

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Mothercare Australia Limited

ABN

26 060 199 082

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|------------------------------|
| 1 | +Class of +securities issued or to be issued | Mandatorily Converting Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Number issued is 42,584,111 |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 3 Principal terms of the ⁺securities (eg, if options, exercise price and expiry date; if partly paid ⁺securities, the amount outstanding and due dates for payment; if ⁺convertible securities, the conversion price and dates for conversion)
- Each New Mandatorily Converting Note has the following rights:
 - to receive interest at the rate of 8% per annum (in respect of interest payments that are fully franked) or 11.45% per annum (in respect of interest payments that do not carry a franking credit) on the amount subscribed for each New Mandatorily Converting Note such interest to accumulate and be paid by Mothercare bi-annually (with the first interest period commencing on the date of issue of the New Mandatorily Converting Notes) in arrears within 30 days of the relevant due date. The Company may elect to accumulate the first three interest payments and pay them within 30 days of the second anniversary of the date of issue of the New Mandatorily Converting Notes. At any time where such interest is due but remains unpaid, Mothercare will not declare or pay any dividend on its Shares on issue.
 - the amount subscribed for each New Mandatorily Converting Note will only be repayable on a winding-up of Mothercare.
 - each New Mandatorily Converting Note may be converted into one Share at the election of the Noteholder at any time, and shall convert automatically on the third anniversary of the date of issue or earlier if the Company's Share price exceeds \$0.35 for any consecutive 90 day period provided that the Company exercises this right within 30 days of the end of that period.
 - the Mandatorily Converting Notes shall have no voting rights.

⁺ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	<p>No</p> <p>The New Mandatorily Converting Notes issued by the Company will be secured by a second ranking fixed and floating charge over all of the Group's assets.</p>
<p>5 Issue price or consideration</p>	<p>\$0.18 per New Mandatorily Converting Note</p>

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

6 Purpose of the issue
 (If issued as consideration for the acquisition of assets, clearly identify those assets)

The funds from this capital raising strategy will be predominantly used to:

(a) provide additional working capital for:

- the accelerated conversion program of acquired stores;
- the post-merger integration of business systems;
- the further development of the Company's online platforms; and
- inventory holdings and expanded logistics requirements.

The working capital funding is required mainly due to the slower than expected sales levels across the Group.

(b) enable more rapid expansion into additional locations that were not originally budgeted in this financial year.

(c) finance an increased investment in marketing to establish the Mothercare and Early Learning Centre brands as top of mind destinations in the Australian mother and baby retail categories.

(d) repay loans totalling \$5,000,000, comprising a loan of \$2,000,000 owing to Mothercare PLC and a loan of \$3,000,000 owing to Myer Family, by applying the principal amount of each loan and all accrued interest in satisfaction of Application Monies owing by the relevant lender to the Company for the New Mandatorily Converting Notes to be issued to them by the Company under the Rights Issue.

7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates

5 October 2011

Number	⁺ Class
--------	--------------------

⁺ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	212,920,557	Ordinary shares
---	---	-------------	-----------------

		Number	⁺ Class
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	42,584,111	Mandatorily Converting Notes

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
----	--	-----

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the ⁺ securities will be offered	1 New Mandatorily Converting Note for every 5 Shares held on the Record Date
14	⁺ Class of ⁺ securities to which the offer relates	Mandatorily Converting Notes
15	⁺ Record date to determine entitlements	9 September 2011
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

17	Policy for deciding entitlements in relation to fractions	Any fractional entitlement to New Mandatorily Converting Notes will be rounded up to the nearest whole number
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	26 September 2011
20	Names of any underwriters	<ul style="list-style-type: none"> • Myer Family Company Holdings Pty Ltd • Mothercare Finance Limited • Sarwill Pty Ltd
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	12 September 2011
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A

+ See chapter 19 for defined terms.

28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	5 October 2011

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
-

+ See chapter 19 for defined terms.

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

--

42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)

Number	⁺ Class

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date:
Company secretary

Print name: Robert de Lorenzo

== == == == ==

+ See chapter 19 for defined terms.