



VMOTO RAISES \$1 MILLION VIA EQUITY PLACEMENT AND SECURES \$5 MILLION DEBT FACILITY

ANNOUNCEMENT

15 OCTOBER 2010

HIGHLIGHTS

- **EQUITY PLACEMENT TO RAISE \$1,000,000**
- **DEBT FACILITY SECURED FOR UP TO \$5,000,000**

Equity Placement

Vmoto Limited ("Vmoto" or "the Company") is pleased to announce it has received firm commitment to raise \$1,000,000 (before costs) via a placement of 8,333,334 fully paid ordinary shares ("Shares") at an issue price of \$0.12 each ("Placement").

The Placement will be made under s708 of the Corporations Act to sophisticated investors. The funds raised from the Placement will be applied towards general working capital purposes.

The Shares will be issued in two tranches. Tranche 1, comprising 4,166,668 of the Placement Shares, will be issued immediately, pursuant to the Company's existing 15% placement capacity. Tranche 2, comprising the remaining 4,166,666 of the Placement Shares will be issued in approximately 30 days, following receipt of cleared funds, also pursuant to the Company's 15% placement capacity.

Following today's issue, the Company has 520,571,772 Shares on issue. An Appendix 3B will follow under separate cover.

Debt Facility

The Company also wishes to announce that it has secured a debt facility of \$5,000,000 for working capital purposes.

The terms of the facility are annexed as Annexure A.



ASX CODE: VMT

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The capital raised and the \$5 million loan facility will be applied towards working capital required to provide for a rapid increase in delivery requirements by contracted customers. In addition, as a result of the recent Intermot Industry Fair in Cologne, Germany, the Company has immediate orders for several thousand electric scooters and several hundred Version 2 Scarfts from approximately 20 new distributors currently negotiating distribution agreements for European countries.

The Spanish postal service, Correos, has also advised that it requires further scooters for immediate delivery.

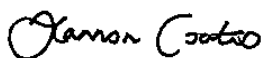
Secondary Trading Notice Pursuant to Paragraph 708A(5)(e) of the Corporations Act 2001 ("Act")

The Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A of the Act. By giving this notice, a sale of the Shares noted above will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

- (a) the Company issued the Shares without disclosure to investors under Part 6D.2 of the Act;
- (b) as at 15 October 2010, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act; and
- (c) as at 15 October 2010 there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) 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; or
 - (B) the rights and liabilities attaching to the relevant Shares.

AUTHORISED BY:



Shannon Coates
Company Secretary

ANNEXURE A

TERMS AND CONDITIONS OF DEBT FACILITY

1. **Purpose of the Loan:** Working capital.
2. **Principal Amount:** \$5,000,000, to be drawn as per schedule to be agreed.
3. **Date of Advance:** 18 October 2010.
4. **Final Date of Repayment:** Subject to paragraphs 9 and 12 below, the Principal Amount and interest accrued under this Offer must be repaid in full on the date that is 30 months from the Date of Advance.
5. **Interest Rate:** From the Date of Advance interest shall be charged at 9.99% per annum.
6. **Calculation of Interest:** Interest shall be calculated on a daily basis on the Principal Amount outstanding.
7. **Payment of Interest:** Interest shall be payable quarterly in arrears on the last day of each quarter commencing on the Date of Advance.
8. **Establishment Fee:** 6.5 million options to acquire fully paid ordinary shares ("**Options**") are to be issued by the Borrower to the Lender or its nominee(s), each with an exercise price of \$0.15 and an expiry date of 1 April 2013 in consideration for the provision of the Loan.
9. **Security:** Registered floating charge over the assets of the Borrower for the Principal Amount plus 6 months interest.
10. **Conditions Precedent to Advance of Principal Amount:** Issue of the Options referred to in paragraph 8 above.
11. **Prepayment**

Subject to any necessary shareholder approvals (if required), in the event that the Borrower repays the Loan in full (including interest) before the Final Date of Repayment, then 500,000 Options, each having an exercise price equal to the at the prevailing 7 day VWAP for the Borrower's shares on ASX immediately prior to the date of repayment and an expiry date being the Final Date of Repayment, will be granted to nominee(s) of the Lender for every month (or part thereof) that the Loan is repaid before the Final Date of Repayment.
12. **Notification period for repayment:**

The Borrower must give at least 2 business days notice prior to any repayment of amounts drawn under the Offer. The repayment notice must state:

 - (a) the amount to be repaid;
 - (b) the account details of the Lender where the repayment amount is to be deposited; and
 - (c) the repayment date.
13. **Warranties Representations and Undertakings:**

The Loan will be made on the basis of the following several warranties, representations and undertakings by the Borrower, namely:

 - (a) The Borrower will not charge or in any way encumber any of its assets or undertakings without our prior written consent;
 - (b) the Borrower is a limited liability company duly

incorporated under the law of its place of incorporation and have corporate and trust power to enter into and perform its obligations contained or contemplated in this and the documents referred to and contemplated in this Offer;

- (c) all necessary corporate and other action (and whether required pursuant to the relevant Constitution, the Corporations Act 2001 (Cth) or otherwise), has been taken by the Borrower to authorise the execution, performance and delivery of the agreement constituted by acceptance of this Offer and the agreement constituted by acceptance of this Offer is and shall be a legal, valid and binding obligation on the Borrower and enforceable in accordance with the terms hereof;
- (d) the execution delivery and performance of the agreement constituted by acceptance of this Offer by the Borrower:
 - (i) will not violate in any respect any provision of any law (including without limitation, the Corporations Act 2001 (Cth)) regulation or order of any governmental, judicial or public body or authority in Australia or the Constitution or any mortgage, agreement or other undertaking or instrument to which the Borrower are a party or which is binding upon the Borrower and its assets;
 - (ii) will not result in the creation of imposition of any charge or security pursuant to any mortgage, agreement or undertaking to which the Borrower is a party or which is binding upon the Borrower or its assets;
- (e) no event of default as defined in paragraph 14 or event which with the giving of notice, lapse of time or satisfaction of some other condition would constitute such an event of default, has occurred;
- (f) the Borrower shall provide the Lender with all such financial statements and information as may from time to time require; and
- (g) the Borrower shall provide to upon request by the Lender quarterly or six monthly statements of its financial position.

14. Events of Default:

The whole of the Principal Amount and outstanding interest will immediately become due and payable if any of the following events shall occur and written notice of the occurrence of such event ("**relevant default**") given to the Borrower and provided the relevant default is capable of remedy, the Borrower fails to remedy the relevant default in the case of the events specified in paragraph 14(a) within three business days of service of such notice on the Borrower and in the case of each other event within seven days of service of such notice on the Borrower. In the event that the relevant default is not capable of being remedied the relevant time for remedy shall not be applicable:

- (a) non-payment of any amount whether of principal or interest or otherwise payable in terms of the agreement constituted by acceptance of this Offer on the due date for

payment;

- (b) failure to remedy any breach (other than a breach contemplated in paragraph 14(a) above) of the provisions of the agreement constituted by acceptance of this Offer or of any security or agreement referred to herein;
- (c) an order is made for or an effective resolution is passed for the winding up (unless for the purpose of amalgamation or reconstruction whilst solvent, the terms of which shall previously have been approved by the Lender in writing);
- (d) a receiver (which shall include a receiver and manager) or an official manager is appointed to the undertaking, property or assets of any part of the Borrower;
- (e) any action is taken with respect to or for the bankruptcy or insolvency of the Borrower;
- (f) the Borrower stops payment generally or ceases or threatens to cease to carry on business or the major part thereof;
- (g) an event occurs which under the laws of the Commonwealth of Australia or of any State or Territory thereof has an effect substantially equivalent to any of the events referred to in the three preceding subclauses;
- (h) execution or distress is issued against the Borrower in excess of \$100,000 which is not withdrawn or satisfied within 14 days from the issue thereof;
- (i) any warranty or representation on the Borrower's part contained or implied herein shall be or become untrue; or
- (j) any default is made by the Borrower under any agreement, contract or arrangement now, hereafter or contemporaneously herewith made between the Borrower and the Lender and whether or not any other parties (and whether as guarantors or otherwise) are party to such agreement, contract or arrangement as aforesaid, shall occur.

15. Undertakings:

The Borrower undertakes and expressly agrees that it will not suffer permit or cause any event of default specified in paragraph 14 above of any circumstances which result in the occurrence of any such event or default to occur. The Borrower agrees that the provisions of this clause are a fundamental and essential term of the agreement constituted by acceptance of this Offer but nothing in this paragraph 16 shall be construed as implying that there are no other fundamental or essential terms of such agreement.

16. Costs:

The Borrower will pay on demand and as a condition of advance of the Principal Amount all legal costs and stamp duties payable in relation to the instructions for and the preparation, execution, stamping and registration of the agreement constituted by acceptance of this Offer and all documents of security referred to or contemplated in this Offer and all our out-of-pocket expenses.

17. Notices:

All notices, notifications, requests, demands, consents, approvals, agreements, or other communications to or by you or us or any other entity referred to in this Offer shall be in writing and shall be deemed to be duly given or made:

- (a) (in the case of delivery in person or by post) when delivered; or
- (b) (in the case of facsimile) on receipt by the sender of the answer back code of the recipient at the end of transmission,

to the entity to which such communication is required or permitted to be given pursuant to this Offer addressed to its address as shown in this Offer at such address as the relevant addressee may specify for such purposes to the others by notice in writing.

A written communication includes a notice by facsimile.

Address for the Lender:

Address for the Borrower:

18. Governing Law:

This Offer is governed by the laws of Western Australia.