



**ASX ANNOUNCEMENT**  
**21 May 2012**

**MIKOH Corporation Limited**  
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Sydney NSW 2000  
AUSTRALIA

## **MIKOH Terminates La Jolla Cove Agreement**

The Directors of MIKOH Corporation Limited (**ASX: MIK**) wish to advise that MIKOH has reached agreement with La Jolla Cove Investors Inc. (La Jolla Cove), to restructure the funding arrangements it entered into with La Jolla Cove in August 2011.

The original agreement provided for a funding line in the form of a \$6 million convertible note. MIKOH drew down \$1.3 million under this funding line which was invested in Kollakorn to provide funding at the most critical time of its development, the beginning of the Thailand EVR rollout.

The Directors of MIKOH have now decided that rather than continuing with the La Jolla Cove facility, that it will be replaced with a more conventional style of funding and have therefore reached agreement to terminate the La Jolla Cove facility.

Part of the agreement reached with La Jolla Cove will be to repay US\$257,745 of the US\$557,745 remaining convertible notes in cash thereby reducing La Jolla Cove's unconverted convertible notes to \$300,000. These convertible notes may be converted at La Jolla Cove's election provided however that MIKOH shall not be required to convert any convertible notes should this result in an issue price for shares that is lower than AU\$0.0138 (1.38 cents);

The agreement with La Jolla Cove is subject to MIKOH raising a minimum of AU\$400,000 within the next 14 days. If this condition is not met, MIKOH may either waive the condition or terminate the agreement.

### **Replacement Funding**

In order to replace the La Jolla Cove funding facility and repay La Jolla Cove, the Directors of MIKOH intend to raise AU\$1.5 million by way of a placement. The placement will be made by the issue of unsecured promissory notes which shall, subject to approval by shareholders at an Extraordinary General Meeting to be convened shortly, be converted into ordinary shares at AU\$0.0138 (\$1.38 cents) per share.

The Board has also resolved to undertake a 2 for 9 Rights Issue to existing shareholders at AU\$0.0138 (\$1.38 cents) per ordinary share in order to raise approximately \$2 million. This will give the existing shareholders the same opportunity to acquire further shares in MIKOH at these very low prices.

Further details of the Extraordinary General Meeting and the Rights Issue will be announced shortly.

## Detailed Terms of the La Jolla Cove Termination Agreement

The detailed terms of the Agreement with La Jolla Cove are as follows:

- The rights and obligations of La Jolla Cove to advance, and MIKOH to drawdown, any further funds under the arrangements will be terminated;
- The principal sum of US\$557,745 outstanding to La Jolla Cove will be reduced to US\$300,000 by the payment of US\$257,745;
- The balance of the principal outstanding of US\$300,000 remains subject to the original funding arrangements, including:
  - interest of 4.75% per annum is payable monthly in arrears;
  - the principal may be converted at the option of La Jolla Cove into ordinary shares at any time at a conversion price per share of the lower of 10 cents and 80% of the 3 lowest daily VWAPs in the 21 days prior to La Jolla Cove's election to convert provided however that MIKOH shall not be required to convert any convertible notes should this result in an issue price for shares that is lower than AU\$0.0138 (1.38 cents);
  - repayable in full in August 2015 unless converted by La Jolla Cove into shares earlier.
- If the price at which La Jolla Cove may convert the principal drops below AU\$0.0138 (1.38 cents) for a period of 15 days then MIKOH may repay the balance of the principal then outstanding at any time within 15 days and La Jolla Cove may not convert the principal into shares unless MIKOH does not repay the balance within this period;
- La Jolla will be limited in trading any ordinary share to no more than US\$70,000 in any 30 day period, such amount to be cumulative, provided however that if the shares trade above AU\$0.03 (3 cents) then La Jolla will not be so restricted;
- MIKOH will pay a cancellation fee of:
  - US\$750,000 in cash, of which US\$120,000 is payable in 30 days from the date of execution and the balance payable over 9 months at US\$70,000 per month; plus
  - the transfer to La Jolla Cove of a 2.5% equity interest in Kollakorn Co., Ltd.

Richard Sealy  
Managing Director