

# Appendix 3B

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

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

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

Name of entity

**COMPUTERCORP LIMTIED**

ABN

31 091 126 082

We (the entity) give ASX the following information.

### 1.1 Part 1 - All issues

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

- |   |  |                 |
|---|--|-----------------|
| 1 | +Class of +securities issued or to be issued   | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 11,821,000      |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | N/A             |

+ See chapter 19 for defined terms.

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Pari passu</p>				
<p>5 Issue price or consideration</p>	<p>\$0.04</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Pursuant to Business Sale Agreement dated 10 December 2008 between the company and Paragon Systems Pty Ltd and Paragon Information Technology Pty Ltd</p>				
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>22 December 2008</p>				
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table> <tr> <th data-bbox="722 1360 997 1392">Number</th><th data-bbox="1002 1360 1273 1392"><sup>+</sup>Class</th></tr> <tr> <td data-bbox="722 1398 997 1598">107,469,177</td><td data-bbox="1002 1398 1273 1598">Ordinary fully paid shares</td></tr> </table>	Number	<sup>+</sup> Class	107,469,177	Ordinary fully paid shares
Number	<sup>+</sup> Class				
107,469,177	Ordinary fully paid shares				

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+ See chapter 19 for defined terms.

	Number	+Class
9      Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	500,000	Options @ \$0.30 expiring 31 August 2011
	2,500,000	Options @\$0.30 expiring 28 February 2012
	6,000,000*	Management Performance Shares
	3,832,500	Employee Share Option Plan options @ \$0.20 expiring 14 October 2012
	157,500	Employee Share Option Plan options @ \$0.20 expiring 25 January 2013
	100,000	Employee Share Option Plan options @ \$0.25 expiring 25 January 2013
	25,000,000**	Convertible Notes @ \$0.20 expiring 31 August 2011
	1,000,000	Employee Share Option Plan options @ \$0.20 expiring 12 May 2013
	457,500	Employee Share Option Plan options @ \$0.20 expiring 12 June 2013
	557,000	Employee Share Option Plan options @ \$0.20 expiring 20 July 2013
	18,000	Employee Share Option Plan options @ \$0.20 expiring 21 July 2013

+ See chapter 19 for defined terms.

\*Management Performance Shares entitles the holder to convert 1 Management Performance Share into 1 fully paid ordinary share in accordance with milestones set out below :

Class "A" – upon management achieving	
\$2,000,000 profit after tax	1,500,000
Class "B" – upon management achieving	
\$3,000,000 profit after tax	1,500,000
Class "C" – upon management achieving	
\$4,000,000 profit after tax	1,500,000
Class "D" – upon management achieving	
\$5,000,000 profit after tax	<u>1,500,000</u>
	6,000,000

The milestones referred to above relate to profit after tax for the financial period commencing 1 July 2006 and each subsequent financial period ending 30 June. The milestones have to be achieved by 30 June 2011.

\*\* See attached

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

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+ See chapter 19 for defined terms.

18	Names of countries in which the entity has <sup>+</sup> security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup> security holders	N/A
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do <sup>+</sup> security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do <sup>+</sup> security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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<sup>+</sup> See chapter 19 for defined terms.

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- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 <sup>+</sup>Despatch date N/A

**Part 3 - Quotation of securities**

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

- 34 Type of securities  
(tick one)
- (a) ☐ Securities described in Part 1
- (b) ☐ All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

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

**Entities that have ticked box 34(b)**

- 38 Number of securities for which <sup>+</sup>quotation is sought

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<sup>+</sup> See chapter 19 for defined terms.

39	Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>					
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>					
42	Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> <tr> <td style="height: 80px;"></td> <td></td> </tr> </table>	Number	+Class		
Number	+Class					


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+ See chapter 19 for defined terms.

(i) Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  ..... Date: ..23 December 2008  
(Director/Company secretary)

Print name: ...KAREN BROWNE

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## Conditions of Issue of Convertible Notes

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- A. The Noteholder has agreed to advance the Principal Amount to the Company.
- B. The Company has agreed to issue the Convertible Notes to the Noteholder on the Issue Date upon the terms and conditions set out herein.

## Operative provisions

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### 1. Definitions and interpretation

#### 1.2 Definitions

Unless the context otherwise requires:

**Accounts** in relation to the Company means the annual audited consolidated balance sheet and profit and loss accounts of the Company.

**Agency** means any government or governmental, semi-governmental or judicial entity or authority and includes any self-regulatory organisation established under statute or any stock exchange.

**Allotment Date** means the date upon which Shares shall be allotted under clause 5 following a Conversion, being no more than 3 Business Days after the Conversion Date.

**ASX** means the Australian Securities Exchange operated by ASX Limited.

**Business Day** means any day on which Trading Banks are open for normal banking business in Western Australia.

**Company** means ComputerCORP Limited ACN 091 126 082 of 578 Murray St, West Perth, Western Australia.

**Conditions of Issue** means this document.

**Constitution** means, in relation to any corporation, the constitution, or memorandum and articles of association or other like document regulating the internal affairs of such corporation.

**Control** has the meaning given to it in section 50AA of the Corporations Act (Cth).

**Conversion** means the conversion of the Convertible Notes into Shares under these Conditions of Issue, and **Convert** and **Converted** will be interpreted accordingly.

**Conversion Date** means the Business Day following the date of delivery of a Notice either by or to the Company at any time during the Conversion Period.

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+ See chapter 19 for defined terms.

**Conversion Shares** mean the Shares into which the Principal Amount may be converted pursuant to clause 4.

**Convertible Notes** means the total number of convertible notes issued to the Noteholder in accordance with and subject to these Conditions of Issue.

**Convertible Note Certificate** means the document of that name to which these Conditions of Issue are attached.

**Conversion Period** means the aggregate of the First Conversion Period and the Second Conversion Period.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Due Date** has the same meaning as defined in clause 0 and 0 respectively.

**Event of Default** means any of the events of default mentioned in clause 0.

**First Conversion Period** means the period commencing on the Issue Date and ending on 31 August 2008.

**Indebtedness** means any indebtedness, present or future, actual or contingent in respect of moneys borrowed or raised or any financial accommodation whatever. Without limitation it includes indebtedness under or in respect of a negotiation or other financial instrument, guarantee, redeemable share, share the subject of a guarantee, discounting arrangement, finance or capital lease, hire purchase, deferred purchase price (for more than 90 days) of an asset or service or an obligation to deliver goods or other property or provide services paid for in advance by a financier or in relation to another financing transaction but does not include any off balance sheet or operating lease payment or any payment by a trade customer in advance of delivery of goods or services on ordinary commercial terms.

**Issue Date** means the date of issue of the Convertible Note or such other date as may be agreed between the Company and the Noteholder.

**Material Adverse Effect** means a material adverse effect on the financial condition or business of the Company and includes, without limitation, a change in the composition of the board of directors of the Company, which change, in the reasonable opinion of the Noteholder, constitutes a material adverse effect.

**Noteholder** means the person specified as the noteholder in the Convertible Note Certificate.

**Notice** means a conversion notice in or substantially in the form of the draft notice attached at **Error! Reference source not found.** to these Conditions of Issue.

**Prescribed Rate** means 10% per annum.

**Principal Amount** means AU\$\$, being the aggregate of \$0.20 per Convertible Note issued to the Noteholder.

**Related Body Corporate** has the meaning given to it in the Corporations Act.

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+ See chapter 19 for defined terms.

**Repayment** means repayment in full of the Total Outstanding.

**Second Conversion Period** means the period commencing on 1 September 2008 and ending on the Termination Date.

**Securities** includes shares, debentures, debenture stock, notes and any options or rights to subscribe for any of them, issued by the Company.

**Share** means one fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Tax** means and includes any tax, levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed by a Governmental Agency, and any related interest, penalty, charge or other amount.

**Term** shall mean the period calculated from the Issue Date and expiring on the Termination Date.

**Termination Date** means 31 August 2011.

**Total Face Value Amount** means the Principal Amount paid or payable by the Noteholder to the Company on the terms set out in these Conditions of Issue.

**Total Outstanding** means the balance of the Principal Amount outstanding from time to time and not Converted or repaid (as calculated in accordance with these Conditions of Issue), including without limitation, interest payable in accordance with these Conditions of Issue.

**Trading Bank** has the meaning, given to it by section 5(1) of the *Banking Act 1959* (Cth).

**\$** means Australian dollars unless the contrary is expressed.

## **1.2 Interpretation**

In these Conditions of Issue, unless the context otherwise requires:

the singular shall include the plural and vice versa;

the use of one gender shall include all other genders;

representations, agreements, covenants, obligations or warranties, by more than one person shall include those persons jointly and each of them severally;

the use of the term "person" means and includes a natural person or firm; and

the use of expressions such as "including" and "in particular" and the like does not imply any limitation of the preceding general category or class referred to.

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+ See chapter 19 for defined terms.

Headings in these Conditions of Issue are for reference purposes only and are not intended to affect the interpretation of these Conditions of Issue.

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**2. Terms of issue of Convertible Note**

The Convertible Notes:

- 2.1 may be Converted by the Noteholder at any time during the Conversion Period, in accordance with clause 4;
- 2.2 bears interest on the Total Outstanding, at the Prescribed Rate, to be paid to the Noteholder in accordance with clause 6; and
- 2.3 unless Converted by the Noteholder in accordance with these Conditions of Issue, entitles the Noteholder to receive from the Company the Total Outstanding in relation to the Convertible Notes on the Termination Date.

Any Convertible Notes repaid or Converted shall be automatically cancelled and may not be re-issued.

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**3. Advance of Principal Amount**

The Noteholder has paid, or agreed to pay, the Principal Amount to the Company.

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**4. Conversion or repayment of Principal Amount**

- 4.1 The Noteholder shall have an option to Convert the whole or part of the Total Outstanding into Conversion Shares at any time and on one or more occasions during:
  - 4.1.1 the First Conversion Period, at the price per Share equal to the volume weighted average price of the Shares as traded on the ASX on 30 trading days immediately prior to the date of conversion, provided that the conversion price is not less than \$0.20; and
  - 4.1.2 the Second Conversion Period, at the price per Share of \$0.20.
- 4.2 If the Noteholder wishes to exercise the option referred to in clause 0, it shall do so:
  - 4.2.1 in respect of the whole or any part of the Total Outstanding in any number of elections at any time so long as each election is for an amount of at least \$10,000; and

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+ See chapter 19 for defined terms.

- 4.2.2 by delivery to the Company of the Notice, duly executed by the Noteholder, so as to be received by the Company within the Conversion Period.
- 4.3 If the Noteholder shall exercise the option referred to in clause 0, the Company will procure the issue to the Noteholder of the relevant number of Conversion Shares on the basis set out in clause 5 below.
- 4.4 If the Noteholder fails to exercise its option to Convert the Total Outstanding as at the Termination Date, then the Company will redeem the Convertible Note for the Total Outstanding.
- 4.5 Further to clause 0, the Company will make payment to the Noteholder of the Total Outstanding within 5 Business Days of the Termination Date.
- 4.6 If at any time during the Term, the Company makes a bonus issue or undertakes a reorganisation of its issued capital, the number of Shares into which the Total Outstanding may be Converted is to be increased or decreased by the number of securities which the Noteholder would have received if the Total Outstanding on the record date had been Converted before the record date for the bonus issue or reorganisation.
- 4.7 If at any time during the Term, the Company undertakes a new issue, rights issue, pro rata issue or a placement, then the Noteholder will be granted the same rights to participate in the issue as the holders of ordinary shares as if the Total Outstanding on the record date had been Converted before the record date for the issue, with such rights being capable of being exercised at any time prior to the Termination Date.

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**5. Allotment and ranking of shares**

- 5.1 The Company will procure the allotment on the Allotment Date of the Conversion Shares to which the Noteholder is entitled on Conversion and the Noteholder, by direction to the Company, may request that the Conversion Shares be registered in its own name or its nominee.
- 5.2 In the event that a fraction of a Share is required to be issued in respect of a Conversion, the number of Conversion Shares will be rounded down to the nearest whole number.
- 5.3 The Company must, not later than 5 Business Days after the Allotment Date, forward free of charge to the Noteholder, a certificate for the allotted Conversion Shares or, if the Conversion Shares are uncertificated, a notice of entitlement in

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+ See chapter 19 for defined terms.

respect of those Conversion Shares, and must within that time apply for official quotation of those Conversion Shares as provided in clause 0.

- 5.4 On the issue to the Noteholder of the share certificates or the notice of entitlement referred to in clause 0, the Total Outstanding Converted shall be deemed to have been repaid to the extent thereof.
- 5.5 The Conversion Shares allotted following Conversion must:
  - 5.5.1 rank pari passu and form one class with the other Shares on issue at the Issue Date; and
  - 5.5.2 entitle the Noteholder to participate, on a pro rata basis according to the number of days in any relevant financial year or half financial year the relevant Conversion Shares were held, in all dividends or distributions declared by the Company after the Issue Date.

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**6. Interest and repayment**

- 6.1 Interest shall accrue on the Total Outstanding at the Prescribed Rate. Interest shall be payable quarterly in arrears with the first payment due on 30 January 2008 and subsequent payments at the end of each quarter thereafter with the final payment (being for the last quarter, or relevant part thereof) due on the Termination Date.
- 6.2 Without limiting this clause, interest ceases to be payable from the date the whole of the Total Outstanding has been Converted or the date on which the whole of the Total Outstanding is repaid in accordance with these Conditions of Issue.
- 6.3 On the Termination Date, the Company must repay to the Noteholder the balance, if any, of the Total Outstanding.

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**7. Representations and warranties**

- 7.1 The Company represents and warrants for the benefit of the Noteholder as at the Issue Date that:
  - 7.1.1 the Company is a corporation validly existing under the laws of the place of its incorporation;
  - 7.1.2 the Company has full power and authority (corporate and other) to borrow as provided in these Conditions of Issue and full power and

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+ See chapter 19 for defined terms.

authority (corporate or other) to execute these Conditions of Issue and the Convertible Note Certificate annexed to these Conditions of Issue and full power to perform its obligations under these Conditions of Issue and to observe all the terms and provisions of these Conditions of Issue;

- 7.1.3 all corporate action on the part of the Company and its directors or members necessary for the authorisation, execution and performance of the Convertible Note Certificate and these Conditions of Issue has been or will forthwith, be duly taken;
- 7.1.4 neither the Constitution of the Company nor the provisions of any obligation, agreement or arrangement to which the Company is a party or by which it is bound or any statute, rule or regulation or any judgment, decree or order of any court or agency binding on the Company has been or will be contravened by the execution, delivery and performance of the Convertible Note;
- 7.1.5 with regard to the Accounts of the Company:
  - 7.1.5.1 the most recent Accounts give a true and fair view of the matters with which they deal;
  - 7.1.5.2 there has been no subsequent change in the Company's state of affairs which is likely to have a Material Adverse Effect; and
  - 7.1.5.3 the Accounts were prepared consistently with past practice of the Company and comply with current accounting practice except to the extent disclosed in them and with all applicable laws;
- 7.1.6 to the best of the Company's knowledge, information and belief no litigation, arbitration, Tax claim, dispute or administrative or other proceeding is current or pending or to its knowledge, threatened, which if adversely determined is likely to have a Material Adverse Effect other than as disclosed in the Accounts;
- 7.1.7 all information provided by the Company to the Noteholder is true in all material respects at the Issue Date;
- 7.2 the Company has complied with all laws binding on it, where breach may have a Material Adverse Effect.

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+ See chapter 19 for defined terms.

**8. Events of default and early repayment**

- 8.1 Upon the occurrence, without the prior written consent of the Noteholder of any of the following events, that is to say:
- 8.1.1 the Company fails to make, within 5 Business Days of the due date, any payment due pursuant to these Conditions of Issue;
  - 8.1.2 the Company makes default in duly performing or observing any of the undertakings or agreements on its part contained in these Conditions of Issue other than as specified in paragraph 0 above and such default, if capable of remedy, remains unremedied for a period of 14 days after notice from the Noteholder requiring such default to be remedied;
  - 8.1.3 any representations or warranties contained in these Conditions of Issue are found to have been false or misleading in any material respect when made;
  - 8.1.4 a judgment is entered against the Company on a claim not covered by insurance and such judgment, in the reasonably formed opinion of the Noteholder, has a Material Adverse Effect on the financial position of the Company;
  - 8.1.5 a petition is lodged and is not withdrawn or struck out within 14 days of lodgement or is not contested on a bona fide basis or an order is made or a resolution is passed for the winding up of the Company or placing the Company under voluntary administration, or any meeting is convened for the purposes of considering the said resolutions;
  - 8.1.6 a receiver or receiver and manager or administrator of the undertaking or property of the Company or any part thereof is appointed;
  - 8.1.7 the Company suspends payment of its debts or the Company, without the consent in writing of the Noteholder, ceases or threatens to cease to carry on a substantial part of its business;
  - 8.1.8 a compromise or arrangement is proposed between the Company and its creditors or any class of them;
  - 8.1.9 without the prior consent of the Noteholder, the Company:

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+ See chapter 19 for defined terms.



- 8.1.9.1 reduces its capital (including, without limitation, a purchase of its shares but excluding a redemption of redeemable shares);
- 8.1.9.2 passes a resolution to reduce its capital or to authorise it to purchase its Shares; or
- 8.1.9.3 applies to a Court to call any such meeting or to sanction any such resolution or reduction;
- 8.1.10 any other event or series of events, whether related or not, occurs which has a Material Adverse Effect;
- 8.1.11 the main business undertaking of the Company is sold,

then in any such Event of Default, and at any time thereafter, the Noteholder may either declare all the payments owing under these Conditions of Issue by the Company, whether actually or contingently, immediately due and payable and the same shall become immediately due and payable on the date of that declaration (Due Date) or Convert the Convertible Notes in accordance with these Conditions of Issue as if the Second Conversion Period had commenced.

8.2 In the event that:

- 8.2.1 the Company enters into a scheme of arrangement with its creditors or members or any class thereof;
- 8.2.2 a bid period commences in relation to the Company (as defined in the Corporations Act 2001 (Cth)) to acquire any Share and the takeover bid extends to Shares issued and allotted after the date of the takeover bid;
- 8.2.3 if the Company becomes Controlled by a person other than a person who is in Control of the Company as at the date of this document,

then, the Noteholder may immediately Convert the Convertible Note into fully paid ordinary Shares in accordance with clause 0(ii) and sell its equity interest or declare all the payments owing under these Conditions of Issue by the Company, whether actually or contingently, immediately due and payable and the same shall become immediately due and payable on the date of that declaration (Due Date).

- 8.3 Notwithstanding that the Noteholder may have made a declaration under this clause, interest shall continue to accrue

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+ See chapter 19 for defined terms.

and be payable after the Due Date on the moneys owing under these Conditions of Issue at the Prescribed Rate until Repayment.

- 8.4 If the Company fails to make payment of the Total Outstanding, or any other amount due in terms of this Convertible Note on the Due Date, the Noteholder shall be entitled, without notice to the Company, to immediately enforce its rights to the extent of the amount due and the costs incurred in respect thereof.

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**9. Covenants by the Company**

- 9.1 At all times after the Issue Date but prior to the Termination Date, the Company must:
- 9.1.1 ensure that the Company applies for quotation of the Shares issued on Conversion in accordance with the ASX Listing Rules;
  - 9.1.2 execute and do all acts and things as are reasonably necessary for conferring the full benefit of the Convertible Notes and these Conditions of Issue on the Noteholder;
  - 9.1.3 observe and perform all the covenants, conditions and agreements contained in these Conditions of Issue;
  - 9.1.4 give notice to the Noteholder immediately upon becoming aware that the power to control more than 50% of the issued Shares or the voting power of more than 50% of the issued Shares will or is likely to change;
  - 9.1.5 carry on its business as it is being conducted as at the Issue Date;
  - 9.1.6 not breach in any material respect any material agreement binding on it;
  - 9.1.7 not default in the payment of a material sum, or not comply with a material obligation in respect of Indebtedness or a guarantee;
  - 9.1.8 provide the Noteholder with copies of the Company's Accounts as soon as they become available and ensure that the Accounts are prepared in accordance with applicable Australian accounting standards and contain all information necessary to give a true and accurate view of the financial position of the Company as at the date to which they relate;

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+ See chapter 19 for defined terms.

- 9.1.9 ensure that all information provided to the Noteholder by or on behalf of the Company in respect of its business and affairs, is true and correct as at the time it is given in all material respects;
- 9.1.10 take all necessary steps, file all corporate notices and effect all registrations with all relevant Agencies as required by all applicable laws;
- 9.1.11 comply with all Tax laws in all applicable jurisdictions and pay all Taxes due and payable by it other than Taxes being contested in good faith;
- 9.1.12 give notice to the Noteholder immediately upon becoming aware of a material event;
- 9.1.13 not modify its capital structure and not to incur additional debt (other than trade debt in the ordinary course of business);
- 9.1.14 not to guarantee or otherwise become liable for the indebtedness of other entities or individuals;
- 9.1.15 not to merge, consolidate, amalgamate or sell or otherwise dispose of substantially all of its assets;
- 9.1.16 not to pay any dividends or make any other distributions to its Shareholders at any time while any events of default are outstanding under the Convertible Note;
- 9.1.17 not to repay any related party debt at any time while any events of default are outstanding under the Convertible Note.

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**10. Access to books and records**

The Company shall provide the Noteholder with access to the Company's premises to enable the Noteholder to undertake a review of the Accounts and corporate records of the Company and the reasonable costs of such review are to be borne by the Company.

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**11. Transfers**

The Noteholder is not entitled to assign or transfer any of its rights and obligations under the Convertible Note.

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**12. Replacement of certificates**

12.1 If at any time Conversion takes place, the Noteholder shall deliver to the Company the Convertible Note Certificate and the Company:

- 12.1.1 shall cancel the Convertible Note Certificate if the whole of the Total Outstanding is repaid or Converted; or

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+ See chapter 19 for defined terms.

12.1.2 if only a portion the Total Outstanding is Converted or repaid, forthwith issue a fresh Convertible Note Certificate bearing as a Total Face Value Amount the Total Outstanding as at the date of issue of the fresh Convertible Note Certificate.

12.2 If a Convertible Note Certificate becomes worn out or defaced, on production and delivery of that Convertible Note Certificate to the Company that Convertible Note Certificate may be cancelled and a new Convertible Note Certificate issued in place of the worn out or defaced Convertible Note Certificate within 3 Business Days of production of the relevant Convertible Note Certificate to the Company.

12.3 If a Convertible Note Certificate is lost or destroyed then subject to the Convertible Noteholder, at its expense, providing proof of that loss or destruction and an indemnity satisfactory to the Company, a new Convertible Note Certificate will be given to the person entitled to that lost or destroyed Convertible Note Certificate within 3 Business Days of the Noteholder providing the evidence and indemnity required by this clause.

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**13. Register**

13.1 The Company must establish and maintain a register and enter on the register the name and address of the Noteholder and the date of issue of the Convertible Notes.

13.2 If any change of name and address of the Noteholder is notified in writing to the Company, the register must be altered accordingly.

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**14. Statutory powers**

14.1 The powers of the Noteholder under these Conditions of Issue are in addition to any powers the Noteholder has under applicable law.

14.2 To the extent not prohibited by law or otherwise provided in these Conditions of Issue, before enforcing these Conditions of Issue, or exercising any power under these Conditions of Issue, the Noteholder is not required to give any notice or allow the expiration of any time to any person.

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**15. Consent of the Noteholder**

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+ See chapter 19 for defined terms.

Whenever the doing of any thing by the Company is dependent upon the consent or approval of the Noteholder, the Noteholder may not unreasonably withhold its consent.

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**16. Miscellaneous**

16.1 These Conditions of Issue shall be governed by and construed by reference to the law applicable in Western Australia. The parties submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia in connection with these Conditions of Issue.

16.2 If any provision or part of a provision of these Conditions of Issue is or becomes void, invalid or unenforceable that provision or part shall be severed from these Conditions of Issue but the remainder of these Conditions of Issue shall continue in full force and effect.

16.3 A reference to any statutory enactment shall include all amendments for the time being in force and any other statute enacted in substitution for and the regulations by-laws or other orders for the time being made under that statutory enactment.

16.4 Any demand, notice, consent or other communication to be made or given under these Conditions of Issue shall be in writing and signed by the party giving it and shall be served either by delivery, by facsimile, or by pre-paid registered mail to the address of the party as specified in the Convertible Note Certificate or at such substituted address as may be advised by notice pursuant to this clause from time to time. All notices shall be deemed to have been received on the date of delivery or at the expiration of 48 hours after it has been posted. Notices sent by facsimile, shall be deemed to have been delivered on the date of transmission.

16.5 Any reference to these Conditions of Issue herein means and includes the schedules and annexures (if any) to these Conditions of Issue, and which are deemed to form part thereof.

16.6 Unless the context otherwise requires, references in these clauses to recitals, clauses, schedules or annexures, mean and constitute references to the recitals, clauses, schedules or annexures (if any) of these Conditions of Issue.

16.7 No party shall be taken to have waived any breach of these Conditions of Issue by any other party unless such waiver shall be in writing, and signed by the party granting the waiver. No

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+ See chapter 19 for defined terms.

waiver, forbearance or failure by a party of its right to enforce any provision of these Conditions of Issue shall constitute a waiver or estoppel of such party's right to enforce that provision thereafter or to enforce any other provision of these Conditions of Issue.

- 16.8 These Conditions of Issue shall bind and benefit each of the parties and their respective personal representatives, successors and permitted assigns.
- 16.9 Where the day or date appointed or specified by these Conditions of Issue for the payment of any money is not a Business Day, the day or last day by which payment of that money shall be made shall be deemed to be the next following Business Day.
- 16.10 Notwithstanding anything said or written prior to execution, these Conditions of Issue and the Convertible Note Certificate embody the entire understanding of the parties and constitutes the entire terms agreed upon between them and supersedes and replaces entirely any prior written or oral agreement between the parties concerning the advance of the Principal Amount.
- 16.11 Each of the parties covenants and agrees to execute, complete, deliver, make and do all such other assurances, documents, instruments, notices, acts and things as may be necessary or required for effectually carrying out the terms of these Conditions of Issue.
- 16.12 Any payment to be made pursuant to the terms of these Conditions of Issue shall be made in cash, electronic funds transfer or by bank cheque unless the parties agree otherwise.
- 16.13 The Company shall bear the costs in connection with all legal, technical and other out-of-pocket expenses of the Noteholder associated with due diligence and documentation and closing of the transaction.
- 16.14 No amendment to these Conditions of Issue shall be effective unless in writing and signed by all parties.
- 16.15 All remedies afforded under these Conditions of Issue shall be taken and construed as cumulative and in addition to every other remedy provided in these Conditions of Issue or by law or at equity.

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+ See chapter 19 for defined terms.