

# Appendix 3B

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

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

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

Name of entity

ENTELLECT LIMITED

ABN

41 009 221 783

We (the entity) give ASX the following information.

### Part 1 - All issues

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

- |   |                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                                                                                                                                                                  | 1. Fully paid ordinary shares ( <b>Shares</b> )<br>2. Convertible note ( <b>Note</b> )<br>3. Options to acquire fully paid ordinary shares, exercisable at \$0.002 each on or before 31 March 2016 ( <b>Options</b> )                                                                                                                                                                                                                 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued                                                                                                                                                 | 1. 53,553,100 Shares<br>2. 1 Note<br>3. 25,000,000 Options                                                                                                                                                                                                                                                                                                                                                                            |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. Fully paid ordinary shares<br>2. The terms of the Note are. <ul style="list-style-type: none"><li>▪ The Note has a face value of \$50,000;</li><li>▪ The Note is unsecured, non-transferable without Entellect's consent, and will not be listed on the ASX;</li><li>▪ The Note has a maturity date of 31 March 2016 (<b>Maturity Date</b>). The principal sum of the Note will be repayable upon expiry if not redeemed</li></ul> |

+ See chapter 19 for defined terms.

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prior to that time;

- The Note bears interest at a rate of 10% per annum on the face value of the note if such interest is paid in cash; or at 15% per annum on the face value of the note if interest is capitalised and paid out in shares. Interest will accrue and will be payable (whether in cash or shares) in arrears upon conversion or redemption.
- Conversion will occur at the election of the Note holder at a conversion price of \$0.002.
- The number of shares to be issued as a result of conversion will be adjusted to reflect any bonus issues, capital returns or other reconstructions in the manner provided by the ASX Listing Rules.
- The Note entitles the holder to receive 25,000,000 free attaching Options.

3. The terms of the Options are below.

- Each Option entitles the holder to subscribe to one fully paid ordinary share in the Company at the exercise price of \$0.002.
- The Options are exercisable up until 5.00pm (Melbourne time) on 31 March 2016 (**Expiry Date**).
- Any Options not exercised on or before the Expiry Date will automatically lapse.

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

1. The Shares will be quoted and will rank equally with all other ordinary shares on issue in the Company.

2. The Note will not be quoted or rank equally with any class or quoted securities. However, fully paid ordinary shares issued on conversion of the Note will be quoted. Under the terms of issue of the Note, those shares will rank equally with all other ordinary shares then on issue in the Company.

3. The Options will not be quoted. However, shares issued on exercise of the Options will rank equally with all other ordinary shares then on issue in the Company.

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<p>5 Issue price or consideration</p>	<p>In respect of the 53,553,100 Shares:</p> <ul style="list-style-type: none"> <li>▪ 41,666,667 Shares are issued for nil consideration upon the conversion of 2 convertible notes at a conversion price of \$0.0012 per share. The total subscription price for the 2 convertible notes was \$50,000.</li> <li>▪ 11,886,433 Shares are being issued for nil consideration in lieu of interest accrued on the 2 convertible notes (\$14,263.72), at a deemed issue price of \$0.0012 per share</li> </ul> <p>The Note was issued at the subscription price of \$50,000.</p> <p>The 25,000,000 Options are issued for nil cash consideration as free attaching options to the Note.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Shares are issued upon conversion of 2 existing convertible notes.</p> <p>The Note was issued to raise funds for the Company's working capital requirements.</p> <p>The Options are issued as free attaching options to the holders of the Note.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>15 December 2014</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>1. 1 Note (representing a maximum of 25,000,000 underlying conversion shares)</p> <p>2. 25,000,000 Options</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>
<p>6e Number of +securities issued with security holder approval under rule 7.3, or another</p>	

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	specific security holder approval (specify date of meeting)					
6f	Number of +securities issued under an exception in rule 7.2	53,553,100 Shares issued upon conversion of existing convertible notes				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1				
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	30 January 2015				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>2,824,876,032</td> <td>Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	2,824,876,032	Fully paid ordinary shares
Number	+Class					
2,824,876,032	Fully paid ordinary shares					

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	38	Convertible Notes
	200,000,000	Options exercisable at \$0.001 on or before 28 February 2015
	140,100,000	Options exercisable at \$0.002 on or before 3 October 2015
	100,000,000	Options exercisable at \$0.002 on or before 30 October 2015
	25,000,000	Options exercisable at \$0.002 on or before 31 March 2016
	134,000,000	Performance Rights
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Rank equally	

**Part 2 - Pro rata issue**

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

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- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Issue date

### Part 3 - Quotation of securities

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

- 34 Type of <sup>+</sup>securities  
(*tick one*)
- (a)  <sup>+</sup>Securities described in Part 1\*  
***\*The Company is only applying for quotation of the Shares the subject of this Appendix 3B***
- (b)  All other <sup>+</sup>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 <sup>+</sup>securities for which <sup>+</sup>quotation is sought

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

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39 +Class of +securities for which quotation is sought

N/A
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40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A
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41 Reason for request for quotation now

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

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

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

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



**SOPHIE KARZIS**  
Company Secretary  
30 January 2015

## Appendix 3B – Annexure 1

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

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

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid *ordinary securities on issue 12 months before the *issue date or date of agreement to issue	<b>2,151,122,932</b> fully paid ordinary shares
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid *ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid *ordinary securities issued in that 12 month period with shareholder approval</li> </ul> <ul style="list-style-type: none"> <li>• Number of partly paid *ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ 100,000,000 shares issued on 11 February 2014</li> <li>▪ 5,000,000 shares issued on 11 February 2014</li> <li>▪ 100,000,000 shares issued on 3 March 2014</li> <li>▪ 172,702,423 shares issued on 3 April 2014</li> <li>▪ 59,297,577 shares issued on 3 April 2014</li> <li>▪ 50,000,000 shares issued on 4 April 2014</li> <li>▪ 25,000,000 shares issued on 20 May 2014</li> <li>▪ 108,200,000 shares issued on 30 July 2014</li> <li>▪ 53,553,100 shares issued on 30 January 2015</li> </ul> <p>N/A</p>
<b>Subtract</b> the number of fully paid *ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	<b>2,824,876,032</b>
<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	<b>423,731,405</b>

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<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ 4 convertible notes issued on 24 December 2014 (which may be converted into a maximum of 100,000,000 underlying shares)</li> <li>▪ 100,000,000 options issued on 24 December 2014</li> <li>▪ 1 convertible note issued on 30 January 2015 (representing a maximum of 25,000,000 underlying conversion shares)</li> <li>▪ 25,000,000 options issued on 30 January 2015</li> </ul>
<b>“C”</b>	<b>250,000,000</b>
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	<b>423,731,405</b>
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	<b>250,000,000</b>
<p><b>Total [“A” x 0.15] – “C”</b></p>	<p><b>173,731,405</b></p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	<b>2,824,876,032</b>
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	<b>282,487,603</b>
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• This applies to equity securities – not just ordinary securities</li> <li>• Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</li> <li>• Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</li> <li>• It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	Nil
<b>“E”</b>	<b>0</b>
<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	<b>282,487,603</b>
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	<b>0</b>
<b>Total [“A” x 0.10] – “E”</b>	<b>282,487,603</b> <i>Note: this is the remaining placement capacity under rule 7.1A</i>