

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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

ENTELLECT LIMITED

ABN

41 009 221 783

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 | Performance Rights to acquire ordinary shares
(Performance Rights) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 89,000,000 |
| 3 | Principal terms of the +securities (e.g. 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) | <p>The Performance Rights are issued to Directors under the Company's Long Term Incentive Plan approved by shareholders on 29 November 2013 (LTIP). The key terms of the 89,000,000 Performance Rights are as follows:</p> <ol style="list-style-type: none"> 1. The Performance Rights are subject to the following vesting conditions (Performance Hurdles): <ol style="list-style-type: none"> (a) Entellect's achievement of \$5 million gross revenue during any given 12 consecutive months (Revenue Hurdle); and |

- (b) The holder continues as a Director until the date that the Revenue Hurdle is achieved.
2. The Performance Rights will lapse if the Performance Hurdles are not achieved by 31 December 2016 (**Performance Hurdle Expiry Date**).
 3. Subject to the satisfaction of the Performance Hurdles in relation to each Director, the relevant Director will receive one share in the Company for each vested Performance Right. Any Performance Right which does not vest according to the vesting requirements by the Performance Hurdle Expiry Date will lapse.
 4. No cash consideration is payable for the issue of the Performance Rights, or on the issue of the underlying Performance Shares upon the vesting of the Performance Rights.
 5. Subject to the Listing Rules, the Board has discretion in circumstances of death, disability or bona fide redundancy to vary the service condition and reduce the number of Performance Rights for a lesser period of service, in accordance with the LTIP.
 6. The Performance Rights issued will not be listed on ASX and will not be transferable, except as permitted under the LTIP.

For further information about the LTIP and the Terms and Conditions of these Performance Rights, refer to the Notice of Meeting for the 2013 Annual General Meeting, dated 28 October 2013.

- 4 Do the +securities rank equally in all respects from the +issue date 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

No. The Performance Rights will not be quoted or rank equally with any class or quoted securities. However, fully paid ordinary shares issued upon vesting of the Performance rights will be quoted, and will rank equally with all other ordinary shares then on issue in the Company.

+ See chapter 19 for defined terms.

	<ul style="list-style-type: none"> the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The Performance Rights are issued under the Company's LTIP and are designed to provide incentives to management and directors of the Company who are integral to the operations and on-going success of the Company.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i> , and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	29 November 2013
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	89,000,000 Performance Rights are issued with shareholder approval obtained on 29 November 2013.
6f	Number of +securities issued under an exception in rule 7.2	Nil
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A

6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	23 December 2013	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		2,026,122,932	Fully paid ordinary shares
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		42	Convertible Notes
		450,000,000	Options
		89,000,000	Performance Rights
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Performance Rights do not carry a right to dividends. However, upon vesting of the Performance Rights, the shares received will carry the same rights as all other ordinary shares on issue.	

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer 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	N/A
20	Names of any underwriters	N/A
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 offer documents will be sent to persons entitled	N/A

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
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	+Issue date	N/A

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

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

+ See chapter 19 for defined terms.

- 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

N/A

39 +Class of +securities for which quotation is sought

N/A

40 Do the +securities rank equally in all respects from the +issue date 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

N/A

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)

N/A

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

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 is not available now, we 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.



SOPHIE KARZIS
Company Secretary
23 December 2013

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	985,337,932 fully paid ordinary shares
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval 	<ul style="list-style-type: none"> ▪ 84,785,000 issued under a SPP on 27 December 2012 ▪ 100,000,000 shares issued on 30 April 2013 ▪ 100,518,420 shares issued on 11 March 2013 ▪ 70,481,580 shares issued on 11 March 2013 ▪ 60,000,000 shares issued on 27 December 2012 ▪ 10,168,440 shares issued on 7 June 2013 ▪ 200,000,000 shares issued on 29 July 2013 ▪ 30,000,000 shares issued on 5 August 2013 ▪ 14,831,560 shares issued on 7 June 2013 ▪ 35,000,000 shares issued on 5 August 2013 ▪ 80,000,000 shares issued on 24 October 2013 ▪ 30,000,000 shares issued on 30 October 2013 ▪ 25,000,000 shares issued on 6 December 2013 ▪ 100,000,000 shares issued on 10 December 2013 ▪ 75,000,000 shares issued on 18 December 2013 ▪ 25,000,000 shares issued on 23 December 2013
<ul style="list-style-type: none"> • Number of partly paid +ordinary securities that became fully paid in that 12 month period 	N/A

+ See chapter 19 for defined terms.

<p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid *ordinary securities cancelled during that 12 month period	Nil
“A”	2,026,122,932
Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	303,918,440
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of *equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>3 convertible notes, each with a face value of \$25,000 (and an aggregate value of \$75,000) (Notes) which, if collectively converted at the conversion price of \$0.001, will be converted into 75,000,000 underlying conversion shares*.</p> <p>75,000,000 free attaching options to the Notes which, if collectively exercised, will be converted into 75,000,000 underlying shares*.</p> <p>* these 150,000,000 underlying shares have NOT been issued by the Company</p>
“C”	150,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	303,918,440
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	150,000,000
Total [“A” x 0.15] – “C”	153,918,440 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	2,026,122,932
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	202,612,293
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	0
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	202,612,293
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	0
Total [“A” x 0.10] – “E”	202,612,293 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.