

23 May 2025

Cleansing Notice – Advance Opportunities Subsequent Tranche Convertible Notes - Osteopore Limited (ASX:OSX)

Osteopore Limited (**OSX** or the **Company**) provides notice under s708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82* (**Cleansing Notice**).

The Company confirms that:

- (a) the convertible notes described below will be issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued upon conversion of the convertible notes issued by the Company on the terms described below to be on-sold to retail investors without further disclosure.

This Cleansing Notice is important and should be read in its entirety.

1. DETAILS OF THE OFFER

As announced on 24 December 2024, the Company entered into a subscription agreement with Advance Opportunities Fund and Advance Opportunities Fund I (**Advance Opportunities** or each a **Noteholder** and, together, the **Noteholders**), a Cayman Islands-based investment fund. Advance Opportunities Fund is a proprietary fund whilst Advance Opportunities Fund I is managed by ZICO Asset Management Pte. Ltd. which holds a capital markets services license to conduct fund management activities regulated under the Securities and Futures Act 2001 of Singapore granted by the Monetary Authority of Singapore. Advance Opportunities agreed to subscribe for, and the Company agreed to issue redeemable convertible notes (**Convertible Notes**) for an aggregate subscription amount of up to \$20,000,000 (**Subscription Agreement**).

As announced on 14 February 2025, the conditions precedent in the Subscription Agreement in respect of T1 were fulfilled and the Noteholders subscribed for and the Company issued 40 Convertible Notes, being 8 equal sub-tranches (being ST01 to ST08) of T1, for an aggregate nominal amount of \$2,000,000 (**First Convertible Notes**).

As further announced on 7 April 2025, the Subscribers subscribed for and the Company issued a further 4 equal sub-tranches (being ST09 to ST12) of T1 Convertible Notes, for an aggregate nominal amount of \$1,000,000 (**Second Convertible Notes**).



As further announced on 16 May 2025, the Subscribers subscribed for and the Company issued a further 2 equal sub-tranches (being ST13 and ST14) of T1 Convertible Notes, for an aggregate nominal amount of \$500,000 (**Third Convertible Notes**).

In accordance with the Subscription Agreement, the Company agrees to issue, and the Noteholders agree to subscribe for, in respect of each of ST15 to ST20 of T1 on such date as the parties agree in writing (**Subsequent Investment**).

Accordingly, the Company and the Noteholders have agreed to the Noteholders advancing a Subsequent Investment of \$500,000 (being 2 equal sub-tranches (being ST15 and ST16 of T1) (**Fourth Convertible Notes**).

For a summary of the rights, privileges and restrictions attaching to the Fourth Convertible Notes are included in Schedule 1 to this Cleansing Notice. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Fourth Convertible Notes.

This Cleansing Notice is in respect of the Fourth Convertible Notes only. Any additional issues of Convertible Notes will be cleansed under separate cleansing notices or cleansing prospectuses.

The Company will issue the Fourth Convertible Notes today.

2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

(a) in relation to the Fourth Convertible Notes:

- i. the effect of the issue on the Company;
- ii. a summary of the rights and liabilities attaching to the Fourth Convertible Notes; and
- iii. a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Fourth Convertible Notes, and

(b) any information that:

- i. has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules;
- ii. is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - B. the rights and liabilities attaching to the Shares; and

(c) other information relating to the Company's status as a disclosing entity.



3. THE EFFECT OF THE ISSUE ON THE COMPANY

3.1. Effect of the issue on the Company

The principal effect of the issue of the Fourth Convertible Notes on the Company will be:

- (a) to increase the Company's cash reserves by up to \$500,000 (before costs);
- (b) to increase in the number of unquoted Convertible Notes on issue from 54 to 64;
- (c) the Company having an increase in liability for the aggregate amount of the face value (and any accrued but unpaid interest) of the Fourth Convertible Notes issued under the Subscription Agreement; and
- (d) if the Fourth Convertible Notes are converted, either wholly or in part to Shares, increase the number of Shares on issue as a consequence of the issue of the Shares on such conversion.

3.2. Pro Forma Consolidated Statement of Financial Position

To illustrate the effect of the issue of the Fourth Convertible Notes on the Company, a pro forma Consolidated Statement of Financial Position (**Pro-forma Accounts**) has been prepared based on the audited financial statements as at 31 December 2024 adjusted to reflect the proposed Fourth Convertible Notes issue and has been prepared on the basis of the accounting policies normally adopted by the Company.

The Pro-forma Accounts show the effect of the issue of the Fourth Convertible Notes as if they had been issued on 31 December 2024, and no other transactions, in addition to the issue of the Fourth Convertible Notes, have occurred.

The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Notes may change in the future.

The Company advises that the Pro-forma Accounts do not show the current financial position of the Company as at the date of this Cleansing Notice, and that the information is provided for illustrative purposes only.

Consolidated Statement of Financial Position	Audited 31 December 2024 \$	Impact of Issue of Fourth Convertible Notes \$	Pro Forma \$
Current Assets			
Cash and cash equivalents	638,498	470,000	1,108,498
Trade receivables	763,023	-	763,023



Consolidated Statement of Financial Position	Audited 31 December 2024 \$	Impact of Issue of Fourth Convertible Notes \$	Pro Forma \$
Other assets	569,368	-	569,368
Inventories	379,515	-	379,515
Total Current Assets	2,350,404	470,000	2,820,404
Non-Current Assets			
Property, plant and equipment	160,908	-	160,908
Right-of-use asset	161,603	-	161,603
Intangible assets	461,862	-	461,862
Total Non-Current Assets	784,373	-	784,373
Total Assets	3,134,777	470,000	3,604,777
Current Liabilities			
Trade and other payables	1,436,302	-	1,436,302
Lease liabilities	57,633	-	57,633
Borrowings	1,163,316	500,000	1,663,316
Provisions	61,513	-	61,513
Total Current Liabilities	2,718,764	500,000	3,218,764
Non-Current Liabilities			
Lease liabilities	109,793	-	109,793
Total Non- Current Liabilities	109,793	-	109,793
Total Liabilities	2,828,557	500,000	3,328,557
Net Assets / (Liabilities)	306,220	(30,000)	276,220
Equity			
Issued capital	32,600,120	-	32,600,120
Reserves	(14,227,838)	-	(14,227,838)
Accumulated losses	(18,066,062)	(30,000)	(18,096,062)

Consolidated Statement of Financial Position	Audited 31 December 2024 \$	Impact of Issue of Fourth Convertible Notes \$	Pro Forma \$
Total Equity	306,220	(30,000)	276,220

3.3. Potential effect on capital structure

- (a) As at the date of this Cleansing Notice, the total number of issued Shares is 173,427,723.
- (b) The capital structure of the Company will be affected by conversion of the Fourth Convertible Notes.
- (c) Subject to limits on the conversion under the Subscription Agreement, the Fourth Convertible Notes:
- can be converted to Shares (at the relevant conversion price) at any time up to the date 7 calendar days prior to the date falling thirty-six months from the closing date of T1 (**Maturity Date**);
 - if the Fourth Convertible Notes which are not redeemed or purchases, converted or cancelled by the Company on or before the Maturity Date will be converted by the Company on the date falling thirty-six months from the Maturity Date; and
 - if the issue of Shares on conversion of the Fourth Convertible Notes would result in the voting power in the Company of the Noteholder or any other person exceeding 19.99%, the Noteholders must make reasonable efforts for the issue to not have that result, and the Company must not issue the relevant Shares. To the extent that the Fourth Convertible Notes cannot be converted in to Shares (as it would breach the Corporations Act, Foreign Acquisitions and Takeovers Act 1975 or the ASX Listing Rules) or there could be a breach of the minimum free float requirement if the Shares are issued, the Company must on notice by the Noteholders redeem the Convertible Notes at 108% together with accrued interest and
 - can be purchased by the Company at 115% of its principle amount, or such other amount as may be agreed, provided that all outstanding costs, fees and interest payable under the Subscription Agreement are paid and settled by the Company.
- (d) The effect on the capital structure of the Company upon the issue and conversion of the Fourth Convertible Notes is as follows:



Upon Issue:

Convertible Notes	Number
Convertible Notes on issue at the date of this Cleansing Notice, before the issue of the Fourth Convertible Notes*	54
Fourth Convertible Notes issued under the Subscription Agreement	10
Total Convertible Notes on issue following the issue of the Fourth Convertible Notes	64

**As at the date of this Cleansing Notice, 16 Convertible Notes issued under the Subscription Agreement have been converted to Shares.*

Upon Conversion:

	Number
Number of Shares on issue as at the date of this Cleansing Notice	173,427,723
Maximum number of Shares that may be issued on conversion of the Fourth Convertible Notes*	39,062,500
Total Shares on issue following conversion of the Fourth Convertible Notes**	212,490,223

** Calculated on the basis that the Fourth Convertible Notes are converted at the lowest possible Conversion Price, being \$0.0128. The actual number of Shares to be issued on conversion will be calculated in accordance with the formula set out in Schedule 1.*

*** Assumes no other Convertible Notes issued under the Subscription Agreement (except those already converted as at the date of his Cleansing Notice) have been converted to Shares.*

4. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF THE FOURTH CONVERTIBLE NOTES

The following is a summary of the more significant rights and liabilities attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office.

(a) General meeting and notices

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.



Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Ranking of shares

At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.

(c) Voting rights

Subject to any rights or restrictions, at general meetings of Shareholders or classes of shareholders:

- (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder, has one vote for every fully paid Share held and a fraction of one vote for each partly paid up Share held, equal to the proportion which the amount paid up on that Share (excluding amounts credited) is to the total amounts paid up and payable (excluding amounts credited) on that Share.

(d) Dividend rights

Directors may determine or declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount is paid is of the total amounts paid and payable in respect of such Shares.

No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend. The Directors may capitalise any profits of the Company and distribute that capital to the Shareholders, in the same proportions as the Shareholders are entitled to a distribution by dividend.

(e) Variation of rights

If at any time the share capital is divided into different classes of shares, the rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares in that class.

(f) Transfer of shares

Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules.



The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien. The Company must refuse to register a transfer of Shares where the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules or a law about stamp duty requires the Company to do so.

(g) Future increase in capital

The issue of any Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of equity securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special rights previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other equity securities as they shall, in their absolute discretion, determine.

(h) Rights on winding up

If the Company is wound up, the liquidator may with the sanction of special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(i) Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a “disclosing entity” under the Corporations Act, and as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half yearly financial statement accompanied by a directors’ statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:



- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 31 December 2024; and
- (b) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Description of Announcement
23/05/2025	OSX partners QCH in trial for temporal hollowing in children
16/05/2025	Notification regarding unquoted securities - OSX
16/05/2025	Cleansing Notice - Convertible Notes
16/05/2025	Further Drawdown of T1 of the Redeemable Convertible Notes
12/05/2025	Change of Directors Interest Notice x 5
12/05/2025	Osteopore partners Kelyniam for US craniofacial business
09/05/2025	Change in substantial holding
09/05/2025	Application for quotation of securities - OSX
09/05/2025	Application for quotation of securities - OSX
08/05/2025	Osteopore Non-Executive Director to step down from Board
08/05/2025	Notification of cessation of securities - OSX
08/05/2025	Notification regarding unquoted securities - OSX
08/05/2025	Application for quotation of securities - OSX
07/05/2025	Becoming a substantial holder
07/05/2025	Change in substantial holding
06/05/2025	Application for quotation of securities - OSX
06/05/2025	Employee Securities Incentive Plan
06/05/2025	Osteopore strengthens Thailand craniofacial distribution
05/05/2025	Change in substantial holding



Date	Description of Announcement
01/05/2025	Change in substantial holding
30/04/2025	Notice of Annual General Meeting
29/04/2025	Activities Report March 2025 and Appendix 4C
28/04/2025	Change in substantial holding
28/04/2025	Application for quotation of securities - OSX
23/04/2025	Change in substantial holding
23/04/2025	Application for quotation of securities - OSX
17/04/2025	Change in substantial holding
15/04/2025	Change in substantial holding
11/04/2025	Change in substantial holding
11/04/2025	Change in substantial holding
11/04/2025	Becoming a substantial holder
09/04/2025	Application for quotation of securities - OSX
09/04/2025	Notification regarding unquoted securities - OSX
09/04/2025	Osteopore secures EU market approvals for custom implants
08/04/2025	Update - Proposed issue of securities - OSX
08/04/2025	Annual General Meeting Date
08/04/2025	Reinstatement to Quotation

6. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICE

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Convertible Notes and Shares.



Signed for and on behalf of the Company:

Mark Leong
Executive Chairman

This announcement dated 23 May 2025 has been authorised for release to the ASX by the Board of Osteopore Limited.

For more information, please contact:

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About Osteopore Limited

Osteopore Limited is a Singapore-founded regenerative medicine company and a global leader in 3D-printed biomimetic and bioresorbable implants. The Company seeks to commercialise products that stimulate natural bone healing across multiple segments.

Osteopore creates patented scaffolds using 3D-printed biomimetic and bioresorbable materials to guide and nurture bone-forming cells. Through our proprietary manufacturing process – which uses a naturally dissolving polymer – our patented scaffolds enable bone tissue growth, significantly reducing the post-surgery complications commonly associated with permanent bone implants.

Forward-Looking Statements

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which the Company operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things.



Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside the Company's control. The Company does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, neither of the Company's Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for or purchase securities by the Company. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

Schedule 1 – Terms and conditions of the Convertible Notes

Term	Details
Number of Notes	<p>4 equal tranches of a nominal value of A\$5,000,000 for each tranche (referred to as "T1", "T2", "T3" and "T4").</p> <p>Each tranche shall comprise of 20 equal sub-tranches of A\$250,000 each (each "ST01" to "ST20").</p> <p>The face value of the Convertible Notes when issued is \$50,000 each.</p>
Issue Dates	<p>T1: 5 business days immediately after the last of the conditions precedent are fulfilled (Closing Date for ST01 to ST04); (ii) thereafter, in respect of each of ST05 to ST20 of T1, on or before the 5th business day after the Shares were issued in respect of the immediately preceding sub-tranche.</p> <p>T2: For ST01 to ST04 of T2 on or before the 10th business day following the Shares issuance date of ST20 of T1 by delivering a drawdown notice to the subscribers, who shall subscribe:</p> <p>(a) for ST01 to ST04 of T2 on or before the 5th business day following the date of such drawdown notice; and</p>

Term	Details
	<p>(b) in respect of each of ST05 to ST20 of T2, on or before the 5th business day after the Shares issuance date in respect of the immediately preceding sub-tranche.</p> <p>T3: For ST01 of T3 on or before the 1 month following the Shares issuance date of ST20 of T2 by delivering a drawdown notice to the subscribers, who shall subscribe:</p> <p>(a) for ST01 of T3 on or before the 5th business day following the date of such drawdown notice; and</p> <p>(b) in respect of each of ST02 to ST20 of T3, on or before the 5th business day after the Shares issuance date in respect of the immediately preceding sub-tranche.</p> <p>T4: For ST01 of T4 on or before 1 month following the Shares issuance date of ST20 of T3 by delivering a drawdown notice to the subscribers, who shall subscribe:</p> <p>(a) for ST01 of T4 on or before the 5th business day following the date of such drawdown notice; and</p> <p>(b) in respect of each of ST02 to ST20 of T4, on or before the 5th business day after the Shares issuance date in respect of the immediately preceding sub-tranche.</p>
Interest	The amount equivalent to 100% of the nominal value of the Convertible Notes at the rate of 4.0% per annum.
Interest Payment	Payable in cash quarterly in arrears on 31 March, 30 June, 30 September, and 31 December in each year.
Maturity Date	36 months from the Closing Date of T1.
Conversion	<p>A Noteholder may at any time up to the date 7 calendar days prior to the Maturity Date exercise its right to convert all outstanding Notes into the Conversion Shares by giving the notice of conversion.</p> <p>The Convertible Notes which are not redeemed or purchased, converted or cancelled by the Company on or before the Maturity Date shall be converted by the Company on the date falling thirty-six (36) months from the Closing Date of the Notes (the Maturity Date). The Company shall at least one (1) month prior to the Maturity Date, dispatch to all Noteholders, a notice of the Maturity Date.</p> <p>If an issue of Shares would result in the voting power in the Company of the Noteholder or any other person exceeding 19.99%, the Noteholder must make reasonable efforts for the issue to not have that result, and the Company must not issue the relevant Shares. To the extent that the Convertible Notes cannot be converted in to Shares (as it would breach the Corporations Act, Foreign Acquisitions and Takeovers Act 1975 or the ASX Listing Rules) or there could be a breach of the minimum free float requirement if the Shares are issued, the Company must on notice by the Noteholder redeem the Convertible Notes at 108% together with accrued interest.</p>



Term	Details
Conversion Price	The Conversion Price shall be 80% of the average of the closing price per Share on any five consecutive business days as selected by the Noteholder during the 45 business days immediately preceding the relevant Conversion Date on which Shares were traded on the ASX.
Redemption and Purchase	<p>The Company may purchase the outstanding Convertible Notes at 115% of its principal amount, or such other amount as may be agreed, provided that all outstanding costs, fees and Interest payable under the Subscription Agreement and the Terms and Conditions are paid and settled by the Company.</p> <p>1 Conversion Downside</p> <p>If, on presentation of any Convertible Notes for conversion, the Conversion Price is less than or equal to 65% of the average of the daily traded VWAP per Share for a period of 45 consecutive business days prior to the relevant closing date in respect of ST01 to ST08 of T1 (Conversion Downside Price), the Company may redeem such Notes in cash at an amount calculated in accordance with the below formula by giving notice of the same to the relevant Noteholder:</p> $R = N \times \{P + [8\% \times P \times (D/365)] + I\}$ <p>where:</p> <p>"R" = the Conversion Redemption Amount.</p> <p>"D" = the number of days elapsed since the relevant Closing Date in respect of each sub-tranche of the notes.</p> <p>"N" = the number of Notes presented for conversion.</p> <p>"P" = A\$50,000 being the face value of each Note presented for conversion.</p> <p>"I" = the remaining unpaid interest accrued on each Note presented for conversion.</p> <p>The Conversion Downside Price will be subject to adjustments in the following circumstances:</p> <ol style="list-style-type: none"> if the Company makes a stock split, consolidates outstanding shares, or re-classifies any of the shares into other securities, then the Noteholders are entitled to receive the number of Shares and/or Securities which it would have held or have been entitled to receive had the notes been converted immediately prior to the event. if the Company grant, issue or offer to the holders of Shares or warrants to subscribe for the purchase of shares at a consideration per Share which is fixed on, prior to, or after the record date and is less than 95% of the current market price, then the adjustment will be pursuant to the following formula:



Term	Details
	$NCDP = OCDP \times \frac{OS + v}{OS + NS}$ <p>where:</p> <p>"NCDP" = the Conversion Downside Price after such adjustment.</p> <p>"OCDP" = the Conversion Downside Price before such adjustment.</p> <p>"OS" = the number of Shares outstanding at the close of business in Australia on such record date or on the date the Company fixes the said consideration.</p> <p>"NS" = the number of Shares to be issued on exercise of such rights or warrants at the initial subscription or purchase price.</p> <p>"v" = the number of Shares which the aggregate consideration receivable by the Company would purchase at such current market price per Share.</p> <p>1. Issue of Shares</p> <p>If the Company grant, issue or offer to the holders of Shares or warrants to subscribe for the purchase of Shares, securities convertible into or exchangeable for Shares, at a consideration per share, which is fixed on, prior to, or after the record date and is less than 95% of the current market price of the Shares, then the adjustment will be in accordance with the below formula:</p> $NCDP = OCDP \times \frac{OS + v}{OS + NS}$ <p>where:</p> <p>"NCDP" and "OCDP" have the above meaning.</p> <p>"OS" = the number of Shares outstanding at the close of business in Australia on such record date or on the date the Company fixes the said consideration.</p> <p>"NS" = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial subscription or purchase, and conversion or exchange, price or rate following exercise of such rights or warrants.</p> <p>"v" = the number of Shares which the aggregate consideration receivable by the Company would purchase at such current market price per Share.</p> <p>2. Evidence of Indebtedness</p> <p>If the Company distribute to Shareholders evidence of its indebtedness, ordinary shares of the Company, assets, or rights or warrants, then the adjustment will be in accordance with the following formula:</p>



Term	Details
	$NCDP = OCDP \times \frac{CMP - fmv}{CMP}$ <p>where:</p> <p>"NCDP" and "OCDP" have the above meanings.</p> <p>"CMP" = the current market price per Share on the record date for the determination of Shareholders entitled to receive such distribution.</p> <p>"fmv" = the fair market value of the portion of the evidences of indebtedness, shares, assets, rights or warrants so distributed applicable to one Share.</p> <p>4. Issue Convertible Securities</p> <p>If the Company issue any securities convertible into or exchangeable for Shares or where the securities are issued to the vendors of assets being acquired by the Company and the consideration is less than 95% of the current market price of the Shares, then the adjustment will be in accordance with the following formula:</p> $NCDP = OCDP \times \frac{OS + v}{OS + NS}$ <p>where:</p> <p>"NCDP" and "OCDP" have the above meaning.</p> <p>"OS" = the number of Shares outstanding at the close of business in Australia on the date of such issue.</p> <p>"NS" = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.</p> <p>"v" = the number of Shares which the aggregate consideration receivable by the Company would purchase at such current market price per Share.</p> <p>5. Reduced Consideration of Share Issue</p> <p>If the Company, issues any share and the consideration per Share receivable by the Company shall be less than 95% of the current market price per Share, then the Conversion Downside Price will be adjusted in accordance with the following formula:</p> $NCDP = OCDP \times \frac{OS + v}{OS + NS}$ <p>where:</p> <p>"NCDP" and "OCDP" have the above meanings.</p> <p>"OS" = the number of Shares outstanding at the close of business in Australia on the day immediately prior to the date of issue of such additional Shares.</p> <p>"NS" = the number of additional Shares being issued.</p>

Term	Details
	<p>"v" = the number of Shares which the aggregate consideration receivable by the Company would purchase at such current market price per Share.</p> <p>6. Issue Rights/ Warrants</p> <p>If the Company issues any rights or warrants to subscribe for or purchase the Shares or securities convertible into or exchangeable for the shares and the consideration per Share is less than 95% of the current market price, then the adjustment will be in accordance with the following formula:</p> $NCDP = OCDP \times \frac{OS + v}{OS + NS}$ <p>where:</p> <p>"NCDP" and "OCDP" have the above meanings.</p> <p>"OS" = the number of Shares outstanding at the close of business in Australia on the date of such issue.</p> <p>"NS" = the number of Shares to be issued on exercise of such rights or warrants at the initial subscription or purchase price, or upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate following exercise of such rights or warrants.</p> <p>"v" = the number of Shares which the aggregate consideration receivable by the Company would purchase at such current market price per Share on the date in Australia on which the Company fixes such consideration.</p> <p>7. Issue Requiring Adjustment</p> <p>If the Company issues securities of a type above and otherwise require an adjustment to the Conversion Downside Price, then any adjustment will not be made in one calculation in accordance with the following formula:</p> $NCDP = OCDP \times \frac{OS + v1 + v2 + v3}{OS + NS1 + NS2 + NS3}$ <p>where:</p> <p>"NCDP" and "OCDP" have the above meanings.</p> <p>"OS" = the number of Shares outstanding at the close of business in Australia on the relevant date.</p> <p>"NS1" = the number of Shares to be issued upon conversion or exchange of any convertible or exchangeable securities at the initial conversion or exchange price or rate.</p> <p>"NS2" = the number of any additional Shares being issued.</p> <p>"NS3" = the number of Shares to be issued on exercise of any rights or warrants at the initial subscription or purchase price, or upon conversion or exchange of any convertible or exchangeable securities at the initial conversion or exchange price or rate following exercise of such rights or warrants.</p>

Term	Details
	<p>"v1" = the number of Shares which the aggregate consideration receivable by the Company for such convertible or exchangeable securities would purchase at the current market price per Share on the date in Australia on which the Company fixes the said consideration.</p> <p>"v2" = the number of Shares which the aggregate consideration receivable by the Company for the issue of such additional Shares would purchase at the current market price per Share on the date in Australia on which the Company fixes the said consideration.</p> <p>"v3" = the number of Shares which the aggregate consideration receivable by the Company for the issue of the total number of Shares to be issued on exercise of such rights or warrants and (if applicable) upon conversion or exchange of such convertible or exchangeable securities would purchase at the current market price per Share on the date in Australia on which the Company fixes the said consideration.</p> <p>8. Other</p> <p>If the Company, after entry into the Subscription Agreement makes a capital distribution which does not fall within the above, the Conversion Downside Price will be adjusted in accordance with the below formula:</p> $\frac{X - Y}{X}$ <p>where:</p> <p>"X" is the current market price per Share on the last Business Day preceding the date on which the capital distribution is publicly announced; and</p> <p>"Y" is the fair market value on the date of such announcement, as determined in good faith by an independent investment bank or investment adviser licensed by the ASIC selected by the Company, and acting as an expert, of the portion of the capital distribution attributable to one Share.</p>
Events of Default	<p>The Events of Default include:</p> <ul style="list-style-type: none"> (j) if the Company fails to obtain any approvals, consents and/or waivers required to be obtained by the Company under the Subscription Agreement when it is required to be obtained or if they were obtained but subsequently amended, withdrawn, revoked, rescinded or cancelled. (k) if any of the approvals required to be obtained by the Company under the Subscription Agreement were obtained subject to any conditions which were required to be fulfilled, such conditions were not fulfilled when it is required to be fulfilled; (l) there is a default in any payment by the Company and such default is not remedied by the Company within 7 business days from the due date of such payment;

Term	Details
	<p>(m) the Company defaults in the performance or observance of any covenant, condition, provision or obligation contained in the Convertible Notes and on its part to be performed or observed and such default continues for 7 business days following the service of notice by the Noteholder;</p> <p>(n) any other notes, debentures, bonds or other instruments of indebtedness or any other loan indebtedness having an aggregate outstanding amount of over A\$3,000,000 (Indebtedness) of the Company or Subsidiaries become prematurely repayable following a default in respect of the terms which have been remedied, or steps are taken to enforce any security, or the Company or any of the Subsidiaries defaults in the repayment of any such Indebtedness at the maturity or at the expiration of any applicable grace period or any guarantee of or indemnity in respect of any Indebtedness of others having an aggregate outstanding amount of over A\$3,000,000 given by the Company or any of the Subsidiaries shall not be honoured when due and called upon;</p> <p>(o) an event of insolvency occurs in relation to the Company;</p> <p>(p) an event of insolvency occurs in relation to the Company's subsidiary (otherwise than for the purposes of a consolidation, amalgamation, merger, reconstruction, reorganisation or voluntary winding up or dissolution);</p> <p>(q) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Group;</p> <p>(r) the Company or any subsidiary shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or insolvency, or a decree of commencement of composition or reorganisation or other similar procedures, or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors, and such action has a material adverse effect on the Group;</p> <p>(s) the Company or any subsidiary without any lawful cause stops payment or is unable to pay its debts as and when they fall due or (otherwise than for the purposes the corporate restructuring) ceases, or threatens to cease, to carry on its business, and such action has a material adverse effect on the Group;</p> <p>(t) if insolvency proceedings have been initiated against the Company or any subsidiary and such proceedings have not been discharged or stayed within a period of 14 business days;</p> <p>(u) there has been an imposition of a new legal or regulatory restriction, or any change in the interpretation of existing legal or regulatory restrictions, that affects the Company's performance of its obligations in regards to the, offering, sale or delivery of the Convertible Notes or the Conversion Shares;</p> <p>(v) the delisting of the shares on the ASX or a suspension of trading of such shares on the ASX for a period of 5 consecutive business days or more save for suspension caused by administrative or technical error not due to the Company or trading halts made at the request of the Company for corporate announcements or notice(s) of</p>

Term	Details
	<p>meeting pending clearance by ASX or other regulatory or governmental bodies;</p> <p>(w) the average daily trading volume of the Shares of the Company, during any consecutive thirty (30) trading day period, shall not be less than A\$10,000.00 in value;</p> <p>(x) if the Company fails to deliver the Conversion Shares on any Shares issuance date in the prescribed manner;</p> <p>(y) the ratio of borrowings to Net Worth of the Company exceeds 6 times;</p> <p>(z) the consolidated net asset value of the Company is less than A\$300,000.00;</p> <p>(aa) for so long as there are any Convertible Notes outstanding the Company engages in any transaction with any hedge fund operating or originating from any part of the world; or</p> <p>(bb) any credit facilities granted to the Company or any of its Subsidiaries by banks and/or financial institutions are withdrawn, terminated or suspended for any reason whatsoever, and such action has a material adverse effect on the Group.</p>
Payment	<p>Payments in relation to the principal, interest or other monies payable by the Company or its Subsidiaries to the Noteholder will be made to the registered Noteholder by bank transfer.</p> <p>All payments made will be a good and absolute discharge of the Company's obligations under the Notes.</p>

