKZ LIMITED - ACN 141 509 426

| | | Consolidated | | |
|----------------------------------|------|-------------------------------------|-------------------------|---|
| | Note | NET 23-Dec-19 Unaudited \$ | Pro Forma Adjustment | Pro-forma 23-Dec-19 Unaudited \$ |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 1 | 1,294,277 | 6,600,000 | 7,894,277 |
| Trade and other receivables | | 224,313 | | 224,313 |
| Financial assets | | 2,587,000 | | 2,587,000 |
| Total current assets | | <u>4,105,590</u> | | <u>10,705,590</u> |
| Non-current assets | | | | |
| Financial assets | 2 | 4,800,000 | 2,412,500 | 7,212,500 |
| Property, plant and equipment | | 23,245 | | 23,245 |
| Total non-current assets | | <u>4,823,245</u> | | <u>7,235,745</u> |
| | | | | |
| Total assets | | <u>8,928,835</u> | | <u>17,941,335</u> |
| | | | | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 1,828,495 | | 1,828,495 |
| Employee benefits | | 13,154 | | 13,154 |
| Borrowings | 1 | 10,471,105 | 7,500,000 | 17,971,105 |
| Other current liabilities | | 2,798,750 | | 2,798,750 |
| Total current liabilities | | <u>15,111,504</u> | | <u>22,611,504</u> |
| Total liabilities | | <u>15,111,504</u> | | <u>22,611,504</u> |
| | | | | |
| Net liabilities | | <u>(6,182,669)</u> | - | <u>(4,670,169)</u> |
| Equity | | | | |
| Issued capital | 2 | 58,912,722 | 2,412,500 | 61,325,222 |
| Reserves | | 7,903,268 | | 7,903,268 |
| Accumulated losses | 1 | (72,998,659) | (900,000) | (73,898,659) |
| Total equity / deficiency | | <u>(6,182,669)</u> | - | <u>(4,670,169)</u> |

Pro Forma transactions

1. Convertible note drawdown showing an:

a. Increase in the Company's cash reserves by net \$6,600,000 (\$6,750,000 less \$150,000 in convertible note issue costs and excluding funds (\$1,250,000) receivable from share subscriptions under the agreement or other costs associated with the Convertible Note issue.

b. increase the number of unquoted secured Convertible Notes on issue from zero to two (2).

2. The issue of 19,300,000 collateral shares and valued as at the date before this Cleansing Notice