

**Form 603**

Corporations Act 2001

Section 671B

**Notice of initial substantial holder**

To Company Name/Scheme Alcicon Group Limited

ACN/ARSN 143 142 410

**1. Details of substantial holder (1)**

Name BSPE Medical Technology Pty Limited ATF BSPE Medical Technology Unit Trust and its controllers and related bodies corporate

ACN/ARSN (if applicable) 152 778 544

The holder became a substantial holder on 29 / 02 / 2016

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary	90,863,812	90,863,812	15.07%

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
BSPE Medical Technology Pty Limited ATF BSPE Medical Technology Unit Trust ("BSPE Medical")	BSPE Medical is a shareholder pursuant to a Share Sale & Purchase Agreement dated 17/11/2015 - see Annexure A attached, and has a relevant interest by virtue of section 608(1) of the Corporations Act.	Ordinary 90,863,812
Blue Sky Private Equity Limited ACN 125 223 958 ATF Blue Sky Private Equity 2010 Institutional Trust ("BSPE 2010")	BSPE 2010 has a relevant interest as the holder of more than 20% of the units in BSPE Medical, by virtue of section 608(3) of the Corporations Act	Ordinary 90,863,812
Blue Sky Private Equity Limited ACN 125 223 958 ("BSPE")	BSPE has a relevant interest as the controller of BSPE Medical Technology Pty Limited and as trustee of the Blue Sky Private Equity 2010 Institution Trust by virtue of section 608(3) of the Corporations Act.	Ordinary 90,863,812

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
BSPE Medical BSPE BSPE 2010	BSPE Medical	BSPE Medical	Ordinary 90,863,812

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
BSPE Medical	29 February 2016		Pursuant to a Share Sale & Purchase Agreement dated 17/11/2015	Ordinary 90,863,812

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

**7. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
BSPE Medical	Level 46, 111 Eagle Street, Brisbane QLD 4000
BSPE	Level 46, 111 Eagle Street, Brisbane QLD 4000
BSPE 2010	Level 46, 111 Eagle Street, Brisbane QLD 4000

**Signature**

print name      Jane Prior

capacity      Company Secretary

sign here



date      22/12/2016

**DIRECTIONS**

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
  - (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
  - (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
  - (4) The voting shares of a company constitute one class unless divided into separate classes.
  - (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
  - (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
  - (7) Include details of:
    - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
    - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
  - (8) If the substantial holder is unable to determine the identity of the person ( eg. if the relevant interest arises because of an option) write "unknown".
  - (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
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**DATED 17 NOVEMBER 2015**

- (1) THE PARTIES NAMED IN SCHEDULE 2**  
**- and -**
- (2) NARACOOTA RESOURCES LIMITED**  
**- and -**
- (3) ALCIDION CORPORATION PTY LTD**

**SHARE SALE & PURCHASE  
AGREEMENT**  
relating to  
Alcidion Corporation Pty Ltd

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THIS AGREEMENT is made on 17 November 2015

**BETWEEN:**

- (1) **THE PARTIES NAMED IN SCHEDULE 2 ("Sellers")**
- (2) **NARACOOTA RESOURCES LIMITED** ACN 143 142 410 of Level 9, 105 St Georges Terrace, Perth, Western Australia 6000 ("**Buyer**")
- (3) **ALCIDION CORPORATION PTY LTD** ACN 093 148 488 of Level 7, 420 King William Street, Adelaide, South Australia 5000 ("**Company**" or "**Target**")

**BACKGROUND:**

- A The Sellers own the Sale Shares and are entitled to sell the Sale Shares.
- B The Sellers agree to sell and the Buyer agrees to buy the Sale Shares on the terms of this agreement.

**IT IS AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

**Definitions**

- 1.1 In this agreement the following definitions apply:

"1936 Tax Act" means the *Income Tax Assessment Act 1936* (Cth);

"1997 Tax Act" means the *Income Tax Assessment Act 1997* (Cth);

"Accounting Standards" means accounting standards made by the Australian Accounting Standards Board under section 334 of the Corporations Act and if no accounting standard applies, reference shall be made to the definitions, recognition criteria and measurement concepts in the prevailing Framework for the Preparation and Presentation of Financial Statements issued by the Australian Accounting Standards Board;

"Accounts" means the audited balance sheet of the Group as at the Accounts Date and the audited profit and loss statement of the Group for the 12 month period ending on the Accounts Date, as set out in schedule 17;

"Accounts Date" means 30 June 2015;

"Acquisition" means the acquisition of all of the Target Shares by the Buyer pursuant to this agreement and the Minority Seller Sale Agreements;

"Adjusted Cash" means the amount of Cash after taking into account any offsetting or set-off pursuant to clause 8.5;

"AIFRS" means Australian International Financial Reporting Standards;

"ASIC" means the Australian Securities and Investments Commission;

**"Assets"** means all of the assets included in the Accounts and used in the Business;

**"ASX"** means ASX Limited ACN 008 624 691;

**"Authorisation"** means any consent, registration, filing, agreement, notice of non objection, notarisation, certificate, licence, approval, permit, authority or exemption from, by or with a Government Agency;

**"Beacon"** means Beacon Capital Pty Ltd ACN 607 525 155;

**"Beacon Agreement"** means the agreement between the Buyer and Beacon dated 16 November 2015;

**"Borrowing Limits"** means \$250,000;

**"Business"** means the provision of intelligent informatics information technology systems for healthcare carried on by the Group as at the date of this agreement;

**"Buyer Claim"** means any Claim by the Buyer arising out of a breach of a Seller Warranty or any other Claim (including a Claim under an indemnity) by the Buyer under this agreement;

**"Buyer Group"** means the Buyer and each Related Body Corporate of the Buyer from time to time;

**"Buyer Shareholder Approvals"** has the meaning given to that term in clause 3.1.2;

**"Buyer Warranties"** means the representations, warranties and undertakings made by the Buyer set out in schedule 3;

**"Capital Raising"** means a capital raising of a minimum of \$2,000,0000 (or such other amount as is required to satisfy the requirements of ASX), through the issue of NRR Shares at an issue price of \$0.031 per NRR Share;

**"Capital Reduction"** has the meaning given in clause 7.1;

**"Capital Reduction Proceeds Account"** has the meaning given to that term in clause 7.5;

**"Cash"** means cash and cash equivalents (as determined in a manner consistent with the preparation of the Accounts) and set out in the Completion Accounts, prepared in accordance with schedule 7;

**"CBA"** has the meaning give to that term in clause 7.1;

**"Claim"** means any claim, demand, legal proceedings or cause of action including any claim, demand, legal proceedings or cause of action based in contract, tort (including misrepresentation or negligence), under common law or under statute in any way relating to this agreement and includes a claim, demand, legal proceeding or cause of action arising from any breach of warranty or indemnity;

**"Class A Contingent Share Rights"** means a right to an NRR Share on the terms and conditions set out in part 1 of schedule 19;



**"Class B Contingent Share Rights"** means a right to an NRR Share on the terms and conditions set out in part 2 of schedule 19;

**"Clear Exit Payment"** has the meaning given to that term in clause 1.6 of schedule 9;

**"Company" or "Target"** means Alcidion Corporation Pty Ltd ACN 093 148 488 of Level 7, 420 King William Street, Adelaide, South Australia 5000;

**"Competition and Consumer Act"** means the *Competition and Consumer Act 2010* (Cth);

**"Completion"** means completion of the sale and purchase of the Sale Shares in accordance with this agreement;

**"Completion Accounts"** shall consist of a consolidated balance sheet of the Company as at 31 December 2015, prepared in substantially the same format as the Accounts and all attached notes, together with the Working Capital Statement;

**"Completion Date"** means the later of:

- (a) five business days after the day on which all of the Conditions Precedent have been satisfied in full or waived in accordance with clause 3.5; and
- (b) such other date as agreed by the Sellers and the Buyer;

**"Computer Systems"** means the computer systems used by or for the benefit of any member of the Group at any time, or computer processors, associated and peripheral equipment, computer programs, technical and other documentation and data entered into or created by any member of the Group from time to time;

**"Conditions Precedent"** means the conditions precedent set out in clause 3;

**"Confidential Information"** means all information relating to the operations or affairs of the Group including all financial or accounting information, all customer names and lists, customer contact and registration information, customer correspondence, customer purchasing histories, terms and conditions of supply, sales records, marketing analysis and research and reports and other marketing information, all information relating to Intellectual Property Rights of the Group, all trade secrets, know how, operating procedures, technology, technical information, technical data, proprietary processes and formulae, algorithms, specifications, procedures, methods, techniques, ideas, creations, inventions, discoveries and improvements, engineering, manufacturing, product, personnel and other associated information and materials, and all other information treated by the Buyer, or any member of the Group as confidential or capable of being protected at law or equity as confidential information, whether noted or named as being confidential or not. For the purposes of clarity, Confidential Information:

- (a) includes, in respect of the Sellers, any of the above information that is retained by the Sellers or any Representative or Related Party of the Sellers, in any form, after Completion; and
- (b) excludes information that is public knowledge (but not because of a breach of this agreement) or which has been independently created or acquired by the other party;

**"Consideration"** has the meaning given in clause 4.1;

**"Consolidated Group"** means either a 'consolidated group' or a 'MBC group' as defined in Part 3-90 of the 1997 Tax Act and in this agreement shall refer to all Consolidated Groups which the Group is, or has been, part of, whether as a Head Company or as a subsidiary member, unless the context indicates it is a reference to the Buyer's Consolidated Group;

**"Contingent Share Rights"** means the Class A Contingent Share Rights and the Class B Contingent Share Rights;

**"Corporations Act"** means the *Corporations Act 2001* (Cth);

**"Dangerous Substance"** means any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) capable of causing harm to man or any other living organism supported by the environment, or capable of damaging the environment or public health or welfare, including any controlled, special, hazardous, toxic or dangerous waste;

**"Data Room"** means the electronic due diligence data room established by the Sellers in connection with the sale of the Sale Shares;

**"Data Room Documentation"** means all of the documents, materials, correspondence, contracts, reports, accounts and other information (including explanations, responses to queries and answers to questions) contained in the Data Room as listed in the Data Room Index;

**"Data Room Index"** means the index of Data Room Documentation attached as schedule 16;

**"Demand"** means a written notice of, or demand for, an amount payable;

**"Director"** means a director of the Buyer;

**"Disclosed"** means fully and fairly disclosed by the Sellers to the Buyer in this agreement or the Data Room Documentation or the Disclosure Letter in such manner that an independent party in the same position as the Buyer would reasonably be expected to realise and understand the context, substance, importance and materiality of that information;

**"Disclosure Letter"** means the letter delivered by the Sellers to the Buyer prior to entering into this Agreement, a copy of which is at schedule 21;

**"Duty"** means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalties, charge or other amount imposed in respect of any of them, but excludes any Tax;

**"Effective Time"** means 12.01am on the Completion Date;

**"Employees"** means:

- (a) the employees of the Company as at the date of this agreement being those persons whose names are listed in part 1 of schedule 10; and
- (b) any other person who is an employee of the Group as at the date of this agreement under section 12 of the *Superannuation Guarantee (Administration) Act 1992* (Cth), whose name is listed in part 2 of schedule 10;

**"End Date"** means 31 March 2016;

**"Equipment Leases"** means all equipment leases, finance agreements, hire purchase agreements, chattel mortgages, hire and hire purchase agreements entered into by the Company, as listed in schedule 13;

**"Exclusivity Period"** means the period commencing on the date of this agreement and ending on the earlier of:

- (a) the date this agreement is terminated;
- (b) the date that any one or more of the Conditions Precedent become incapable of satisfaction (except to the extent that the relevant Condition Precedent has been waived by any party);
- (c) the Completion Date; and
- (d) the End Date.

**"Firm Commitment Agreement"** means an agreement pursuant to which Beacon:

- (a) agrees to subscribe for the full amount of the Capital Raising; and
- (b) has the right to place NRR Share to be issued pursuant to the Capital Raising;

**"Freehold Properties"** means the properties described in part 1 of schedule 11 and **"Freehold Property"** means any one of them;

**"Government Agency"** means any government or governmental, administrative, monetary, fiscal or judicial, regulatory body, minister, department, commission, authority, instrumentality, board, organisation, tribunal, agency, trade union or entity in any part of the world (or any office or delegate thereof);

**"Group"** means the Company and the Subsidiaries and "a member of the Group" or "Group Company" means any of them;

**"Group Tax Liabilities"** means a tax-related liability of the head company of a Consolidated Group referred to in section 721-10 of the 1936 Tax Act and the 1997 Tax Act as the case may be;

**"GST"** has the meaning given to that term in the GST Act;

**"GST Act"** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

**"GST Group"** has the meaning given to that term in the GST Act;

**"GST Law"** has the same meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

**"Guarantors"** means the persons who have given the Guarantees and Indemnities or any of them;

**"Guarantees and Indemnities"** means the guarantees and indemnities set out in schedule 18;

**"Head Company"** has the meaning given to that term;

- (a) in section 703-15 of the 1997 Tax Act where a Consolidated Group is a "consolidated group" as defined in Part 3-90 of the 1997 Tax Act; or
- (b) in section 719-75 of the 1997 Tax Act where a Consolidated Group is a "MEC group" as defined in Part 3-90 of the 1997 Tax Act;

**"Implementation Date"** has the meaning given to that term in clause 7.5;

**"Income Tax Regulations"** means the regulations produced under any of the Tax Acts;

**"Indirect Tax Sharing Agreement"** has the meaning given to that term in section 444-90 of Schedule 1 to the *Taxation Administration Act 1953* (Cth);

**"Individual Seller Warranties"** means the representations, warranties and undertakings made by the Individual Sellers set out in schedule 5

**"Individual Sellers"** means Malcolm Pradhan and Raymond Blight;

**"Institutional Seller Warranties"** means the representations, warranties and undertakings made by the Institutional Sellers set out in schedule 4;

**"Institutional Sellers"** means BPSE Medical Technology Pty Ltd (ACN 152 778 433) as trustee of the BSPE Medical Technology Unit Trust and Allure Capital Pty Ltd (ACN 152 310 766);

**"Intellectual Property Rights"** means any and all intellectual property rights (anywhere in the world, whether statutory, common law or otherwise) including patents, utility models, copyright (including future copyright), trade marks, logos and design marks, service marks, trade names, business names, brand names, designs, know how, trade secrets, domain names, other names and locators associated with the world wide web, internet addresses, semiconductor or circuit layout rights, whether arising before, on or after the date of this agreement, and including all applications and rights to apply for registration of such intellectual property rights;

**"Interest Rate"** means the daily buying rate displayed at or about 10:30am (AEST) on the Reuters screen BBSW page of Australian bank bills of a three month duration;

**"Key Employee"** means;

- (a) Nathan Buzza;
- (b) Raymond Blight;
- (c) Malcolm Pradhan;
- (d) Chris Stephens; and
- (e) Duncan Craig.

**"Leasehold Properties"** means the properties described in part 2 of schedule 11 and  
**"Leasehold Property"** means any one of them;

**"Listing Rules"** means the Listing Rules of the ASX and any other rules of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX;

**"Loss"** means all loss, liabilities, damages, costs, expenses, debts, obligations, claims, demands, suits, actions and causes of actions, including attorneys' fees, other professionals' and experts' fees, and court or dispute resolution costs whether actual or contingent, present or future, quantified or unquantified;

**"Material Contract"** means any agreement or arrangement to which the Group is a party that requires payments to or by the Group in excess of \$100,000 in aggregate;

**"Management Accounts"** means accounts provided to management of the Business in the course of the members of the Group operating the Business;

**"Material Adverse Effect"** means any event, change, circumstance, effect or other matter occurring after the date of this agreement that has or is reasonably likely to have, individually or in aggregate, with or without notice, lapse of time or both, a material adverse effect on a member of the Group or the Business, including but not limited to the assets, liabilities, properties, condition (financial or otherwise), operations, reputation or prospects of the Company or the Business;

**"Minority Seller"** means each of those parties named in part 7 of schedule 1;

**"Minority Seller Sale Agreement"** means an agreement to effect the transfer of the Target Shares held by each Minority Seller to the Buyer in the form set out in schedule 20;

**"Minority Seller Consideration Shares"** means the NRR Shares to be issued to the Minority Sellers in consideration of the transfer by them of Target Shares owned by them as set out in part 7 of schedule 1;

**"NRR Share"** means a fully paid ordinary share in the capital of the Buyer;

**"Operating Leases"** means the leases set out in schedule 12;

**"Patersons"** means Patersons Securities Limited ACN 008 896 311;

**"Pelsaert"** means Pelsaert Capital Pty Ltd ACN 606 232 026;

**"Pelsaert Acquisition"** means the acquisition of the entire issued capital of Pelsaert.

**"Personal Information"** means personal information, sensitive information or health information as defined in the *Privacy Act 1988* (Cth);

**"Pre Completion Tax Return"** means the tax returns contemplated in clause 10.2.1;

**"Privacy Code Adjudicator"** means an adjudicator under an approved privacy code within the meaning of the *Privacy Act 1988* (Cth);

**"Privacy Laws"** means the *Privacy Act 1988* (Cth), the Australian Privacy Principles contained in Schedule 3 to the *Privacy Act 1988* (Cth), any approved privacy codes defined in that act (as apply to a member of the Group) and any other applicable law relating to the protection of Personal Information;

**"Properties"** means the Freehold Properties and the Leasehold Properties;

**"Proportion"** means, in respect to each Seller, the proportion that Seller's Sale Shares bear to all of the Sale Shares, expressed as a percentage and set out in schedule 1;

**"Prospectus"** means the prospectus to be issued by the Buyer, pursuant to section 710 of the Corporations Act, in connection with the Capital Raising and the offer of the Consideration;

**"Record Date"** has the meaning given to that term in clause 7.2;

**"Registered Security Interests"** means each of the registered Security Interests listed in schedule 14;

**"Related Body Corporate"** has the meaning given to that term in the Corporations Act;

**"Related Party"** in respect of a person means an associate of the person for the purposes of sections 11 to 16 (inclusive) of the Corporations Act;

**"Relief"** means any of the following:

- (a) any relief, loss, allowance, credit, deduction, or set off in computing income, profits or gains for the purpose of Taxation, or any grant conferred on any person; or
- (b) any right to repayment of Taxation (whether or not including interest or penalties) available to that person;

**"Representative"**, in respect of a person means any director, officer, employee, agent, contractor, adviser or Related Party of or to that person, or any director, officer, employee, agent, contractor, adviser or Related Party of or to a Related Party of or to that person;

**"Restricted Securities"** has the meaning given to that term in the Listing Rules;

**"Restriction Agreement"** means an agreement substantially in the same form as Appendix 9A of the Listing Rules;

**"Retirement/Death/Disability Benefit"** means any superannuation, lump sum, gratuity or other like benefit given or to be given on retirement, death, in anticipation of or after retirement or death, in connection with past service, or to be given on or in anticipation of or in connection with any change in the nature of the service of an employee. It also includes any of these things given or to be given on or in connection with the illness, injury or disability of, or suffering of any accident by an employee;

**"Sale Shares"** means 12,271,219 shares in the capital of the Company as set out in part 3 of schedule 1;

**"Security Interest"** includes a mortgage, debenture, charge, encumbrance, lien, pledge, assignment or deposit by way of security, bill of sale, lease, hypothecation, hire purchase, credit sale, agreement for sale on deferred terms, option, right of pre-emption, caveat, claim, covenant, interest or power in or over an interest in an asset and any agreement or commitment to give or create any such security interest or preferential ranking to a creditor including set off and, for the avoidance of doubt, includes the Registered Security Interests;

**"Seller GST Group"** means all of the GST Groups which the Group is, or has been, a member;

**"Sellers' Indemnity"** means any indemnity given under clause 12.12;

**"Sellers' Representative"** means Allure Capital Pty Ltd ACN 152 310 766;

**"Seller Warranties"** means the Individual Seller Warranties and/or the Institutional Seller Warranties as the context requires;

**"Seller Warranty Certificate"** means a certificate in the form set out in schedule 6;

**"Shareholder Loans"** means all loans from the Sellers to any member of the Group at Completion;

**"Straddle Tax Return"** means the tax return contemplated in clause 10.2.2;

**"Subsidiaries"** means the subsidiaries of the Company, details of which are set out in part 2 of schedule 1 and "member of the Group" or similar will be construed accordingly;

**"Superannuation Funds"** means the regulated superannuation fund or funds within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth) to be notified by the Sellers to the Buyer as being the superannuation funds to which the members of the Group contribute or are obliged to contribute;

**"Target Cash Amount"** means Cash in the sum of \$1,750,000;

**"Target CEO"** means the Chief Executive Officer of the Target;

**"Target CFO"** means the Chief Financial Officer of the Target;

**"Target CMO"** means the Chief Medical Officer of the Target;

**"Target Directors"** means the directors of the Target from time to time;

**"Target Shareholder"** means a holder of Target Shares, including the Sellers;

**"Target Share"** means a share in the capital of the Company;

**"Target Working Capital Amount"** means Working Capital in the sum of \$1,500,000;

**"Tax" and "Taxation" and "Taxes"** means all forms of taxation, duties, imposts, fees, levies, deductions or withholdings, whether of Australia or elsewhere, including income tax, fringe benefits tax, withholding tax, capital gains tax, land tax, pay as you go, GST, superannuation guarantee charge or tax, water and municipal rates, customs and other import or export duties, excise duties, sales tax, payroll tax, workers' compensation premium or levy, stamp duty or other similar contributions and any additional tax, interest, penalty, surcharge or fine in connection with it;

**"Tax Acts"** means the 1997 Tax Act, 1936 Tax Act and the Income Tax Regulations;

**"Tax Assessment"** has the meaning given to that term in clause 13.4;

**"Tax Audit"** means, in relation to Tax, any audit, investigation review, information, request or other enquiry of any kind undertaken by the Commissioner of Taxation or any other authority concerned with the imposition, collection or assessment of Taxation;

**"Tax Expert"** means a partner in an international accounting firm with over ten years of experience in Tax agreed by the Sellers and the Buyer and if the parties fail to agree within five business days, then such person having the specified qualifications as is appointed by the Managing Partner of BDO Perth;

**"Tax Indemnity"** means the tax indemnity contemplated in clause 13;

**"Tax Law"** means any law in relation to any Tax or Duty, including without limitation the Tax Acts and the GST Act;

**"Tax Liability"** means, in relation to Tax, any claim, liability, debt, cost, expense or obligation, whether actual or contingent, present or future, quantified or unquantified;

**"Tax Loss"** means "tax loss" and includes "capital loss", as each of these terms are defined in the 1997 Tax Act;

**"Tax Sharing Agreement"** means an agreement contemplated by section 721-25 of the 1997 Tax Act, as between the Head Company of the Consolidated Group and its eligible subsidiary members and shall refer specifically to the relevant tax sharing agreement entered into by each member of the Group and the other members of the Consolidated Group;

**"Tax Warranty"** means a warranty set out in clause 25 of schedule 5;

**"Taxation Authority"** means the Commissioner of Taxation (or his or her delegate) or any other authority concerned with the imposition, collection or assessment of Taxation;

**"Term Sheet"** means the Term Sheet between the Buyer, the Company, Malcolm Pradhan and Raymond Blight, dated 17 August 2015;

**"Third Party Claim"** means any claim, Demand, legal proceedings or cause of action made or brought by a party other than a party to this agreement;

**"Working Capital"** means the working capital position of the Company as determined in accordance with the Working Capital Statement; and

**"Working Capital Statement"** means the working capital statement set out in accordance with schedule 8.

### **Interpretation**

- 1.2 In the interpretation of this agreement, the following provisions apply unless the context otherwise requires:
- 1.2.1 a reference to "dollars" or "\$" means Australian dollars and all amounts payable under this agreement are payable in Australian dollars;
  - 1.2.2 an expression importing a natural person includes any company, trust, partnership, joint venture, association, body corporate or governmental agency;



- 1.2.3 where a word or phrase is given a defined meaning another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning;
- 1.2.4 a word which indicates the singular also indicates the plural, a word which indicates the plural also indicates the singular, and a reference to any gender also indicates any other gender;
- 1.2.5 a reference to the word "include" or "including" is to be interpreted without limitation;
- 1.2.6 a reference to the word "owing" means actually or contingently owing, and "owe" and "owed" have an equivalent meaning;
- 1.2.7 a reference to a party, clause, part, schedule, annexure or attachment is a reference to a party, clause, part, schedule, annexure or attachment of or to this agreement;
- 1.2.8 a reference to any document or agreement is to that document or agreement as amended, novated, supplemented or replaced;
- 1.2.9 the schedules, annexures and attachments form part of this agreement;
- 1.2.10 headings are inserted for convenience only and do not affect the interpretation of this agreement; and
- 1.2.11 a reference to any law, legislation or legislative provision includes any statutory modification, amendment or re-enactment, and any subordinate legislation or regulations issued under that legislation or legislative provision, in either case whether before, on or after the date of this agreement.

**Business day; References to and calculations of time**

- 1.3 In this agreement, unless the context otherwise requires:
- 1.3.1 a reference to a business day means a day other than a Saturday or Sunday on which banks are open for business generally in the place the laws of which govern the construction of this agreement;
- 1.3.2 a reference to a time of day means that time of day in the place whose laws govern the construction of this agreement;
- 1.3.3 where a period of time is specified and dates from a given day or the day of an act or event it must be calculated exclusive of that day; and
- 1.3.4 a term of this agreement which has the effect of requiring anything to be done on or by a date which is not a business day must be interpreted as if it required it to be done on or by the next business day.

**Reasonable endeavours and reasonable requests**

- 1.4 Any provision of this agreement which requires a party to use its reasonable endeavours to procure that something is performed or occurs or does not occur, or to comply with all reasonable requests, does not impose an obligation to:

- 1.4.1 pay any money or to provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person, except for any such payment, compensation, consideration or income expressly contemplated in the relevant provision; or
- 1.4.2 commence any legal action or proceeding against any person, except where that provision expressly specifies otherwise.

#### **Knowledge**

- 1.5 Where this agreement makes reference to the knowledge or awareness of a party, or any similar reference, such knowledge or awareness will be taken to mean the actual knowledge and awareness of the party, but will not include any deemed or imputed knowledge of the party.
- 1.6 Notwithstanding anything contained in clause 1.5, where any of the Seller Warranties is qualified by the expression "so far as the Sellers are aware" or "to the best of the Sellers' knowledge, information and belief" or any similar expression, that statement is taken to include an additional statement that it has been made after due and careful enquiry by the Target Directors, the Target CEO, the Target CFO and the Target CMO.

### **2. SALE AND PURCHASE OF SALE SHARES**

#### **Sale and purchase**

- 2.1 The Sellers must sell and the Buyer must buy the Sale Shares on and subject to the terms of this agreement.

#### **Sale free from Security Interests and with all rights**

- 2.2 The Sellers must sell the Sale Shares free from all Security Interests and together with all rights of any nature (including dividend, distribution and voting rights) attached or accrued to them or which may at any time become attached or accrued to them. The Sellers will be entitled to receive all dividends and distributions declared by the Company in relation to the Sale Shares before the Completion Date. The Buyer will be entitled to receive all dividends and distributions declared by the Company in relation to the Sale Shares on or after the Completion Date.

#### **Sale of Shares**

- 2.3 The parties will not be obliged to complete the sale and purchase of any of the Sale Shares unless the purchase of all of the Sale Shares is completed simultaneously.

#### **Waiver of pre-emption**

- 2.4 The Sellers unconditionally and irrevocably waive all rights of pre-emption or other rights over any of the Sale Shares conferred either by the constitution of the Company, any shareholders agreement or in any other way.

### **3. CONDITIONS PRECEDENT**

- 3.1 Completion of the sale and purchase of the Sale Shares is conditional on the satisfaction of the following Conditions Precedent:

### **Independent Expert**

- 3.1.1 The Independent Expert opining that the transactions related to the proposed issue of Consideration to Pradhan and Blight are reasonable to shareholders of the Buyer not related to Pradhan and Blight.

### **Buyer resolutions**

- 3.1.2 The shareholders of the Buyer passing all necessary resolutions as are required under the Buyer's Constitution, the Listing Rules and the Corporations Act to give effect to the transactions contemplated by this agreement, including to:
- 3.1.2.1 approve the Acquisition and the issue of the Consideration to the Sellers for the purposes of item 7 of section 611 of the Corporations Act;
  - 3.1.2.2 approve the issue of NRR Shares, Class A Contingent Share Rights and Class B Contingent Share Rights to the Minority Sellers for the purposes of Listing Rule 7.1;
  - 3.1.2.3 approve the issue of NRR Shares pursuant to the Capital Raising for the purposes of Listing Rule 7.1;
  - 3.1.2.4 authorise the participation of the Directors in the Capital Raising for the purposes of Listing Rule 10.11;
  - 3.1.2.5 approve the issue of Class A Contingent Share Rights and Class B Contingent Share Rights to Beacon;
  - 3.1.2.6 approve the appointment of Mr Nathan Buzza, Mr Malcolm Pradhan, Mr Raymond Blight and Mr Alexander McNab as Directors; and
  - 3.1.2.7 approve the change of the Buyer's name to "Alcidion Group Limited", with effect from Completion,

(Buyer Shareholder Approvals).

### **Capital Raising**

- 3.1.3 The Buyer receiving valid subscriptions and cleared funds in respect of all NRR Shares to be issued under the Capital Raising.

### **Beacon Firm Commitment Agreement**

- 3.1.4 Beacon and Patersons executing the Firm Commitment Agreement.

### **Regulatory approvals**

- 3.1.5 The Buyer obtaining all necessary regulatory approvals, on terms acceptable to the parties, as are required to give effect to the transactions contemplated by this agreement, including re-compliance with Chapters 1 and 2 of the Listing Rules on terms which the Buyer believes are capable of satisfaction.

### **Material Adverse Effect**

- 3.1.6 No Material Adverse Effect having occurred in relation to the Group between the date of this agreement and Completion.

### **Management Accounts**

- 3.1.7 The Sellers providing the Buyer with Management Accounts in respect of the period ending 31 December 2015.

### **Minority Seller Sale Agreements**

- 3.1.8 Each of the Minority Sellers and the Buyer entering into and delivering the Minority Seller Sale Agreements and Restriction Agreements required to be entered into pursuant to the Minority Seller Agreements; and
- 3.1.9 Completion taking place under the Minority Seller Sale Agreements simultaneously with Completion under this Agreement.

### **Third Party Consents**

- 3.1.10 The counterparty to each of the contracts specified in schedule 15 giving a binding acknowledgment within 30 business days of the date of this agreement that the change in control of the Group does not affect the rights and duties of the parties under that contract and will not result in that counterparty exercising any rights of termination.

### **Reasonable endeavours**

- 3.2 The Sellers and the Buyer must use reasonable endeavours to satisfy the Conditions Precedent as soon as possible after the date of this agreement and, in any event, before 5:00pm on the End Date, including, to the extent within its control, procuring performance by a third party.
- 3.3 In connection with the Buyer Shareholder Approvals and the Capital Raising, the Sellers must, and shall procure that the Company will, provide the Buyer with all reasonable assistance in relation to the provision of information relating to the Company or the Sellers, which is required in connection with any notice of meeting or prospectus prepared in relation to the Buyer Shareholder Approvals or the Capital Raising.
- 3.4 Each party must, within one business day after becoming aware of the satisfaction of a Condition Precedent, notify the other party of the satisfaction of the Condition Precedent and provide evidence that the Condition Precedent has been satisfied. Each party must keep the other parties informed of any fact, matter or circumstance of which it becomes aware that may result in a Condition Precedent not being satisfied or not being satisfied by 5.00pm on the End Date.

### **Benefit of Conditions Precedent and waiver**

- 3.5 The Conditions Precedent set out in clauses 3.1.1, 3.1.4, 3.1.6, 3.1.7, 3.1.8, 3.1.9 and 3.1.10 are for the benefit of the Buyer. A party for whose benefit a Condition Precedent is included may waive the Condition Precedent in whole or in part at any time by written notice to the other party. The Conditions Precedent set out in clauses 3.1.2, 3.1.3 and 3.1.5 have been inserted for the benefit of the Sellers and the Buyer and may be waived jointly by the Sellers

and the Buyer both in writing. Any waiver pursuant to this clause must be in writing and will be irrevocable.

#### **Effect of failure to satisfy Conditions Precedent**

- 3.6 If all of the Conditions Precedent are not satisfied or, to the extent they are capable of waiver, waived by the party or parties for whose benefit they are included by 5.00pm on the End Date, the Buyer or the Sellers may, at any time after 5.00pm on the End Date, but before satisfaction of all of the Conditions Precedent, terminate this agreement by written notice to the other party. Where this agreement is terminated in accordance with this clause, clauses 17.4, 17.5 and 17.6 apply.

#### **4. CONSIDERATION**

- 4.1 The consideration payable by the Buyer to the Sellers for the Sale Shares is:

- 4.1.1 the issue of an aggregate total of 362,115,530 NRR Shares at a deemed issue price of \$0.031 each;
- 4.1.2 the issue of an aggregate total of 120,705,176 Class A Contingent Share Rights; and
- 4.1.3 the issue of an aggregate total of 120,705,176 Class B Contingent Share Rights; (collectively, "**Consideration**");

- 4.2 The consideration payable by the Buyer to the Minority Sellers for the Shares in the Target owned by each of the Minority Sellers:

- 4.2.1 the issue of the relevant Minority Seller Consideration Shares to each Minority Shareholder; and
- 4.2.2 the issue of the relevant Class A Contingent Share Rights and Class B Contingent Share Rights to the Minority Sellers as provided in part 7 of schedule 1.

#### **5. ISSUE OF CONSIDERATION**

##### **Issue of Consideration at Completion**

- 5.1 The Buyer must:

- 5.1.1 at Completion, issue the Consideration to the Sellers in the proportions set out in part 4 of schedule 1; and
- 5.1.2 at Completion or as soon as is reasonably practicable thereafter, deliver to the Sellers holding statements in respect of the Consideration.
- 5.1.3 at Completion, issue to each of the Minority Sellers the relevant Minority Seller Consideration Shares, Class A Contingent Share Rights and Class B Contingent Share Rights as provided in part 7 of schedule 1; and
- 5.1.4 at Completion or as soon as reasonably practicable thereafter, deliver to the Minority Sellers holding statements in respect of the Minority Seller

Consideration Shares, Class A Contingent Shares Rights and Class B Contingent Share Rights to which they are each respectively entitled.

## **6. OBLIGATIONS BEFORE COMPLETION**

### **Sellers to procure execution of Minority Seller Sale Agreements**

- 6.1 From the date of this agreement, and prior to Completion, the Sellers undertake to use their reasonable endeavours to procure that each Minority Seller executes a Minority Seller Sale Agreement in respect of all Target Shares held by the relevant Minority Seller. The Buyer must cooperate reasonably with the Sellers in procuring execution of the Minority Seller Agreements.

### **Operation of Business**

- 6.2 The Sellers must ensure that to the extent within their control, from the date of this agreement until Completion, the Group:
- 6.2.1 operates the Business as a going concern, in the ordinary and normal course of business, having regard to the Business and its previous practice in order to preserve the value of the Assets, maintain its trading and financial position and to preserve the goodwill of the Group including using reasonable endeavours to preserve its current business relationships;
  - 6.2.2 manages the working capital requirements and any liabilities of the Group in the ordinary course of business;
  - 6.2.3 protect and maintain each of their Assets and maintains appropriate and adequate insurance in respect of all Assets which are insurable; and
  - 6.2.4 maintains all Authorisations required to carry on the Business.

### **Restrictions on operation of Business**

- 6.3 Without limiting clause 6.2, and except with the prior written consent of the Buyer, such consent not to be unreasonably withheld, delayed or conditioned, or as otherwise required by the provisions of this agreement, the Sellers must ensure that to the extent within their control with respect to any members of the Group, from the date of this agreement until Completion, it does not and does not permit any members of the Group to:
- 6.3.1 do any act or thing or permit any omission which would make any policy of insurance written for the benefit of any member of the Group void or voidable or do anything that would mean any existing policy is not in full force and effect at Completion or that might adversely affect its rights or a third party's rights under any of them;
  - 6.3.2 except in the normal and ordinary course of operating the Business, enter into, vary or terminate any Material Contract or enter into any unusual contract or commitment;
  - 6.3.3 grant any licence in respect of any Intellectual Property Rights to any third party other than in the ordinary course of business;

- 6.3.4 purchase, sell, invest in, lease, hire, mortgage, create a Security Interest, option or right of pre-emption in respect of, or dispose of any Asset (including accounts receivable), plant, equipment or machinery, real estate, business or company or any interest in any of the above other than in the ordinary course of business;
- 6.3.5 assume or incur any liability or expenditure in an amount of more than \$25,000 or total liabilities in excess of \$100,000 or make a commitment which is to last more than three months;
- 6.3.6 enter into any employment contract, renew, amend the terms of or terminate any existing employment contract (including with regard to superannuation benefits) with an employee having an annual salary in excess of \$100,000 per annum;
- 6.3.7 propose or announce a change or addition to either the Superannuation Funds or a Retirement/Death/Disability Benefit in respect of any of the Employees (or any dependent of them) or any former employee (or any dependent of them);
- 6.3.8 permit the amendment of the constituent documents of any member of the Group or pass any resolution in a general meeting (except where the resolution is required by a change to the law);
- 6.3.9 cancel, waive, release or discount in whole or in part any claim, Demand, legal proceedings or cause of action any single claim involving an amount claimed, released or comprised in a sum exceeding \$25,000 or total Claims involving amounts claimed, released or comprised exceeding in aggregate \$100,000 or take any action or refrain from taking any action which will or may result in the appointment of a liquidator, receiver, manager, administrator or other external controller to any member of the Group;
- 6.3.10 make a loan or grant a power of attorney that is not to end before Completion;
- 6.3.11 undertake any reduction of its share capital, share buy-back, stock exchange or repurchase, amalgamation, merger, consolidation or any restructure of the capital of any member of the Group except to comply with clause 6.4 or to undertake the Capital Reduction;
- 6.3.12 distribute or return capital to its shareholders or declare or pay any dividend or make any other distribution of profits to shareholders or issue to any party any securities including, without limitation, options to acquire any shares in the capital of any member of the Group, or enter into any pre-emptive rights, voting agreements or other similar arrangements with the exception of the Capital Reduction or except as expressly provided for in this agreement; or
- 6.3.13 pay any management charge to the Sellers or any Related Party of the Sellers or incur any liabilities to the Sellers or allow the Sellers to incur any liabilities to it, except, in each case, trading liabilities in the ordinary course of its usual business.

#### **Target Capital Structure**

- 6.4 Prior to Completion, the Sellers must procure that, immediately prior to Completion, the Target Shareholders and the Target Shares held by them are as set out in part 6 of schedule 1.

### **Entry into Restriction Agreements**

- 6.5 To the extent that ASX treats any of the Consideration to be issued to the Sellers, or consideration to be issued to Minority Sellers under the Minority Seller Sale Agreements, as Restricted Securities, the Sellers shall:
- 6.5.1 enter into Restriction Agreements in respect of the Consideration to be issued to them that ASX determines are Restricted Securities; and
  - 6.5.2 use reasonable efforts to procure that Minority Sellers enter into Restriction Agreements in respect of any consideration to be issued to them under the Minority Seller Sale Agreement that ASX regards as Restricted Securities.

### **Conversion of convertible debt**

- 6.6 The Sellers shall ensure that any debt which is convertible (either at the election of the holder or the Company) is repaid or converted into Target Shares. However, any increase in the number of Target Shares, as a result of any such conversion, shall not give rise to an obligation on the Buyer to issue more NRR Shares or Contingent Share Rights in respect of the Acquisition than is contemplated by the Term Sheet.

### **Restrictions on the Buyer**

- 6.7 Except to the extent required to do so by this agreement, or with the prior written consent of the Sellers, such consent not to be unreasonably withheld, delayed or conditioned, the Buyer must ensure that from the date of this agreement until Completion, it:
- 6.7.1 does not enter into any transactions outside the ordinary course of business;
  - 6.7.2 does not incur any expenditure in excess of \$50,000, other than in respect of costs associated with the transactions contemplated by this agreement and, in connection with costs associated with transactions contemplated by this agreement, the Buyer undertakes to use best reasonable endeavours to procure that the costs do not exceed \$400,000;
  - 6.7.3 does not issue any securities, or agree to issue any securities, other than:
    - 6.7.3.1 as a result of the conversion of convertible securities in existence at the date of this agreement;
    - 6.7.3.2 as required by this agreement; and
    - 6.7.3.3 the Beacon Agreement;
  - 6.7.4 keeps the the Company reasonably informed as to the Buyer's expenditure and cash balance upon the request of the Sellers; and
  - 6.7.5 does not distribute or return capital to its shareholders or declare or pay any dividend or make any other distribution of capital to shareholders or issue to any party any securities including, without limitation, options to acquire any shares in the capital of any member its group, or enter into any pre-emptive rights, voting agreements or other similar arrangements other than the Capital Raising.



### **Disclosure and records**

6.8 Until Completion, the Sellers must do each of the following:

6.8.1 allow the Buyer and any person authorised by the Buyer reasonable access during normal business hours to the premises of the Business, the books and records relating to each member of the Group and the Assets to conduct its due diligence investigations;

6.8.2 promptly provide the Buyer and any person authorised by the Buyer with reasonable explanations and information it requests in respect of each member of the Group, the Business and the Assets; and

6.8.3 allow the Buyer and any person authorised by the Buyer to take copies of any books and records relating to each member of the Group, the Business or the Assets.

6.9 If for any reason Completion does not occur, the Buyer must destroy or return to the Sellers (at the direction of the Sellers' Representative) any copies of the books and records taken by the Buyer or any Related Party of the Buyer under clause 6.8.

### **Contact with customers, suppliers and employees**

6.10 Until Completion, and upon the reasonable request of the Buyer, the Sellers must allow the Buyer, either directly or through a representative of the Seller (at the election of the Sellers), to make reasonable enquiries with customers, suppliers and Employees of each member of the Group in order to make transitional arrangements in preparation for Completion, and where appropriate, facilitate such contact.

6.11 From the date of this agreement until Completion, and for the purpose of assisting the Buyer to make arrangements for the transfer to the Buyer of the Sale Shares at Completion, the Sellers must allow the Buyer, during normal business hours and at the expense of the Buyer, to review information, records and documents in respect of the Business, all the members of the Group and the Sale Shares as may be reasonably requested by the Buyer, and make available to the Buyer information in respect of the Business, the members of the Group and the Sale Shares that the Buyer may reasonably request. The Buyer will not be permitted to take copies of any books and records without the consent of the Sellers.

6.12 If this Agreement is terminated prior to Completion, the Buyer must:

6.12.1 return all copies of books and records relating to the Group, the Business or the Assets disclosed to the Buyer or its officers, employees or agents; and

6.12.2 destroy electronic copies of such documents

and provide written confirmation to the Seller that the obligations under this clause 6.12 have been complied with.

### **Notice to Buyer**

6.13 Each of the Sellers must immediately notify the Buyer in writing of any of the following matters or things which arise or becomes known to it before Completion:

6.13.1 a matter or thing which constitutes (or would after the lapse of time constitute) a misrepresentation or a breach of any of the Seller Warranties or the undertakings or other provisions of this agreement; or

6.13.2 a matter or thing which could have a Material Adverse Effect on any member of the Group.

#### **Exchange of drafts**

6.14 Not less than five business days before the Completion Date:

6.14.1 the Sellers must deliver to the Buyer drafts of all documents, certificates and forms required to be delivered by the Sellers at Completion; and

6.14.2 the Buyer must deliver to the Sellers drafts of all documents, certificates and forms required to be delivered by the Buyer at Completion.

#### **Co-operation**

6.15 The Sellers must co-operate with the Buyer before Completion in relation to any thing reasonably required to be done or delivered by the Buyer at Completion.

#### **Permitted Conduct Before Completion**

6.16 Notwithstanding clause 6.3 or any other provision in this clause 6, any of the following actions and activities may be undertaken by the Sellers or the Company, as the case may be, before Completion.

6.16.1 anything required to be done by the Company in the ordinary course of carrying out the Business;

6.16.2 anything approved by the Buyer, which approval must not be unreasonably withheld or delayed;

6.16.3 any reasonable and prudent response to an emergency or disaster (including a situation giving rise to a risk or personal injury or damage to property;

6.16.4 anything which is necessary for the Company to meet its legal or contractual obligations in force at the date of this Agreement or which arise in the ordinary course of its Business;

6.16.5 undertake payment of legal and other costs incurred in connection with the negotiation and completion of this Agreement and the transactions and matters referred to in this Agreement and or transactions including reorganisation of the Company's share capital which are required in order to give effect to the transactions referred to in this Agreement.

### **7. CAPITAL REDUCTION BY COMPANY**

#### **Acknowledgement of Company's intention to approve Capital Reduction**

7.1 The parties acknowledge that it is the Company's intention to seek shareholder approval, prior to Completion, to authorise a return of capital to some of its shareholders of an amount of up to \$400,000 by way of capital reduction, in accordance with section 256C of the Corporations

Act and the provisions of this clause 7 ("**Capital Reduction**"). The Capital Reduction will be subject to the Company obtaining confirmation from Commonwealth Bank of Australia ("**CBA**") that it has no objection, or consents, to the Capital Reduction where this is required by any documents creating a Security Interest in favour of CBA.

#### **Record date for Capital Reduction**

- 7.2 The record date for a shareholder of the Company to participate in the Capital Reduction shall be 23 November 2015 ("**Record Date**").

#### **Authorisation from the Buyer**

- 7.3 Notwithstanding any other provision of this agreement, the Buyer authorises the Company to undertake the Capital Reduction in accordance with the provisions of this clause 7.

#### **Authorisation from shareholders**

- 7.4 The Company shall procure that the approval obtained from shareholders to conduct the Capital Reduction will entitle to Company to apply funds, set aside for the return of capital, in satisfaction of any shortfall in Working Capital or Cash under clause 8.

#### **Timing for implementation of Capital Reduction**

- 7.5 The Company may undertake the Capital Reduction at any time before Completion. The Company undertakes that it will retain the funds payable to its shareholders who are entitled to participate in the Capital Reduction in a separate account ("**Capital Reduction Proceeds Account**"). The Company further undertakes that it will not make any payment from the Capital Reduction Proceeds Account to its shareholders until the date which is at least 90 days following Completion and, in any event, not before the Completion Accounts have been finalised in accordance with schedule 7 ("**Implementation Date**").

#### **Undertaking from the Buyer following Completion**

- 7.6 Following Completion, the Buyer undertakes that it will not, and will procure that the Company will not, use or apply the funds held in the Capital Reduction Proceeds Account, other than in accordance with clause 7.7.

#### **Return of capital pursuant to Capital Reduction**

- 7.7 On the Implementation Date, the funds held in the Capital Reduction Proceeds Account, shall be applied as follows:
- 7.7.1 first, if there is any deficiency in Cash and/or Working Capital that is not able to be set-off pursuant to clause 8.5, in satisfaction of the deficiency in Cash and/or Working Capital; and
- 7.7.2 second, if there are surplus funds following the application of funds pursuant to clause 7.7.1, then to those persons who were shareholders of the Company on the Record Date, who participate in the Capital Reduction in the proportions provided in the relevant shareholders resolution approving the Capital Reduction pursuant to section 256C of the Corporations Act.

**8. TARGET CASH AMOUNT AND TARGET WORKING CAPITAL AMOUNT**

**Warranties and Indemnity**

8.1 Each of the Sellers warrants to the Buyer that, immediately following Completion, the Group will have:

8.1.1 Cash equal to or exceeding the Target Cash Amount; and

8.1.2 Working Capital equal to or exceeding the Target Working Capital Amount.

8.2 Each of the Sellers agree to indemnify and keep indemnified (on a several basis) the Buyer and each Group Company in full, for and against all Loss incurred or suffered by them as a result of the breach of the warranties set out in clause 8.1 and shall, subject to clauses 7.7 and 8.5, pay to the Buyer on demand, the amount of any deficiency in Cash (in relation to Target Cash Amount) or the amount of any deficiency in Working Capital (in relation to the Target Working Capital Amount).

**Liability of each Seller under indemnity**

8.3 It is agreed between the Buyer and the Sellers that the liability of each Seller to the Buyer in respect of any deficiency in Cash or Working Capital, pursuant to clause 8.2 shall be calculated as follows:

$$IL = (S \div TTS) \times A,$$

where:

*IL*: is the individual liability amount of the relevant Seller to the Buyer in dollars;

*S*: is the number of Target Shares held by the relevant Seller ;

*TTS*: is the total number of Target Shares held by the Sellers; and

*A* is the amount of any shortfall in Cash or Working Capital in dollars, as the case may be.

**Verification of Cash and Working Capital**

8.4 Within 30 days of Completion, the Sellers' Representative shall prepare the Completion Accounts in accordance with schedule 7 for the purposes of verifying that the warranties contained in clause 8.1 are true and accurate.

**Sellers right to offset deficiency in Cash against excess of Working Capital and vice versa**

8.5 For the purposes of determining whether the warranties contained in clause 8.1 are true and accurate, the Sellers may:

8.5.1 offset a deficiency in Cash (in relation to the Target Cash Amount) by any excess in Working Capital (in relation to the Target Working Capital Amount); or

8.5.2 offset a deficiency in Working Capital (in relation to the Target Working Capital Amount) by any excess in Cash (in relation to the Target Cash Amount),

provided that amount of any offset does not exceed \$100,000; and

8.5.3 apply funds in accordance with clause 7.7 to reduce a deficiency in Cash and/or Working Capital.

## **9. COMPLETION**

### **Date and place for Completion**

9.1 Completion must take place on the Completion Date at 10.00am at the offices of DLA Piper Australia at Level 31, Central Park, 152-158 St Georges Terrace, Perth WA 6000 or at such other time, date and/or place agreed by the parties in writing.

9.2 All matters expressed to be effective at or from Completion or to occur at Completion will be effective at or from, or occur at, the Effective Time, and all obligations applying until Completion will apply until the Effective Time.

### **Obligations at Completion**

9.3 The Sellers and the Buyer must each fulfil their obligations at Completion as set out in schedule 9.

### **Interdependence**

9.4 The obligations of the parties at Completion are interdependent. All actions at Completion will be deemed to take place simultaneously and no delivery or issue of shares will be deemed to have been made until all deliveries and payments have been made.

### **Cleansing Notice**

9.5 The Buyer must issue a notice which complies with section 708A(6) of the Corporations Act ("Cleansing Notice") in respect of all NRR Shares which it issues to the Sellers and the Minority Sellers in connection with the satisfaction of the Class A milestone, in respect of the Class A Contingent Share Rights, or in connection with the satisfaction of the Class B Milestone, in respect of the Class B Contingent Shares Rights. If the Buyer is unable to issue a Cleansing Notice, it must take such action at its cost (including issuing a prospectus), which is necessary in order that the relevant NRR Shares may be traded (subject to the provisions of any Restriction Agreement) within a period of 30 business days from the satisfaction of the Class Milestone or the Class B Milestone, as the case may be.

## **10. TAX RETURNS AND TAX CONSOLIDATION**

### **Basis of lodgement of Tax Returns**

10.1 The parties must co-operate in connection with the preparation and filing of any Tax return or Tax statement to the extent that it relates to the Group with respect to a period before the Completion Date.

10.2 Each of the Sellers and the Buyer will have the conduct and control of the preparation and lodgement of all Tax returns, forms and statements relating to the Company and all wholly-

owned subsidiaries of the Company to the extent that they relate to any periods or part periods, as follows:

10.2.1 subject to clause 10.6, at the cost of the Company, the Sellers will be responsible for ensuring that the Company completes the relevant Tax returns (including amendments), forms and statements lodged with the relevant Taxation Authority for any whole period ending before the close of business on the day before the Completion Date ("**Pre Completion Tax Return**"); and

10.2.2 subject to clause 10.7, at its cost, the Buyer will be responsible for the relevant Tax returns (including amendments), forms and statements lodged with the relevant Taxation Authority for any whole period beginning before the close of business on the day before the Completion Date but ending on or after the Completion Date ("**Straddle Tax Return**").

#### **Providing assistance for preparation of Tax Returns**

- 10.3 The Buyer agrees to provide the Sellers reasonable assistance in preparing the Pre Completion Tax Return.
- 10.4 The Sellers agree to provide the Buyer reasonable assistance in preparing the Straddle Tax Return including providing the Buyer with any and all information within the Sellers' possession which is necessary in order for the Buyer to satisfy its obligations under clause 10.2.2 and which is not already in the possession of the Buyer after Completion.
- 10.5 Each party must prepare their respective tax returns in a manner consistent with the requirements of the relevant law in relation to Tax.
- 10.6 The Sellers must provide a draft Pre Completion Tax Return to the Buyer as soon as available but no later than 20 business days (or, in the case of a Pre Completion Tax Return that concerns GST, no later than ten business days) before it is due to be lodged for the Buyer's review and comment. The Sellers must also deliver to the Buyer any information contained or to be contained in any Pre Completion Tax Return or used in the preparation of the Pre Completion Tax Return which relates to the activities of the Company. The Buyer must provide written details about any objections it has on the Pre Completion Tax Return no later than ten business days (or, in the case of a Pre Completion Tax Return that concerns GST, no later than five business days) before it is due to be lodged.
- 10.7 The Buyer must provide a draft Straddle Tax Return to the Sellers as soon as available but no later than 20 business days (or, in the case of a Straddle Tax Return that concerns GST, no later than ten business days) before it is due to be lodged for the review of the Sellers and comment. The Buyer must also deliver to the Sellers any information contained or to be contained in any Straddle Tax Return or used in the preparation of the Straddle Tax Return which relates to the activities of the Company. The Sellers must provide written details about any objections it has on a Straddle Tax Return no later than ten business days (or, in the case of a Straddle Tax Return that concerns GST, no later than five business days) before it is due to be lodged.
- 10.8 If either party notifies the other of an objection to a Pre Completion Tax Return or Straddle Tax Return (as relevant), the parties must attempt in good faith to resolve the dispute. If the parties cannot resolve the dispute within ten business days of the objection being notified, then the parties shall appoint a Tax Expert no later than ten business days after the date referred to in clause 10.8 above, to act on the following basis:

- 10.8.1 the Tax Expert acts as an expert and not as an arbitrator;
- 10.8.2 the Sellers and the Buyer:
- 10.8.2.1 must provide the Tax Expert with all information the Tax Expert reasonably requires;
- 10.8.2.2 are entitled to make written submissions to the Tax Expert; and
- 10.8.2.3 must provide the other with a copy of all information provided and submissions made to the Tax Expert;
- 10.8.3 the Tax Expert is entitled (to the extent he or she considers it appropriate) to base his or her opinion on the information provided and submissions made by the Sellers and the Buyer and on the books and records of each member of the Group;
- 10.8.4 the Tax Expert must provide a written report to the Sellers and the Buyer stating the determination of the Tax Expert in relation to the matter in dispute;
- 10.8.5 the determination of the Tax Expert is (in the absence of manifest error) conclusive and binding on the Sellers and the Buyer, and the relevant tax return, must be amended to reflect the determination of the Tax Expert; and
- 10.8.6 the costs of the Tax Expert must be met by the Sellers and the Buyer in accordance with the determination of the Tax Expert. Where there is no determination by the Tax Expert as to costs, the costs of the Tax Expert must be borne as to half by the Buyer and as to the remaining half by the Sellers in their respective Proportions.
- 10.9 The Buyer must procure that each Pre Completion Return and Straddle Return is filed by the due date for filing subject to the Buyer complying with its obligations under this clause and where the Tax Expert is engaged, the Tax Expert providing his or her determination in a timely manner and subject also to any extension provided by the relevant Tax Authority for filing those returns. If a Pre Completion Return or Straddle Return is due before any dispute is resolved under this clause 10, the Buyer must procure that the return is filed as prepared and must procure that an amended return, which reflects the resolution of the matter in dispute (either as resolved by agreement or by the Tax Expert) is filed immediately after the dispute is resolved.

## **11. BUYER WARRANTIES**

### **Buyer Warranties**

- 11.1 The Buyer represents, warrants and undertakes to the Sellers that each of the Buyer Warranties is true and accurate in all material respects at the date of this agreement and will be true and accurate in all material respects at Completion. The Buyer acknowledges that the Sellers have entered into this agreement in reliance on the Buyer Warranties.

### **Warranties separate**

- 11.2 Each of the Buyer Warranties is separate and independent and, except as expressly provided to the contrary in this agreement, is not limited by reference to any other one of the Buyer Warranties.

## **12. SELLER WARRANTIES**

### **Institutional Seller Warranties**

- 12.1 Each Institutional Seller severally (and not jointly or jointly and severally) warrants to the Buyer in terms of the Institutional Seller Warranties as at the date of this Agreement and as at Completion only in respect of the itself and the Sale Shares held by it.
- 12.2 Each Institutional Seller shall only be liable for breach by it of the Institutional Seller Warranties in respect of itself or the Sale Shares sold by it pursuant to this Agreement.
- 12.3 Each of the Institutional Seller Warranties are separate and independent and, except as expressly provided to the contrary in this agreement, are not limited by reference to any other Institutional Seller Warranty
- 12.4 Subject to clause 14, each Institutional Seller severally (and not jointly or jointly and severally) indemnifies the Buyer and will keep the Buyer indemnified against any Loss which the Buyer suffers or incurs in respect of any Institutional Seller Warranty being untrue or incorrect in any respect or any breach of any of the Institutional Seller Warranties.
- 12.5 Each of the Institutional Sellers hereby irrevocably waives any and all Claims against each member of the Group and any of the officers, Employees and agents of any member of the Group in respect of any misrepresentation or inaccuracy in, or omission from, any information so supplied.
- 12.6 Any monetary compensation received by the Buyer as a result of any breach by any Institutional Seller of any of the Institutional Seller Warranties is to be in reduction and refund of the value of the Consideration.
- 12.7 The Institutional Sellers acknowledges that the Buyer has entered into this agreement in reliance on the Institutional Seller Warranties.

### **Individual Seller Warranties**

- 12.8 Subject to this clause 12, each Individual Seller jointly and severally represents, warrants and undertakes to the Buyer, as trustee for each member of the Group and the Employees, that each of the Individual Seller Warranties are true and accurate in all material respects as at the date of this agreement and that each of the Individual Seller Warranties will be true and accurate in all material respects at Completion.

### **Individual Seller Warranty Certificate**

- 12.9 Immediately prior to Completion, the Sellers' Representative will provide the Buyer with a certificate in the form set out in schedule 6 that:
  - 12.9.1 subject to clause 14, confirms that each of the Individual Seller Warranties is true and correct in all material respects at the time immediately before Completion; and
  - 12.9.2 sets out the details and consequences of any event between the date of this agreement and the time immediately before Completion relating to the Individual Seller Warranties that, to each Individual Seller's knowledge, renders any Individual Seller Warranty inaccurate in any material respect.



### **Warranties separate**

- 12.10 Each of the Individual Seller Warranties are separate and independent and except as expressly provided to the contrary in this agreement are not limited by reference to any other Individual Seller Warranty.

### **Waiver of rights**

- 12.11 This clause applies in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by any member of the Group or the Employees in connection with the giving of the Individual Seller Warranties. In respect of any such misrepresentation, inaccuracy or omission each Individual Seller agrees with the Buyer as trustee for each member of the Group and the Employees to waive any rights or Claims which each Seller may have against any member of the Group or any Employees for the misrepresentation, inaccuracy or omission.

### **Indemnity**

- 12.12 Except to the extent that the liability of the Individual Sellers is expressly limited by this agreement, each Individual Seller jointly and severally indemnifies the Buyer and will keep the Buyer indemnified against any Loss which the Buyer suffers or incurs in respect of any Seller Warranty being untrue or incorrect in any respect or any breach of any of the Seller Warranties ("Sellers' Indemnity").
- 12.13 If any amount payable under clause 12.12 is subject to a Tax Liability (whether by way of deduction or withholding or direct assessment of the Buyer), the amount payable by the Sellers will be increased by the amount necessary to ensure that after all deductions, withholdings or payments of Taxes, the Buyer will receive an amount equal to that which would have been received had the payment and any increased payment pursuant to this clause not been subject to Taxation.

### **Reduction in value of Consideration**

- 12.14 Any monetary compensation received by the Buyer as a result of any breach by any Individual Seller of any of the Individual Seller Warranties is to be in reduction and refund of the value of the Consideration.

### **Reliance**

- 12.15 The Individual Sellers acknowledges that the Buyer has entered into this agreement in reliance on the Individual Seller Warranties. Where any of the Individual Seller Warranties is qualified by the expression "so far as the Individual Sellers are aware" or "to the best of the Individual Seller's knowledge, information and belief" or any similar expression, that statement is taken to include an additional statement that it has been made after due and careful enquiry by each of the Individual Sellers and the Target Directors, the Target CEO, the Target CFO and the Target CMO.

### **Specific indemnities**

- 12.16 Subject to clause 12.20, each Seller undertakes to the Buyer (on a several basis) to keep the Buyer and each member of the Group at all times fully and effectively indemnified from and against all Losses of whatever description (whether actual, contingent or prospective) suffered or incurred by the Buyer or any member of the Group arising out of, related to or in connection with:

- 12.16.1 any litigation (whether actual or threatened) arising from any act, matter or thing occurring prior to Completion;
- 12.16.2 any Claim made by any Employee in relation to act, matter or thing occurring prior to Completion;
- 12.17 It is agreed between the Buyer and the Sellers that the liability of each Seller to the Buyer pursuant to the indemnity in clause 12.16 shall be calculated as follows:
- $$IL = (S + TTS) \times A,$$
- where:
- IL*: is the individual liability amount of the relevant Seller to the Buyer in dollars;
- S*: is the number of Target Shares held by the relevant Seller ;
- TTS*: is the total number of Target Shares held by the Sellers; and
- A* is the amount of any Loss suffered by the Buyer in dollars.
- 12.18 Upon payment by or on behalf of the Sellers of any amount pursuant to the indemnity in clause 12.16, the Buyer will use reasonable endeavours to recover the amount of the original claim, debt or obligation. If the Buyer or any member of the Group receives payment from a third party in respect of any claim, debt or obligation or part thereof which was paid by the Sellers pursuant to clauses 12.16 and 12.17, the Buyer must itself or must cause the member of the Group which received the payment to immediately account to the Sellers for such proceeds.
- 12.19 The provisions of clause 14 do not apply to any claim under clause 12.16.
- 12.20 The indemnity in clause 12.16 does not apply to any matter Disclosed by the Sellers or any of them or their Representatives before the date of this Agreement, including any matter Disclosed in the Disclosure Letter.
- 12.21 The Buyer accepts the benefit of this clause 12 (including, without limitation, the Institutional Seller Warranties and the Individual Seller Warranties) for itself and as trustee for any entity which is, from time to time, a subsidiary of the Buyer.

### 13. TAX INDEMNITY

#### Indemnity

- 13.1 Each Seller severally (and not jointly) indemnifies the Buyer and the Company against any Tax Liability or loss of Relief, whether made against the Buyer or the Company or any other person, which is wholly or partly attributed to any act, omission or event occurring on or before Completion ("Tax Indemnity"). The Sellers are not, however, liable under the Tax Indemnity for any Tax Liability or loss of Relief or any other matter arising out of any of the following:
- 13.1.1 the transactions provided for in this Agreement;
- 13.1.2 any Change of Control of the Buyer;

- 13.1.3 any matter which relates solely to the Buyer;
- 13.1.4 any Change in Law after the date of this Agreement; or
- 13.1.5 any action taken by the Buyer or any matter which relates to the business or affairs of the Buyer.

For the purposes of this clause "Control" has the meaning defined in section 9 of the Corporations Act and "Change in Law" includes any change in legislation, regulation, decision of any court, change in policy or interpretation or any ruling.

- 13.2 If the amount payable under the Tax Indemnity is subject to a Tax Liability, whether by way of deduction or withholding or direct assessment of the payee, the amount payable by the Sellers will be increased by the amount necessary to ensure that after all deductions, withholdings or payments of Taxes, the payee will receive an amount equal to that which would have been received had the payment and any increased payment pursuant to this clause not been subject to Taxation.
- 13.3 It is agreed between the Buyer and the Sellers that the liability of each Seller to the Buyer pursuant to the Tax Indemnity in clause 13.1 shall be calculated as follows:

$$IL = (S + TTS) \times A,$$

where:

- IL: is the individual liability amount of the relevant Seller to the Buyer;
- S: is the number of Target Shares held by the relevant Seller ;
- TTS: is the total number of Target Shares held by the Sellers; and
- A is the amount of any Tax Liability or loss of Relief suffered by the Buyer.

#### **Period for Tax Indemnity claims**

- 13.4 If a Taxation Authority issues a notice of assessment, amended assessment or other document, to the Buyer or a member of the Group in relation to which the Sellers are or may become liable for payment under the Tax Indemnity ("Tax Assessment"), the Buyer can make a claim under the Tax Indemnity promptly (and in any event within 30 business days) giving the Sellers written notice of the Tax Assessment, together with copies of all documents received from the relevant authority and full written details of the Assessment to the extent that it relates to the Tax Indemnity.

#### **Obligation of Sellers to pay**

- 13.5 Any payment the Sellers are required to make in relation to any claim under the Tax Indemnity must be paid in cleared funds to the Buyer or a member of the Group:
  - 13.5.1 if it relates to a Tax Liability, at least three business days before the last date on which the relevant Tax Liability must be paid to the relevant Taxation Authority without incurring any Tax Liability to pay any penalty or interest; and

13.5.2 in any other case, on demand by the Buyer or a member of the Group.

#### **Expenses**

- 13.6 The Sellers must also indemnify any member of the Group for all Loss suffered or incurred in claiming the Tax Indemnity from the Sellers in respect of any Tax Liability or loss of Relief.

#### **Notice of Tax Assessments or Tax Audit**

- 13.7 If prior to Completion, a Taxation Authority issues a Tax Assessment or undertakes a Tax Audit of the Group which relates to any act, matter, transaction or thing occurring before Completion, or any act matter or thing in respect of which the Buyer is or may become liable to make any payment for which the Sellers may be liable under the Tax Indemnity then the Sellers must:

13.7.1 promptly (and in any event within five business days), give the Buyer written notice of the Tax Assessment or Tax Audit (together with copies of all documents received and full written details of the Tax Assessment or Tax Audit); and

13.7.2 provide the Buyer with any further or additional information relating to the Tax Assessment or Tax Audit promptly as any Seller becomes aware of it.

#### **Sellers to take action as Buyer requests**

- 13.8 The Sellers must:

13.8.1 permit the Buyer if the Buyer desires to control all actions reasonably required to be taken by any Seller or all of the Sellers or any member of the Group in respect of any Assessment or Tax Audit and subject to the terms of this clause 13.8;

13.8.2 furnish and procure that any member of the Group furnish, all information, execute all documents, give or make all notices, consents, claims, elections, selections and declarations, make available all the books and records of the Sellers and each member of the Group;

13.8.3 give reasonable access to all relevant employees and officers of the Sellers and each member of the Group, and otherwise provide all such assistance as the Buyer may reasonably require in relation to action taken in respect of the Tax Assessment or Tax Audit; and

13.8.4 consent (such consent not to be unreasonably withheld) to take such action on behalf of and in the name of a member of the Group as the Buyer may reasonably require in respect of the Tax Assessment or Tax Audit, including responding to a Taxation Authority, attending and conducting interviews, meetings, discussions and negotiations with any Taxation Authority, negotiating and concluding compromises, agreements and settlements with any Taxation Authority, lodging requests for rulings, opinions or determinations with any Taxation Authority and lodging or instituting objections, applications, appeals and other litigation with any Taxation Authority, tribunal or court.

#### **Reduction in value of Consideration**

- 13.9 Any payment made by the Sellers under the Tax Indemnity is to be in reduction, and refund, in value of the Consideration.

## **Benefits or Credits Received**

- 13.10 If after Completion the Buyer or the member of the Group receives a quantifiable benefit or credit from a Tax Authority which relates to Tax paid by the Company or any other matter occurring before Completion, then:

13.10.1 The Buyer must promptly notify the Sellers of the quantum of the benefit or credit received; and

13.10.2 If that benefit has not already been provided for in the Accounts, the Sellers shall be entitled to set off the amount notified or to be notified under clause 13.10.1 against a claim under the Tax Warranties or the Tax Indemnity.

## **14. LIMITATIONS ON SELLER WARRANTIES AND BUYER CLAIMS**

### **Buyer's acknowledgments**

- 14.1 The Buyer acknowledges and agrees that:

14.1.1 the Seller Warranties are the only representations, warranties or other assurances of any kind given by or on behalf of the Sellers or any Representative of any of the Sellers on which the Buyer may rely in entering into this agreement;

14.1.2 prior to entering into this Agreement, it has had the opportunity to carry out due diligence enquiries and investigations with respect to the Company and the Sale Shares;

14.1.3 the Institutional Sellers do not owe a duty of care to the Buyer;

14.1.4 the Seller Warranties are provided for the purpose of establishing a contractual right for damages and for no other purpose; and

14.1.5 each of the Seller Warranties is given subject to:

14.1.5.1 any matter Disclosed by the Sellers or any of their Representatives to the Buyer or any of its Representatives before the date of this agreement including any matter disclosed in the Disclosure Letter; and

14.1.5.2 any matter recorded in the Personal Property Securities Register or the public register of ASIC, the Australian Trade Marks office, the High Court, the Federal Court and the Supreme Courts in each State and Territory of Australia and capable of being searched by the Buyer 10 business days prior to the date of this agreement.

14.1.5.3 any matter the Buyer was aware of prior to the date of this agreement,

and the Buyer has made and relies upon its own searches, investigations, enquiries and evaluations in respect of each member of the Group.

### **No ability to make Buyer Claim in certain circumstances**

- 14.2 The Buyer is not entitled to make any Buyer Claim:

- 14.2.1 to the extent that the Loss is remediable, and that Loss is remedied to the reasonable satisfaction of the Buyer within 15 business days of the Sellers receiving written notice of the Buyer Claim in accordance with clause 14.13; and
- 14.2.2 where the Buyer Claim would not have arisen but for the enactment or amendment of any legislation or regulations; a change in the judicial or administrative interpretation of the law; or a change in the practice or policy (including any change in any public ruling or new interpretation by a Taxation Authority) of any Government Agency, after the date of this agreement, and this is so whether or not the change purports to be effective retrospectively in whole or in part.

**No liability unless losses exceed minimum threshold**

- 14.3 The Sellers are not liable for a Buyer Claim, other than a Buyer Claim in respect of a Tax Warranty or Tax Indemnity, unless:
- 14.3.1 the Loss the Buyer would be entitled to recover in relation to any individual Buyer Claim is greater than \$50,000; and
- 14.3.2 without limiting clause 14.3.1, the Loss the Buyer would be entitled to recover in relation to all Buyer Claims is greater than \$250,000 in which case the Sellers will be liable for the full amount of such Buyer Claim (subject as provided in this Agreement).
- 14.4 For the purposes of clause 14.3:
- 14.4.1 Buyer Claims arising out of the same or similar facts, matters and circumstances will be treated as one Buyer Claim where the Claims are of the same or similar nature; and
- 14.4.2 breaches of the same Seller Warranty will not be treated as one Buyer Claim where the breaches arise out of separate sets of facts, matters or circumstances.

**Maximum liability amount**

- 14.5 Subject as provided in this clause, the aggregate liability of:
- 14.5.1 the Individual Sellers in respect of all Buyer Claims including those relating to the Individual Seller Warranties, and Claims relating to any Tax Warranty or the Tax Indemnity will not exceed the value of the NRR Shares issued to the Individual Sellers on Completion; and
- 14.5.2 the Institutional Sellers in respect of all Buyer Claims including those relating to the Institutional Seller Warranties, and Claims relating to the Tax Indemnity will not exceed the value of the NRR Shares issued to the relevant Institutional Seller on Completion.

The limitations in clauses 14.5.1 and 14.5.2 shall not apply to the indemnity provided by the Sellers in clause 8, which shall be governed by the provisions of clause 8.

For the purposes of determining the value of the NRR Shares in accordance with this clause 14.5, the value of the NRR Shares shall be determined using the lower of the following:

- 14.5.3 the closing price of the NRR Shares on ASX on the first trading day after the NRR Shares are re-admitted to quotation on ASX; or
- 14.5.4 the volume weighted average price of the NRR Shares (calculated for each NRR Share) for 20 days on which the NRR Shares were traded prior to the date on which the Buyer first notifies the Sellers of a Claim under clause 15.

#### **Limitation periods**

- 14.6 The Sellers are not liable for a Buyer Claim unless the Buyer notifies the Sellers in writing in accordance with clause 14.13 of the Buyer Claim by the following times:
- 14.6.1 five years after Completion in respect of the Tax Warranties or the Tax Indemnity; or
- 14.6.2 two years after Completion in respect of all other Seller Warranties.
- 14.7 The limitation periods set out in clause 14.6 do not apply in respect of any Buyer Claim where such a claim involves allegations of fraud, dishonesty, gross negligence, tax evasion or tax avoidance by the Sellers.

#### **Manner of assessing damages**

- 14.8 Any damages for a breach of the Seller Warranties must only be assessed on the basis of the diminution in value of the Sale Shares directly attributable to the breach in question (after taking into account all compensating factors). The value of the Sale Shares must not be taken to be greater than \$12,400,000.

#### **Mitigation obligations**

- 14.9 The Buyer must, and must procure that the the members of the Group:
- 14.9.1 take reasonable actions to mitigate any Loss that may give rise to a Buyer Claim; and
- 14.9.2 not do anything, by either act or omission, except in the ordinary course of business by the Group, which may give rise to a Buyer Claim.
- 14.10 For the avoidance of doubt, nothing in this clause 14 acts to restrict or limit the general obligation at law of the Buyer to mitigate any Loss or damage which it may incur in consequence of any breach by any of the Sellers of the terms of this agreement.

#### **Recovery under other rights and reimbursement**

- 14.11 The Buyer must use reasonable endeavours to reduce a Buyer Claim, as far as it is entitled whether by way of contract, indemnity or otherwise and as soon as practicable, by recovering from or being compensated for, or procuring that it recovers or is compensated for, the Loss giving rise to the Buyer Claim by any means by another source.
- 14.12 Where the Buyer recovers or is compensated for a Loss giving rise to a Buyer Claim by any other means after the Individual Sellers or the Institutional Sellers (as the case may be) have made a payment in respect of that Buyer Claim, the Buyer must pay to the Individual Sellers or the Institutional Sellers (as the case may be) the lesser of the amount of the Loss that was recovered or compensated for and the amount paid by the Individual Sellers or the

Institutional Sellers (as the case may be) in respect of the applicable Buyer Claim. This amount is paid as an increase in the value of the Consideration.

#### **Independent limitations**

- 14.13 Each qualification and limitation in this clause 14 is to be construed independently of the others and is not limited by any other qualification or limitation.

### **15. PROCEDURES FOR CLAIMS**

#### **Buyer Claims and Third Party Claims**

- 15.1 The Buyer must notify the Sellers:
- 15.1.1 as soon as reasonably practicable after it decides to make a Buyer Claim against the Individual Sellers and/or the Institutional where that Buyer Claim, either alone or together with other Buyer Claims, will exceed the applicable thresholds set out in clause 14.3; or
  - 15.1.2 within five business days of receiving a Third Party Claim which may give rise to a Buyer Claim against the Individual Sellers and/or the Institutional Sellers where that Buyer Claim, either alone or together with other Buyer Claims, may exceed any applicable thresholds set out in clause 14.3; and
  - 15.1.3 as soon as reasonably practicable (which means within five business days in regards to a Third Party Claim) if the Buyer becomes aware of any events, matters or circumstances (including any potential threatened Third Party Claim) which, whether alone or with any other Buyer Claim or circumstances or with the passing of time, are reasonably likely to give rise to a Buyer Claim against the the Individual Sellers and/or the Institutional Sellers.
- 15.2 The Buyer must include in any notice given under clause 15.1 (or at such later date if it becomes available):
- 15.2.1 all relevant details (including the estimated amount) then known to the Buyer of the Buyer Claim or the Third Party Claim including the events, matters or circumstances giving rise to the Buyer Claim or the Third Party Claim (as applicable); and
  - 15.2.2 a copy or extract of any part of a Demand identifying the liability or amount, or other evidence of the amount, relating to the Buyer Claim or the Third Party Claim, any additional information in respect of the Buyer Claim or Third Party Claim as it becomes available and if available or relevant, the applicable part of any material issued by a Government Agency specifying the basis, or evidence of the basis, for the Demand relating to the Buyer Claim Claim or the Third Party Claim (as applicable).
- 15.3 The Individual Sellers and or the Institutional Sellers (as the case may be) must be provided with a copy of the documents referred to in clause 15.2.2 as soon as practicable by the Buyer. The Buyer must continue to keep the Individual Sellers and/or the Institutional Sellers (as the case may be) informed of all developments in relation to a Buyer Claim or Third Party Claim notified under clause 15.1 or clause 15.1.3.



### Third Party Claims

- 15.4 Except with the prior written approval from the Sellers, the Buyer must not, and must ensure that each member of the Group does not accept, compromise, pay, agree to arbitrate, compromise, settle, make any admission or take any action in relation to a Third Party Claim which may lead to liability on the part of the Sellers or any Seller under a Buyer Claim or otherwise. The Sellers may not unreasonably withhold or delay its approval for the purposes of this clause. The Sellers or any Seller through the Sellers' Representative may assume the conduct of the defence of a Third Party Claim by written notice to the Buyer within 30 days of the date of a notice received under clause 15.1 in respect of a Buyer Claim arising from, involving or potentially involving a Third Party Claim. If the Sellers request, the Buyer must provide the Sellers with copies of all correspondence and notices with regard to the Claim and (to the extent that professional privilege can be maintained) copies of all opinions and advice of lawyers obtained in relation to the Claim.
- 15.5 Where the Sellers notify the Buyer under clause 15.4 that it wishes to assume the conduct of a Third Party Claim, the Sellers must:
- 15.5.1 before assuming the conduct of the defence of a Third Party Claim, provide the Buyer with an indemnity against all Loss which may result from the Sellers assuming the conduct of the defence of a Third Party Claim; and
  - 15.5.2 in conducting any proceedings or actions in respect of that Third Party Claim, liaise in good faith with the Buyer in relation to the defence of the Third Party Claim, provide the Buyer with reasonable access to a copy of any notice, correspondence or other document relating to the Third Party Claim and not settle or compromise the Third Party Claim where any obligations would be imposed on the Buyer beyond the scope of the Third Party Claim as a result of the settlement or compromise.
- 15.6 Where the Sellers have advised the Buyer that it wishes to assume the conduct of the defence of a Third Party Claim and provided the indemnity required under clause 15.5, the Buyer must:
- 15.6.1 take, in a prompt and timely manner, reasonable actions requested by the Sellers to avoid, contest, compromise or defend the Third Party Claim, including the use of the nominated professional advisers of the Sellers; and
  - 15.6.2 provide the Sellers with all assistance reasonably requested by it in relation to the Third Party Claim including providing access to witnesses, providing access to documentary and other evidence relevant to the Third Party Claim, providing access to the personnel, premises and assets of each member of the Group and allowing the Sellers and its legal advisers to inspect and take copies of all relevant books, records, files and documents; and
  - 15.6.3 procure that each member of the Group also acts in accordance with the requirements set out in this clause.
- 15.7 If the Sellers do not give notice to the Buyer that it wishes to assume the conduct of the defence of a Third Party Claim, the Buyer must procure that the entity conducting the defence of the Third Party Claim must act in good faith.

## 16. SUPERANNUATION

- 16.1 Subject to any obligations that the Sellers may have under Part 3A (Choice of fund requirements) of the *Superannuation Guarantee (Administration) Act 1992*, the superannuation arrangements that applied to the Employees immediately before the date of this agreement will continue following Completion until such time as the Buyer decides to change those arrangements.

### **Sellers not to increase benefits**

- 16.2 As from the date of this agreement, the Sellers must use reasonable endeavours to ensure that no action is taken, discretion exercised or omission occurs which would or might reasonably be expected to alter the benefits or contributions payable in respect of any Employee by or on behalf of the Sellers or any other person in respect of the Superannuation Funds from the level applicable immediately before the date of this agreement. This clause does not apply in the following cases:

- 16.2.1 to the extent reasonably necessary to secure a concession or Relief in respect of any duty or Tax or to avoid a penalty, detriment or disadvantage under a law affecting the Superannuation Funds; or
- 16.2.2 where the Buyer has given its written consent.

## 17. TERMINATION OF AGREEMENT

### **Termination**

- 17.1 This agreement may be terminated at any time before Completion:

- 17.1.1 by written agreement to that effect by the Sellers and the Buyer;

- 17.1.2 by the Buyer or the Sellers under clause 3.6;

- 17.1.3 by the Sellers pursuant to clause 17.2;

- 17.1.4 by the Sellers if the Buyer:

- 17.1.4.1 fails to perform and comply, in all material respects, with its obligations under this agreement to be performed and complied with in the period before Completion; or

- 17.1.4.2 fails to deliver to the Sellers each of the documents and instruments required to be delivered by it at Completion as detailed in schedule 9, or fails to otherwise perform all of its obligations required to be performed at Completion,

and then only where the Buyer does not remedy any such failure within ten business days of the Sellers giving the Buyer written notice setting out details of the specific failure to perform, comply or deliver;

- 17.1.5 by the Buyer if the Sellers:

17.1.5.1 fail to perform and comply, in all material respects, with their obligations under this agreement to be performed and complied with in the period before Completion; or

17.1.5.2 fail to deliver to the Buyer each of the documents and instruments required to be delivered by them at Completion as detailed in schedule 9 or fails to otherwise perform all of their obligations required to be performed at Completion,

and then only where the Sellers do not remedy any such failure within ten business days of the Buyer giving them written notice setting out details of the specific failure to perform, comply or deliver; or

17.1.6 by the Buyer if:

17.1.6.1 any material breach of the Seller Warranties comes to the notice of the Buyer; or

17.1.6.2 anything occurs or comes to the notice of the Buyer (except something arising from an act or omission of the Buyer) which has had, has or would be likely to have, after Completion, a Material Adverse Effect on any member of the Group, including but not limited to any of the following:

- (a) a strike, lockout or other significant industrial dispute arising or being threatened;
- (b) any litigation or arbitration proceedings being instituted or threatened by or against a member of the Group in respect of any act, matter or thing arising after the date of this agreement;
- (c) any significant Assets of a member of the Group being destroyed or damaged;
- (d) any senior manager or director of a member of the Group dying, becoming permanently incapacitated or terminating or giving notice to terminate their employment with the Group; or
- (e) any Government Agency or court or any other person or organisation in any jurisdiction instituting or threatening any action, suit or investigation to restrain, prohibit or otherwise challenge or interfere with the transactions contemplated under this agreement.

17.1.7 by the Buyer if, on the date set for Completion, not all of the Minority Sellers have executed a Minority Seller Sale Agreement.

#### **Circumstances in which the Sellers may Terminate**

17.2 The Sellers' Representative may, on behalf of the Sellers, terminate this Agreement by giving notice to the Buyer if, before Completion:

- 17.2.1 the Sellers become aware of any matter which was not known to them before the date of this Agreement, which was not as a result of their wilful action or gross negligence and which if Completion were to occur, would entitle the Buyer to make a Claim or Claims under this Agreement;
- 17.2.2 the Sellers have provided the Buyer with full and accurate details of the facts and circumstances which give rise to the Claim or potential Claim; and
- 17.2.3 the Buyer has not confirmed in writing within 5 business days of receiving the notice contemplated under clause 17.2.2 that it wishes to proceed to Completion and will unconditionally waive its rights to make a claim in respect of the facts and circumstances so notified.

#### **Effect of termination**

- 17.3 If the Buyer terminates this agreement under clause 17.1 then:
- 17.3.1 each party is relieved of any further obligations under this agreement, other than the obligations set out in the clauses referred to in clause 17.5, which will survive termination; and
- 17.3.2 the termination does not affect accrued rights arising from any breach of this agreement or any material breach of the Seller Warranties occurring before the termination, except that the Sellers shall not be liable for any material breach of the Seller Warranties where they terminate pursuant to clause 17.2, provided that there is no fraud, gross negligence or wilful default on the part of any the Sellers.

#### **Rights not limited**

- 17.4 Termination of this agreement by either party in accordance with this clause 17 will not limit or affect any accrued rights of a party arising from any breach of this agreement by another party before termination, including where such breach is the basis for termination by the other party.

#### **Survival**

- 17.5 Clauses 19, 21, 26 and this clause 17 (and those provisions of clause 1 which go to the interpretation of those clauses) continue to apply after termination of this agreement.

#### **Return of Confidential Information**

- 17.6 Upon termination of this agreement, the recipient of Confidential Information must immediately cease to use any records and materials, in any form, in its possession or control which contain or embody any Confidential Information and to the extent any such records and materials are electronic, delete all electronic copies of them and, otherwise, return such records and materials to the party that disclosed that information.

### **18. EXCLUSIVITY**

#### **No shop**

- 18.1 During the Exclusivity Period, the Sellers must ensure that neither they, nor any of their Representatives, directly or indirectly:

- 18.1.1 solicit, invite, facilitate, encourage or initiate any enquiries, negotiations, discussions or proposals;
- 18.1.2 provide or makes available any information (including by way of providing information and access to perform due diligence on the Company);
- 18.1.3 enter into any agreement, arrangement or understanding (whether or not in writing and whether or not legally binding); or
- 18.1.4 communicate any intention to do any of these things,

regarding the sale, an option to sell all or some of the Target Shares, Assets or the Business.

**No talk**

- 18.2 During the Exclusivity Period, the Sellers must ensure that neither they, nor any of their Representatives, directly or indirectly:

- 18.2.1 initiate, negotiate or enter into or participate in negotiations or discussions with any person; or
- 18.2.2 communicate any intention to do any of these things, in relation to, or which may reasonably be expected to lead to:
  - 18.2.2.1 the sale, an option to sell all or some of the Target Shares, Assets or the Business; or
  - 18.2.2.2 the Acquisition not completing.

**No disposal**

- 18.3 Except as otherwise permitted by this agreement, during the Exclusivity Period, the Sellers must not, and must procure that the Company does not, encumber, assign, charge or otherwise dispose of any component of the Company, including the Target Shares, the Assets or the Business, other than to the Buyer.

**19. CONFIDENTIALITY**

**Confidential Information**

- 19.1 Subject to clause 19.3, each party acknowledges that the terms of this agreement, the existence of this agreement, the fact that this agreement has been entered into and all information and material disclosed or provided to it or any of its Representative by any other party to this agreement or any of its Representatives in the course of communications or negotiations in connection with the sale of the Sale Shares is confidential.

**Parties must maintain confidentiality**

- 19.2 Each party agrees to maintain the confidentiality of the matters referred to in clause 19.1 and Confidential Information provided to it or retained by any Seller in any form after Completion, and not use, disclose or reproduce such Confidential Information for any purpose other than as permitted by this agreement.

#### **Permitted disclosures**

- 19.3 Notwithstanding clauses 19.1 and 19.2, and subject to clause 19.4, a party may disclose information where such disclosure:
- 19.3.1 has been expressly consented to by the other party or is specifically contemplated and permitted by this agreement;
  - 19.3.2 is made to a Representative of a party or to another person who must know it for the purposes of this agreement on the basis that the Representative or other person to whom the information is disclosed is bound by obligations of confidentiality no less onerous than those imposed on the parties to this agreement and keeps the information confidential; or
  - 19.3.3 is required by law or a regulatory body (including a relevant stock exchange), court or governmental or administrative authority.

#### **Required disclosures**

- 19.4 Where a party is required to make any disclosure in accordance with clauses 19.3.1 to 19.3.3, the party required to make that disclosure must, before doing so:
- 19.4.1 notify the other party of the proposed disclosure or announcement;
  - 19.4.2 coordinate and consult with the other party in relation to the timing and content of the disclosure;
  - 19.4.3 use its reasonable endeavours to comply with any reasonable request by another party concerning the proposed disclosure; and
  - 19.4.4 to the extent that the disclosure is required as a consequence of any requirement, action or decision of a regulatory body, give the other parties a reasonable opportunity to challenge in a court of law or other appropriate body whether the proposed disclosure is required.

#### **Notification of breach**

- 19.5 If a party becomes aware of a breach of any of the obligations set out in this clause 19, that party will immediately notify the other parties.

#### **Survival**

- 19.6 All obligations in this clause survive termination of this agreement.

### **20. PRIVACY**

- 20.1 With respect to the collection, use or disclosure of Personal Information in connection with this agreement, each party must not act in a manner which will cause the other party to be in breach of a Privacy Law.

## **21. GOODS AND SERVICES TAX**

### **Interpretation**

21.1 For the purposes of this clause 21:

- 21.1.1 unless otherwise stated, terms that have a defined meaning in this clause have the same meaning as in the GST Act;
- 21.1.2 the term "consideration" takes its ordinary meaning, rather than its defined meaning in the GST Act; and
- 21.1.3 if a supply is treated as a periodic or progressive supply under the GST Act, each periodic or progressive component of the supply will be treated as if it is a separate supply.

### **Consideration excludes GST**

21.2 Unless otherwise stated, all consideration to be paid or provided under this agreement is expressed exclusive of GST.

### **Payment of GST**

21.3 If GST applies to a supply made under this agreement, for consideration that is not stated to include GST, the recipient must pay to the supplier an additional amount equal to the GST payable on the supply ("GST Amount"). The GST Amount is payable at the same time that the first part of the consideration for the supply is to be provided. However, this clause 21.3 will not apply if the GST on the supply is reverse charged and payable by the recipient.

### **Tax invoices and adjustment notes**

21.4 Notwithstanding any other provision, the recipient need not pay the GST Amount until it has received from the supplier a tax invoice or adjustment note (as the case may be).

### **Adjustment events**

21.5 If an adjustment event arises in respect of a supply to which clause 21.3 applies, the GST Amount must be adjusted to reflect the adjustment event and a payment must be made by the supplier to the recipient, or by the recipient to the supplier, as the case may be.

### **Reimbursement and indemnity payments**

21.6 If a party is entitled to be reimbursed or indemnified for a cost or expense under this agreement the amount to be reimbursed must be reduced to the extent that the party (or the representative member for a GST group of which that party is a member) is entitled to an input tax credit for the cost or expense.

### **GST excluded from calculations**

21.7 Unless otherwise stated, if an amount payable under this agreement is to be calculated by reference to:

- 21.7.1 the consideration to be received for a supply; or

21.7.2 the consideration to be provided for an acquisition;

then, for the purposes of that calculation, the consideration is to be reduced to the extent that it includes any amount on account of GST (regardless of whether the amount is separately identified or included as part of the consideration).

#### **Survival on termination**

21.8 This clause 21 will survive the termination of this agreement.

### **22. GUARANTEES AND INDEMNITIES**

22.1 The Buyer agrees that it will use its best efforts to co-operate with the Sellers to procure that the Guarantors are released from their liabilities or potential liabilities under the Guarantees and Indemnities with effect from Completion. If the Guarantors cannot be released from their liabilities or potential liabilities on Completion then the Buyer must use its best efforts to procure that the guarantors are released from their liabilities or potential liabilities under the Guarantees and Indemnities as soon as possible, following Completion.

22.2 If any Claim is made against the Guarantors under the Guarantees and Indemnities following Completion, the Buyer must indemnify the Guarantors from those Claims and all costs associated with those Claims to the extent that the Claims relate to an event, act or omission occurring after Completion.

22.3 This clause is for the benefit of the Guarantors and cannot be amended or rescinded without the approval of the Guarantors.

### **23. ACCESS TO DOCUMENTS AND RECORDS**

23.1 The Sellers (alone or together with their advisors) shall on the provision of reasonable notice to the Buyer, be entitled to have access during business hours to those books and records of the Company that are relevant for the purposes of the Sellers (or any of them) complying with legal obligations (including filing tax returns) or defending any Claims made against them (including Buyer Claims).

### **24. APPOINTMENT OF SELLERS' REPRESENTATIVE**

#### **Appointment of Sellers' Representative**

24.1 Each Seller individually, irrevocably and unconditionally appoints the Sellers' Representative to be their attorney, agent and representative to do any or all acts, matters or things which the Sellers' Representative in its sole discretion considers necessary, convenient or appropriate to give effect to this agreement or any act or document contemplated by this agreement, including:

24.1.1 to give or receive any notice, including direction or waiver required to be given in writing, under this agreement on behalf of the Sellers or any one of them;

24.1.2 to receive on behalf of the Sellers any document which the Buyer gives or delivers in respect of the transactions contemplated by this agreement;

24.1.3 to agree any amendment or variation to this agreement or any document contemplated by this agreement;



- 24.1.4 to agree or negotiate any claim of the Buyer in respect of this agreement or any document contemplated by this agreement, including any claim in respect of the Warranties or in respect of any indemnity set out in this agreement or any document contemplated by this agreement; and
- 24.1.5 to receive any payments due to the Sellers or any of them made by the Buyer or any other person under this agreement or any document contemplated by this agreement.

#### **Limitation on Sellers exercising rights**

- 24.2 Each Seller agrees that it shall only exercise its rights pursuant to this agreement through the Sellers' Representative acting as its attorney, agent and representative pursuant to this clause 24.

#### **Resignation of Sellers' Representative**

- 24.3 In circumstances other than the death or incapacity of the Sellers' Representative, the Sellers' Representative may not resign as Sellers' Representative unless a replacement Sellers' Representative is appointed by majority agreement of the Sellers and such new Sellers' Representative agrees with the parties to this agreement to be bound to and by the terms of this clause 23, which agreement must be in a form approved by the Buyer.

#### **Acts by or in relation to the Sellers**

- 24.4 Where any action, agreement or direction of, or notice to or by, the Sellers is referred to or required under this agreement then it shall be sufficient for the purposes of this agreement if such action, agreement or direction, or notice is made to or given by (as the case may be) the Sellers' Representative.
- 24.5 All acts of the Sellers' Representative pursuant to this clause 23 shall be deemed to be acts for and on behalf of the Sellers and not of the Sellers' Representative individually.

#### **Reliance**

- 24.6 The Buyer may rely on any decision, action, consent or instruction of the Sellers' Representative acting in such capacity and done in accordance with this clause 23 as being a decision, action, consent or instruction of each and every Seller.

#### **No individual liability**

- 24.7 The Sellers' Representative acting in such capacity will not have any liability to the Buyer or any Seller, or the Company in respect to its actions as Sellers' Representative under this agreement, other than to the extent caused by the Sellers' Representative's fraud or dishonesty.

#### **Indemnity**

- 24.8 The Sellers each jointly and severally indemnify the Sellers' Representative and hold the Sellers' Representative harmless from and against any loss, liability, damage, cost, expense, claim, demand, suit or action suffered or incurred by the Sellers' Representative in or arising out of or in connection with the acceptance, administration or performance of its duties and obligations under this agreement, other than to the extent of any loss, liability, damage, cost, expense, claim, demand, suit or action is caused by fraud or dishonesty of the Sellers' Representative.

## **25. NOTICES**

### **Notices etc only by authorised signatories**

- 25.1 Any notice or communication given or made by a party in connection with this agreement must be executed by that party or signed by an authorised signatory of that party. A person is an authorised signatory if he or she is a director of the relevant party, or if he or she is authorised in writing by that party. Any notice sent by email is taken to be signed by the named sender.

### **Giving notices**

- 25.2 Any notice or communication given to a party under this agreement is only given if it is in writing, marked for the attention of the relevant department or officer (if any) set out in schedule 2, and sent in one of the following ways:

- 25.2.1 delivered or posted to that party at its address set out in schedule 2; or  
25.2.2 emailed to that party at its email address set out in schedule 2.

### **Change of address or email address**

- 25.3 If a party gives the other party three business days' notice of a change of its address or email address, any notice or communication is only given by that other party if it is delivered or posted to the latest address or email address.

### **Time notice is given**

- 25.4 Any notice or communication is to be treated as given at the following time:
- 25.4.1 if it is delivered, when it is left at the relevant address;
- 25.4.2 if it is sent by post, two (or, in the case of a notice or communication posted to another country, nine) business days after it is posted; or
- 25.4.3 if it is sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent.

- 25.5 However, if any notice or communication is given on a day that is not a business day, or after 5.00pm, in the place of the party to whom it is sent it will be treated as having been given at the beginning of the next business day in that place.

### **Copies of notices etc**

- 25.6 A failure to provide a copy of any notice or communication to a person where required under this agreement does not affect the delivery of a notice or communication under this clause 25.

## **26. MISCELLANEOUS**

### **Approvals and consents**

- 26.1 Unless this agreement expressly provides otherwise, a party may give or withhold an approval or consent in that party's absolute discretion and subject to any conditions determined by the party. A party is not obliged to give its reasons for giving or withholding a consent or approval or for giving a consent or approval subject to conditions. Where this agreement refers to a matter being to the 'satisfaction' of a party, this means to the satisfaction of that party in its absolute discretion.

### **Assignment**

- 26.2 A party must not assign, novate or transfer any of its rights or obligations under this agreement or attempt to do so without the prior written consent of each other party.

### **Benefits held on trust**

- 26.3 The Buyer holds the benefit of each indemnity, promise and obligation in this agreement, expressed to be for the benefit of a member of the Group, a director, officer or employee of the Buyer on trust for a member of the Group, that director, officer or employee and the parties agree that the Buyer may enforce this agreement on behalf of such person.

### **Costs**

- 26.4 Except as otherwise set out in this agreement, each party must pay its own costs and expenses in relation to preparing, negotiating, executing and completing this agreement and any document related to this agreement.

### **Duty**

- 26.5 The Buyer must pay all Duty payable in connection with this agreement and any document, agreement or transaction contemplated by or incidental to this agreement. If a party other than the Buyer pays any Duty on or relating to this agreement or any document, agreement or transaction contemplated by or incidental to this agreement, the Buyer must pay that amount to the other party on demand.

### **Effect of Completion**

- 26.6 Each obligation and undertaking set out in this agreement which is not fully performed at Completion will continue in full force and effect after Completion.

### **Entire agreement**

- 26.7 This agreement contains everything the parties have agreed on in relation to the subject matter it deals with. No party can rely on an earlier written document or anything said or done by or on behalf of another party before this agreement was executed.

### **Execution of separate documents**

- 26.8 This agreement is properly executed if each party executes either this document or an identical document. In the latter case, this agreement takes effect when the separately executed documents are exchanged between the parties.

### **Exercise of rights**

- 26.9 A party may exercise a right, power or remedy at its discretion, and separately or concurrently with another right, power or remedy. A single or partial exercise of a right, power or remedy by a party does not prevent a further exercise of that or of any other right, power or remedy and failure by a party to exercise, or delay by a party in exercising, a right, power or remedy does not prevent its exercise. Except where expressly stated to the contrary in this agreement, the rights of a party under this agreement are cumulative and are in addition to any other rights available to that party whether those rights are provided for under this agreement or by law.

### **Further acts**

- 26.10 Each party must at its own expense promptly execute all documents and do or use reasonable endeavours to cause a third party to do all things that another party from time to time may reasonably request in order to give effect to, perfect or complete this agreement and all transactions incidental to it.

### **Governing law and jurisdiction**

- 26.11 This agreement is governed by the law of Western Australia. The parties submit to the non-exclusive jurisdiction of its courts and courts of appeal from them. The parties will not object to the exercise of jurisdiction by those courts on any basis.

### **Indemnities**

- 26.12 The indemnities contained in this agreement are continuing, separate and independent obligations of the parties from their other obligations, survive the termination of this agreement and are absolute and unconditional and unaffected by anything which otherwise might have the effect of prejudicing, releasing, discharging or affecting the liability of the party giving the indemnity.

### **Interest**

- 26.13 If any sum due for payment under this agreement by a party is not paid on the due date, the party in default must pay, if demand is made, interest on that sum from, and including the due date until, and including, the date of actual payment. The interest payable will be calculated at the rate per annum which is the sum of the Interest Rate on the date on which the payment was due, plus a margin of 2 per cent, calculated daily. The person to whom interest is payable under this clause may, at their discretion, capitalise that interest payable at monthly intervals. The right to require payment of interest under this clause is without prejudice to any other rights the non-defaulting party may have against the defaulting party at law or in equity.

### **No adverse construction**

- 26.14 No term or condition of this agreement will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this agreement or that provision.

### **Severability**

- 26.15 Each provision of this agreement is individually severable. If any provision is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from this agreement in the relevant jurisdiction, but the rest of this agreement will not be affected.

The legality, validity and enforceability of the provision in any other jurisdiction will not be affected.

#### **Time of essence**

- 26.16 Time is of the essence for the performance by each party of its obligations under this agreement.

#### **Variation**

- 26.17 No variation of this agreement will be of any force or effect unless it is in writing and signed by each party to this agreement.

#### **Waiver**

- 26.18 A waiver of any right, power or remedy under this agreement must be in writing signed by the party granting it. A waiver only affects the particular obligation or breach for which it is given. It is not an implied waiver of any other obligation or breach or an implied waiver of that obligation or breach on any other occasion. The fact that a party fails to do, or delays in doing, something the party is entitled to do under this agreement does not amount to a waiver.

#### **Buyer Conduct in relation to Contingent Share Rights**

- 26.19 The Buyer must not take any action (other than where this is required by law, including the Listing Rules), including but not limited to changing accounting policies, which would cause any of the benefits of the Sellers or the Minority Sellers under the Class A Contingent Share rights or the Class B Contingent Share Rights to be reduced or eliminated (except pursuant to a new issue of Shares in the Buyer in which the Seller or Minority Seller is not entitled to participate). If any provision of law requires the Buyer to take action which will reduce or eliminate the rights of the Sellers or Minority Sellers in respect of the Class A Contingent Share Rights or the Class B Contingent Share Rights the Buyer must give notice to the Sellers and the Minority Sellers of the action to be taken and identify the legal obligations pursuant to which the obligations arise.

#### **Appointment of Buyer as attorney for completion of application form**

- 26.20 Each Seller hereby appoints the Buyer as its attorney for the purpose of completing any application form, which is required to be completed by the Sellers in respect of the offer of the Consideration under the Prospectus.

**EXECUTION**

Executed as a deed.

Signed by **Malcolm Pradhan** in the presence of:

.....  
Signature of witness

.....  
Signature of **Malcolm Pradhan**

.....  
Name of witness (print)

Signed by **Raymond Howard Blight** in the presence of:

.....  
Signature of witness

.....  
Signature of **Raymond Howard Blight**

.....  
Name of witness (print)

Executed by **BSPE MEDICAL  
TECHNOLOGY PTY LIMITED ACN 152  
778 544 AS TRUSTEE FOR THE BSPE  
MEDICAL TECHNOLOGY UNIT TRUST**  
in accordance with s127 of the Corporations Act  
2001:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

Executed by **ALLURE CAPITAL PTY LTD**  
in accordance with s127 of the Corporations Act  
2001:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

Executed by **ALCIDION CORPORATION**  
**PTY LTD ACN 093 148 488** in accordance  
with s127 of the Corporations Act 2001:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

Executed by **NARACOOTA RESOURCES**  
**LIMITED ACN 143 142 410** in accordance  
with s127 of the Corporations Act 2001:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

# **SCHEDULE 1: COMPANY, SUBSIDIARY, SALE SHARES AND CONSIDERATION DETAILS**

## **Part 1: Company**

Company Name	Alcidion Corporation Pty Ltd ACN 093 148 488
Registered Office	Level 7, 420 King William Street, Adelaide SA 5000
State or Territory	South Australia
Principal place of business	Suite 3, Level 2, 40 Greenhill Road, Wayville SA 5034
Directors	Raymond Howard Blight, Malcolm Pradhan, Alexander Duncan Keith McNab (to resign on 21 December 2015) and Nathan Buzza Mr Nicholas Dignam (to be appointed on 21 December 2015)
Company Secretary	Raymond Howard Blight
Number of shares	13,555,032 - Ordinary Shares

## **Part 2: Subsidiaries**

Company Name	Pelsaert Capital Pty Ltd ACN 606 232 026
Registered Office	Level 7, 420 King William Street, Adelaide SA 5000
State or Territory	Western Australia
Principal place of business	Level 7, 420 King William Street, Adelaide SA 5000
Directors	Nathan Buzza
Company Secretary	Nathan Buzza
Number of shares	100 Ordinary Shares



### Part 3: Sale Shares

Malcolm Pradhan	4,739,577 - Ordinary Shares
Raymond Howard Blight	3,339,577 - Ordinary Shares
BSPE Medical Technology Pty Limited as trustee for the BSPE Medical Technology Unit Trust	3,079,155 - Ordinary Shares
Allure Capital Pty Ltd	1,112,910 - Ordinary Shares
Total	12,271,219 Ordinary Shares

### Part 4: Consideration Shares

Malcolm Pradhan	139,861,782 NRR Shares
Raymond Howard Blight	98,548,711 NRR Shares
BSPE Medical Technology Pty Limited as trustee for the BSPE Medical Technology Unit Trust	90,863,812 NRR Shares
Allure Capital Pty Ltd	32,841,225 NRR Shares

### Part 5: Contingent Share Rights

Malcolm Pradhan	46,620,594
Raymond Howard Blight	32,849,570
BSPE Medical Technology Pty Limited as trustee for the BSPE Medical Technology Unit Trust	30,287,937
Allure Capital	10,947,075

Malcolm Pradhan	46,620,594
Raymond Howard Blight	32,849,570
BSPE Medical Technology Pty Limited as trustee for the BSPE Medical Technology Unit Trust	30,287,937
Allure Capital	10,947,075

#### Part 6: Target Shares

Malcolm Pradhan	4,739,577 - Ordinary Shares
Raymond Howard Blight	3,339,577 - Ordinary Shares
BSPE Medical Technology Pty Limited as trustee for the BSPE Medical Technology Unit Trust	3,079,155 - Ordinary Shares
Allure Capital Pty Ltd	1,112,910 - Ordinary Shares
Ms Lin Lin Stephens	312,500 - Ordinary Share
Bellwether Super Pty Ltd as trustee for the Craig Superannuation Fund	200,000 - Ordinary Shares
Mr Duncan Robert Craig	131,250 - Ordinary Shares
Mr Phillip John Coulson	107,672 - Ordinary Shares
Walani Pty Ltd	107,672 - Ordinary Shares
Mr Jacob Oscar Coulson	86,138 - Ordinary Shares
Mr Timothy Arthur Kestell	64,603 - Ordinary Shares
Mr Samuel Jefferson Blight	62,500 - Ordinary Shares
Mr Chris Michael Threlfo	62,500 - Ordinary Shares
Smac Nominees Pty Ltd	43,069 - Ordinary Shares
Sean Barry Colyer	9,375 - Ordinary Shares

David John Datson and Carolyn Mary Datson as trustees of the EDT Computer Services Superannuation Fund	31,250 - Ordinary Shares
Mr David Jay Karon	31,250 - Ordinary Shares
Konkera Pty Ltd	21,534 - Ordinary Shares
Chris James van der Pennen	3,125 Ordinary Shares
Ida Bagus Gede Indra Parwita	9,375 - Ordinary Shares
<b>Total</b>	<b>13,555,032</b>

**Part 7: Minority Sellers and Minority Seller Consideration**

Minority Seller	Minority Seller Consideration Shares	Class A Contingent Share Rights	Class B Contingent Share Rights
Ms Lin Lin Stephens	9,221,668	3,073,889	3,073,889
Bellwether Super Pty Ltd as trustee for the Craig Superannuation Fund	5,901,868	1,967,289	1,967,289
Mr Duncan Robert Craig	3,873,101	1,291,033	1,291,033
Mr Phillip John Coulson	3,177,329	1,059,110	1,059,110
Walani Pty Ltd	3,177,329	1,059,110	1,059,110
Mr Jacob Oscar Coulson	2,541,863	847,288	847,288
Mr Timothy Arthur Kestell	1,906,397	635,465	635,465
Mr Samuel Jefferson Blight	1,844,334	614,778	614,778
Mr Chris Michael Trelflo	1,844,333	614,778	614,778
Smac Nominees Pty Ltd	1,270,931	423,644	423,644
Mr Sean Barry Colyer	276,650	92,217	92,217

Minority Seller	Minority Seller Consideration Shares	Class A Contingent Share Rights	Class B Contingent Share Rights
David John Datson and Carolyn Mary Datson as trustees for the EDT Computer Services Superannuation Fund	922,167	307,389	307,389
David Jay Karon	922,167	307,389	307,389
Konkera Pty Ltd	635,465	211,822	211,822
Chris James Van der Pennen	92,217	30,739	30,739
Ida Bagus Gede Indra Parwita	276,650	92,217	92,217

## SCHEDULE 2: PARTIES AND NOTICE DETAILS

<b>MALCOLM PRADHAN</b>	
Address:	26 BURKE STREET, TUSMORE SA 5065
Email address:	malcolm.pradhan@alcidion.com
Attention:	MR MALCOLM PRADHAN
<b>RAYMOND HOWARD BLIGHT</b>	
Address:	15 OCEANVIEW CRESCENT, MOUNT OSMOND SA 5064
Email address:	ray.blight@alcidion.com
Attention:	MR RAYMOND HOWARD BLIGHT
<b>BSPE MEDICAL TECHNOLOGY PTY LIMITED ACN 152 778 544</b>	
Address:	"PORT" OFFICE SUITE, LEVEL 2, 40 EDWARD STREET, BRISBANE QLD 4000
Email address:	amcnab@blueskyfunds.com.au
Attention:	MR ALEXANDER MCNAB
<b>ALLURE CAPITAL PTY LTD ACN 152 310 766</b>	
Address:	C/- VAN MANNEN BURSON, SUITE 6, 100 HAY STREET, SUBIACO WA 6008
Email address:	nathan@allurecapital.com
Attention:	MR NATHAN BUZZA

<b>NARACOOTA RESOURCES LIMITED ACN 143 142 410</b>	
Address:	SUITE 9, 330 CHURCHILL AVENUE, SUBIACO WA 6008
Email address:	jp@ciceroadvisory.com.au
Attention:	MR JOSH PUCKRIDGE

For personal use only

<b>ALCIDION CORPORATION PTY LTD ACN 093 148 488</b>	
<b>Address:</b>	LEVEL 7, 420 KING WILLIAM STREET, ADELAIDE SA 5000
<b>Email address:</b>	duncan.craig@alcidion.com
<b>Attention:</b>	MR DUNCAN CRAIG

### **SCHEDULE 3: BUYER WARRANTIES**

#### **1. CORPORATE**

- 1.1 The Buyer has taken all necessary action to authorise the execution, delivery and performance of this agreement in accordance with its terms.
- 1.2 The Buyer has full power to enter into and perform its obligations under this agreement and can do so without the consent of any other person.
- 1.3 The execution, delivery and performance by the Buyer of this agreement complies with each law, regulation, Authorisation, ruling, judgment, order or decree of any Government Agency, the constitution or other constituent documents of the Buyer and any Security Interest which is binding on the Buyer.

#### **2. INSOLVENCY**

- 2.1 No receiver or receiver and manager, liquidator or statutory manager has been appointed in respect of the Buyer or in respect of the whole or any part of the assets or undertaking of the Buyer.
- 2.2 No administration order has been made and no petition has been presented for such an order in respect of the Buyer.
- 2.3 No application has been made, no resolution passed or proposed in a notice of meeting or any other steps taken for the winding up of the Buyer.
- 2.4 The Buyer has not stopped or suspended payment of its debts or become unable to pay its debts. The Buyer is not insolvent within the meaning of section 95A of the Corporations Act.
- 2.5 No unsatisfied judgment, order or award is outstanding against the Buyer and no distress or execution has been levied on, or other process commenced against, any asset of the Buyer.
- 2.6 No deed of company arrangement is in force or has been proposed under Part 5.3A of the Corporations Act in respect of the Buyer.

#### **3. CONTINUOUS DISCLOSURE**

- 3.1 The Buyer is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

#### **SCHEDULE 4: INSTITUTIONAL SELLER WARRANTIES**

##### **1. CORPORATE**

###### **1.1 Each Institutional Seller (in respect of itself only):**

1.1.1 has taken all necessary action to authorise the execution, delivery and performance of this agreement in accordance with its terms; and

1.1.2 has full power to enter into and perform its obligations under this agreement and can do so without the consent of any other person.

1.2 The execution, delivery and performance each Institutional Seller of this agreement complies with each law, regulation, Authorisation, ruling, judgment, order or decree of any Government Agency, the constitution or other constituent documents of the Institutional Seller and any Security Interest which is binding on the Institutional Seller.

1.3 Each Institutional Seller warrants (in respect of itself only) that this agreement constitutes or will, when executed by the relevant person, constitute legal, valid and binding obligations of the Institutional Seller in accordance with its terms.

##### **2. SALE SHARES**

2.1 Each Institutional Seller (in respect of itself only) is the sole registered holder of, and is entitled to sell and transfer the full legal and beneficial ownership in the Sale Shares (set out next to its name in part 3 of schedule 1 to the Buyer free from any Security Interest and with all rights attaching thereto at Completion and thereafter.

##### **3. INSOLVENCY**

###### **3.1 Each Institutional Seller (in respect of itself only) confirms that:**

3.1.1 no receiver or receiver and manager, liquidator or statutory manager has been appointed in respect of it or in respect of the whole or any part of the assets or undertaking of it;

3.1.2 no administration order has been made and no petition has been presented for such an order in respect of it.

3.1.3 no application has been made, no resolution passed or proposed in a notice of meeting or any other steps taken for the winding up of it.

3.1.4 it has not has stopped or suspended payment of its debts and has not become unable to pay its debts. It is not insolvent within the meaning of section 95A of the Corporations Act.

3.1.5 no unsatisfied judgment, order or award is outstanding against it and no distress or execution has been levied on, or other process commenced against, any of its assets.

3.1.6 no deed of company arrangement is in force or has been proposed under Part 5.3A of the Corporations Act in respect of it.



**4. VOIDABLE TRANSACTIONS**

4.1 Each Institutional Seller (in respect of itself only) confirms that it has not entered into any transaction that could give any person the right to do either of the following:

4.1.1 recover the Institutional Seller's Sale Shares; or

4.1.2 receive any payment from the Buyer or the Company.

This is the case whether under Division 2 of Part 5.7B of the Corporations Act or otherwise including the equivalent laws of any other applicable jurisdiction.

## **SCHEDULE 5: INDIVIDUAL SELLER WARRANTIES**

### **1. INFORMATION**

#### **Accuracy of information**

- 1.1 To the best of the knowledge information and belief of the Sellers all material information given by or on behalf of the Sellers or their respective Representatives to the Buyer or its Representatives in respect of the sale of the Sale Shares and the transactions contemplated by this agreement is accurate and complete in all respects and is not misleading. the information provided to the Buyer or its Representatives for the purpose of due diligence is accurate and complete in all material respects and is not misleading.

#### **Adverse circumstances**

- 1.2 After due and careful enquiry, the Sellers are not aware of any circumstances which might reasonably be expected to materially and adversely affect the financial position, business, operations, assets, profitability or prospects of any member of the Group or the value of the Sale Shares.

#### **Information in schedules accurate and complete**

- 1.3 to the best of the knowledge information and belief of the Sellers all information set out in the schedules to this agreement is accurate and complete in all respects and is not misleading.

### **2. SELLERS**

#### **Corporate**

- 2.1 Each Seller has full corporate power and authority to enter into and give effect to this agreement and to complete the transactions contemplated by it.
- 2.2 Each Seller has taken all necessary action to authorise the execution, delivery and performance of this agreement in accordance with its terms.
- 2.3 The execution, delivery and performance by each Seller of this agreement complies with each law, regulation, Authorisation, ruling, judgment, order or decree of any Government Agency, the constitution or other constituent documents of each Seller and any Security Interest which is binding on it.
- 2.4 Compliance with the terms of this agreement does not and will not do any of the following:
- 2.4.1 conflict with or constitute a default under any agreement or instrument to which any member of the Group is a party or any Security Interest, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind by which any member of the Group is bound;
- 2.4.2 relieve any other party to a contract with a member of the Group of its obligations or enable that party to vary or terminate its rights or obligations under that contract; or
- 2.4.3 result in the creation, imposition or crystallisation of any Security Interest on any of the property or assets of a member of the Group.

### **Insolvency**

- 2.5 No receiver or receiver and manager, liquidator or statutory manager has been appointed in respect of any Seller or in respect of the whole or any part of the assets or undertaking of any Seller.
- 2.6 No administration order has been made and no petition has been presented for such an order in respect of any Seller.
- 2.7 No application has been made, no resolution passed or proposed in a notice of meeting or any other steps taken for the winding up of any Seller.
- 2.8 No Seller has stopped or suspended payment of its debts or become unable to pay its debts. No Seller is insolvent within the meaning of section 95A of the Corporations Act.
- 2.9 No unsatisfied judgment, order or award is outstanding against any Seller and no distress or execution has been levied on, or other process commenced against, any asset of any Seller.
- 2.10 No deed of company arrangement is in force or has been proposed under Part 5.3A of the Corporations Act in respect of any Seller.

### **Voidable transactions**

- 2.11 No Seller has entered into any transaction that could give any person the right to do either of the following:
  - 2.11.1 recover the Sale Shares; or
  - 2.11.2 receive any payment from the Buyer or any member of the Group.

This is the case whether under Division 2 of Part 5.7B of the Corporations Act or otherwise including the equivalent laws of any other applicable jurisdiction.

## **3. TARGET SHARES AND SALE SHARES**

- 3.1 The Target Shares, as set out in part 6 of schedule 1, will at Completion constitute the whole of the issued and allotted share capital of the Company. All of the Target Shares will at Completion have been duly issued and allotted, will be fully paid, and no money will be owing in respect of any of them.
- 3.2 Each Target Shareholder will, at Completion, be the registered holder of the Target Shares as set out in part 6 of schedule 1 and will be entitled to sell and transfer the full legal and beneficial ownership of the Target Shares to the Buyer on the terms set out in this agreement and the Minority Seller Sale Agreements. Unless otherwise stated in schedule 1, no Target Shareholder owns the Target Shares as trustee of any trust.
- 3.3 Where it is contemplated by this agreement that shares in the Company will be transferred, there is no restriction on transfer of shares under the constitution of the Company which will not be complied with or waived at Completion.
- 3.4 At Completion there will be no Security Interest over or affecting any of the Sale Shares. There is no commitment to give or create any such Security Interest, and no person has claimed to be entitled to any such Security Interest.

3.5 No person is entitled, or has claimed to be entitled, to require any member of the Group to issue any share capital either now or at any future date (whether contingently or not). There are no agreements in force under which any person is or may be entitled to, or has the right to call for the issue of, any shares in the Company or securities convertible into or exchangeable for shares in the Company. The Company has not given, granted or agreed to grant any option or right (whether contingent or not) in respect of its unissued shares.

3.6 The Company has not at any time given any financial assistance in connection with the purchase of shares as would fall within the provisions of Part 2J.3 of the Corporations Act.

3.7 No power of attorney, proxy or other equivalent right has been granted by any Seller or by anyone else in respect of any rights attaching to the Sale Shares except as contemplated by this agreement.

3.8 The Sale Shares have not been the subject of a transaction at an undervalue.

#### **4. COMPANY AND MEMBERS OF THE GROUP**

##### **Incorporation and company details**

4.1 Each member of the Group is duly incorporated and exists under the law of its place of incorporation. The details relating to each member of the Group set out in schedule 1 are complete and accurate in all respects.

##### **Constituent documents**

4.2 The constitutions of each member of the Group to be delivered to the Buyer at Completion and signed by a director for the purpose of identification are the present constitutions of the members of the Group and are accurate and complete in all respects. All resolutions affecting those constitutions have been given to the Buyer. The Business and affairs of each of the members of the Group have been conducted in accordance with its constitution.

##### **Registers, returns, filings**

4.3 The register of shareholders, statutory books and other registers of each member of the Group are up to date and have been properly kept in accordance with all legal requirements.

4.4 All returns, resolutions and other documents which each member of the Group is required by law to file with or deliver to ASIC have been correctly made up and duly filed or delivered.

##### **Powers of attorney**

4.5 No member of the Group has granted any power of attorney or similar authority which remains in force.

##### **Associated entities, joint venturers and investments**

4.6 Except as stated in the schedules to this agreement:

4.6.1 no member of the Group holds or beneficially owns any securities of any other corporation and has not agreed to acquire any securities of any other corporation;

4.6.2 no member of the Group is the holder of any rights or options to subscribe for, purchase or acquire any shares, securities, partnership interest or joint venture interest in any other entity; and

4.6.3 no member of the Group is or has agreed to become, a member of any partnership or other unincorporated association, joint venture or consortium (excluding recognised trade associations).

#### **Insolvency**

4.7 No receiver or receiver and manager, liquidator or statutory manager has been appointed in respect of any member of the Group or in respect of the whole or any part of the Assets or undertakings of any member of the Group.

4.8 No administration order has been made and no petition has been presented for such an order in respect of any member of the Group.

4.9 No application has been made, no resolution passed or proposed in a notice of meeting or any other steps taken for the winding up of any member of the Group.

4.10 No member of the Group has stopped or suspended payment of its debts or become unable to pay its debts.

4.11 No member of the Group is insolvent within the meaning of section 95A of the Corporations Act.

4.12 No unsatisfied judgment, order or award is outstanding against any member of the Group and no distress or execution has been levied on, or other process commenced against, any asset of any member of the Group.

4.13 No deed of company arrangement is in force or has been proposed under Part 5.3A of the Corporations Act in respect of any member of the Group.

4.14 No member of the Group is liable to be struck off the register of companies.

#### **Voidable transactions**

4.15 No member of the Group has entered into any transaction that could give any person the right to set aside any right that the Group has in relation to that person or recover property or receive any payment from any member of the Group. This is the case whether under Division 2 of Part 5.7B of the Corporations Act or otherwise including the equivalent laws of any applicable jurisdiction.

### **5. COMPLIANCE WITH LAWS**

5.1 Each member of the Group (including the executives, directors, managers and contractors of each member of the Group) has complied with the requirements of any applicable statute, regulation, code or practice, circular, guidance notice or similar or Government Agency material to the operation of the Business, including, without limitation, all legal requirements concerning consumer transactions which affect the operations of the Group, maintenance of all registers and books and filings, registrations or delivery of documents to any Government Agency.

## **6. ASSETS**

### **Ownership of Assets**

- 6.1 The Assets comprise all the assets that are used in connection with, or are necessary for, the continuing conduct of the Business. At Completion all Assets will be legally and beneficially owned by a member of the Group free from any Security Interests and in the possession of or under the control of a member of the Group.
- 6.2 At Completion, no amount will be owing to any person under any of the Equipment Leases (except as Disclosed) and no person will have any interest in the Assets under the Equipment Leases.
- 6.3 None of the Assets are the subject of any lease, lease hire agreement, hire purchase agreement or agreement for payment on deferred terms or is the subject of any licence or factoring arrangement.
- 6.4 Except for current assets offered for sale or sold in the ordinary course of its usual business, no member of the Group has since the Accounts Date disposed of any of the Assets or any assets acquired or agreed to be acquired since the Accounts Date.
- 6.5 None of the property, assets, undertaking, goodwill or uncalled capital of any member of the Group is subject to any Security Interest or any agreement or commitment to give or create any Security Interest save as Disclosed.
- 6.6 None of the Assets have been the subject of a transaction at an under value.

## **7. LITIGATION AND OTHER PROCEEDINGS**

- 7.1 There are no proceedings pending or threatened by or against any member of the Group.
- 7.2 No member of the Group is the subject of any investigation, inquiry or enforcement proceedings or process by any Government Agency.
- 7.3 There is no unsatisfied judgment, order, arbitration, award or decision of any court, tribunal or arbitrator against any member of the Group and no outstanding claims against any member of the Group.
- 7.4 The Sellers are not aware of anything which is likely to give rise to any material litigation, arbitration, dispute resolution or other similar proceedings by or against any member of the Group, or any director or manager of any member of the Group.
- 7.5 So far as the Sellers are aware, no member of the Group nor any directors or senior managers of any member of the Group are the subject of any investigation, inquiry or enforcement proceedings or process by any Government Agency.

## **8. ACCOUNTS AND FINANCIAL RECORDS**

### **Accounts**

- 8.1 The Accounts have been prepared in accordance with the Accounting Standards, the Corporations Act and other applicable legal requirements.

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- 8.2 The Accounts give a true and fair view of the state of affairs of the Group as at the Accounts Date and of the profit and loss of the Group for the period ended on the Accounts Date and are accurate and complete in all respects.
  - 8.3 The Accounts contain either provisions adequate to cover, or full particulars in notes, of all Taxation (including deferred Taxation) and other liabilities (whether quantified, contingent or otherwise) of the Group as at the Accounts Date.
  - 8.4 The Accounts are not affected by any unusual or non-recurring items.
  - 8.5 Any and all work in progress at Completion is fully recoverable at normal selling price within six months after Completion in the usual course of business.
  - 8.6 Any slow-moving stock included in the Accounts has been written down appropriately and any damaged, redundant, obsolete or unsaleable stock has been wholly written off and the value attributed to remaining stock.
  - 8.7 The Accounts have been prepared on a basis consistent with the basis employed in the accounts of the Group for each of the three preceding financial periods with the exception of any change in accounting treatment due to the introduction and adoption of AIFRS and in particular each of the following is the case:
    - 8.7.1 the basis of valuation for work-in-progress has remained substantially the same in respect of the commencement and end of each of the accounting period of the Group during the period of three years ended on the Accounts Date or since the date of its incorporation (whichever period is shorter); and
    - 8.7.2 the rate of depreciation applied in respect of each fixed asset has been consistently applied over previous accounting periods of the Group and is adequate to write down the value of such fixed asset to its net realisable value as at the end of its useful working life.
  - 8.8 So far as the Sellers are aware, all accounts, books, ledgers, and other financial records of the Group have been properly maintained and give a true and fair view of the matters which ought to appear in them.
  - 8.9 All accounts, books, ledgers and financial and other records of each member of the Group:
    - 8.9.1 have been properly maintained and contain accurate records of all matters required to be entered in them by law and give a true and fair view of the matters which ought to appear in them; and
    - 8.9.2 are in the possession or under the control of the Group. The Sellers have given the Buyer access to all accounts, books, ledgers and financial and other records of each member of the Group.
  - 8.10 The unaudited Management Accounts of each member of the Group for which Management Accounts are prepared for the period of three months ended 30 September 2015 (copies of which have been initialled for the purpose of identification by the Sellers and the Buyer) give a fair and reasonable view of the assets, income, expenditure and cashflow of the members of the Group for that period.

### **Book debts**

- 8.11 The debts included in the Accounts have realised or will realise, in the ordinary course of collection, their nominal amounts plus any accrued interest less any provisions for bad and doubtful debts included in the Accounts.
- 8.12 No Sellers have any reason to believe that any debt owing to any member of the Group at the date of this agreement (other than the debts included in the Accounts) will not in the ordinary course of collection realise its nominal amount plus any accrued interest.

### **9. POSITION SINCE ACCOUNTS DATE**

- 9.1 Since the Accounts Date each of the following is the case:
- 9.1.1 each member of the Group has conducted the Business in a normal and proper manner;
  - 9.1.2 no member of the Group has entered into any material unusual contract or commitment or otherwise departed from its normal course of trading in any material way or otherwise incurred any actual or contingent liability outside its normal course of trading;
  - 9.1.3 there has been no material deterioration in the turnover, the financial or trading position or the prospects of any member of the Group;
  - 9.1.4 each member of the Group has paid its creditors within the times agreed with them and in particular, without limiting the general, no debt owed by any member of the Group has been outstanding for more than 120 days from the date of invoice;
  - 9.1.5 each member of the Group has received payment in full on their due dates of all debts owing to any member of the Group shown in the Accounts (subject to any provision for bad and doubtful debts made in the Accounts), has not released any debts in whole or in part and has not written off debts of a material amount;
  - 9.1.6 no member of the Group has purchased stocks in quantities or at prices materially greater than was the practice of the members of the Group prior to the Accounts Date; and
  - 9.1.7 no member of the Group has made a payment or incurred an obligation to make a payment which will not be deductible in computing trading profits for the purposes of income tax or as a management expense of the Group.
- 9.2 Except as disclosed in the Accounts Group any commitments on capital account outstanding at the Accounts Date. Since the Accounts Date no member of the Group has entered into or agreed to enter into any material capital commitments, except as Disclosed.
- 9.3 No dividend, share buyback, capital return, capital reduction or other distribution of profits or assets has been or agreed to be declared, made or paid (as applicable) by any member of the Group since the Accounts Date except as declared as part of standard distribution processes relating to the year ending on the Accounts Date.
- 9.4 All dividends, share buy backs, capital returns, capital reductions or other distributions of profits or assets declared, made or paid since the date of incorporation of each member of the



Group have been declared, made and paid (as applicable) in accordance with law and the constitution (or equivalent documents) of the relevant entity.

**10. FINANCE**

**Operating and finance leases**

- 10.1 Subject to clause 10.2 of this schedule and the Operating Leases and Equipment Leases set out in schedule 12 and schedule 13 respectively, at Completion, no member of the Group will have any financial indebtedness to any third party in respect of the Business or any of the Assets, except obligations to trade creditors and employee entitlements incurred in the ordinary course of the Business.

**Borrowings and guarantees**

- 10.2 All Guarantees and Indemnities given by the Group and under which the Group has outstanding or contingent liabilities are listed in schedule 18.
- 10.3 No member of the Group has any other outstanding loans or money borrowed (including money raised by acceptances or debt factoring, or any liability (whether present or future)) in respect of the Guarantees and Indemnities.
- 10.4 In relation to any agreement, trust deed, instrument or arrangement under which amounts disclosed under clause 10.2 of this schedule are outstanding, each of the following applies:
- 10.4.1 the Sellers have supplied the Buyer with full details of it and true and correct copies of all documents relating to it;
  - 10.4.2 there has not been any contravention of or non-compliance with any of its terms;
  - 10.4.3 no steps for the enforcement of any Security Interest has been taken or threatened;
  - 10.4.4 neither any of the Sellers nor any member of the Group has done anything which might affect its continuation;
  - 10.4.5 it is not dependent on the guarantee of, or on any security provided by, a third party; and
  - 10.4.6 it is not terminable by reason of the sale of the Sale Shares.
- 10.5 No member of the Group has lent any money which has not been repaid to it.
- 10.6 No member of the Group is subject to any arrangement for receipt or repayment of any grant, subsidy or financial assistance from any Government Agency.
- 10.7 The total amount borrowed by the members of the Group from its bankers does not exceed the Borrowing Limits and there are otherwise no borrowing facilities undertaken by the members of the Group.
- 10.8 All Guarantees and Indemnities given by the Group and under which the Group has outstanding or contingent liabilities are listed in schedule 18.

10.9 No member of the Group has any other outstanding loans or money borrowed (including money raised by acceptances or debt factoring, or any liability (whether present or future)) in respect of the Guarantees and Indemnities.

10.10 In relation to any agreement, trust deed, instrument or arrangement under which amounts disclosed under clause 10.2 of this schedule are outstanding, each of the following applies:

10.10.1 the Sellers have supplied the Buyer with full details of it and true and correct copies of all documents relating to it;

10.10.2 there has not been any contravention of or non-compliance with any of its terms;

10.10.3 no steps for the enforcement of any Security Interest has been taken or threatened;

10.10.4 neither any Seller nor any member of the Group has done anything which might affect its continuation;

10.10.5 it is not dependent on the guarantee of, or on any security provided by, a third party; and

10.10.6 it is not terminable by reason of the sale of the Sale Shares.

10.11 No member of the Group has lent any money which has not been repaid to it.

10.12 No member of the Group is subject to any arrangement for receipt or repayment of any grant, subsidy or financial assistance from any Government Agency.

#### **Bank accounts**

10.13 The statement of the bank accounts of the members of the Group and of the credit or debit balances on them as at a date not more than two days before the date of this agreement that is The Bank Account Statement of the Group is correct.

#### **Benefit of Security Interests**

10.14 Any Security Interest held by any member of the Group (including a guarantee and indemnity that is part of the Assets is valid and enforceable by that member of the Group against the provider of that security in accordance with the terms of the relevant document.

### **11. CONTRACTS**

#### **Agreements**

11.1 All material agreements to which any member of the Group is a party are valid, subsisting, legal and binding obligations in accordance with their terms and based on standard commercial terms and have been Disclosed.

11.2 No member of the Group has received any written notice which might affect any rights or interests of the Buyer or the exercise of any rights by any member of the Group in respect of any material agreement.

11.3 No member of the Group is a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement material to the Business other than as has been Disclosed.

11.4 No customer or supplier of any member of the Group has terminated or will terminate any contract with it or withdraw or reduce its custom with any member of the Group as a result of the proposed acquisition of the Group by the Buyer. No member of the Group is restricted by contract from carrying on any activity in any part of the world.

#### **Trading contracts**

11.5 Each member of the Group has complied with its trading contracts.

11.6 No member of the Group will be required after Completion to undertake any work or supply any goods or services except on normal commercial terms under a contract entered into on or before the date of this agreement.

11.7 Since the last date of the Management Accounts, there has been no material negative change to the terms of trade of the business of any member of the Group, including price.

#### **Tenders and outstanding offers**

11.8 No offer, tender, quotation or similar intimation given or made by any member of the Group in connection with its business which is capable of giving rise to an agreement merely by the unilateral act of a third party is still outstanding or will be outstanding at Completion, except in the ordinary course of the Business.

#### **Material contracts**

11.9 No member of the Group is a party to any contract, arrangement, or obligation which, whether by reason of its nature, term, scope, price or otherwise, is or is likely to be of material importance to the Business, the Assets or the revenue or profits of the Group or:

11.9.1 is not in the normal course of the Business, or is otherwise unusual;

11.9.2 whose nature or magnitude should reasonably be disclosed to the Buyer including any contracts, arrangements or obligations which:

11.9.2.1 ends more than 12 months after the date of this agreement other than as Disclosed;

11.9.2.2 involves the supply of goods the aggregate sales value of which represents more than 10% of the turnover of the relevant member of the Group expected by that member of the Group for the current financial year;

11.9.2.3 involves payment by a member of the Group by reference to fluctuations in the Consumer Price Index or any other index;

11.9.2.4 requires payment of any sum by a member of the Group in any currency except the currency of the place whose laws govern the construction of this agreement;

- 11.9.2.5 is expected to result in a loss to any member of the Group on completion of performance or the costs to complete as at Completion exceed the contracted selling price yet to be invoiced at the date of Completion; or
- 11.9.2.6 is of an onerous nature or cannot be fulfilled by or performed on time and without undue or unusual expenditure of money or effort;
- 11.9.3 is with a Related Party of any Seller;
- 11.9.4 provides for any payment or receipt of funds not accurately reflecting the value of the services or goods on an arm's length basis;
- 11.9.5 provides that any member of the Group will act as distributor of goods or services, or as an agent, for another person;
- 11.9.6 prohibits, limits or confines the freedom of any member of the Group or that of any of the Employees to engage in any activity or business; or
- 11.9.7 contravenes any law.

#### **Contracts affected by this agreement**

- 11.10 No member of the Group is a party to any agreement that entitles another party to end it or vary it by reason of any change in the beneficial ownership of the Target Shares, or compliance with any provision of this agreement or as a result of the Pelsaert Acquisition. No event has occurred which may be grounds for ending any agreement.
- 11.11 No member of the Group nor any Seller have any knowledge of any breach, unenforceability, invalidity or grounds for rescission, termination or repudiation of any of the contracts and agreements to which a member of the Group is a party.

#### **Contracts requiring acquisition of goods or services**

- 11.12 There is no agreement, arrangement or understanding involving any member of the Group in relation to the Business which requires, as a condition of the supply of goods and services by any member of the Group, that any member of the Group acquire goods or services from any other person.

#### **Profit sharing contracts**

- 11.13 No member of the Group is a party to any agreement, arrangement or understanding under which a member of the Group is or may be bound to share any profits or to pay any royalties or to waive or abandon any rights in connection with the Business or any of the Assets of the Group.

#### **Government officials**

- 11.14 No member of the Group is a party to any agreement, arrangement or understanding which involves either directly or indirectly either of the following:
- 11.14.1 any offer or payment to any official of a Government Agency to influence him or her to assist in the obtaining or retaining of any business; or

- 11.14.2 any offer or payment to any other person while knowing, or having reason to know, that all or part of the matter offered or the payment would be made available or paid to any official of a Government Agency to assist in obtaining or retaining of any business.

#### **Anti-competitive arrangements**

- 11.15 No members of the Group are, or during the last six years have been, a party to any of the following:
- 11.15.1 any agreement, arrangement, concerted practice or course of conduct which is wholly or partly void or unenforceable under the Competition and Consumer Act (previously the *Trade Practices Act 1974* (Cth)) or any similar legislation or equivalent laws in any other applicable jurisdiction, or which may render any member of the Group liable to proceedings under any legislation concerning competition;
- 11.15.2 any agreement or arrangement or business practice in respect of which an undertaking has been given by or an order made against or in relation to it under any anti-trust or similar legislation in any jurisdiction in which it carries on business or has assets or sales;
- 11.15.3 any agreement or arrangement or business practice in respect of which any request for information, statement of objections or similar matter has been received from any court, tribunal or Government Agency.
- 11.16 Neither the Sellers nor any person associated with any Seller has any interest, directly or indirectly, in any business which is or is likely to be competitive with the Business.

#### **Related party contracts**

- 11.17 No member of the Group is a party to any contract or arrangement in which the Sellers or any Related Party of any Seller is interested, directly or indirectly, financially or otherwise, nor has there been any such contract or arrangement at any time during the three years up to the date of this agreement.
- 11.18 No member of the Group is a party to, nor has its profits or financial position during the three financial years ended on the Accounts Date been affected by, any contract or arrangement which is not entirely of an arm's length nature.
- 11.19 No member of the Group and no Related Party of any member of the Group is a party to any outstanding agreement or arrangement for the provision of finance, goods, services or other facilities to or by any member of the Group or in any way relating to any member of the Group or its affairs.

### **12. MANUFACTURE AND SALE OF PRODUCTS**

- 12.1 No member of the Group has manufactured or sold products which are dangerous, faulty or defective in any material respect, or which do not comply in any material respect with any warranty or representation made by it.
- 12.2 No member of the Group has accepted any obligation to service, repair, maintain, take back or otherwise do anything in respect of any items sold or delivered by it, except on its usual trading terms.

### 13. PLANT AND EQUIPMENT

#### Plant in working order

13.1 The plant and equipment of each member of the Group, including its fixed plant and machinery, and all vehicles and office equipment owned or used by it:

13.1.1 are in good repair and condition (subject to fair wear and tear);

13.1.2 are in satisfactory working order;

13.1.3 have been and are maintained in accordance with industry best practice standards;

13.1.4 have been properly serviced throughout their lives;

13.1.5 are not surplus to the Group's requirements.

The Sellers shall not be liable under this warranty where the Buyer has had the ability to inspect the condition of the relevant equipment prior to entering into this Agreement and there is no change in the condition to that equipment (with the exception of fair wear and tear in the ordinary course of operations) prior to Completion..

### 14. INTELLECTUAL PROPERTY RIGHTS

14.1 No activities of any member of the Group (or of any licensee under any licence granted by any member of the Group) infringe or are likely to infringe any Intellectual Property Rights of any third party and no claim has been made against any member of the Group or any such licensee in respect of such infringement.

14.2 The Sellers have Disclosed details of all registered Intellectual Property Rights (including applications to register the same) and all commercially significant unregistered Intellectual Property Rights owned or used by any member of the Group.

14.3 Any member of the Group Disclosed as the owner of an Intellectual Property Right is the sole legal and beneficial owner of or applicant for such Intellectual Property Right. All the Intellectual Property Rights referred to in clause 14 of this schedule are owned solely by a member of the Group free of all Security Interests.

14.4 Details have been Disclosed of all licence and other agreements relating to Intellectual Property Rights to which a member of the Group is a party (whether as licensor or licensee) or which relate to any Intellectual Property Right owned by a member of the Group and which are material to the Company's business (with the exception of software which has been provided for the operation of standard office applications). No member of the Group is in breach of any such agreement and no third party is in breach of any such agreement.

14.5 All the Intellectual Property Rights of each member of the Group and all agreements Disclosed in relation to clause 14.2 of this schedule are valid and subsisting. Nothing has been done or omitted to be done by any member of the Group, and no Seller is aware of any act or omission by any third party, which would jeopardise the validity or subsistence of any such Intellectual Property Rights or such agreements. The Group owns, or has licensed to it, all Intellectual Property Rights it requires to carry on the Business as such business has been carried on during the year prior to the date of this agreement. These rights will not be affected by the acquisition of the Sale Shares by the Buyer.

- 14.6 There has been no unauthorised use by any person of any Intellectual Property Rights or confidential information of the Group.
- 14.7 No disclosure has been made to any person (except the Buyer) of any industrial know how or any financial or trade secret of the Group in connection with the Business, except as required by law or in the ordinary course of the Company's Business.
- 14.8 No challenge has been made or threatened by any other person with respect to any of the Intellectual Property Rights used in connection with the Business.

## **15. CONFIDENTIAL INFORMATION**

- 15.1 No member of the Group has, nor have any of their predecessors in business at any time (save in the ordinary course of business or subject to an obligation of confidentiality or to the professional advisers of a member of the Group) disclosed to any person other than the Buyer and its Representatives:
- 15.1.1 any of the secret or confidential information or property of any member of the Group, including (without limitation) financial information, plans, statistics, documents, files, client lists, marketing information, records and papers, material to the operations of the Business;
  - 15.1.2 any other information material to the Business the disclosure of which might or could cause loss or damage to or adversely affect any member of the Group; or
  - 15.1.3 any secret or confidential information material to any member of the Group's customers, clients, employees and agents or to any other person who has or has had any dealings with it.
- 15.2 No member of the Group is now or has ever been a party to any agreement, arrangement or policy as to confidentiality of information which is void or unenforceable (whether in whole or in part).
- 15.3 No member of the Group uses any processes and no member of the Group is engaged in any activities which involve the misuse or alleged misuse of any confidential information belonging to any third party.
- 15.4 Neither the Sellers nor any member of the Group are aware of any actual or alleged misuse by any person of any of its Confidential Information.

## **16. INFORMATION TECHNOLOGY**

- 16.1 The Sellers have Disclosed all information technology which the Group owns and the basis of that ownership and all lease, hire and other arrangements relating to all such information technology.
- 16.2 The Sellers have Disclosed to the Buyer all information technology which is required in order to carry out the Business. The Sellers have disclosed all leasing and other hire arrangements in relation to that information technology.
- 16.3 All information technology which the Group owns, the basis of that ownership (including any lease, hire or other similar arrangements) and all information technology which is required to carry out the Business has been Disclosed.

**Secret or Confidential Information or property**

- 16.4 None of the members of the Group nor any of their predecessors in business has at any time (save in the ordinary course of the relevant company's usual business and subject to an obligation of confidentiality or to the professional advisers of that member of the Group) disclosed to any person other than the Buyer any of the following:
- 16.4.1 any of the secret or confidential information or property of the Group, including (without limitation) financial information, plans, statistics, documents, files, client lists, marketing information, records and papers;
  - 16.4.2 any other information relating to the Business or the Group's affairs the disclosure of which might or could cause loss or damage to or adversely affect any member of the Group; or
  - 16.4.3 any secret or confidential information relating to customers, clients, Employees and agents of any member of the Group or to any other person who has or has had any dealings with any member of the Group.
- 16.5 No member of the Group is now or has ever been a party to any agreement, arrangement or policy as to confidentiality of information which is void or unenforceable (whether in whole or in part).
- 16.6 No member of the Group uses any processes and no member of the Group is engaged in any activities which involve the misuse or alleged misuse of any confidential information belonging to any third party.
- 16.7 Neither the Sellers nor any member of the Group are aware of any actual or alleged misuse by any person of any of its Confidential Information.

**Data and records**

- 16.8 All the records and systems (including Computer Systems) and all data and information of each member of the Group are recorded, stored, maintained, operated or held exclusively by the Group except where the Company provides services to its customers and the terms of engagement provide otherwise or otherwise in the ordinary and proper course of business of the Company. They are not wholly or partly dependent on any facilities or means (including any electronic, mechanical or photographic process, computerised or otherwise) which are not under the exclusive ownership and control of the Group.
- 16.9 No member of the Group has disclosed to any third party any of those records, control and other systems, data and information except where the Company provides services to its Customers and the terms of engagement provide otherwise or otherwise in the ordinary and proper course of business of the Company.
- 16.10 The Computer Systems have been satisfactorily maintained and have the benefit of the maintenance agreements Disclosed.
- 16.11 The Computer Systems have adequate capability and capacity for the projected requirements of the Group for not less than three years following Completion for the processing and other functions required to be performed for the purposes of the Business.
- 16.12 Disaster recovery plans are in effect and are adequate to ensure that the Computer Systems can be replaced or substituted without material disruption to the Business.



16.13 In the event that any person providing maintenance or support services for the Computer Systems ceases or is unable to do so, each member of the Group has all necessary rights to obtain the source code and all related technical and other information to procure the carrying out of such services by that company's own employees or by a third party.

16.14 Each member of the Group has sufficient technically competent and trained employees to ensure the proper handling, operation, monitoring and use of the Computer Systems.

16.15 No person is in a position, by virtue of his right in, knowledge of or access to any part of the Computer System and databases used and operated by any member of the Group or any part of them (including software), lawfully to prevent or impair the proper and efficient function of the Computer Systems or to demand any payment in excess of any current licence fee or in excess of reasonable remuneration for services rendered or to impose any onerous conditions, in order to preserve the proper and efficient functioning of the Computer Systems in the future.

16.16 No member of the Group is in breach of the terms of any warranty (express or implied, licence, systems supply, data supply, maintenance, service or services agreement with any of its suppliers or customers and will be able to comply with on-going obligations contained in any such agreement without recourse to external human resources.

## **17. PRIVACY**

17.1 Each member of the Group has complied with the requirements of all Privacy Laws and contractual requirements regulating the collection, storage, use and disclosure of Personal Information.

17.2 All Personal Information held by or under the control of the Company or by any other member of the Group is able to be used by the applicable member of the Group in its business and such use is within the primary and secondary purposes disclosed at the time of its collection in accordance with the National Privacy Principles under the *Privacy Act 1988* (Cth) or equivalent laws of any other jurisdiction.

17.3 Details have been Disclosed of all investigations and determinations by any approved Privacy Code Adjudicator or other public privacy authority or equivalent authority of any other applicable jurisdiction (whether Commonwealth or otherwise) concerning any member of the Group and the Business.

17.4 Details have been Disclosed of all unresolved complaints or disputes concerning the collection, storage, use or disclosure of Personal Information by any member of the Group.

## **18. BUSINESS NAMES**

18.1 No member of the Group carries on business under any name other than its own full corporate name.

## **19. AUTHORISATIONS**

19.1 All Authorisations that are necessary for each member of the Group to carry on the Business have been Disclosed.

19.2 Each member of the Group has all Authorisations necessary to own and or operate the Assets and to carry on the Business as it does at present. The Sellers are not aware of anything that might result in the revocation, suspension or modification of any of those Authorisations or

anything that might adversely affect their renewal. Each member of the Group has complied with all Authorisations.

- 19.3 No member of the Group is a party to any agreement, arrangement, understanding or practice requiring authorisation under any legislation or regulation for its legality or validity.

## **20. INSURANCE**

- 20.1 Full details of all insurance policies effected by any member of the Group or any other person in relation to any of the Group's assets have been Disclosed and all such details are true and correct in all respects.
- 20.2 Both the Business and all of the Assets of an insurable nature (including the Properties but excluding intangible assets which cannot be insured) are and have at all material times been insured. This insurance has been for amounts representing the full replacement or reinstatement value of the relevant asset or business.
- 20.3 The risks insured have included fire, accident, damage, injury, third party loss, loss of profits and other risks normally insured against by persons carrying on the same classes of business as those carried on by the members of the Group.
- 20.4 All premiums payable under insurance policies taken out by any member of the Group are up to date. So far as the Sellers are aware, nothing has been done or failed to be done which would make any policy void or voidable or would permit an insurer to cancel any policy or refuse or reduce a claim or materially increase the premiums payable under any policy.
- 20.5 All insurance taken out by any member of the Group in relation to insurable assets is with an insurer authorised to carry on business in Australia.
- 20.6 All premiums payable under insurance policies taken out by any member of the Group are up to date.
- 20.7 Nothing has been done or failed to be done which would make any policy void or voidable or would permit an insurer to cancel any policy or refuse or reduce a claim or materially increase the premiums payable under any policy.
- 20.8 No claim is outstanding under any past or present insurance policy of any member of the Group and no circumstances are known to any Seller which could lead to a claim being made.

## **21. REAL PROPERTY**

### **Title**

- 21.1 The Properties are the only properties owned, controlled, used or occupied by the members of the Group.
- 21.2 The Business is conducted and all of the Assets are located solely at the Properties.
- 21.3 A member of the Group is the legal and beneficial owner or tenant in possession of each Property as shown in schedule 11 and is in exclusive occupation of it.
- 21.4 All documents necessary to prove title or right to occupation of a member of the Group in respect of each Property are in the possession of the Group or are held by a secured lender to the Group.

### **Security interests**

- 21.5 Each Property is free from any Security Interest save as Disclosed.
- 21.6 To the best of the knowledge information and belief of the Sellers no Property is subject to any right in favour of any third party, including an easement, profit-a-prendre, public right, common right, way leave, licence, consent or overriding interest.
- 21.7 To the best of the knowledge information and belief of the Sellers no outgoings are payable in respect of any Property except land tax, council rates, car park levies, charges for the supply of water and sewerage services, and (in the case of the Leasehold Properties) rent and service charges.

### **Disputes**

- 21.8 To the best of the knowledge information and belief of the Sellers there are no disputes regarding boundaries, easements, covenants or other matters relating to any Property or its use.

### **Planning**

- 21.9 To the best of the knowledge information and belief of the Sellers no breach of planning legislation or of any by-laws, building regulations or other relevant legislation has been committed in relation to any Property. No notice has been issued or injunction granted or applied for in respect of any breach or alleged breach of planning control or of any by-laws, building regulations or other relevant legislation.
- 21.10 To the best of the knowledge information and belief of the Sellers no building on any Property has been listed as a building of special architectural, heritage or historic interest, no notice has been issued in respect of a listed building on any Property and no works have been executed, nor have any been proposed, by any Government Agency for the preservation of any unoccupied building on any Property.

### **Notices, orders and proposals**

- 21.11 Neither the Sellers nor any member of the Group has received any notice or order affecting any Property from any Government Agency or any third party.
- 21.12 There are no proposals on the part of any Government Agency which would adversely affect any Property including, without limitation, those relating to compulsory purchase or highways works.

### **Leases and licences – members of the Group as tenant**

- 21.13 The copies of any leases and licences of the Leasehold Properties Disclosed are true, complete and accurate.
- 21.14 No lease or licence of a Leasehold Property has been varied nor have any licences or consents been issued under it.
- 21.15 There are no subsisting disputes involving any member of the Group in relation to any such Leasehold Property.

- 21.16 All rent, fees and outgoings payable by any member of the Group under each lease or licence of a Leasehold Property has been paid by the due date for payment.
- 21.17 There is no obligation to reinstate any Leasehold Property during or at the end of the term granted by the lease or licence relating to that Leasehold Property.
- 21.18 None of the Leasehold Properties (or any part of them) are vacant and each Leasehold Property is exclusively occupied by a member of the Group.
- 21.19 No major item of expenditure has already been incurred by the lessor of any Leasehold Property or is expected to be incurred by that lessor within the next 12 months which is recoverable in whole or in part from a member of the Group.
- 21.20 No notices have been given or received under any lease or licence of a Leasehold Property and there are no subsisting disputes involving any member of the Group in relation to any such Leasehold Property.
- 21.21 All rent, fees and outgoings payable by any member of the Group under each lease or licence of a Leasehold Property has been paid and will be paid by Completion.

**Leases – member of the Group as lessor**

- 21.22 The Sellers have Disclosed full details of all properties which any member of the Group leases or licences to a tenant. The copies of the leases provided to the Buyer are complete and accurate. Each member of the Group has complied with all its obligations as lessor and no event has occurred which may be grounds for ending any of the leases.
- 21.23 No lease or licence has been varied nor have any licences or consents been issued under it.
- 21.24 There is no major item of expenditure which a tenant will require any member of the Group to incur within the next 12 months.
- 21.25 No notices have been given or received under any lease or licence and there are no subsisting disputes between any member of the Group and a tenant in relation to any lease or licence.
- 21.26 All rent and outgoings payable by a tenant have been paid. The Sellers and the members of the Group are not aware of any circumstances which will result in a tenant becoming unable to pay their rent or otherwise result in a dispute in relation to any of the leases.

**Contingent liabilities**

- 21.27 No member of the Group has surrendered a lease or licence of any property to a lessor or other party.
- 21.28 No member of the Group has assigned any leasehold or licensed property of which it was the original tenant or in respect of which it entered into a covenant with the lessor to observe and perform the tenant's covenants under that lease or licence.

**22. HEALTH, ENVIRONMENT, WORKPLACE AND SUBSTANCES MATTERS**

- 22.1 To the best of the knowledge information and belief of the Sellers each member of the Group including the directors and managers of each member of the Group and contractors of each member of the Group has complied at all times with all laws, codes of practice, circulars, guidance notices and similar requirements concerning any of the following:

- For personal use only
- 22.1.1 the protection of human health;
  - 22.1.2 the environment;
  - 22.1.3 the conditions of the work place; or
  - 22.1.4 the generation, transportation, storage, treatment or disposal of any Dangerous Substance.
- 22.2 Each member of the Group has obtained all Authorisations required in respect of any of the matters mentioned in clause 22.1 of this schedule.
- 22.3 No member of the Group has received any notice or other communication that suggests that it may be or is alleged to be in breach of any law or licence referred to in the previous two warranties, or that such a licence may be subject to modification, suspension or revocation.
- 22.4 No Dangerous Substance has been deposited or discharged onto or beneath the surface of any of the Properties either by any member of the Group or, as far as the Sellers are aware, by a previous owner or occupier of any of the Properties.
- 22.5 No aspect of the occupation or use by any member of the Group of any of the Properties or, as far as the Sellers are aware, any former owner or occupier's occupation or use of any of the Properties could give rise to loss, liability, claims, prosecutions or legal proceedings against any member of the Group as owner or occupier of the Properties.
- 22.6 No member of the Group has disposed of a Dangerous Substance in such a way that its disposal in that way would now be a breach of the law.
- 22.7 No premises now or previously owned or leased by or to any member of the Group and occupied or controlled by any member of the Group is contaminated or has ever been a source of pollution while owned, leased or occupied by any member of the Group.
- 22.8 All equipment for the control, reduction or improvement of pollution which is required in connection with the conduct of the Business is included in the plant and located on one or more of the Properties.
- 23. EMPLOYEES**
- 23.1 All Employees of any member of the Group at the date of this agreement are listed in part 1 of schedule 10. The Sellers have provided the Buyer with all material details regarding their employment. The Employees' contracts of employment are in the standard form and a copy of such form of employment contract has been disclosed to the Buyer. The material terms of employment, as set out in the standard form of employment contract, are applicable to each Employee with the exception of salary payable, details of which have been disclosed.
- 23.2 The employment agreements relating to all Employees and the Key Employees are assignable and the transactions contemplated by this agreement do not give any Employee the right to terminate their employment agreement.
- 23.3 Particulars have been Disclosed of any outstanding offer of employment made to any person with a salary to be in excess of \$80,000 per annum by any member of the Group and there is no person who has accepted an offer of employment made by any member of the Group but whose employment has not yet started.

- 23.4 No proposal, assurance or commitment (oral or written) has been announced or given to any Employee with a salary in excess of \$80,000 per annum regarding any change to his or her terms of employment (whether or not beneficial to him or her) or (without limiting the foregoing) regarding the continuance, introduction, increase or improvement of any benefit (including any Retirement/Death/Disability Benefit). Since the Accounts Date no change has been made in the rate of the pay or other benefits of any Employee.
- 23.5 All subsisting contracts of employment to which any member of the Group is a party are terminable by it on one month's notice or less.
- 23.6 No member of the Group has any liability to pay compensation for loss of office or employment to any present or former Employee and no such sums have been paid since the Accounts Date. Except in respect of normal accruals of emoluments after the Accounts Date, no sum is owing or promised to any present or former employee of any member of the Group.
- 23.7 There are no terms of employment for any Employee with a salary in excess of \$30,000 per annum which provide that a change in control of any member of the Group (however change of control be defined if at all) entitles the Employee to treat the change of control as amounting to a breach of the contract or entitling him or her to any payment or benefit whatsoever or entitling him or her to treat himself or herself as redundant or otherwise dismissed or released from any obligation.
- 23.8 So far as the Sellers are aware, no claim has been made or threatened against any member of the Group in respect of any act, event, omission or other matter arising out of or in connection with any of the following:
- 23.8.1 any application for employment by any person;
  - 23.8.2 the employment or termination of employment of any person;
  - 23.8.3 any Retirement/Death/Disability Benefit or any other benefit of whatever type; or
  - 23.8.4 the contribution obligations of any member of the Group to the Superannuation Funds (other than routine claims for benefits).
- 23.9 The Sellers are not aware of any circumstances which give rise to any claim mentioned in clause 23.8 of this schedule.
- 23.10 Each member of the Group has complied in all material respects with the terms of any award or workplace agreement (which includes any collective agreement) covering its employees.
- 23.11 There is not, and during the three years preceding the date of this agreement there has not been, any industrial action affecting any member of the Group. After making due and careful enquiries, no Seller is aware of any circumstances which might give rise to such industrial action.
- 23.12 Particulars have been Disclosed of any agreement for the provision of consultancy services between any member of the Group and any person and of the term applicable to the secondment to or by any member of the Group of any person.
- 24. SUPERANNUATION**
- 24.1 The Superannuation Funds are the only superannuation schemes to which the members of the Group contribute or are obliged to contribute.

24.2 The Sellers have provided the Buyer with all material details of:

- 24.2.1 contributions required to be paid by the members of the Group to a Superannuation Fund in respect of Employees;
- 24.2.2 any other obligations of the members of the Group in respect of Employees' superannuation benefits and other entitlements relating to the Superannuation Funds;
- 24.2.3 any agreement or other arrangement between any member of the Group and the trustees of a Superannuation Fund;
- 24.2.4 any agreement or other arrangement between any member of the Group and an Employee in respect of the Employee's superannuation entitlements.

24.3 Each member of the Group has provided at least the prescribed minimum level of superannuation support for each Employee so as not to incur a superannuation guarantee charge liability under the *Superannuation Guarantee (Administration) Act 1992* (Cth).

24.4 Each member of the Group has no superannuation guarantee charge liability under the *Superannuation Guarantee (Administration) Act 1992* (Cth).

24.5 There are no contributions due and payable to any Superannuation Fund from any member of the Group that are unpaid.

24.6 No Employee is a "defined benefit member" as defined in regulation 1.03 of the *Superannuation Industry (Supervision) Regulations 1994* (Cth).

## 25. TAXATION

25.1 All references in this clause 25 to a Group member includes the Head Company of a Consolidated Group in that capacity.

### Consolidated Group Taxation

25.2 As a result of the acquisition of Pelsaert, each member of the Group will be part of a Consolidated Group from 17 November 2015. The Consolidated Group which each member of the Group is currently part of, has not been deconsolidated.

25.3 The Consolidated Group has not made the choice available under section 701-40(6) of the *Income Tax (Transitional Provisions) Act 1997* (Cth) which affects the Company.

### Taxation Liabilities

25.4 Each member of the Group all Taxation of any nature whatsoever whether of Australia or elsewhere for which each member of the Group is or was liable and which is due and payable up to and including the Completion Date, has been duly paid or accrued in the Head Company's accounts (in so far as such Taxation ought to have been paid or accrued).

25.5 After the Accounts Date, the only Tax liabilities of the Consolidated Group that have arisen or may arise on or before Completion are, or will be, Tax Liabilities arising in the ordinary course of business of the Consolidated Group.

- 25.6 The entity which is currently treated as being the Head Company of a Consolidated Group (and, if applicable, any other entity which has been treated as Head Company of a Consolidated Group in the past) has notified the Taxation Authority that it is the Head Company of the Consolidated Group in accordance with the 1997 Tax Act and is qualified to be the Head Company under the 1997 Tax Act.

**Tax returns and other information**

- 25.7 All necessary information, notices, elections, choices, computations and returns in respect of the Tax obligations of the Head Company have been lodged or filed with the appropriate Taxation Authorities in accordance with applicable laws and within the prescribed time. All such information, notices, elections, choices, computations and returns are valid and effective.
- 25.8 No Tax return, choices, election or notice lodged or filed by the Head Company contains either of the following:
- 25.8.1 a false or misleading statement or omits to refer to a matter which is required to be included or without which the statement is false or misleading; or
  - 25.8.2 a material error or a material omission relating to the assessment of a Tax Liability of the Head Company.
- 25.9 The Head Company (and each member of the Group, if these are separate entities) has maintained sufficient records to support all returns lodged, filed or submitted relating to Taxes (or which may be filed, lodged or submitted) and to comply with any relevant Taxation legislation.
- 25.10 As far as the Sellers are aware, all necessary information, notices, choices, elections, computations and returns in respect of the Tax obligations of each member of the Group have been lodged or filed with the appropriate Taxation Authorities in accordance with applicable laws and within the prescribed time. All such information, notices, choices, elections, computations and returns are valid and effective.
- 25.11 As far as the Sellers are aware, no Tax return, election or notice lodged or filed by any member of the Group contains either of the following:
- 25.11.1 a false or misleading statement or omits to refer to a matter which is required to be included or without which the statement is false or misleading; or
  - 25.11.2 a material error or a material omission relating to the assessment of a Tax Liability of any member of the Group.

**Tax Losses**

- 25.12 The amount of Tax Losses of the Head Company, as disclosed in the most recent lodged corporate income tax return for the Head Company are available to be offset against future assessable income or otherwise to be transferred to a new Head Company of a Consolidated Group of the Buyer, including (but not limited to) to the following:
- 25.12.1 to the extent that any Tax Losses have been transferred to or from the Head Company at the time of formation of the Consolidated Group, the Tax Loss passed the transfer loss rules in Subdivision 707-A of the 1997 Tax Act at the relevant prescribed times; and



- 25.12.2 to the extent that any Tax Losses have been utilised by the Head Company, the Tax Loss that was utilised passed the loss utilisation rules in Subdivision 707-B of the 1997 Tax Act and the amount of the Tax Losses utilised is in accordance with Subdivision 707-C of the 1997 Tax Act.

#### **Debt forgiveness**

- 25.13 The commercial debt forgiveness rules contained in Division 245 of the 1997 Tax Act (or its predecessor provisions in Schedule 2C of the 1936 Tax Act) have not applied (and will not apply) in relation to any transaction, act or omission of any member of the Group occurring or arising on or before Completion which resulted in a net forgiven amount.

#### **Franking account**

- 25.14 The following applies to the Company and each member of the Consolidated Group for any time they were not a member of a Consolidated Group:

- 25.14.1 it has complied with the provisions of Part 3-6 of the 1997 Tax Act and has maintained records of all franking debits and franking credits which are sufficient for the purposes of that legislation;
- 25.14.2 it has franked to the required amount all dividends paid since the Accounts Date;
- 25.14.3 it has not done anything or been involved in any scheme, arrangement or transaction or series of schemes, arrangements or transactions which, or any part of which, caused or may cause a franking debit to arise in the Head Company's franking account. This does not apply to anything which is disclosed in any franking account return provided by the Sellers to the Buyer;
- 25.14.4 it has not been party to or otherwise involved in any transaction which caused a franking deficit to arise at the end of the franking year following the Accounts Date including, without limitation, by franking a dividend paid after the Accounts Date; and
- 25.14.5 it has not made a frankable distribution (as defined in section 202-40 of the 1997 Tax Act) in breach of the benchmark rule (as defined in section 203-25 of the 1997 Tax Act).

#### **Tax obligations**

- 25.15 Each member of the Group has complied with all obligations to register for the purposes of any Tax Law.
- 25.16 Each member of the Group has complied with all obligations under Tax Law to quote tax file numbers of employees of the Group, including the guidelines under applicable privacy legislation and has not committed an offence in relation to the collection, recording, use or disclosure of tax file numbers.

#### **Deductions and PAYG**

- 25.17 Each member of the Group has deducted and remitted all Tax required to be deducted and remitted from any payments made by it, whether on its own behalf or as agents. This includes all amounts of Tax required by law to be deducted from the salary or wages of Employees of the Group having been duly deducted and paid to the applicable Taxation Authority.

### **Penalties and interest**

- 25.18 No member of the Group has within the past six years paid or become liable to pay, nor are there any circumstances by reason of which any member of the Group is likely to become liable to pay, any penalty, fine, surcharge or interest whether charged by virtue of the provisions of the Tax Acts, the *Taxation Administration Act 1953* (Cth) or under any other Tax Law.

### **Investigations**

- 25.19 No member of the Group has been subject to or involved in any investigation, audit or visit by a Taxation Authority and the Sellers and the members of the Group are not aware of any such investigation, audit or visit planned or any circumstances or event which may give rise to any such investigation, audit or visit.

### **Rulings**

- 25.20 Each application for a ruling, consent or clearance given to a Taxation Authority on behalf of any member of the Group or which relates to a Tax Liability for any member of the Group fully and accurately disclosed all facts, circumstances and material necessary for the decisions of the Taxation Authority in connection with the application.
- 25.21 Each ruling, consent or clearance obtained by or on behalf of any member of the Group from a Taxation Authority in relation to a Taxation issue is valid and effective.
- 25.22 Each transaction for which that ruling, consent or clearance has previously been obtained has been carried into effect in accordance with the terms of the application, ruling, consent or clearance.
- 25.23 No member of the Group has taken any action which has or might alter or affect any arrangement, agreement or Tax ruling which has previously been negotiated with or obtained from the relevant Government agency under any Tax law.
- 25.24 There is no pending ruling, consent, clearance, objection or amended assessment in relation to its filed, lodged or submitted documents lodged with a Taxation Authority.

### **Share capital**

- 25.25 No member of the Group has a share capital account that is tainted under Division 197 of the 1997 Tax Act or section 160ARDM of the 1936 Tax Act.

### **Records of Assets**

- 25.26 All records required by law in respect of the following have been maintained and are in the possession of the Group:
- 25.26.1 accurate records of all assets of each member of the Group to which Part IIIA of the 1936 Tax Act or Parts 3.1 to 3.3 of the 1997 Tax Act apply or have applied; and
- 25.26.2 without limiting the generality of the foregoing, accurate records of all information relating to those assets as was referred to in section 160ZZU of the 1936 Tax Act or is referred to in Division 121 of the 1997 Tax Act.

### **Capital gains tax**

- 25.27 Section 104-230 or Division 149 of the 1997 Tax Act (or its predecessor provisions) have not applied to any asset acquired or deemed to have been acquired by any member of the Group before 20 September 1985, other than as a result of this agreement.
- 25.28 Capital gains tax relief under section 160ZZO of the 1936 Tax Act or Division 126 of the 1997 Tax Act has not been sought with respect to any asset acquired by any member of the Group and which is still owned by the members of the Group.

### **Tax depreciation**

- 25.29 Deductions for depreciation or allowances (including under Division 40 or Division 43 of the 1997 Tax Act) in respect of assets owned by any member of the Group are properly deductible under the Tax law and accurate records have been kept and are in the possession of the Group.
- 25.30 The effective life of all assets of the Group have been determined in accordance with the applicable Tax Law and any guidance issued by a Taxing Authority.

### **Interposed entity election**

- 25.31 No member of the Group has ever made an interposed entity election pursuant to the trust loss provisions in Schedule 2F of the 1936 Tax Act.

### **Australian residence**

- 25.32 Each member of the Group is and has throughout the past six years been resident in Australia for tax purposes.
- 25.33 No member of the Group is a resident of any other country for tax purposes.

### **Tax avoidance**

- 25.34 No member of the Group has been a party to or otherwise involved in any transactions to which any tax avoidance or tax integrity provision or any other similar general anti avoidance provisions in a Tax Law can apply (including, but not limited to, Part IVA of the 1936 Tax Act or Division 165 of the GST Act).
- 25.35 Without limiting clause 25.34 of this schedule no member of the Group has been a party to or involved in any transaction or series of transactions which, or any part of which, may for any Tax purposes be disregarded or reconstructed by reason of any motive to avoid, reduce or delay a possible Tax Liability.

### **Public officer**

- 25.36 The office of public officer of each member of the Group as required by the 1936 Tax Act has always been occupied and the relevant consent forms and appointments have been obtained.

### **GST**

- 25.37 Any GST required to be paid by any member of the Group has been imposed, obtained and remitted to the Taxation Authority in accordance with its obligations under the GST Law. Each member of the Group has complied with all of its obligations under the GST Law.

- 25.38 If under or by virtue of any agreement to which any member of the Group is a party, any GST is liable to be paid in connection with any taxable supply made by a member of the Group under that agreement, the member of the Group is entitled to recover from the party required to pay for the taxable supply an amount so that after meeting any liability to pay GST the member of the Group retains the same amount as if GST was not payable in connection with the taxable supply.

#### **GST Group**

- 25.39 Each member of the GST Group (including the Sellers) have complied with all obligations and liabilities under the GST Law and properly claimed all benefits, refunds or credits to which it is entitled under the GST Law, including for the avoidance of doubt, remitting GST on supplies to the Taxation Authority and claiming input tax credits (as defined in the GST Act).
- 25.40 The Buyer and the members of the Group are not subject to any liabilities or obligations under the GST Law in respect of or by reference to any supplies, deemed supplies or transactions for any period up to and including the day of Completion.

#### **Stamp duty and other Taxes**

- 25.41 All stamp duty and other Tax payable in respect of every agreement, document or transaction to which any member of the Group is or has been a party or by which any member of the Group derives, or has derived, a substantial benefit or which is necessary to establish the title of a member of the Group to an asset, has been duly paid.
- 25.42 No member of the Group has ever been a party to, or involved in, a transaction or event under which stamp duty relief has been obtained including but not limited to corporate reconstruction relief or corporate consolidation relief.

#### **Transfer pricing**

- 25.43 No member of the Group has entered into or been a party to any transaction in respect of which the Commissioner of Taxation can exercise any discretion in Division 13 of the 1936 Tax Act or Subdivision 815-A of the 1997 Tax Act.
- 25.44 No member of the Group is a party to a transaction whereby it derives a transfer pricing benefit to which either Subdivision 815-B or Subdivision 815-C of the 1997 Tax Act apply.

#### **Debt/equity rules**

- 25.45 Each member of the Group has correctly identified interests in the Company as 'debt' or 'equity' in accordance with the debt/equity rules in Division 974 of the 1997 Tax Act and complied with Division 974 in respect of the particular interest.

#### **Thin capitalisation**

- 25.46 members of The the Group have not claimed any debt deductions where such deductions are denied under the thin capitalisation rules in Division 820 of the 1997 Tax Act.

**Demerger, share buy-back and other capital transactions**

- 25.47 No member of the Group has entered into, or been a party to, any transaction or event (including a demerger or share buy-back) to which section 45A, 45B or 45C of the 1936 Tax Act may be applied.

**Foreign currency gains or losses**

- 25.48 Each member of the Group has duly paid tax on all gains assessable under Division 775 of the 1997 Tax Act and has not incorrectly claimed any deductions under Division 775 of the 1997 Tax Act.

**Taxation of Financial Arrangements**

- 25.49 No member of the Group has made any election under Division 230 of the 1997 Tax Act.
- 25.50 No member of the Group has made an election under Item 104 of the Tax Laws Amendment Act (Taxation of Financial Arrangements) Act 2009.
- 25.51 Each member of the Group has properly been assessed on all gains and properly claimed all deductions under Division 230 of the 1997 Tax Act and otherwise complied with Division 230 of the 1997 Tax Act.

## SCHEDULE 6: INDIVIDUAL SELLER WARRANTY CERTIFICATE

1. This certificate is the Seller Warranty Certificate for the purposes of clause 12.9 of the Share Sale and Purchase Agreement between Malcolm Pradhan, Raymond Howard Blight (together, the "**Individual Sellers**"), BSPE Medical Technology Pty Limited, Allure Capital Pty Ltd (together, the "**Institutional Sellers**"), Alcideon Corporation Pty Ltd and Naracoota Resources Limited ("**Buyer**") dated 17 November 2015 ("**Agreement**").
2. Words and expressions used in this certificate have the meanings given to them in the agreement, unless otherwise defined in this certificate.
3. The Individual Sellers confirm that, except as set out in the following table, each of the Individual Seller Warranties is true and correct in all material respects at the time immediately before Completion.
4. The following table sets out the details and consequences of any event between the date of the Agreement and the time immediately before Completion relating to the Individual Sellers Warranties that, to the knowledge of each Seller, renders any Individual Seller Warranty inaccurate in any material respect.

Seller Warranty	Exception disclosed
[insert]	[insert]
[insert]	[insert]

Dated: [ ]

Signed by **Malcolm Pradhan** in the presence of:

.....  
Signature of witness

.....  
Signature of **Malcolm Pradhan**

.....  
Name of witness (print)

For personal use only

Signed by **Raymond Howard Blight** in the presence of:

.....  
Signature of witness

.....  
Signature of **Raymond Howard Blight**

.....  
Name of witness (print)

## **SCHEDULE 7: COMPLETION ACCOUNTS**

### **1. PREPARATION OF COMPLETION ACCOUNTS**

#### **Obligation of Sellers' Representative**

- 1.1 As soon as is reasonably practicable, and in any event within 30 days after the Completion Date, the Sellers' Representative shall prepare the Completion Accounts and deliver them to Mr Josh Puckridge, as representative of the Buyer, together with such working papers used in connection with the preparation of the same as it considers necessary or appropriate to understand and agree the Completion Accounts.
- 1.2 Unless the Buyer, acting through Mr Josh Puckridge shall, within 10 business days after receipt of the draft Completion Accounts (and associated papers and calculation as provided in clause 1.1 above), serve notice on the Sellers' Representative that it objects to the draft Completion Accounts (identifying the reason for any objection and the amount(s) or item(s) in the draft Completion Accounts and/or calculation which is/are in dispute) (such notification being, for the purposes of this clause 1.2, an "Objection Notice"), the Buyer shall be deemed to have irrevocably agreed to the draft Completion Accounts for all purposes of this agreement.

#### **Agreement of draft Completion Accounts**

- 1.3 If, within the period referred to in clause 1.2 above, the Buyer shall serve upon the Seller's Representative an Objection Notice, then the Sellers' Representative (on behalf of the Sellers) and Mr Puckridge (on behalf of the Buyer) shall use their reasonable endeavours to reach agreement upon adjustments to the draft Completion Accounts. Neither the Sellers' Representative (on behalf of the Sellers) nor Mr Puckridge (on behalf of Buyer) shall be entitled to propose any adjustments to the draft Completion Accounts except:
- 1.3.1 in the case of Mr Puckridge (on behalf of the Buyer), an adjustment relating to any asset or liability referred to its Objection Notice; and
- 1.3.2 in the case of either of them, an adjustment by way of counter-proposal to an adjustment proposed by the other of them, being in each case a revision of an adjustment referred to in the Objection Notice.

#### **Independent Accountant**

- 1.4 If the Sellers' Representative and Mr Puckridge are unable to reach agreement within 10 business days following service of the Objection Notice, either the Seller's Representative or Mr Puckridge (on behalf of the Buyer) shall be entitled to refer the matter or matters in dispute to an independent firm of chartered accountants agreed upon between them or (failing agreement) to be selected (at the instance of either party) by the President for the time being of the Institute of Chartered Accountants Australia ("Firm"). If the President of the Institute of Chartered Accountants Australia is unwilling or unable to make the appointment of the Firm the Firm shall be appointed by an Expert appointed in accordance with the Expert Determination Rules of the Institute of Arbitrators & Mediators Australia. The Sellers' Representative and Mr Puckridge (on behalf of the Buyer) shall endeavour to agree on the terms of reference of the Firm. The Firm shall act as experts and not as arbitrators and shall determine the matter or matters in dispute (which may include any dispute concerning the interpretation of any provision of this agreement affecting the Completion Accounts or their jurisdiction to determine the dispute or the content or interpretation of their terms of reference) and their decision shall be final and binding, save in the case of manifest error.



The fees and expenses of the Firm and any reasonable professional fees incurred by the Sellers' Representative and Mr Puckridge (on behalf of the Buyer), in relation to the dispute, shall be borne by the Sellers' Representative and the Buyer in such proportions as the Firm shall direct.

#### **Accounts final and binding**

- 1.5 If within the period referred to in clause 1.2, the Buyer shall not have served an Objection Notice on the Sellers' Representative, or if such notice is served and the Seller's Representative and Mr Puckridge (on behalf of the Buyer) shall subsequently agree the draft Completion Accounts or the matters in dispute are referred to the Firm under clause 1.3, the draft Completion Accounts, as adjusted (where applicable) so as to be in accordance with the agreement of the Seller's Representative and Mr Puckridge (on behalf of the Buyer) or the determination of the Firm, shall be the Completion Accounts for the purposes of this agreement and shall be final and binding on the parties, save in the case of manifest error.

#### **Information and explanations**

- 1.6 The Sellers' Representative shall provide such information and explanations relating to the draft Completion Accounts, as Mr Puckridge (on behalf of the Buyer) and/or the Firm shall reasonably require for the purposes of reviewing the Completion Accounts, preparing any Objection Notice and any determination required of the Firm, including access to records (including the provision of photocopies) and personnel.

## SCHEDULE 8: WORKING CAPITAL STATEMENT

Working Capital		\$	\$
<b>Current Assets</b>			
<ul style="list-style-type: none"> <li>Cash From All Aldion Bank Accounts:                             <ul style="list-style-type: none"> <li>CBA BSB: 055-000 Account Number: 10650255</li> <li>CBA BSB: 065-125 Account Number: 10817277 (Business Online Saver Account)</li> <li>CBA BSB: 065-125 Account Number: 10731931 (Business Online Saver Account)</li> <li>CBA BSB: 065-125 Account Number: 10175037</li> <li>CBA BSB: 065-125 Account Number: 10818245</li> <li>CBA BSB: 065-125 Account Number: 10818253</li> <li>CBA NZD Business Foreign Currency A/C BSB: 065-125 Account Number: 10863371</li> </ul> </li> <li>Cash on Hand</li> <li>Term Deposits that is expected to be received within 12 months</li> <li>Accounts Receivable that is expected to be received within 12 months</li> <li>Inventory that is expected to be received within 12 months</li> <li>Provision for Tax Refunds, including the R&amp;D Tax Incentive that is reasonably expected to be received within 12 months</li> <li>Interest earned, but not received that is reasonably expected to be received within 12 months</li> <li>Commencement Fees that is reasonably expected to be received within 12 months</li> <li>Milestone Payments that is reasonably expected to be received within 12 months</li> <li>Pre-payment of expenses, to which the benefit has not been received, but reasonable expected to be consumed within 12 months, including:                             <ul style="list-style-type: none"> <li>Pre-paid insurance expenses</li> <li>Pre-paid rental expenses</li> <li>Pre-paid travel expenses</li> <li>Pre-paid tradeshow expenses</li> </ul> </li> </ul>			
Excluded Current Assets:			
<ul style="list-style-type: none"> <li>Deferred Tax Assets</li> </ul>			
<b>Total Current Assets:</b>			
<b>Current Liabilities</b>			
<ul style="list-style-type: none"> <li>Accounts Payable to trade creditors that is reasonably expected to be paid within 12 months.</li> <li>Credit Card Liabilities that are reasonably expected to be paid within 12 months.</li> <li>Accrued Liabilities that are reasonably expected to be paid within 12 months.</li> <li>Income Received in Advance (Account Number 23600) calculated as follows:                             <ul style="list-style-type: none"> <li>o Licence Fees, Maintenance and Support billed in advance and recognised as revenue at the end of each month as it is completed over a period.</li> <li>o Each contract has a period of notice for the customer to terminate the contract (the standard termination period is 6 months, as disclosed in the ODR).</li> <li>o For the purposes of income received in advance two months will be excluded.</li> </ul> </li> <li>PAYG Withholding that is reasonably expected to be paid within 12 months</li> <li>Superannuation Payable that is reasonably expected to be paid within 12 months</li> <li>Accrued Annual Leave that is reasonably expected to be paid within 12 months</li> <li>Accrued Long Service Leave (Account Number 26300) that is reasonably expected to be paid within 12 months                             <ul style="list-style-type: none"> <li>o The Long Service Leave Liability will be calculated in accordance with the South Australia definition of Long Service Leave:</li> <li>o A worker who has completed 10 years of service is entitled to 13 weeks long service leave.</li> <li>o A further 1.3 weeks leave is granted for each completed year of service thereafter.</li> <li>o The following employees meet the above definition:                                     <ul style="list-style-type: none"> <li>xx</li> <li>xx</li> </ul> </li> <li>o This will only apply to Employees of Aldion Corporation and excluded contractors and consultants to Aldion Corporation.</li> </ul> </li> <li>Taxation Payable that is reasonably expected to be paid within 12 months</li> </ul>			
Excluded Current Liabilities:			
<ul style="list-style-type: none"> <li>Sales Commissions on any transactions not closed prior to the closing (i.e. No Provision for accrued sales commission).</li> <li>CBA Equipment Loans (Account Number 27052) (Which are non-current liabilities, but for clarity will be excluded from current liabilities).</li> </ul>			
<b>Total Current Liabilities</b>			
<b>Working Capital</b>			

## Working Capital - 30 June 2015

\$ \$

## Current Assets

## • Cash From All Aldison Bank Accounts:

CBA BSB: 065-000 Account Number: 10460255

597,872

CBA BSB: 065-125 Account Number: 10817277 (Business Online Saver Account)

241

CBA BSB: 065-125 Account Number: 10817277 (Business Online Saver Account)

51

CBA BSB: 065-125 Account Number: 30175087

248

CBA BSB: 065-125 Account Number: 10818245

638

CBA BSB: 065-125 Account Number: 10318253

192

CBA NZD Business Foreign Currency A/C BSB: 065-125 Account Number: 10963821

10,212

Cash on Hand

135

609,580

• Term Deposits that is expected to be received within 12 months

1,700,000

• Accounts Receivable that is expected to be received within 12 months

927,685

• Inventory that is expected to be received within 12 months

• Provision for Tax Refund(s), including the R&amp;D Tax Incentive that is reasonably expected to be received within 12 months

579,579

• Interest earned, yet not received that is reasonably expected to be received within 12 months

11,663

• Commencement Fees that is reasonably expected to be received within 12 months

• Milestone Payments that is reasonably expected to be received within 12 months

• Pre-payment of expenses, to which the benefit has not been received, but reasonable expected to be consumed within 12 months, including:

o Pre-paid insurance expenses

6,885

o Pre-paid rental expenses

o Pre-paid travel expenses

o Pre-paid tradeshow expenses

6,885

Excluded Current Assets:

• Deferred Tax Assets

## Total Current Assets:

3,775,802

## Current Liabilities

• Accounts Payable to trade creditors that is reasonably expected to be paid within 12 months.

86,253

• Credit Card Liabilities that are reasonably expected to be paid within 12 months.

25,161

• Accrued Liabilities that are reasonably expected to be paid within 12 months.

75,339

• Income Received in Advance (Account Number 22600) calculated as follows:

o License Fees, Maintenance and Support billed in advance and recognised as revenue at the end of each month as it is completed over a period.

831,472

o Each contract has a period of notice for the customer to terminate the contract (the standard termination period is 6 months, as disclosed in the OOR).

o For the purposes of income received in advance two months will be excluded.

287,136

534,341

• PAYG Withholding that is reasonably expected to be paid within 12 months

303,317

• Superannuation Payable that is reasonably expected to be paid within 12 months

33,043

• Accrued Annual Leave that is reasonably expected to be paid within 12 months

160,456

• Accrued Long Service Leave (Account Number 26300) that is reasonably expected to be paid within 12 months

o The Long Service Leave Liability will be calculated in accordance with the South Australia definition of Long Service Leave:

ii A worker who has completed 10 years of service is entitled to 13 weeks long service leave.

ii A further 1.3 weeks leave is granted for each completed year of service thereafter.

o The following employees meet the above definition:

66,660

xx

xx

o This will only apply to Employees of Aldison Corporation and excluded contractors and consultants to Aldison Corporation.

66,660

• Taxation Payable that is reasonably expected to be paid within 12 months

175,356

Excluded Current Liabilities

• Sales Commissions on any transactions not closed prior to the closing (i.e. No Provision for accrued sales commissions).

• CBA Equipment Loans (Account Number - 27052) (Which are non-current liabilities, but for clarity will be excluded from current liabilities).

## Total Current Liabilities

1,260,729

## Working Capital

2,515,074

## Working Capital - 31 October 2015

		\$	\$
<b>Current Assets</b>			
• Cash From All Addition Bank Accounts:			
CBA BSB: 065-125 Account Number: 10460255		114,496	
CBA BSB: 065-125 Account Number: 10817277 (Business Online Saver Account)		290,516	
CBA BSB: 065-125 Account Number: 10915932 (Business Online Saver Account)		412,748	
CBA BSB: 065-125 Account Number: 10174087		11	
CBA BSB: 065-125 Account Number: 10210245		1,097	
CBA BSB: 065-125 Account Number: 10318253		152	
CBA NZD Business Foreign Currency A/C BSB: 065-125 Account Number: 10963878		31	
Cash on Hand		835	754,226
• Term Deposits that is expected to be received within 12 months			
• Accounts Receivable that is expected to be received within 12 months			1,270,152
• Inventory that is expected to be received within 12 months			542,585
• Provision for Tax Refund(s), including the R&D Tax Incentive that is reasonably expected to be received within 12 months			
• Interest earned, yet not received that is reasonably expected to be received within 12 months			615,773
• Commencement fees that is reasonably expected to be received within 12 months			
• Milestone Payments that is reasonably expected to be received within 12 months			
• Pre-payment of expenses, to which the benefit has not been received, but reasonable expected to be consumed within 12 months, including:			
• Pre-paid insurance expenses		4,000	
• Pre-paid rental expenses			
• Pre-paid travel expenses			
• Pre-paid tradeshow expenses			
Excluded Current Assets:			4,000
• Deferred Tax Assets			
<b>Total Current Assets:</b>			<b>3,397,135</b>
<b>Current Liabilities</b>			
• Accounts Payable to trade creditors that is reasonably expected to be paid within 12 months.			84,214
• Credit Card Liabilities that are reasonably expected to be paid within 12 months.			31,998
• Accrued Liabilities that are reasonably expected to be paid within 12 months.			79,339 Assumption
• Income Received in Advance (Account Number 236209) calculated as follows:			
• Licence Fees, Maintenance and Support billed in advance and recognized as revenue at the end of each month as it is completed over a period.		637,853	
• Each contract has a period of notice for the customer to terminate the contract (the standard termination period is 6 months, as disclosed in the OOI).			
• For the purposes of income received in advance two months will be excluded.			
• PAYG Withholding that is reasonably expected to be paid within 12 months		237,130	340,726
• Superannuation Payable that is reasonably expected to be paid within 12 months			160,240
• Accrued Annual Leave that is reasonably expected to be paid within 12 months			56,303
• Accrued Long Service Leave (Account Number 26300) that is reasonably expected to be paid within 12 months			156,413
• The Long Service Leave Liability will be calculated in accordance with the South Australia definition of Long Service Leave:			
• A worker who has completed 10 years of service is entitled to 13 weeks long service leave.			
• A further 1.3 weeks leave is granted for each completed year of service thereafter.			
• The following employees meet the above definition:			
xx		22,155	
xx		4,734	
• This will only apply to Employees of Addition Corporation and excluded contractors and consultants to Addition Corporation.			30,889
• Taxation Payable that is reasonably expected to be paid within 12 months			15,777
Excluded Current Liabilities			
• Sales Commissions on any transactions not closed prior to the closing (i.e. No Provision for accrued sales commission).			
• CBA Equipment Loans (Account Number 22053) (Which are non-current liabilities, but for clarity will be excluded from current liabilities).			
<b>Total Current Liabilities</b>			<b>989,441</b>
<b>Working Capital</b>			<b>2,437,694</b>

## **SCHEDULE 9: COMPLETION DELIVERABLES**

### **1. OBLIGATIONS OF SELLERS ON COMPLETION**

#### **Share transfers, Company documents etc**

#### **1.1 At Completion, the Sellers must deliver to the Buyer:**

- 1.1.1 transfers of the Sale Shares in registrable form executed by each Seller in respect to their respective Proportion;
- 1.1.2 the share certificates for the Sale Shares;
- 1.1.3 transfers of each share in a member of the Group which are not registered in the name of the Company or another member of the Group and the share certificates for those shares. However, if the Buyer nominates another person in writing at least two business days before the Completion Date, the transfers must be to the nominee. The transfer must be executed by the relevant holder of the share and be in registrable form;
- 1.1.4 the company register of each member of the Group updated to be complete and accurate as at Completion including each of the following:
  - 1.1.4.1 the certificate of incorporation of each member of the Group (including any certificate of incorporation on the change of name of a member of the Group), and the certificate[s] for any registered business name[s];
  - 1.1.4.2 a copy of each member of the Group's constitution, certified by a director as being up to date on the Completion Date;
  - 1.1.4.3 the seal, and any duplicate common or official seal of each member of the Group (if any); and
  - 1.1.4.4 details of the corporate key issued by ASIC to each member of the Group;
- 1.1.5 the signed resignation of the auditor of the Group confirming that no fees are due to them; and
- 1.1.6 a certificate of currency in respect of all existing insurances for each member of the Group.

#### **Resolutions of the Company**

#### **1.2 At Completion, the Sellers must deliver to the Buyer written resolutions of the directors of the members of the Group resolving as follows:**

- 1.2.1 such persons as the Buyer nominates in writing to the Sellers not less than two business days before Completion are appointed as directors, company secretary and public officer of the members of the Group with effect from Completion;

- 1.2.2 the transfer of the Sale Shares to the Buyer be approved for registration, subject only to the payment of any Duty, the share register of the Company be updated accordingly, the share certificates of the Sellers be cancelled, a share certificate be issued to the Buyer in respect of the Sale Shares and the necessary filings with ASIC occur;
- 1.2.3 William Buck, Adelaide are appointed as auditors of the Group;
- 1.2.4 the registered office of each member of the Group is changed to Level 7, 420 King William Street, Adelaide, SA 5000; and
- 1.2.5 the bank account signatories of each member of the Group are revised in such manner as the Buyer has nominated in writing to the Sellers not less than two business days before Completion.

**Deeds, discharges, agreements etc**

- 1.3 At Completion, the Sellers must deliver to the Buyer the title deeds and other documents relating to the Freehold Properties other than to the extent that title deeds and other documents are unavailable because a Freehold Property is subject to any Security Interest as Disclosed; and

**Accounts, records etc**

- 1.4 At Completion the Sellers must deliver to the Buyer, or make available at the main premises of the Company:
- 1.4.1 the accounts and records of each member of the Group;
- 1.4.2 a list of all bank and other accounts maintained by each member of the Group;
- 1.4.3 all cheque books for the bank or other accounts of each member of the Group; a list of the signatories for all those accounts; and
- 1.4.4 all credit cards that may be used by any member of the Group or any of their officers.

**Registered Security Interests**

- 1.5 At Completion the Sellers must deliver to the Buyer evidence that the Sellers have released and discharged all of the Registered Security Interests.
- 1.6 At Completion the Sellers must deliver to the Buyer evidence to the satisfaction of the Buyer that the Sellers have:
- 1.6.1 done all things necessary to allow the Group to exit the Consolidated Group free and clear of any Group Tax Liabilities to the extent permitted by the 1997 Tax Act;
- 1.6.2 at least five business days before Completion, notified or procured that the Buyer was notified of any elections or choices made, or to be made, in forming the Consolidated Group that the Sellers reasonably consider will, or might reasonably be expected to, adversely affect the Tax position of the Group or a Consolidated Group of the Buyer;

- 1.6.3 provided each member of the Group, and the Buyer, with a written calculation of the Clear Exit Payments and which calculation is to the satisfaction of the Buyer and dated not more than two business days before Completion;
- 1.6.4 procured that each member of the Group pay the relevant Clear Exit Payment to the Head Company of the Consolidated Group at least one business day but not more than two business days before Completion; and
- 1.6.5 procured that each member of the Group are provided with a written release from their obligations under the Tax Sharing Agreement.

#### **Proxy**

- 1.7 At Completion the Sellers must deliver to the Buyer an appointment of the Buyer as its proxy to attend and vote at meetings of the Company. While the Sellers remain the registered holder of any of the Sale Shares after Completion, the Sellers must not attend or vote at meetings of the Company except through their proxies. The Sellers must do everything else that they may do in the capacity of registered holder of the Sale Shares after Completion, including dealing with the Sale Shares, and with any distribution, property or right derived from them, in accordance with the Buyer's directions.

#### **Termination of Shareholder Loans; Release**

- 1.8 At Completion, and subject always to Completion occurring and the Buyer performing all of its obligations at Completion, the Shareholder Loans must be repaid in full and the Sellers must forever release, discharge and hold harmless each member of the Group from all Claims which the Sellers may have had, may now have or but for this agreement may have, at any time against any member of the Group with respect to the Shareholder Loans. From Completion, the Buyer must hold the benefit of this clause on trust for each member of the Group. The parties acknowledge and agree that, subject to the amount of any electronic funds transfer to be made in respect of the repayment of Shareholder Loans being consented to in writing by the Buyer at least two business days prior to the proposed transfer, the Shareholder Loans may be repaid at Completion by an electronic funds transfer from the Company to the Sellers.

## **2. OBLIGATIONS OF THE BUYER ON COMPLETION**

### **2.1 At Completion the Buyer must:**

- 2.1.1 issue the Consideration referred to in clause 5.1 of the agreement in accordance with the provisions of clause 5.1 of this agreement and, at Completion or as soon as is reasonably practicable thereafter, issue holding statements to the Sellers in respect of their respective share of the Consideration; and
- 2.1.2 deliver to the Sellers a duly executed counterpart of any document delivered by the Sellers on Completion which requires execution by the Buyer.
- 2.1.3 deliver to the Sellers written resolutions of the directors of the Buyer:
- 2.1.3.1 confirming the appointments of Mr Malcolm Pradhan, Mr Raymond Blight, Mr Nathan Buzza and Mr Nicholas Dignam, as directors of the Buyer with effect from Completion;

- 2.1.3.2 confirming the appointment of Mr Raymond Blight as Chairman of the Buyer with effect from Completion; and
- 2.1.3.3 confirming the acceptance of the resignations of Mr Thomas Bahen and Mr Gavin Wates as directors of the Buyer, with effect from Completion.



## SCHEDULE 10: EMPLOYEES

### Part 1: Employees

Employee	Hire Date
Barrott, Davin Christopher	13/05/2008
Blight, Raymond Howard	01/02/2003
Bright, Sam	17/10/2005
Buzza, Nathan	5/05/2014
Capper, Stephen D	09/10/2013
Colyer, Sean Barry	01/07/2005
Craig, Duncan R	01/11/2011
Datson, David J	09/06/2015
Dillon, Leanne S	19/08/2013
Fan, Eric	06/10/2011
Frost, Levi	18/09/2013
Hampton, Jennifer	11/12/2013
Harvey, Tracey K	17/08/2012
Karon, David Jay	19/03/2012
Kim, Kwangtae	05/11/2012
Lok, Marc J	02/02/2015
Mahzadfard, Maryam	16/10/2014
Mok, Thomas Weng	08/02/2011
Morris, Robyn	01/07/2009
Parwita, Ida Bagus Gede Indra	11/02/2008
Paterson, Barry	11/02/2013
Pradhan, Malcolm	01/01/2003
Rondon, Fabian	03/03/2014
Sarkhani, Hossein	02/03/2015
Steicke, Nicholas	13/07/2015
Stephens, Christopher P	01/07/2015
Straton, Stephen A	01/06/2011
Threlfo, Christopher Michael	01/07/2008
Van der Pennen, Christopher James	17/01/2008
Vanderzon, Alexander	16/12/2013
Vial, Peter D	15/10/2013
Walker, Sean	27/07/2015
Wilby, Ashleigh	29/06/2015
Xing, Yupeng (William)	05/08/2013
Xu, Na	09/09/2013

### Part 2: Other employees under section 12 of the *Superannuation Guarantee (Administration) Act 1992* (Cth)

Not applicable.

## **SCHEDULE 11: PROPERTIES**

### **Part 1: Freehold Property**

Not applicable

### **Part 2: Leasehold Property**

Registration	Location/Description	Landlord	Lessee
-	Unit 3, 40 Greenhill Road, Wayville SA 5034	Lourdes Fricker	Alcidion Corporation Pty. Ltd.
-	Unit 4, 40 Greenhill Road, Wayville SA 5034	Lourdes Fricker	Alcidion Corporation Pty. Ltd.

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## **SCHEDULE 12: OPERATING LEASES**

Not applicable.

**SCHEDULE 13: EQUIPMENT LEASES**

Not applicable.

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**SCHEDULE 14: REGISTERED SECURITY INTERESTS**

	Registration Number	Secured Party	Collateral
1.	201112200726441	Commonwealth Bank of Australia	General Property
2.	201112204552085	Commonwealth Bank of Australia	General Property
3.	201112230476295	Commonwealth Bank of Australia	General Property
4.	201203280031731	Commonwealth Bank of Australia	General Property
5.	201203290081607	Commonwealth Bank of Australia	General Property
6.	201204030170380	Commonwealth Bank of Australia	General Property
7.	201411240062463	Commonwealth Bank of Australia	Other Goods
8.	201504100019512	Commonwealth Bank of Australia	Other Goods
9.	201504100019520	Commonwealth Bank of Australia	Other Goods

## SCHEDULE 15: LESSOR AND THIRD PARTY CONSENTS

### Part 1: Lessor Consents

Not applicable.

### Part 2: Third Party Consents

Party Name	Reference	Address	Description of Consent
Australian Health Limited Unity	078 722 568	Level 14, 114 Albert Road, South Melbourne, Victoria 3205	IT Supply Agreement
Commonwealth Bank of Australia	48 123 123 124	48 Martin Place, Sydney, New South Wales, 2000	Deed of Company Charge

# SCHEDULE 16: DATA ROOM INDEX

Company: alcidion  
Room: alcidion  
Prepared For: Duncan Craig  
Prepared On: 11/18/2015

securedocs

Name	Pages	Updated On
1 - Assets		
1.1 - Goffens LCI Suite 3 2011-11-04.pdf	11	08/21/2015
1.2 - Goffens LCI Suite 4 2011-11-04.pdf	11	08/21/2015
2 - Capitalization Debt		
2.1 - Convertible notes 060115		
2.1.1 - 11022015005354-0001.pdf	1	08/21/2015
2.1.2 - Convertible Note Registry 10/21/15.pdf	2	08/21/2015
2.1.3 - Convertible note subscription deed (ID 63938) (1) - Altura.docx	41	08/21/2015
2.1.4 - Convertible note subscription deed (ID 63938) (1) - RB.docx	40	08/21/2015
2.1.5 - Alcidion Convertible Note Registry 060115.docx	2	08/21/2015
2.1.6 - Convertible note subscription deed (ID 63938) (1) - Altura.docx	40	08/21/2015
2.1.7 - Convertible note subscription deed (ID 63938) (1) - RB.docx	40	08/21/2015
2.1.8 - Convertible note subscription deed (ID 63938) (1) - BSPE.docx	40	08/21/2015
2.1.9 - Convertible Note Amendment A & B - BSPE.pdf	2	08/21/2015
2.1.10 - Convertible Note Amendment B - BSPE.pdf	1	08/21/2015
2.1.11 - Convertible Note signed.pdf	38	08/21/2015
2.2 - CBA Overlay Deck 2011-08-16.pdf	35	08/21/2015
3 - Contracts - Confidential Approvals		
3.1 - Australian Lines		
3.1.1 - 2015-11-16 IT Supply Agreement - Alcidion (clean) SC Epts.doc	55	08/21/2015
3.1.2 - Mr. Rohan Mead AU ASX 2015-11-3 RB.pdf	1	11/03/2015
3.1.3 - FW Alcidion Listing.doc	—	11/18/2015
3.2 - Fulfiller		
3.2.1 - Fulfiller ICVIS SOW 2014-03-31 signed.pdf	12	08/21/2015
3.2.2 - STATEMENT OF WORKS FULFILM AUSTRALIA 100212.pdf	16	08/21/2015
3.2.3 - MASTER SERVICES AGREEMENT FULFILM AUSTRALIA 100212.pdf	17	08/21/2016
3.2.4 - Alcidion FFA ICVIS Agreement File Note.docx	5	10/25/2015
3.3 - Melbourne Health (Vic)		
3.3.1 - Melbourne Health Contract.pdf	61	08/21/2015
3.4 - NEDA		
3.4.1 - NEDA1.pdf	1	08/21/2015
3.4.2 - NEDA2.pdf	10	08/21/2015
3.5 - Northern Territory Health		
3.5.1 - NT Journey Board Signed SOW 2014.pdf	10	08/21/2015
3.5.2 - AlcidionNTHealthSOW (Grove Katherine-TC) 2014-10-27.docx	18	08/21/2015
3.5.3 - NT MSA.pdf	10	08/21/2015
3.5.4 - AlcidionNTHealthSOW (KOHASH) 2011-10-27.docx	15	08/21/2015
3.5.5 - ED Best Practice Partnership Order Set SOW.pdf	9	08/21/2015
3.5.6 - NT MOU.pdf	5	08/21/2015
3.6 - Tasmanian DHHS		
3.6.1 - NICS Spinal G1TC Contract Alcidion.pdf	30	08/21/2015
3.6.2 - Family Contract for DHHS-55238 Connected Care Foundation.pdf	24	08/21/2015
3.7 - Vaper		
3.7.1 - Vaper SOW 2010 final.pdf	18	08/21/2015
3.7.2 - Master Services Agreement 31 August 2009.pdf	11	11/03/2015
3.8 - Western Health (Vic)		
3.8.1 - 2011_Clinic 4 SOW_WH.pdf	15	08/21/2015
3.8.2 - 2011_Myra Journey SOW_V3.doc	18	08/21/2015
3.8.3 - 140910_Myra Access SOW_V3.doc	—	08/21/2015
3.8.4 - WH Master Licence and SOW.pdf	66	08/21/2015
3.9 - Grants		
3.9.1 - Commercial Ready		

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Name	Pages	Uploaded On
3.8.1.1 - Aldison Grant Agreement Particular conditions_V1.pdf	8	10/22/2015
3.8.1.2 - CR general conditions_V40_September_2007.pdf	23	10/22/2015
3.8.1.3 - Sig Page 2014-04 Declaration.pdf	1	10/22/2015
3.9.2 - Commercialisation Australia		
3.9.2.1 - p 86 signed.pdf	1	10/22/2015
3.9.2.2 - p 36 signed.pdf	1	10/22/2015
3.9.2.3 - CA Grant Funding Agreement Schedule 1.pdf	3	10/22/2015
3.9.2.4 - CA Grant Funding Agreement Schedule 3.pdf	3	10/22/2015
3.9.2.5 - p 48 signed.pdf	1	10/22/2015
3.9.2.6 - p 50 signed.pdf	1	10/22/2015
3.9.2.7 - Approved CA MS6 Variation 2012-02-16.pdf	13	10/22/2015
3.9.2.8 - CA Grant Funding Agreement Schedule 1.pdf	3	10/22/2015
3.9.2.9 - CA Grant Funding Agreement Schedule 3.pdf	3	10/22/2015
3.9.2.10 - Aldison Variation approved.pdf	35	10/22/2015
3.9.3 - EMDG	1	10/22/2015
3.9.3.1 - Aldison EMDG App Form Web.pdf	8	10/22/2015
3.9.3.2 - Aldison EMDG signed and page - App Form Web.pdf	1	10/22/2015
3.9.4 - MYP PJS Grant		
3.9.4.1 - Host SME Round 2 Feasibility Study Agreement 2011-09-09.docx	13	10/22/2015
3.9.4.2 - Host SME Round 2 Feasibility Study Agreement 2011-09-09.doc	11	10/22/2015
3.9.4.3 - WH Aldison CA 2012-04-27 Final Contract.pdf	58	10/22/2015
3.9.4.4 - WH Aldison CA 2012-04-27 Patient Journey System.pdf	2	10/22/2015
3.9.4.5 - WH PJS MYP ES Presentation Non Build 2011-02-18.pdf	19	10/22/2015
3.9.4.6 - Patient Journey - Aldison Corporation Final.pdf	79	10/22/2015
3.9.5 - Aldison Grant History.pdf	1	10/22/2015
3.10 - Healthcare		
3.10.1 - Aldison Services Agreement 1 - 6 October 2015 Signed.pdf	8	10/27/2015
4 - Employees Matters		
4.1 - Employee Share Plan		
4.1.1 - Gordon Craig D 2015.pdf	46	11/10/2015
4.1.2 - van der Pijpen D 2015.pdf	46	11/10/2015
4.1.3 - India Parvathi D 2015.pdf	46	11/10/2015
4.1.4 - David Dalsum D 2015.pdf	56	11/10/2015
4.1.5 - S Bligh D 2015.pdf	46	11/12/2015
4.1.6 - S Cohen D 2015.pdf	46	11/12/2015
4.1.7 - S Dalsum D 2015.pdf	46	11/12/2015
4.2 - Tracey Harvey casual.docx	9	08/21/2015
4.3 - David Karon 220813.docx	12	08/21/2015
4.4 - David Karon 220813.docx	11	08/21/2015
4.5 - ID context of employment_2014.pdf	13	08/21/2015
4.6 - ID context of employment_2014.pdf	12	08/21/2015
4.7 - ID context of employment_2014.pdf	15	08/21/2015
4.8 - Tom Stok 010713.docx	11	08/21/2015
4.9 - Tom Walker Exec.docx	14	08/21/2015
4.10 - RB Contract.pdf	9	08/21/2015
4.11 - Ray Stok v3.docx	12	08/21/2015
4.12 - Organisation Structure July 2015 exec only.pptx	1	08/21/2015
4.13 - HR IM Policy Review October 2015.docx	10	10/14/2015
4.14 - List of Employees 31/01/15 Schedule 10 SPA.xlsx	2	10/14/2015
4.15 - Deed of Settlement, Release and Discharge - David Dalsum.pdf	7	10/21/2015
4.16 - Employee Incentive Program.pptx	15	10/29/2015
5 - Employment		
5.1 - Employment Test 060615.pdf	1	08/21/2015
6 - Financials		
6.1 - POLICY ON QUOTATIONS 010215.docx	2	08/21/2015
6.2 - ACCOUNTS RECEIVABLE AGEING 30 JUNE 2015.pdf	1	08/21/2015
6.3 - Quickbooks Financial Reports - June 2015.pdf	12	08/21/2015
6.4 - Aldison Corporation - Income Recognition Policy Review 010414 V4.docx	2	08/21/2015
6.5 - Notice Period for Termination by Customer 310715.docx	1	08/21/2015



Names	Pages	Uploaded On
6.6 - ACCOUNTS PAYABLE AGEING 30 JUNE 2015.pdf	1	08/21/2015
6.7 - Information Memorandum 070715.pdf	19	08/21/2015
6.8 - Customer contract.docx	1	08/21/2015
6.9 - Alcidon Corporation - Licensing Policy Review 060614.docx	1	08/21/2015
6.10 - Alcidon Corp FY14-2015 Financial Statements.pdf	13	08/21/2015
6.11 - POLICY ON DEPRECIATION.docx	1	08/21/2015
6.12 - Monthly payment of lease equipment - 30-06-15	3	08/21/2015
6.13 - Alcidon FY13-14 Financials.pdf	13	08/21/2015
6.14 - Alcidon FY14-2015 Financials.pdf	13	08/21/2015
6.15 - FY 15 TRAIL BALANCE.xlsx	1	08/21/2015
6.16 - 2013 Alcidon Audited Accounts audit report.pdf	18	08/21/2015
6.17 - 2014 Alcidon Audited Accounts audit report.pdf	18	08/21/2015
6.18 - 2015 Alcidon Audited Accounts audit report updated.pdf	17	08/21/2015
6.19 - Monthly payment on equipment lease with CBA 201015.xlsx	3	10/22/2015
7 - General Information and Background		
7.1 - Alcidon Share Certificate No. 10.pdf	1	08/21/2015
7.2 - Freshfin Corp Reg 2000-01-01.pdf	1	08/21/2015
7.3 - ASIC UPDATE 19-08-15.pdf	1	08/21/2015
7.4 - Director's Listing 140115.pdf	1	08/21/2015
7.5 - Alcidon Director's Confirmation - Nathan Buzza 070414.docx	1	08/21/2015
7.6 - Alcidon Director's Confirmation as a director MB 070414.docx	1	08/21/2015
7.7 - Alcidon Share Registry 040213.pdf	2	08/21/2015
7.8 - Alcidon Corp COA 2000-07-07.pdf	1	08/21/2015
7.9 - Alcidon Corp ASIC 2011-06-22.pdf	1	08/21/2015
7.10 - Alcidon Share Certificate 8 - 9.pdf	4	08/21/2015
7.11 - Alcidon Constitution.pdf	45	08/21/2015
7.12 - Alcidon Shareholders agreement signed.pdf	88	11/04/2015
8 - Government Approval and Permits		
8.1 - GTC Head Agreement Alcidon Corporation.pdf	1	10/22/2015
8.2 - The GTC Head Agreement Alcidon Corporation.pdf	134	10/22/2015
8.3 - GTC and GTC Approval 2015.pdf	2	10/22/2015
9 - Information Systems		
9.1 - Summary of 130715 planning.docx	2	10/29/2015
10 - Insurance		
10.1 - P113957-110245782.1 Directors.pdf	4	08/21/2015
10.2 - P1107032114-110245782.1.pdf	6	08/21/2015
10.3 - P1142237-110245782.1.pdf	4	08/21/2015
10.4 - P113957-110245782.1 IT.pdf	9	08/21/2015
10.5 - P113957-110245782.1 Travel.pdf	7	08/21/2015
10.6 - P113957-110245782.1 Management.pdf	12	08/21/2015
10.7 - Alcidon Certificate Reg 20150824_300213.pdf	2	10/29/2015
10.8 - Insurance Summary.pdf	1	10/29/2015
10.9 - Alcidon Business Insurance 2015.pdf	8	10/29/2015
10.10 - Alcidon Management Insurance 2015.pdf	41	10/29/2015
10.11 - Travel Insurance Alcidon.pdf	40	10/29/2015
11 - Intellectual Property		
11.1 - Patents & Trademarks		
11.1.1 - Alcidon Trademark.pdf	1	08/21/2015
11.1.2 - Mya TM.pdf	1	08/21/2015
11.1.3 - TheraLab	—	08/21/2015
11.1.4 - Clinical Risk Patent.pdf	1	08/21/2015
11.1.5 - Alcidon TM2.pdf	2	08/21/2015
11.1.6 - Mya Trademark.pdf	2	08/21/2015
11.1.7 - Standard Patent - Clinical Risk System and Method.pdf	47	08/21/2015
11.1.8 - Mya Logo.pdf	1	10/29/2015
11.1.9 - Mya Smartforms.pdf	1	10/29/2015
11.1.10 - Mya.pdf	1	10/29/2015
11.1.11 - Mya Platform.pdf	1	10/29/2015
11.1.12 - Mya Journey.pdf	1	10/29/2015

Name	Pages	Uploaded On
11.1.13 - Cloud Care Coordination.pdf	1	10/28/2015
11.1.14 - Mya Access Glance.pdf	1	10/28/2015
11.1.15 - Alcidon.pdf	1	10/28/2015
11.1.16 - Alcidon Logo.pdf	1	10/28/2015
11.1.17 - AccessGlance.pdf	1	10/28/2015
11.1.18 - Trademarks.pdf	1	10/28/2015
11.2 - Software	1	10/28/2015
11.2.1 - Trench1-RL.pdf	210	09/02/2015
11.2.2 - Trench5-RL.pdf	26	09/02/2015
11.2.3 - Trench4-RL.pdf	185	09/02/2015
11.2.4 - Trench3-RL.pdf	104	09/02/2015
11.2.5 - Trench2-RL.pdf	182	09/02/2015
12 - Internal Controls		
12.1 - Business Continuity Plan.doc	18	08/21/2015
12.2 - ALCIDON BUSINESS PROCESSES.docx	2	08/21/2015
12.3 - Alcidon Backup Tests and Procedures.docx	10	08/21/2015
12.4 - Multi factor authentication.docx	7	10/28/2015
13 - Legal Proceedings		
13.1 - EMA Legal.pdf	1	08/21/2015
13.2 - Returned scholarly letters and affidavits.pdf	2	08/21/2015
14 - Products and Marketing General		
14.1 - THE MYA PRODUCT LINE.pptx	1	08/21/2015
15 - Related Party Transactions		
16 - Research and Development		
16.1 - Alcidon 2015 RD Tax Incentive Application Lodgement 2015-10-20.pdf	32	11/08/2015
16.2 - KPMG R&D SIGNED.pdf	7	11/09/2015
17 - Tax Returns		
17.1 - 2018 Income Tax Return - Alcidon Corporation Pty Ltd - Signed.pdf	10	08/21/2015
17.2 - Alcidon 2012 ITR.pdf	8	08/21/2015
17.3 - Alcidon Corporation 2015 ITR Lodged.pdf	8	10/29/2015
17.4 - Alcidon FY13-14 F&E/ R&D Tax Return.pdf	23	08/21/2015
18 - Warranty		
19 - Alcidon Due Diligence.docx	13	08/21/2015
20 - Alcidon IM Brief June 2015 V5.pdf	185	08/21/2015
21 - ALC Pro Forma Balance Sheet as at 30 June 2015 alt.docx	4	10/28/2015

## SCHEDULE 17: ACCOUNTS

### **Alcidion Corporation Pty Ltd**

(ABN 62 093 148 488)  
Financial Statements  
Year ended 30 June 2015

**ALCIBION CORPORATION PTY LTD**  
**ABN 62 693 148 488**

**CONTENTS**

	<b>Page No.</b>
Detailed Trading, Profit and Loss Statement	2
Statement of Financial Position	4
Notes to the Financial Statements	5
Directors' Declaration	13
Auditor Independence Declaration	14
Auditor's Report	15

**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>SALES</b>		
Recurring income	1,568,582	1,448,568
Non-recurring income	3,276,892	817,736
Grants	-	96,200
Foreign exchange gain or (loss)	(2,153)	-
	<u>4,843,321</u>	<u>2,362,504</u>
<b>LESS COST OF GOODS SOLD</b>		
Product development	368,710	1,397,625
Maintenance and support	79,556	71,886
Project expenditure	1,352,084	1,050,103
Direct computer hardware and software	<u>170,818</u>	<u>30,581</u>
	<u>1,972,168</u>	<u>2,550,195</u>
<b>GROSS PROFIT (LOSS)</b>	<u>2,881,163</u>	<u>(184,591)</u>
<b>LESS EXPENDITURE</b>		
Accountancy fees, R&D Returns	23,107	20,924
Amortisation	704	704
Auditors' remuneration	-	1,750
Board fees	225,112	65,217
Bank charges	7,185	3,888
Bookkeeping	2,750	4,500
Business meetings	1,194	21
Cleaning - office	8,916	8,881
Contracting & consultancy fees	24,514	31,688
Couriers	492	400
Depreciation	114,362	98,530
Minor plant and equipment	9,880	2,661
Donations	1,493	1,335
Employees entitlements	34,568	(51,582)
Staff amenities	7,088	9,410
Entertainment expenses	12,887	17,754
Filing fees	891	118
Fringe benefits tax	5,858	4,000
Insurance	23,782	16,889
Interest paid	13,845	8,014
Legal costs	38,609	52,735
Light and power	32,771	31,492
Marketing	45,087	8,308
Magazines, journals and periodicals	<u>860</u>	<u>310</u>

The accompanying notes form part of these financial statements.

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**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
Motor vehicle expenses	-	528
Parking expenses	23,893	21,440
Payroll tax	169,370	148,036
Postage	649	722
Printing and stationery	2,576	4,108
Recruitment expenses	11,788	15,308
Rent and outgoing	141,878	148,331
Repairs and maintenance	8,362	11,008
Salaries and wages	1,829,868	1,446,345
Security costs	1,121	886
Software expenses	71,506	49,429
Storage fees	4,383	2,911
Subscriptions	317	2,203
Sundry expenses	21,105	31,145
Superannuation contributions	325,757	341,287
Telephone and internet	62,870	44,273
Travelling expenses	197,874	87,207
Training and education	22,190	3,342
Workcover	12,713	16,603
	<u>3,544,101</u>	<u>2,717,400</u>
	(682,948)	(2,802,091)
<b>OTHER INCOME</b>		
Interest received	19,446	35,701
Other revenue	3,937	1,372
	<u>23,383</u>	<u>37,073</u>
<b>NET OPERATING PROFIT (LOSS) BEFORE INCOME TAX</b>	(659,565)	(2,865,018)
Income tax benefit	341,301	1,425,883
	<u>(318,264)</u>	<u>(1,439,135)</u>
<b>NET OPERATING PROFIT (LOSS) AFTER INCOME TAX</b>	(1,131,163)	307,992
Retained Profits (accumulated losses) at the beginning of the financial year	(1,131,163)	307,992
<b>TOTAL AVAILABLE FOR APPROPRIATION (DEFICIT)</b>	(1,448,427)	(1,131,143)
<b>RETAINED PROFITS (ACCUMULATED LOSSES) AT THE END OF THE FINANCIAL YEAR</b>	<u>(1,448,427)</u>	<u>(1,131,143)</u>

The accompanying notes form part of these financial statements.

**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	2,321,254	2,248
Trade and other receivables	3	1,269,176	2,668,247
<b>TOTAL CURRENT ASSETS</b>		<b>3,590,430</b>	<b>2,670,495</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	190,112	227,788
Intangible assets	5	5,775	6,479
Deferred tax assets	6	124,690	113,935
<b>TOTAL NON-CURRENT ASSETS</b>		<b>320,577</b>	<b>348,202</b>
<b>TOTAL ASSETS</b>		<b>3,911,007</b>	<b>3,018,697</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	498,270	365,478
Borrowings	8	47,096	181,434
Provisions	9	227,116	228,397
Other	10	831,472	1,046,826
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,604,954</b>	<b>1,822,135</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	8	1,500,000	100,000
Provisions	9	155,476	127,722
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,655,476</b>	<b>227,722</b>
<b>TOTAL LIABILITIES</b>		<b>3,260,430</b>	<b>2,049,857</b>
<b>NET ASSETS</b>		<b>650,577</b>	<b>968,841</b>
<b>EQUITY</b>			
Issued capital	11	2,100,004	2,100,004
Retained earnings (accumulated losses)		(1,449,427)	(1,131,163)
<b>TOTAL EQUITY</b>		<b>650,577</b>	<b>968,841</b>

The accompanying notes form part of these financial statements.

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**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1 Summary of Significant Accounting Policies**

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

**(a) Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income). The company does not recognise deferred tax assets and liabilities.

Current income tax expense charged to profit or loss is the tax payable on taxable income and is measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balance during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

**(b) Property, Plant and Equipment**

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives to the company.



**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Freehold land and buildings are carried at their recoverable amounts, based on periodic, but at least triennial, valuations by the directors.

**(c) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services rendered in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

**(d) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions liability.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(f) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

Revenue recognition relating to the provision of a service is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax.

The company also receives revenue in from Government Grants.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

**(g) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

**(i) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability is established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

**(j) Intangibles**

**Patents and Trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

**(k) Research and development**

Expenditure on research and development is charged to the income statement in the year in which it is incurred.

**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>2. CASH AND CASH EQUIVALENTS</b>		
Cash on hand		
CBA - Premium 1046 0255	135	432
CBA - IPJS BOLS account 8253	597,872	-
CBA - Holding 1017 5037	193	193
CBA - Holding saver 1023 1932	51	57
CBA - premium account BOLS 7277	248	240
CBA - Term Deposit	241	549
CBA - IPJS Victoria 8245	1,711,663	-
NZD Bank Account	639	778
	<u>10,212</u>	<u>-</u>
	<u>2,321,254</u>	<u>2,249</u>
<b>3. TRADE AND OTHER RECEIVABLES</b>		
<b>CURRENT</b>		
Prepaid insurance	6,885	6,885
R&D Tax Offset Refund Due	<u>334,806</u>	<u>1,396,119</u>
Trade debtors	<u>927,685</u>	<u>1,268,243</u>
	<u>1,269,176</u>	<u>2,668,247</u>
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Office furniture and equipment	142,405	344,044
Less accumulated depreciation	<u>(71,938)</u>	<u>(249,101)</u>
	<u>70,467</u>	<u>94,943</u>
Computer and hardware equipment	323,019	351,565
Less accumulated amortisation	<u>(203,374)</u>	<u>(218,720)</u>
	<u>119,645</u>	<u>132,845</u>
<b>Total property, plant and equipment</b>	<u>190,112</u>	<u>227,788</u>
<b>5. INTANGIBLE ASSETS</b>		
Patents and trademarks	14,331	14,331
Less accumulated amortisation	<u>(8,556)</u>	<u>(7,852)</u>
	<u>5,775</u>	<u>6,479</u>

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**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>6. TAX</b>		
<b>NON-CURRENT</b>		
Deferred tax asset	<u>124,690</u>	<u>113,935</u>
<b>7. TRADE AND OTHER PAYABLES</b>		
<b>CURRENT</b>		
Goods and services tax	175,156	155,643
Trade creditors	86,253	26,980
Accrued expenses	79,339	52,665
Other creditors	68,205	33,202
Amounts withheld	<u>100,317</u>	<u>97,988</u>
	<u>499,270</u>	<u>366,478</u>
<b>8. BORROWINGS</b>		
<b>CURRENT</b>		
CBA - Premium 1048 0265	-	169,021
Hire purchase liability	51,821	17,138
Less unexpired hire purchase liability	<u>(4,725)</u>	<u>(4,725)</u>
	<u>47,096</u>	<u>12,413</u>
	<u>47,096</u>	<u>181,434</u>
<b>NON-CURRENT</b>		
Unsecured loan - Mr Ray Blight	-	100,000
Convertible Notes	<u>(a) 1,500,000</u>	<u>-</u>
	<u>1,500,000</u>	<u>100,000</u>

**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
(a) On 16 January 2015, the company issued 1,500,000 convertible notes with the following terms:		
<ul style="list-style-type: none"> <li>• Each note has a face value of \$1.00</li> <li>• The notes are convertible to ordinary shares in the Company at the election of the Noteholder, however automatic conversion will occur on 30 September 2016 if the following criteria are met: <ul style="list-style-type: none"> <li>i. aggregate revenue for the financial years ending 30 June 2015 and 30 June 2016 is equal to or greater than \$15 million</li> <li>ii. aggregate EBITDA for the financial years ending 30 June 2015 and 30 June 2016 is equal to or greater than \$1 million</li> <li>iii. by no later than 30 June 2016, the company has at least one of its products installed in 25 or more separate locations</li> </ul> </li> <li>• If not previously converted, redemption of the notes will occur on 16 June 2018</li> <li>• Interest is payable on the notes at the rate of 5% on senior notes per annum and 9% on junior notes per annum, compounding monthly</li> </ul>		
<b>9. PROVISIONS</b>		
<b>CURRENT</b>		
Provision for annual leave	180,456	159,803
Provision for long service leave	<u>66,880</u>	<u>68,594</u>
	<u>227,116</u>	<u>228,397</u>
<b>NON-CURRENT</b>		
Provision for long service leave	<u>155,476</u>	<u>127,722</u>
<b>10. OTHER LIABILITIES</b>		
<b>CURRENT</b>		
Income in advance	<u>831,472</u>	<u>1,048,826</u>
<b>11. ISSUED CAPITAL</b>		
Ordinary shares	2,100,004	2,100,004
<b>12. SUBSEQUENT EVENTS</b>		
(a) On the 18 <sup>th</sup> of August 2015 the shareholders of Alcidion Corporation Pty Ltd entered into a binding term sheet with ASX Listed Company Naracoota Resources Ltd (ASX: NRR) for the acquisition of 100% of the Alcidion Corporation Pty Ltd shares.		

**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 145 488**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**12. SUBSEQUENT EVENTS CONTINUED**

In addition to the terms and conditions that are customary to acquisitions of this nature, the acquisition is conditional upon;

1. Naracoota Resources Ltd must receive all regulatory and shareholder approvals
2. The transaction is conditional upon Naracoota Resources Ltd completing its Due Diligence investigations
3. An Independent Expert finding that the acquisition of 100% of the shares in Alcidion Corporation Pty Ltd is fair and reasonable to the existing shareholders of Naracoota Resources Ltd that are not related to the vendors of Alcidion Corporation Pty Ltd who acquire a relevant interest of 20% or more of Naracoota Resources Ltd;
4. Alcidion Corporation Pty Ltd will be Acquired with \$1.75M in net cash and no debt;
5. Naracoota Resources Ltd enter into a formal Share Purchase agreement by no later than 31 December 2015.

- (b) On the 2<sup>nd</sup> of September 2015 Alcidion Corporation Pty Ltd announced the completion of a contract for \$1.75M with the Northern Territory Department of Health to run over a 60 month period. The contract relates to the installation and commissioning of the Miya platform within the Royal Darwin and Alice Springs hospital emergency departments.

**ALCIDION CORPORATION PTY LTD**  
**ABN 62 093 148 488**

**DIRECTORS' DECLARATION**

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In accordance with a resolution of the directors of Alcidion Corporation Pty Ltd, the directors of the company declare that:

1. The financial statements and notes as set out on pages 2 to 12 presents fairly the company's financial position as at 30 June 2015 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

  
Raymond H. Blight

Director

  
Malcolm Franklin

Dated:

9<sup>th</sup> September 2015



I declare that, to the best of my knowledge and belief during the year ended 30 June 2015 there have been:

- no contraventions of the auditor independence requirements in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

**William Beck**  
ABN 38 280 203 274

**M. D. King**  
Partner

Dated this 8<sup>th</sup> day of September 2015

**CHARTERED ACCOUNTANTS  
& ADVISORS**  
Level 8, 211 Victoria Square  
Adelaide SA 5000  
GPO Box 11050  
Adelaide SA 5001  
Telephone: +61 8 8406 4333  
willambush.com

When the Board of Directors of the American Association of University Professors met in 1940, it was the first time since the founding of the Association in 1915 that the Board had met in a city other than New York City. The Board met in the city of Washington, D.C., at the request of the American Association of University Professors, which had been asked to do so by the United States Department of Education.

**Praxity**  
MEASUREMENT  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ALCIDION CORPORATION PTY LTD**

**Report on the Financial Report**

We have audited the accompanying financial report on pages 2 to 13, being a special purpose financial report of Alcidion Corporation Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2015, the trading profit and loss statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

**Directors' Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the needs of the shareholders.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we have complied with the independence requirements relating to audit engagements.

CHARTERED ACCOUNTANTS  
& ADVISORS  
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Adelaide SA 5000  
GPO Box 11030  
Adelaide SA 5001  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ALCIDION CORPORATION PTY LTD (CONT)**

***Auditor's Opinion***

In our opinion the financial report of Alcidion Corporation Pty Ltd on pages 2 to 13 presents fairly, in all material respects, the financial position as at 30 June 2015 and of its performance for the year ended on that date in accordance with the basis of preparation as disclosed in Note 1 to the financial report.

***Basis of Accounting***

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Alcidion Corporation Pty Ltd to meet the needs of shareholders. As a result, the financial report may not be suitable for another purpose.

William Buck

William Buck  
ABN 38 280 203 274

M. D. King

M. D. King  
Partner

Dated this 8<sup>th</sup> day of September 2015

**SCHEDULE 18: GUARANTEES AND INDEMNITIES**

<b>Guarantor</b>	<b>Indemnity</b>	<b>Facility</b>
Raymond Howard Blight and Malcolm Pradhan	Each guarantor separately and jointly liable to the limit	CBA \$200,000 Overdraft
Raymond Howard Blight and Malcolm Pradhan	Each guarantor separately and jointly liable to the limit	CBA Mastercard limit \$10,000

## **SCHEDULE 19: TERMS AND CONDITIONS OF CONTINGENT SHARE RIGHTS**

### **Part 1: Class A Contingent Share Rights**

#### **1. SATISFACTION**

##### **Satisfaction**

- 1.1 Each Class A Contingent Share Right will be satisfied by the issuance of one fully paid ordinary share in the capital of NRR (NRR Share) in accordance with this paragraph 1.

##### **Satisfaction milestones and ratio**

- 1.2 Subject to paragraph 2 below, each Class A Contingent Share Right will be satisfied by the issuance of one NRR Share upon the occurrence of NRR achieving audited sales revenue of at least \$10,000,000 in a period of 12 consecutive months no later than two years from the date on which NRR Shares are re-admitted to quotation on ASX ("**Class A Milestone**").

##### **Satisfaction on Change of Control**

- 1.3 Subject to paragraph 1.1 above and paragraph 2 below, upon the occurrence of a Change of Control of NRR (other than as a result of the transactions contemplated in this Agreement):

- 1.3.1 where, at the date of the Change of Control, the satisfaction of all Contingent Share Rights will result in the issue of less than or equal to 10% of the total number of NRR Shares on issue, each Contingent Share Right will automatically entitle the holder to one NRR Share; and

- 1.3.2 where, at the date of the Change of Control, the satisfaction of all Contingent Share Rights will result in the issue of greater than 10% of the total number of NRR Shares on issue:

- 1.3.2.1 the total number of Contingent Share Rights to be satisfied through the issuance of NRR Shares in exchange therefor must be equal to 10% of the total number of NRR Shares on issue;

- 1.3.2.2 the number of NRR Shares to be issued with respect to each class of Contingent Share Rights shall be on an equal basis between each such class; and

- 1.3.2.3 any Class A Contingent Share Rights that are not satisfied through the issuance of NRR Shares in accordance with paragraphs 1.3.2.1 and 1.3.2.2 above will continue to be held by the holder on the same terms and conditions set out herein.

#### **2. EXPIRY DATE**

- 2.1 If the Class A Milestones have not been satisfied by the date which is two years from the date on which NRR Shares are re-admitted to quotation on ASX, all Class A Contingent Share Rights shall not be capable of satisfaction and shall immediately lapse.

#### **3. NO OFFICIAL QUOTATION OF CLASS A CONTINGENT SHARE RIGHTS**

- 3.1 NRR will not apply for official quotation of the Class A Contingent Share Rights.

#### **4. SHARES ISSUED ON SATISFACTION**

- 4.1 NRR Shares issued on satisfaction of the Class A Contingent Share Rights will rank equally with the NRR Shares then on issue.

#### **5. OFFICIAL QUOTATION OF SHARES ON SATISFACTION**

- 5.1 Application will be made by NRR to ASX for official quotation of NRR Shares issued within three business days of the satisfaction of the Class A Contingent Share Right.

#### **6. TIMING OF ISSUE OF SHARES**

- 6.1 Within three Business days of the satisfaction of the Class A Contingent Share Rights by the issuance of NRR Shares, NRR must:

6.1.1 issue NRR Shares (subject to paragraph 6.2 below) to a holder or its nominee for nil consideration, and

6.1.2 at the same time, issue a cleansing notice under section 708A(5) of the *Corporations Act*.

- 6.2 If NRR is not then permitted to issue a cleansing notice under section 708A(5) of the *Corporations Act*, NRR must either:

6.2.1 issue a prospectus on the date that NRR Shares are issued under paragraph 6.1 above (in which case the date for issuing those NRR Shares may be extended to not more than 10 Business days after the satisfaction of the Class A Contingent Share Rights, to allow NRR time to prepare that prospectus); or

6.2.2 issue a prospectus before the date that NRR Shares are issued under paragraph 6.1 above, provided that offers under that prospectus must still be open for acceptance on the date those NRR Shares are issued,

in accordance with the requirements of section 708A(11) of the *Corporations Act*.

#### **7. ESCROW RESTRICTIONS**

- 7.1 Holders of the Class A Contingent Share Rights must comply with all escrow restrictions imposed by ASX in respect of NRR Shares issued on satisfaction of the Class A Contingent Share Rights.

#### **8. RECONSTRUCTION**

- 8.1 In the event of any reconstruction, consolidation or division of the issued capital of NRR, the Class A Contingent Share Rights and their terms of satisfaction through the issuance of NRR Shares in exchange therefor will be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the holder by virtue of such reconstruction, consolidation or division.

#### **9. NON-TRANSFERABLE**

- 9.1 The Class A Contingent Share Rights are not transferable or assignable to another party.

**10. COPIES OF NOTICES AND REPORTS**

- 10.1 Holders of the Class A Contingent Share Rights have the same right as shareholders of NRR to receive notices, reports and audited accounts.

**11. VOTING RIGHTS**

- 11.1 Holders of the Class A Contingent Share Rights will have no right to vote in respect of their Class A Contingent Share Rights.

**12. DIVIDENDS**

- 12.1 Holders of Class A Contingent Share Rights are not entitled to a dividend on their Class A Contingent Share Rights.

**13. PARTICIPATION IN NEW ISSUES**

- 13.1 There are no participation rights or entitlements inherent in the Class A Contingent Share Rights and holders of the Class A Contingent Share Rights will not, in respect of their Class A Contingent Share Rights, be entitled to participate in new issues of capital offered to shareholders of NRR.

**14. WINDING UP**

- 14.1 If NRR is wound up before satisfaction of all of the Class A Contingent Share Rights by the issuance of NRR Shares in exchange therefor, the holders will have no right to participate in surplus assets or profits of NRR on winding up in respect of their Class A Contingent Share Rights.

**15. INTERPRETATION**

- 15.1 In these terms and conditions, the following terms have the following meanings:

15.1.1 "Associates" has the meaning given to that term in the Corporations Act;

15.1.2 "Change of Control" means:

15.1.2.1 the offeror under a Takeover Bid in respect of all NRR Shares has achieved acceptances in respect of more than 50.01% of NRR Shares and that Takeover Bid has become unconditional;

15.1.2.2 the announcement by NRR that its shareholders have, at a Court convened meeting of shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all securities of NRR are to be either:

(a) cancelled; or

(b) transferred to a third party,

and the Court, by order, approves the proposed scheme of arrangement; or

- 15.1.2.3 any person, individually or together with their Associates, acquires a Relevant Interest in 50.01% or more of the total number of NRR Shares on issue by any other means (other the Acquisition);
- 15.1.3 "Relevant Interest" has the meaning given to that term in the Corporations Act; and
- 15.1.4 "Takeover Bid" has the meaning given to that term in the Corporations Act.

## **Part 2: Class B Contingent Share Rights**

### **1. SATISFACTION**

#### **Satisfaction**

- 1.1 Each Class B Contingent Share Right will be satisfied by the issuance of one NRR Share in accordance with this paragraph 1.

#### **Satisfaction milestone and ratio**

- 1.2 Subject to paragraph 2 below, each Class B Contingent Share Right will be satisfied by the issuance of one NRR Share upon NRR achieving audited sales revenue of at least \$15,000,000 in a period of 12 consecutive months no later than three years from the date on which NRR Shares are re-admitted to quotation on ASX ("Class B Milestone").

#### **Satisfaction on Change of Control**

- 1.3 Subject to paragraph 1.1 above and paragraph 2 below, upon the occurrence of a Change of Control of NRR (other than as a result of the transactions contemplated in this Agreement):

- 1.3.1 where, at the date of the Change of Control, the satisfaction of all Contingent Share Rights will result in the issue of less than or equal to 10% of the total number of NRR Shares on issue, each Contingent Share Right will automatically entitle the holder to receive one NRR Share; and

- 1.3.2 where, at the date of the Change of Control, the satisfaction of all Contingent Share Rights through the issuance of NRR Shares in exchange therefor will result in the issue of greater than 10% of the total number of NRR Shares on issue:

- 1.3.2.1 the total number of Contingent Share Rights to be satisfied through the issuance of NRR Shares must equal be to 10% of the total number of NRR Shares on issue;

- 1.3.2.2 the number of NRR Shares to be issued with respect to each class of Contingent Share Rights shall be on an equal basis between each such class; and

- 1.3.2.3 any Class B Contingent Share Rights that are not satisfied through the issuance of NRR Shares in accordance with paragraphs 1.3.2.1 and 1.3.2.2 above will continue to be held by the holder on the same terms and conditions set out herein.



**2. EXPIRY DATE**

- 2.1 If the Class B Milestone has not been satisfied by the date which is three years from the date on which NRR Shares are re-admitted to quotation on ASX, all Class B Contingent Share Rights shall not be capable of satisfaction and shall immediately lapse.

**3. NO OFFICIAL QUOTATION OF CLASS B CONTINGENT SHARE RIGHTS**

- 3.1 NRR will not apply for official quotation of the Class B Contingent Share Rights.

**4. SHARES ISSUED ON SATISFACTION**

- 4.1 NRR Shares issued on satisfaction of the Class B Contingent Share Right will rank equally with the NRR Shares then on issue.

**5. OFFICIAL QUOTATION OF SHARES ON SATISFACTION**

- 5.1 Application will be made by NRR to ASX for official quotation of NRR Shares issued within three business days of the satisfaction of the Class B Contingent Share Rights.

**6. TIMING OF ISSUE OF SHARES**

- 6.1 Within three Business days of the satisfaction of the Class B Contingent Share Rights by the issuance of NRR Shares, NRR must:

- 6.1.1 issue NRR Shares (subject to paragraph 6.2 below) to a holder or its nominee for nil consideration, and
- 6.1.2 at the same time, issue a cleansing notice under section 708A(5) of the *Corporations Act*.

- 6.2 If NRR is not then permitted to issue a cleansing notice under section 708A(5) of the *Corporations Act*, NRR must either:

- 6.2.1 issue a prospectus on the date that NRR Shares are issued under paragraph 6.1 above (in which case the date for issuing those NRR Shares may be extended to not more than 10 Business days after the satisfaction of the Class B Contingent Share Rights, to allow NRR time to prepare that prospectus); or
- 6.2.2 issue a prospectus before the date that NRR Shares are issued under paragraph 6.1 above, provided that offers under that prospectus must still be open for acceptance on the date those NRR Shares are issued,

in accordance with the requirements of section 708A(11) of the *Corporations Act*.

**7. ESCROW RESTRICTIONS**

- 7.1 Holders of the Class B Contingent Share Rights must comply with all escrow restrictions imposed by ASX in respect of NRR Shares issued on satisfaction of the Class B Contingent Share Rights.

**8. RECONSTRUCTION**

- 8.1 In the event of any reconstruction, consolidation or division of the issued capital of NRR, the Class B Contingent Share Rights and their terms of satisfaction through the issuance of NRR Shares in exchange therefor will be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the holder by virtue of such reconstruction, consolidation or division.

**9. NON-TRANSFERABLE**

- 9.1 The Class B Contingent Share Rights are not transferable or assignable to another party.

**10. COPIES OF NOTICES AND REPORTS**

- 10.1 Holders of the Class B Contingent Share Rights have the same right as the shareholders of NRR to receive notices, reports and audited accounts.

**11. VOTING RIGHTS**

- 11.1 Holders of the Class B Contingent Share Rights will have no right to vote in respect of their Class B Contingent Share Rights.

**12. PARTICIPATION IN NEW ISSUES**

- 12.1 There are no participation rights or entitlements inherent in the Class B Contingent Share Rights and holders of the Class B Contingent Share Rights will not, in respect of its Class B Contingent Share Rights, be entitled to participate in new issues of capital offered to shareholders of NRR.

**13. DIVIDENDS**

- 13.1 Holders of Class B Contingent Share Rights are not entitled to a dividend on their Class B Contingent Share Rights.

**14. WINDING UP**

- 14.1 If NRR is wound up before satisfaction of all of the Class B Contingent Share Rights by the issuance of NRR Shares in exchange therefor, the holders will have no right to participate in surplus assets or profits of NRR on winding up in respect of their Class B Contingent Share Rights.

**15. INTERPRETATION**

- 15.1 In these terms and conditions, the following terms have the following meanings:

15.1.1 "Associates" has the meaning given to that term in the Corporations Act;

15.1.2 "Change of Control" means:

15.1.2.1 the offeror under a Takeover Bid in respect of all NRR Shares has achieved acceptances in respect of more than 50.01% of NRR Shares and that Takeover Bid has become unconditional;

15.1.2.2 the announcement by NRR that its shareholders have, at a Court convened meeting of shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all securities of NRR are to be either:

(a) cancelled; or

(b) transferred to a third party,

and the Court, by order, approves the proposed scheme of arrangement; or

15.1.2.3 any person, individually or together with their Associates, acquires a Relevant Interest in 50.01% or more of the total number of NRR Shares on issue by any other means (other than as a result of the Acquisition);

15.1.3 "Relevant Interest" has the meaning given to that term in the Corporations Act; and

15.1.4 "Takeover Bid" has the meaning given to that term in the Corporations Act.

## SCHEDULE 20: MINORITY SELLER SALE AGREEMENT

### Share Sale Agreement Alcidion Corporation Pty Ltd ACN 093 148 488

	Clause	Terms and Conditions
1.	Parties	The party identified as the seller in part 1(a) of the schedule ( <b>Seller</b> ) Naracoota Resources Limited ACN 143 142 410 ( <b>Buyer</b> )
2.	Shares	The Seller is the legal and beneficial owner of the fully paid ordinary shares in Alcidion Corporation Pty Ltd ACN 093 148 488 ( <b>Company</b> ) listed in part 1(b) of the schedule ( <b>Shares</b> ).
3.	Sale of Shares	The Seller agrees to sell the Shares to the Buyer and Buyer agrees to buy the Shares from the Seller on the terms and conditions contained in this agreement.
4.	Consideration	<p>The consideration for the acquisition of the Shares will be the issue of the number of fully paid ordinary shares in the Buyer (<b>Buyer Shares</b>), the number of class A contingent share rights (<b>Class A Contingent Share Rights</b>) and the number of class B contingent share rights (<b>Class B Contingent Share Rights</b>) specified in part 1(c) of the schedule (<b>Consideration Securities</b>).</p> <p>The Consideration Securities may be issued to the Seller's nominee.</p> <p>The Buyer Shares issued to the Seller must be:</p> <ul style="list-style-type: none"> <li>(a) admitted to quotation on the official list of the Australian Securities Exchange (ASX);</li> <li>(b) credited as fully paid ordinary shares; and</li> <li>(c) issued free from any encumbrances or third party interests, subject only to the escrow restrictions set out in clause 8 below.</li> </ul>
5.	Transfer Documents	<p>On the date of signing this agreement, the Seller must deliver to the Buyer:</p> <ul style="list-style-type: none"> <li>(a) an executed but undated registration form transferring the Shares from the Seller to Buyer attached to this agreement; and</li> <li>(b) a share certificate in respect of the Shares, (<b>the Transfer Documents</b>).</li> </ul>
6.	Completion	This agreement is conditional on the conditions in the share sale and purchase agreement dated on or about 18 November 2015 between the Buyer, Malcolm Pradhan, Raymond Blight, BSPE Medical Technology Pty Limited, Allure Capital Pty Ltd, and the Company ( <b>Share Sale and Purchase Agreement</b> ) being satisfied or waived in accordance with the terms of the Share Sale and Purchase Agreement. Completion of the sale and purchase of the Shares under this agreement ( <b>Completion</b> ) is

	Clause	Terms and Conditions
		<p>interdependent and conditional on, and completion occurring under, the Share Sale and Purchase Agreement and must occur contemporaneously with completion under the Share Sale and Purchase Agreement.</p> <p>At Completion:</p> <ul style="list-style-type: none"> <li>(a) the Seller must transfer to the Buyer the Shares together with all rights attached to them;</li> <li>(b) title to and risk in the Shares pass to Buyer; and</li> <li>(c) the Buyer must issue the Consideration Securities to the Seller (including by registering the Seller as the holder of the Consideration Securities, and issuing to the Seller holding statements in respect of the Consideration Securities) in accordance with the requirements of this agreement.</li> </ul> <p>If Completion has not occurred by 31 March 2016 or the Share Sale and Purchase Agreement is terminated, the Transfer Documents shall be returned to the Seller and this agreement will be at an end.</p>
7.	Post Completion	Each party must do all things necessary to give full effect to the transactions contemplated by this agreement. If title to the Shares is not capable of being transferred to Buyer by the Seller at Completion then, from Completion, the Seller shall hold the Shares on trust for Buyer and deal with the rights attaching to the Shares at the Buyer's sole and exclusive direction.
8.	Escrow	The Consideration Securities will be subject to escrow if required by the ASX Listing Rules and the Seller undertakes to execute such form of restriction agreement as may be required by ASX.
9.	Seller's Warranties	<p>The Seller represents and warrants to Buyer at the time of signing this agreement and again at Completion (as a separate warranty) as follows:</p> <ul style="list-style-type: none"> <li>(a) The Seller is the owner of the Shares which are free of all encumbrances, other third party rights and there are no outstanding or contingent options, contracts, calls, pre-emptive rights, rights of first refusal, commitments, rights or demands of any kind relating to the Shares.</li> <li>(b) The Seller has taken all necessary action to authorise the execution, delivery and performance of this agreement in accordance with its terms and has full power to enter into and perform its obligations under this agreement.</li> <li>(c) The execution, delivery and performance by the Seller of this agreement comply with: <ul style="list-style-type: none"> <li>(i) any applicable companies law;</li> <li>(ii) the constitution or other constituent documents of the Seller, if any; and</li> <li>(iii) any encumbrance which is binding on the Seller.</li> </ul> </li> <li>(d) The Seller has not gone into liquidation or insolvency or passed a</li> </ul>

	Clause	Terms and Conditions
		<p>winding up resolution or received a deregistration notice under any applicable companies law.</p> <p>(e) The Seller is not the subject of any petition or other process for winding up, writ of execution or process for the appointment of a receiver or receiver and manager of any part of the undertaking or assets of the Seller and there are no circumstances justifying any of the foregoing.</p> <p>(f) Where the Seller enters into this Agreement in its capacity as trustee of any trust (Trust), that Seller warrants to Buyer that:</p> <p>(i) it is the sole trustee of the Trust or where there are two or more Sellers they jointly are the only trustees of the Trust;</p> <p>(ii) no action has been taken or is proposed to remove or replace the Seller as trustee of the Trust;</p> <p>(iii) it has power under the relevant trust deed to enter into and observe its obligations under this agreement and it has entered into them in its capacity as trustee of the Trust and for the benefit of the beneficiaries of the Trust;</p> <p>(iv) it has an unrestricted and unlimited right to be fully indemnified out of the relevant trust fund in respect of obligations incurred by it under this agreement;</p> <p>(v) it is not in default under the terms of the Trust;</p> <p>(vi) no action has been taken or is proposed to terminate the Trust; and</p> <p>(vii) it has complied with all of its obligations in connection with the Trust.</p>
10.	Power of Attorney	The Seller irrevocably appoints the Company Secretary of the Buyer as its attorney, to do all acts and things and to complete and execute any documents, including share transfers and any application form to the extent that the Consideration Securities are the subject of an offer under a prospectus, in your name and on your behalf that may be convenient or necessary for Completion and the Seller (or its legal personal representative) will be deemed to ratify and confirm any act or thing done pursuant to the power of attorney.
11.	Waiver of Pre-Emptive Rights	The Seller waives any pre-emptive rights in respect of the sale of other Shares or securities of the Company by other security holders of the Company, to the Buyer.
12.	Stamp Duty and GST	The Buyer must pay any stamp duty and Goods and Services Tax in respect of the execution, delivery and performance of this agreement and any agreement or document entered into or signed under this agreement.
13.	Confidentiality	Each of the parties agree to keep the terms and conditions of this agreement confidential and will not, except as required by law including the rules of any stock exchange, disclose the terms and conditions of this agreement to any third party without the prior written consent of the other

	Clause	Terms and Conditions
		parties.
14.	Entire Agreement	This agreement embodies the entire agreement between the parties and supersedes any prior negotiation, arrangement, understanding or agreement with respect to the subject matter of any term of this agreement.
15.	Binding Effect	The parties agree to be legally bound by and to implement and give effect to the terms of each obligation under this agreement.
16.	Governing Law	This agreement is governed by the laws of Western Australia.

## Schedule

### 1. Seller, Shares and Entitlement to Consideration Securities

- (a) Seller's Name: [insert].
- (b) The Seller holds [insert] Shares.
- (c) The Seller's entitlement to Consideration Securities is:

Security	Entitlement
Buyer Shares	[insert]
Class A Contingent Shares Rights	[insert]
Class B Contingent Shares Rights	[insert]

### 2. Terms and Conditions of Contingent Share Rights

Contingent Share Right	Milestone	Expiry Date
Class A	Each Class A Contingent Share Right will be satisfied by the issue of one Buyer Share upon the Buyer achieving audited sales revenue of at least \$10,000,000 in a period of 12 consecutive months no later than two years from the date on which the Buyer Shares are re-admitted to quotation on ASX.	2 years from the date on which the Buyer Shares are re-admitted to quotation on ASX
Class B	Each Class A Contingent Share Right will be satisfied by the issue of one Buyer Share upon the Buyer achieving audited sales revenue of at least \$15,000,000 in a period of 12 consecutive months no later than three years from the date on which the Buyer Shares are re-admitted to quotation on ASX.	3 years from the date on which the Buyer Shares are re-admitted to quotation on ASX



For personal use only

**Executed as a DEED**

Executed by **NARACOOTA RESOURCES  
LIMITED ACN 143 142 410** in accordance  
with s127 of the Corporations Act 2001:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

Executed by **[NAME OF COMPANY]**  
**ACN [INSERT]** in accordance with s127 of the  
Corporations Act 2001:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

Signed by **[name of individual]** in the presence  
of:

.....  
Signature of witness

.....  
Signature of **[name of individual]**

.....  
Name of witness (print)

**STANDARD TRANSFER FORM**

<b>FULL NAME OF COMPANY OR CORPORATION</b>		Alcidion Corporation Pty Ltd	
<b>PLACE OF REGISTRATION</b>		Western Australia	
<b>DESCRIPTION OF SECURITIES</b>	<b>CLASS</b>	Ordinary fully paid	
	<b>REGISTER</b>		
<b>QUANTITY</b>	<b>WORDS</b>	[insert]	
	<b>FIGURES</b>	[insert]	
<b>FULL NAME(S) OF TRANSFEROR(S) (SELLER(S))</b>		[insert]	
<b>CONSIDERATION</b>		[insert] Naracoota Resources Limited Shares [insert] Class A Contingent Share Rights [insert] Class B Contingent Share Rights	
<b>DATE OF PURCHASE</b>			
<b>FULL NAME(S) OF TRANSFEREE(S) (BUYER(S))</b>		Naracoota Resources Limited ACN 143 142 410	
<b>FULL POSTAL ADDRESS OF TRANSFEREE(S) (BUYER(S))</b>		Suite 9, 330 Churchill Avenue, Subiaco, Western Australia 6008	
<p>We the abovenamed transferor(s) (seller(s)) for the above consideration do hereby transfer to the abovenamed transferee(s) (buyer(s)) (hereinafter called the Buyer(s)) the securities as specified above standing in my/our name(s) in the books of the abovenamed Company, subject to the several conditions on which we hold the same at the time of signing this transfer and we the Buyer(s) do hereby agree to accept the said securities subject to the same conditions and to become a member of the Company and be bound, upon being registered as the holder of the securities, by the Company's Constitution (if any). We have not received any notice of revocation of the Power of Attorney by death of the grantor or otherwise, under which this transfer is signed.</p>			
<b>TRANSFEROR(S) SELLER(S)</b>		Signed by  _____	
<b>DATE SIGNED</b>			
<b>TRANSFEREE(S) BUYER(S)</b>		Executed by Naracoota Resources Limited ACN 143 142 410 in accordance with section 127 of the Corporations Act;  Signature of Director _____ Signature of Secretary/other Director _____  Name of Director in full _____ Name of Secretary/other Director in full _____	
<b>DATE SIGNED</b>			

## **SCHEDULE 21: DISCLOSURE LETTER**

17 November 2015

Naracoota Resources Limited  
(ACN 143 142 410)  
Suite 9  
330 Churchill Avenue  
SUBIACO WA 6008

Dear Sirs

This letter is provided by Malcolm Pradhan and Raymond Howard Blight ("we" or "us") and ("Individual Sellers").

This is the Disclosure Letter referred to in the Alcidion Acquisition Agreement.

### **DEFINITIONS**

**Alcidion and the Company** means Alcidion Corporation Pty Ltd (ACN 093 148 488).

**Alcidion Acquisition Agreement** means the Agreement intended to be entered into between NRR as buyer and the Individual Sellers, BPSE Medical Technology Pty Ltd (ACN 152 778 544) as trustee for the BPSE Medical Technology Unit Trust and Allure Capital Pty Ltd (ACN 152 310 766) ("Institutional Sellers") and Alcidion, by which it is intended that shares in Alcidion owned by the Individual Sellers and Institutional Sellers will be sold to NRR (subject to satisfaction of conditions precedent).

**NRR** means Naracoota Resources Limited (ACN 143 142 410).

### **DISCLOSURES**

The disclosures made in this letter are made in respect of each of the Seller Warranties in the Alcidion Acquisition Agreement.

The Seller Warranties are qualified by the disclosures contained or referred to in this letter and we will not be in breach of any of the Seller Warranties in respect of matters disclosed or referred to in this letter.

The contents of this letter are not be taken as, or having the effect of, adding to or extending the scope of any of the Seller Warranties.

The disclosure in this letter of:

- (a) any matter, does not constitute or imply any warranty, representation, statement, covenant, agreement, indemnity or undertaking not expressly given by us in the Alcidion Acquisition Agreement; or

- (b) any possible breach of any agreement or law does not constitute an admission or indication that any such breach exists or has occurred.

In this letter, reference to **Documents** are to documents referred to in the copy data room index which is attached to this letter and references are to the numbers attributed to those documents in the data room index.

**1. IT SUPPLY AGREEMENT – AUSTRALIAN UNITY**

- 1.1 The IT Supply Agreement dated 16 May 2008 made between the Company and Australian Unity Health Ltd (AU) provides at clause 49.12:

*"... a party must not assign or deal with any right under this agreement without the prior written consent of the other parties. For the purposes of this agreement, a Change in Control of Alcidion is deemed to be an assignment of Alcidion's rights under this agreement."*

- 1.2 The Agreement between Alcidion and AU is Document 3.1.1.

- 1.3 By a letter dated 3 November 2015, Alcidion advised AU of the proposed transaction with NRR (Document 3.1.2). Rohan Mead of AU responded by email dated 4 November 2015 which is at Document 3.1.2.

**2. COMMERCIALISATION AUSTRALIA PROGRAM FUNDING AGREEMENT**

- 3.1 Clause 13.1 of the Commercialisation Australia Program Funding Agreement dated 8 March 2011 between the Commonwealth of Australia and Alcidion (Document 3.9.2) provides that Alcidion must not "Deal With ... its rights" under the Funding Agreement without the prior written consent of the Program Delegate.

- 3.2 Clause 13.2 of the Funding Agreement provides that a change in control of Alcidion is taken to be "Dealing With" Alcidion's rights for the purposes of clause 13.1.

- 3.3 The grant under the Funding Agreement was \$1,475,910.00. The Project End Date (as amended by the Commercialisation Australia Program Amending Deed between the Commonwealth and Alcidion) was 31 July 2013. Clause 13.3 of the Funding Agreement provides that where the grant under the Funding Agreement exceeds \$500,000.00, the grantee (Alcidion) must receive the permission of the Program Delegate during the term of the Funding Agreement and for a period of 5 years after the Project End Date to "Deal With" its rights. Accordingly, Alcidion must obtain the prior written consent of the Program Delegate in accordance with clause 13.3 of the Funding Agreement prior to entering into the agreement with NRR, notwithstanding that the project has ended.

- 3.4 On 27 October 2015 the Australian Government Department of Industry Innovation & Science wrote to the Company advising that it approved a Domestic Change of Control (Document 3.9.2.10).

### **3. SLOW PAYMENTS**

4.1 Some of Alcidion's clients who are State Government agencies can be slow payers.

- (a) Tasmanian DHHS owes 3 quarterly payments in respect of the Miya Platform.

4.2 It is Alcidion's understanding that amounts owing are not disputed.

### **4. TENDERS AND QUOTES**

Alcidion has quotes and tenders open with potential new and existing clients. Alcidion cannot be certain as to the outcome of these tenders or quotes:

#### **(a) New Customers:**

- i. Waikato DHB NZ – Bed management solutions (\$1.955million);
- ii. MidCentral DHB NZ – HOC Solutions (\$1.8million);
- iii. Joondalup Health Campus (Ramsay Health) – Bed management solutions (\$650,000.00);
- iv. Flinders Medical Hospital – in discussions;
- v. Coffs Harbour (FujiFilm) – iCVIS (\$147,000.00);
- vi. Nambour (FujiFilm) – iCIVS (\$147,000.00);
- vii. SA Government, Innovative ICT Project – (\$1.3million).

#### **(b) Existing Customers:**

- i. Vapertrail - \$54,440.00 development;
- ii. Western Health – e-gateway \$77,900.00 quote;
- iii. NT Health – MRT rollout \$33,438.00;
- iv. NEDA – Phase 3A \$90,000.00.

### **5. FRANKING ACCOUNTS**

Alcidion maintains two franking accounts:

- (a) which holds a balance of \$10,605.00 credits generated between 2002 and 2007; and
- (b) the Outside Franking Accounts which are the cash payments provided by the ATO to Alcidion under the R&D Incentive on which the balance as at 29 June 2015 was minus \$2,352,142.00.

## 6. REDUNDANCIES

The Company made the following former employees redundant:

- (a) Ben Tran on 13 October 2015; and
- (b) James Burger on 13 October 2015.

## 7. DAVID DATSON

- 8.1 EDT Computer Services Pty Ltd (EDT) was a contractor to Alcidion from 2001 until around May 2015. EDT is a company controlled by David Datson.
- 8.2 Although we make no admission in this regard, it is possible that during the period in which EDT was a contractor to Alcidion, in substance Mr Datson may have been an employee of Alcidion.
- 8.3 On 15 May 2015, the Company, EDT and Mr Datson entered into a Deed of Settlement, Release and Discharge (**Settlement Deed**) by which it was intended to settle claims which Mr Datson might have had against the Company if he were found to be an employee during the period in which EDT was a contractor.
- 8.4 A copy of the Settlement Deed is Document 4.13 in the Data Room Index.
- 8.5 Although no admission is made in this regard, we understand that the Settlement Deed may not be effective in settling all claims to which Mr Datson may be entitled if he were found to be an employee during the period of which EDT was a contractor.
- 8.6 Mr Datson has since 9 June 2015 been employed as an employee of the Company.

## 8. OFFICE LEASES

- 9.1 The Company occupies its offices at Suites 3 and 4 at 40 Greenhill Road, Adelaide, South Australia under leases, copies of which are Documents 1.1 and 1.2 in the Data Room Index.
- 9.2 The original terms of the leases have expired, the Company has renewed the leases. The Company gave a notice to the landlord's agents on 5 May 2015 renewing the leases for a further 6 months from 1 July 2015 to 31 December 2015.

## 9. LAPSED PATENT

The Company previously held an Australian Patent (No 2003277999) for clinical risk management system and method. This patent has now lapsed.

Malcolm Pradham

Raymond Howard Blight