

decimal

Decimal Software Limited

ACN 009 235 956

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

30 November 2015

Time of Meeting

10:00AM WST

Place of Meeting

The Rokeby Room, BDO, 38 Station Street, Subiaco, WA 6008

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Decimal Software Limited

ACN 009 235 956

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Decimal Software Limited ACN 009 235 956 (Company) will be held at The Rokeby Room, BDO, 38 Station Street, Subiaco, WA 6008 on 30 November 2015 at 10:00AM (WST) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

1 Annual Report

To receive and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2015, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

2 Resolutions

Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

"That the Remuneration Report for the year ended 30 June 2015 as set out in the 2015 Annual Report be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting exclusion statement: The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter (being Key Management Personnel and their Closely Related Parties, as defined in the Glossary section of this Notice of Meeting). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 2 – Re-election of Jan Kolbusz as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Mr Jan Kolbusz, who retires in accordance with clause 6.3(c) of the Company's Constitution and, being eligible for re-election, be re-elected as a Director."

Details of Jan Kolbusz are set out in the Explanatory Memorandum.

Resolution 3 – Ratification of issue of Convertible Notes and Options to Albion Capital Partners

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5 Convertible Notes and 10,000,000 Options to Albion Capital Partners Pty Ltd on 25 September 2015, on the terms and conditions attached as Annexure A and as described in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes cast on Resolution 3 by Albion Capital Partners Pty Ltd or any of its Associates. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Approval of Additional 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of shares totalling up to an additional 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes cast on Resolution 4 by a person (and any Associates of such a person) who may participate in the Additional 10% Placement Facility and a person (and any Associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 4 is passed. However, the Company will not disregard a vote if:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

By order of the Board of Decimal Software Limited

A handwritten signature in black ink, appearing to read 'Stef Weber', is positioned in the center of the page.

Stef Weber
Company Secretary

Dated: 26 October 2015

Instructions on How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a

Restricted Voter is appointed as a proxy, the proxy may only vote on the Resolutions, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 10:00am (WST time) on 28 November 2015. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed Proxy Form in person or by post to the Company at Unit 1, 174 Hampden Road, Nedlands, WA 6009; or
 - by faxing a completed Proxy Form to the Company on facsimile number +61 2 8047 8616; or
 - by email to finance@decimal.com.

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.00am (WST) on 28 November 2015. If facsimile

transmission is used, the Power of Attorney must be certified. Please mark them to the attention of the Company Secretary.

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5:00pm (WST) on 28 November 2015.

PROXY FORM

Decimal Software Limited
ACN 009 235 956

Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse side of this page.

I/We _____ of _____, being a Shareholder/Shareholders of Decimal Software Limited, pursuant to my/our right to appoint not more than two proxies, appoint:

The Chair of the Meeting
(mark with an "X")

OR

Write here the name of the person you are appointing if this person is someone other than the Chair of the Meeting.

Write here the name of the person you are appointing as a second proxy (if any).

or failing him/her, (if no proxy is specified above), the Chair of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at The Rokeby Room, BDO, 38 Station Street, Subiaco, WA 6008 and at any adjournment of that Meeting.

This proxy is to be used in respect of _____% of the ordinary Shares I/we hold.

Voting directions to your Proxy

If the Chair of the Meeting is your proxy or is appointed as your proxy by default, the Chair of the Meeting intends to vote all available undirected proxies in favour of Resolutions 1 to 4.

Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair of the Meeting to vote in accordance with the Chair's voting intentions on all Resolutions (except where I/we have indicated a different voting intention) even though Resolution 1 is connected directly or indirectly with the remuneration of Directors and Key Management Personnel, which includes the Chair of the Meeting.

RESOLUTION	For	Against	Abstain*
1. Non-binding resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Jan Kolbusz as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of issue of Convertible Notes and Options to Albion Capital Partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Additional 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

If executed by a company, executed in accordance with section 127 of the *Corporations Act 2001* (Cth):

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Director/Company Secretary

Date: _____ / _____ 2015

Contact Name

Contact Business Telephone/Mobile

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a Proxy Form will not prevent individual Shareholders from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Annual General Meeting.
2. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
3. A proxy need not be a Shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
6. If a representative of a company Shareholder is to attend the Meeting, a properly executed original (or certified copy) of evidence of appointment is required. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment to including any authority under which it is signed.
7. If a representative as power of attorney of a Shareholder is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms in paragraph 9 below.

8. Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this Proxy Form must be signed by that person.
- If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone.
- Otherwise this Proxy Form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

9. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 10.00am (WST) on 28 November 2015 (48 hours before the commencement of the Meeting). Any Proxy Form received after that time will not be valid for the scheduled Meeting.

- Hand deliveries:** Unit 1, 174 Hampden Road, Nedlands, WA 6009
- Postal address:** Unit 1, 174 Hampden Road, Nedlands, WA 6009
- Fax number:** +61 2 8047 8616
- Email:** finance@decimal.com

Decimal Software Limited

ACN 009 235 956

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

ANNUAL REPORT

The first item of the Notice deals with the presentation of the Annual Report of the Company for the financial year ended 30 June 2015, together with the Directors' declaration and report in relation to that financial year and the Auditor's Report on the Financial Report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements;
and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act. Any such written questions are required to be submitted at least 5 Business Days prior to the Meeting, pursuant to section 250PA(1) of the Corporations Act.

Written questions must be submitted at the address below not later 5 business days in advance of the Annual General Meeting:

Hand deliveries:	Unit 1, 174 Hampden Road, Nedlands, WA 6009
Postal address:	Unit 1, 174 Hampden Road, Nedlands, WA 6009
Fax number:	+61 2 8047 8616
Email:	finance@decimal.com

RESOLUTION 1 – NON BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2015 Annual Report be adopted. The Remuneration Report

is set out in the Company's 2015 Annual Report and is also available on the Company's website: www.decimal.com.au.

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

However, if at least 25% of the votes cast are against adoption (**Strike**) of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Company's Remuneration Report did not receive a Strike at the 2014 Annual General Meeting. If the Remuneration Report receives a Strike at this Meeting Shareholders should be aware that if a second Strike is received at the 2016 Annual General Meeting, this may result in the re-election of the Board.

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

RESOLUTION 2 – RE-ELECTION OF JAN KOLBUSZ AS A DIRECTOR

The Company's Constitution prescribes a process by which Directors regularly retire from office. Retiring Directors may offer themselves for re-election. Pursuant to Clause 6.3(c) of the Company's Constitution, Mr Jan Kolbusz, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Kolbusz is the founder and executive director of Decimal Group Pty Ltd, which was acquired by Decimal Software Limited with effect from 11 April 2014. Mr Kolbusz was formerly the Director, Technology and Operations of Asgard. Mr Kolbusz's spent over nine years at Asgard, pioneering portfolio administration platforms, before driving further innovation and profitability following the company's successful acquisition by St George Bank. Mr Kolbusz was also a Director of Consulting at Ernst & Young.

Prior to his time at Ernst & Young, Mr Kolbusz worked for US headquartered Baxter Healthcare, including managing the US to Australia conversions and implementations of integrated hospital systems. Mr Kolbusz began his career working across a variety of technical and management roles on large-scale IBM platforms. Mr Kolbusz is a Fellow of the Institute of Company Directors and has a double major in Mathematics and Computer Science from the University of Western Australia and a Masters in Information Systems from Curtin University.

The Board (with Mr Jan Kolbusz abstaining in respect of his own re-election) unanimously recommends to shareholders the re-election of Mr Jan Kolbusz.

RESOLUTION 3 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES AND OPTIONS TO ALBION CAPITAL PARTNERS

On 25 September 2015, the Company issued 10,000,000 Options (at an exercise price of \$0.05) and 10 Convertible Notes (with an aggregate face value of \$500,000) to Albion Capital Partners Pty Ltd as part of a strategic funding arrangement announced to ASX on 15 September 2015. Albion Capital Partners is an investment group led by prominent technology and telecommunications sector entrepreneur Mr Tony Grist.

The Options and the Convertible Notes were issued on, and subject to, the terms set out in a Convertible Note Agreement executed between the Company and Albion Capital Partners Pty Ltd on 14 September 2015 (attached as Annexure A of this Explanatory Memorandum and as described in an ASX announcement released by the Company on 15 September 2015).

The convertible note facility under the Convertible Note Agreement was put in place for the purpose of complementing and optimising existing Company funds to take advantage of accelerating opportunity in consumer-driven automated ('robo') financial advice, and pending receipt by the Company of its \$1.7 million R&D tax rebate from the ATO for the financial year ended 30 June 2015.

On 25 September 2015, the Company drew down a \$500,000 advance under the convertible note facility and issued 10 Convertible Notes and 10,000,000 Options to Albion Capital Partners Pty Ltd. The Company has since repaid \$250,000 of its outstanding advance (together with accrued interest) on 13 October 2015, following receipt of its \$1.7 million R&D rebate from the ATO. Accordingly, the Company redeemed and cancelled 5 Convertible Notes on 13 October 2015, representing that proportion of the advance which was repaid by the Company. In addition, the Company and Albion Capital Partners have agreed to extend the repayment date of the remaining \$250,000 of outstanding advances (plus accrued interest) until 30 October 2015, reflecting the Company's continuous evaluation of its capital structure and future funding requirements.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

The Board would like the flexibility to issue further securities over the next 12 months without taking into account the number of shares represented by the 10 million Options and 5 Convertible Notes currently on issue, when determining compliance with the 15% threshold. Resolution 3 therefore seeks ratification under Listing Rule 7.4 of the issue on 25 September 2015 of 10 million Options and 5 Convertible Notes (which remain on issue out of the 10 Convertible Notes issued on that date) in order to restore the ability of the Company to issue further securities within the 15% limit during the next 12 months.

The Company does not propose to seek ratification for the issue of the 5 Convertible Notes which were redeemed and cancelled on 13 October 2015, as the issue of those securities will not impact its 15% placement capacity under Listing Rule 7.1 given that they have been cancelled.

The following information in relation to the Convertible Notes and Options is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 10 million Options and 10 Convertible Notes were allotted to Albion Capital Partners Pty Ltd on 25 September 2015;
- (b) the Convertible Notes were issued in consideration for the Noteholder providing a cash advance of \$500,000 to the Company on the terms of the Convertible Note Agreement. The Options were issued for no cash consideration, but were issued subject to the terms of a Convertible Note Agreement;
- (c) the Convertible Notes and the Options were issued on, and are subject to, the terms of the Convertible Note Agreement which is attached as Annexure A of this Explanatory Memorandum; and
- (d) the Convertible Notes and the Options were issued to Albion Capital Partners Pty Ltd, an investment company controlled by Mr Tony Grist.

Voting

Note that a voting exclusion applies to Resolution 3 in the terms set out in the Notice of Meeting.

RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation of \$300 million or less; and
- (b) the entity that is not included in the S&P ASX 300 Index.

The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

Resolution 4 seeks Shareholders' approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards achieving the Company's strategy and objectives and for working capital purposes.

Listing Rule 7.1A

The effect of Resolution 4 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice, the Company has on issue 179,498,524 Shares, 5 Convertible Notes and 21,333,343 unlisted options (with various exercise prices, expiration dates and other terms).

Based on the number of Shares on issue at the date of this Notice, the Company will have 179,498,524 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolution 4, 17,949,852 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities, that formula is:

$$(A \times D) - E$$

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid Shares that became fully paid in the 12 months;

(c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;

(d) less the number of fully paid Shares cancelled in the 12 months.

Note that 'A' is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

TABLE A

Variable 'A' in Listing Rule 7.1A.2	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0305 Issue Price at half the current market price (as at close of trade on 23 October 2015)	\$0.061 Issue Price at current market price (as at close of trade on 23 October 2015)	\$0.122 Issue Price at double the current market price (as at close of trade on 23 October 2015)
Current Variable 'A' 179,498,524 Shares	Shares issued	17,949,852	17,949,852	17,949,852
	Funds raised	\$547,470	\$1,094,941	\$2,189,882
	Dilution	10%	10%	10%
50% increase in current Variable 'A' 269,247,786 Shares	Shares issued	26,924,779	26,924,779	26,924,779
	Funds raised	\$821,206	\$1,642,412	\$3,284,823
	Dilution	10%	10%	10%
100% increase in current variable 'A' 358,997,048 Shares	Shares issued	35,899,704	35,899,704	35,899,704
	Funds raised	\$1,094,941	\$2,189,882	\$4,379,764
	Dilution	10%	10%	10%

Note: This table assumes:

- No Options are exercised before the date of the issue of the Equity Securities.
- The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued:
 - (A) at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities; or
 - (B) as consideration (or part thereof) for the acquisition of a new asset, both of which may have an effect on the amount of funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity.

- (c) Table A above shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%;
 - (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on Friday, 23 October 2015, being \$0.061, (the current market price as at the trading day immediately prior to the date of this Notice), where the issue price is halved, and where it is doubled; and
 - (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
- (d) Approval of the Additional 10% Placement Capacity will be valid during the period (**Additional Placement Period**) from the date of the Annual General Meeting and will expire on the earlier of:
 - (i) the date that is 12 months after the date of the Annual General Meeting; and

- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) If Equity Securities are issued for cash consideration, the Company intends to use the funds for further development of its business and achieving its strategic objectives; and
 - (ii) If Equity Securities are issued for non-cash consideration for the acquisition of new projects and investments. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.5A upon issue of any Equity Securities.

- (f) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of matters including, but not limited to:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
 - (ii) the financial situation and solvency of the Company; and
 - (iii) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The persons to whom Shares will be issued under the Additional 10% Placement Capacity have not been determined as at the date of this Notice, but will not include related parties (or their Associates) of the Company.

- (g) The Company has in November 2013 and November 2014 obtained Shareholder approval under Listing Rule 7.1A.
- (h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity, other than noting the persons to whom Shares will be issued will be determined on a case by case basis having regard to the factors outlined in paragraph (f) above. The Company has not approached, and has not yet determined to approach, any particular existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

Additional information requirements under Listing Rule 7.3A.6

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 21 November 2014. In the 12 months preceding the date of the Meeting, the Company has issued 4,500,000 Management Options, 10,000,000 Options and 10 Convertible Notes for a total number of Equity Securities issued of 14,500,010. As described on page 2 of this Explanatory Memorandum, 5 Convertible Notes were cancelled on 13 October 2015.

At the commencement of the 12 month period preceding the Meeting, the Company had 179,498,524 Shares on issue. Therefore, in the 12 months since the Meeting, the Equity Securities issued represent 8.08% of the Shares on issue at the commencement of the 12 month period.

Details of Equity Securities issued in the 12 months preceding the Meeting are as follows:

Date of Issue	Class of Equity Securities	Number of Equity Securities issued	Price of Equity Securities issued	Cash/Non-cash consideration	Names of persons receiving the Equity Securities
24 November 2014	Unlisted Management Options	500,000	\$0.40 (representing a premium of 220% to the market price at the time of issue)	Non-cash. The Options were issued for nil consideration.	Swivelthree (a nominee of Jan Kolbusz, a senior executive of the Company)
24 November 2014	Unlisted Management Options	500,000	\$0.50 (representing a premium of 300% to the market price at the time of issue)	Non-cash. The Options were issued for nil consideration.	Swivelthree (a nominee of Jan Kolbusz, a senior executive of the Company)
24 November 2014	Unlisted Management Options	500,000	\$0.60 (representing a premium of 380% to the market price at the time of issue)	Non-cash. The Options were issued for nil consideration.	Swivelthree (a nominee of Jan Kolbusz, a senior executive of the Company)
3 December 2014	Unlisted Management Options	1,000,000	\$0.40 (representing a premium of 220% to the market price at the time of issue)	Non-cash. The Options were issued for nil consideration.	Carolyn Colley, a senior executive of the Company
3 December 2014	Unlisted Management Options	1,000,000	\$0.50 (representing a premium of 300% to the market price at the time of issue)	Non-cash. The Options were issued for nil consideration.	Carolyn Colley, a senior executive of the Company
3 December 2014	Unlisted Management Options	1,000,000	\$0.60 (representing a premium of 380% to the market price at the time of issue)	Non-cash. The Options were issued for nil consideration.	Carolyn Colley, a senior executive of the Company
25 September 2015	Unlisted Options issued pursuant to the	10,000,000	\$0.05 (representing a discount of	Non-cash. The Options were issued pursuant to	Albion Capital Partners Pty Ltd (an entity

	Convertible Note Agreement		23% to the market price at the time of issue)	the terms of the Convertible Note Agreement.	controlled by Mr Tony Grist)
25 September 2015	Unlisted Convertible Notes issued pursuant to the Convertible Note Agreement	10	Each Convertible Note has a face value of \$50,000	\$500,000	Albion Capital Partners Pty Ltd (an entity controlled by Mr Tony Grist)

As described in the table above, the Management Options were issued pursuant to the terms and conditions of the Plan Rules and the Options and Convertible Notes were issued pursuant to the terms set out in the Convertible Note Agreement.

GLOSSARY

Additional 10% Placement Capacity has the meaning given to it in meaning set out on page 4 of the Explanatory Memorandum.

Additional Placement Period has the meaning given to it in meaning set out on page 6 of the Explanatory Memorandum.

Annual report means the Directors Report the Financial Report and Auditors Report in respect to the year ended 30 June 2015.

Auditor's Report means the auditor's report on the Financial Report.

Associate has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1) (a) included a reference to the Listing Rules and on the basis that the Company is the "designated body" for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ATO means the Australian Taxation Office.

Auditor means the Company's auditor from time to time.

Board means the Directors.

Chair means Michael Sertorio, or any other individual elected to chair any meeting of the Company from time to time.

Closely Related Party has the meaning given to that term in the Corporations Act, under which a Closely Related Party of a member of the Key Management Personnel refers to a company the member controls, the member's spouse, child or dependant (or a child or dependant of the member's spouse), or anyone else who is one of the member's family and may be expected to influence or be influenced by the member in the member's dealings with the entity.

Company means Decimal Software Limited ACN 009 235 956.

Constitution means the Company's constitution, as amended from time to time.

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

Convertible Note means a convertible note issued under the Convertible Note Agreement.

Convertible Note Agreement means the convertible note agreement dated 14 September 2015 between the Company and Albion Capital

Partners Pty Ltd (attached as Annexure A of this Explanatory Memorandum).

Directors means the directors of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the meaning given in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities

Key Management Personnel has the meaning given in the Corporations Act and refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the ASX Listing Rules.

Management Option means an option to acquire a Share, as described in the Plan Rules.

Meeting means the Annual General Meeting convened by the Notice.

Noteholder means Albion Capital Partners Pty Ltd.

Notice means this Notice of Annual General Meeting.

Notice of Meeting means this Notice of Annual General Meeting.

Option means an option to acquire a Share, issued to Albion Capital Partners Pty Ltd pursuant to the Convertible Note Agreement on the terms set out in Annexure A.

Plan means the Equity Incentive Plan, as described in the notice of meeting for the 2014 Annual General Meeting and disclosed to ASX on 15 October 2014.

Plan Rules means the rules of the Plan.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution contained in the Notice.

Restricted Voter means Key Management Personnel and their Closely Related Parties.

Shareholder means a member of the Company from time to time.

Shares means ordinary shares in the capital of the Company.

Spill Meeting has the meaning given to it in meaning set out on page 2 of the Explanatory Memorandum.

Spill Resolution has the meaning given to it in meaning set out on page 2 of the Explanatory Memorandum.

WST means Australian Western Standard Time.

ANNEXURE A – CONVERTIBLE NOTE AGREEMENT

Execution Version

Convertible Note Agreement

Decimal Software Limited ACN 009 235 956

Issuer

Albion Capital Partners Pty Ltd ACN 108 235 918

Lender

Clayton Utz
Lawyers
Level 27 QV.1
250 St Georges Terrace
Perth WA 6000
GPO Box 9806
Perth WA 6848
Tel +61 8 9426 8000
Fax +61 8 9481 3095
www.claytonutz.com

Our reference 15336/18458/80169673

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Convertible Note Agreement

Date

Parties **Decimal Software Limited ACN 009 235 956** of Level 10, 56 Pitt Street, Sydney, New South Wales 2000 (**Borrower** or **Issuer**)

Albion Capital Partners Pty Ltd ACN 108 235 918 of Suite 11, 232 Churchill Avenue, Subiaco, WA 6008 (**Lender** or **Noteholder**)

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this agreement:

Accounting Standards means accounting standards and practices consistently applied which are generally accepted in Australia and are consistent with any applicable legislation from time to time.

Advance means any loan under this facility agreement, or where the context requires, the principal of the loans outstanding.

Account means the bank account established by the Issuer with Australia and New Zealand Banking Group Limited having BSB: 012013 and Account Number: 456801535 into which the Issuer will direct the Australian Tax Office to pay the Rebate.

Account Charge means the charge over the Account granted by the Issuer to the Noteholder dated on or around the date of this agreement.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in the Corporations Act.

ASX means the Australian Securities Exchange or ASX Limited ACN 008 624 691, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Availability Period means the period from Financial Close until the day prior to the Repayment Date.

Available Commitment means \$500,000, unless increased in accordance with clause 2.2.

Binding Requirement means:

- (a) any law; or
- (b) any administrative guideline, directive, request or policy of any Government Authority whether or not having the force of law and, if not having the force of law, the observance of which is in accordance with the practice of responsible banks or financial institutions.

Business Day means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday.

Certificate means each certificate substantially in the form of Schedule 3 issued by the Issuer certifying that the person or persons named in it is or are the registered holder or holders of the Convertible Note or the number of Convertible Notes detailed on the face of the certificate.

Configuration means the Issuer's configuration and use of technology designed to provide a marketplace for the distribution of competing third party financial products to the end consumer.

Constitution means the replaceable rules, constitution or combination of the Issuer as those terms are used in section 134 of the *Corporations Act 2001 (Cth)*.

Controller has the meaning given in section 9 of the *Corporations Act*.

Conversion means the conversion of all or part of the Advances or interest payable under this agreement to Shares in accordance with clause 12, and **Convert** has a corresponding meaning.

Conversion Approvals means in relation to any proposed Conversion, all approvals which are required in order for the Issuer to satisfy the requirements of the ASX Listing Rules and the *Corporations Act*.

Conversion Date means the later of:

- (a) the date falling 10 Business Days after receipt by the Issuer of a Conversion Notice; and
- (b) the date that the Issuer obtains all Conversion Approvals.

Conversion Notice means a notice in the form of Schedule 2 given by the Noteholder under clause 12.

Conversion Price means a price equal to a 15% discount to the price of Shares in the Issuer offered at the next equity raising involving the offer of Shares undertaken by the Issuer after the date of this agreement, or as otherwise agreed by the Issuer and the Noteholder.

Convertible Note means each convertible note issued by the Issuer and detailed in a Certificate.

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

Cost means any cost, expense, charge, liability or disbursement.

Encumbrance means any mortgage, charge, pledge, lien, encumbrance, assignment for the purpose of security, hypothecation, Security Interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person.

Event of Default means any of the events set out in clause 17.1.

Event of Insolvency means:

- (a) a Controller, manager, trustee, administrator or similar officer is appointed in respect of the Issuer or any asset of the Issuer;
- (b) a liquidator or provisional liquidator is appointed in respect of the Issuer;

- (c) any application (not being an application withdrawn or dismissed within 14 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b); or
 - (ii) winding up the Issuer;
- (d) a moratorium of any debts of the Issuer or an official assignment or a composition or an arrangement (formal or informal) with the Issuer's creditors or any similar proceeding or arrangement by which the assets of the Issuer are subjected conditionally or unconditionally to the control of the Issuer's creditors is ordered, declared or agreed to, or is applied for and the application is not withdrawn or dismissed within 14 days;
- (e) the Issuer becomes, or admits in writing that it is, or is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts;
- (f) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of the Issuer; or
- (g) anything analogous to anything referred to in paragraphs (a) to (e) inclusive of this definition, or which has a substantially similar effect, occurs with respect to the Issuer under any other law.

Exercise Price means \$0.05 (as adjusted under the Option Terms and Conditions).

Expiry Time means 5pm on the date that is 3 calendar years after the date of issue of the Options.

Facility means the term loan facility available to the Issuer and to be used in accordance with the terms of this agreement.

Finance Document means:

- (a) this agreement;
- (b) the Account Charge;
- (c) the General Security Deed;
- (d) any other document as agreed in writing between the Issuer and the Noteholder to be, for the purposes of this agreement, a Finance Document; or
- (e) any other document entered into at any time after the date of this agreement which has the effect of varying, novating, ratifying, replacing or restating, in any manner, any other document referred to in this definition.

Financial Close means the date on which all conditions precedent set out in clause 3.1 have been satisfied or waived.

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed and any debit balance at any financial institution;
- (b) any amount raised under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Accounting Standards, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any redeemable shares where the holder has the right, or the right in certain conditions, to require redemption;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (h) consideration for the acquisition of assets or services payable more than 90 days after acquisition;
- (i) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

General Security Deed means the general security deed granted by the Issuer to the Noteholder and dated on or about the date of this agreement.

Government Authority means any government or any governmental or semi-governmental entity, authority, agency, commission, corporation or body (including those constituted or formed under any statute), local government authority, administrative or judicial body or tribunal or stock exchange.

Interest Payment Date means the last day of each Interest Period and in relation to the last Interest Period for the Advance, the Repayment Date.

Interest Period means, in relation to an Advance, each period determined in accordance with clause 8.1.

Interest Rate means 9% per annum.

Material Adverse Effect means a material adverse effect on:

- (a) the ability of the Issuer to comply with its obligations under any Finance Document;
- (b) the validity or enforceability of any Finance Document; or
- (c) the business, operation, property, condition (financial or otherwise) or prospects of the Issuer.

Obligations means all the liabilities of the Issuer to the Noteholder under or by reason of any Finance Document, and without limiting the generality of the foregoing, includes any liabilities which:

- (a) are liquidated or unliquidated;
- (b) are present, prospective or contingent;
- (c) are in existence before or come into existence after the date hereof;
- (d) relate to the payment of money or the performance or omission of any act;
- (e) sound in damages only;
- (f) accrue as a result of any Event of Default; or
- (g) would exist but for an Event of Insolvency affecting any person,

and irrespective of:

- (a) whether the Issuer is liable or obligated solely, jointly or jointly and severally with another person;
- (b) the circumstances in which the Noteholder comes to be owed each liability or obligation, including any assignment of any liability or obligation; or
- (c) the capacity in which the Issuer or the Noteholder comes to owe or to be owed that liability or obligation.

Option Terms and Conditions means the terms and conditions of the Options, as set out in Schedule 5.

Options means 10,000,000 options to subscribe for Shares, subject to the Option Terms and Conditions.

Options Certificate means a certificate substantially in the form of Schedule 4 issued by the Issuer certifying that the person named in it is the registered holder of the Options or the number of Options detailed on the face of the certificate.

Options Issue Date means the date determined by the Issuer that is no more than 5 Business Days after the date that the conditions precedent in clauses 3.1(a) to (d) have been satisfied.

Options Register means the register of optionholders kept by the Issuer.

Overdue Money means money due and payable from time to time under a Finance Document which has not been paid.

Overdue Rate means 2% per annum.

Permitted Encumbrance means:

- (a) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purposes of netting debit and credit balances of the Issuer;
- (b) any lien arising by operation of law and in the ordinary course of trading so long as the debt it secures is paid when due or contested in good faith and appropriately provisioned;

- (c) any title retention arrangement entered into by the Issuer in the ordinary course of trading on the supplier's usual terms of sale (or on terms more favourable to the Issuer) so long as the debt it secures is paid when due or contested in good faith and sufficient reserves of liquid assets have been set aside to pay the debt if the contest is unsuccessful;
- (d) any Encumbrance, arrangement or transaction securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Encumbrance, or any such arrangement or transaction, other than any permitted under paragraphs (a) to (c) above) does not exceed \$1,000,000 (or its equivalent in another currency or currencies); or
- (e) any other Encumbrances that have been approved in writing by the Noteholder.

Power means any right, power, authority, discretion, remedy or privilege.

PPSA means the Personal Property Securities Act 2009 (Cth).

Rebate means the payment from the Australian Taxation Office to the Issuer in connection with its eligible research and development expenditure for the financial year ended 30 June 2015, being approximately \$1,700,000.

Register means the register of noteholders kept by the Issuer.

Related Body Corporate has the meaning given in section 9 of the *Corporations Act 2001* (Cth), but on the basis that **Subsidiary** for the purposes of that definition has the meaning given in this agreement.

Repayment Date means the earlier of:

- (a) 29 January 2016; and
- (b) the date which is 3 Business Days after receipt and settlement of the Rebate,

or such later date agreed between the parties pursuant to clause 9(a).

Security Interest has the meaning given to it in the PPSA.

Share means a fully paid ordinary share of the Issuer ranking equally with all other ordinary shares of the Issuer.

Subsidiary in relation to any person, has the meaning given in the *Corporations Act 2001* (Cth). A determination by any auditors of the Issuer for the time being as to whether an entity is a Subsidiary of another entity will be evidence of the same until the contrary is proved.

Tax and **Taxes** mean all income, stamp and other taxes, levies, imposts, deductions, charges and withholdings plus interest thereon and penalties, if any, and charges, fees or other amounts made on or in respect thereof and **Taxation** shall be construed accordingly.

Trading Day has the meaning given to it in the ASX Listing Rules.

Utilisation Date means the date on which an Advance is made.

Utilisation Notice means a notice given under clause 5.1 in the form set out in Schedule 1.

1.2 Interpretation

In this agreement:

- (a) headings are for convenience only and do not affect interpretation;

and unless the context indicates a contrary intention:

- (b) the expression **person** includes an individual, the estate of an individual, a body politic, a corporation and a statutory or other authority or association (incorporated or unincorporated);
- (c) a reference to any party includes that party's executors, administrators, successors and permitted substitutes and assigns, including any person taking by way of novation;
- (d) a reference to any Finance Document however described or to any other document includes the Finance Document or other document as amended, novated, supplemented, varied or replaced from time to time as permitted by the Finance Documents or as agreed in writing by the parties thereto;
- (e) a reference to any legislation or to any section or provision thereof includes any statutory modification or re-enactment or any statutory provision substituted therefore and all ordinances, by-laws, regulations and other statutory instruments issued thereunder;
- (f) words importing the singular include the plural (and vice versa) and words denoting a given gender include all other genders;
- (g) a reference to a clause is a reference to a clause of this agreement;
- (h) where any word or phrase is given a defined meaning any other part of speech or other grammatical form in respect of such word or phrase has a corresponding meaning;
- (i) where the day on or by which any sum is payable or any act, matter or thing is to be done is a day other than a Business Day, that sum will be paid and such act, matter or thing will be done on the immediately preceding Business Day;
- (j) time is to Perth, Western Australia time unless stated otherwise;
- (k) all accounting terms used have the meaning given to those terms under generally accepted Australian accounting standards and practices from time to time;
- (l) a reference to a law includes an Australian or applicable foreign law, regulation, rule, directive or policy of any government or regulatory authority;
- (m) **including** and similar expressions indicate what is included without limiting what may be included;
- (n) all references to "\$" or "dollars" shall be to the lawful currency of the Commonwealth of Australia;
- (o) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this agreement or any part of it;
- (p) an Event of Default is "continuing" if it has not been waived or consented to by the Noteholder or remedied;
- (q) a reference to any thing includes a part of that thing; and
- (r) any reference to "this agreement" constitutes a reference to this instrument.

2. The Facility

2.1 Facility

Subject to the terms of this agreement, the Noteholder makes available to the Issuer a convertible note facility under which the Noteholder will make:

- (a) an Advance of \$500,000; and
- (b) if the Noteholder has agreed to increase the Available Commitment in accordance with clause 2.2, an Advance of \$250,000;

to the Issuer during the Availability Period in an aggregate amount not greater than the Available Commitment.

2.2 Increase to Available Commitment

The Issuer may provide a written request to the Noteholder to increase the Available Commitment to \$750,000 at any time, provided that all Advances have not already been repaid by Issuer pursuant to clause 9, in which case the Issuer shall have no right to request any increase to the Available Commitment or additional Advances. The Noteholder may elect to increase the Available Commitment at its sole discretion.

2.3 Purpose

The Issuer must only use the Advances for working capital purposes and to satisfy the payment of any fees or expenses payable by the Issuer pursuant to this agreement by deduction from Advances, or for any other purpose agreed between the Issuer and the Noteholder in writing.

2.4 No commitment

The Noteholder makes no commitment to make the Advance of \$250,000 available to the Issuer and may refuse to make the Advance without giving reasons for its decision.

2.5 Termination

The Facility terminates on the Repayment Date.

3. Conditions precedent

3.1 Conditions precedent to the first Advance

The obligation of the Noteholder to make the first Advance available to the Issuer is subject to each of the following conditions precedent being satisfied (in form and substance satisfactory to the Noteholder, acting reasonably):

- (a) the Finance Documents being duly executed by all parties;
- (b) a certified extract of the resolutions of the directors of the Issuer:
 - (i) approving the Finance Documents;
 - (ii) authorising the execution by the Issuer of the Finance Documents and the performance by it of its obligations under the Finance Documents;
- (c) evidence that the Account is established and that the Australian Taxation Office has been directed to pay the Rebate into the Account and confirmation from the Issuer

that it has no reason to believe, after consulting its tax advisers, that the Rebate will not be forthcoming;

- (d) evidence that all fees, costs and expenses then due from the Issuer, including but not limited to an establishment fee of \$10,000 and all other fees, costs and expenses then due under clause 20, but subject to the limit on aggregate fees in clause 20, have been fully paid, provided that if such fees, costs and expenses are to be deducted from the first Advance then this will satisfy this condition; and
- (e) evidence that the Options have been issued and allotted to the Noteholder in accordance with clause 7.

3.2 Conditions precedent to all Advances

The obligation of the Noteholder to make each Advance available to the Issuer is subject to each of the following conditions precedent being satisfied (in form and substance satisfactory to the Noteholder acting reasonably):

- (a) all representations and warranties are true and correct and will be true and correct immediately after the making of that Advance, in each case, with reference to the facts and circumstances existing at that time; and
- (b) no Event of Default is subsisting or will result from the making of the Advance.

4. Condition subsequent

The Issuer will procure Ernst & Young to give the Noteholder a letter of attestation in respect of the Rebate no later than 14 days after the date of this agreement

5. Advances

5.1 Utilisation Notice

The Issuer may request an Advance by giving a Utilisation Notice to the Noteholder in order for the Noteholder to subscribe for Convertible Notes, and, subject to clause 2.4 and the Issuer's compliance with this clause 5, the Noteholder will provide the Advance to the Issuer on the Utilisation Date in accordance with the Utilisation Notice. For the avoidance of doubt, the Issuer may provide a Utilisation Notice to the Noteholder prior to the satisfaction of all of the conditions precedent in clause 3.1, provided that the Noteholder is not obliged to provide any Advance requested in a Utilisation Notice until each of the conditions precedent in clause 3.1 have been satisfied.

5.2 Contents of Utilisation Notice

Each Utilisation Notice will be in the form of Schedule 1 and will specify:

- (a) the proposed Utilisation Date which must occur before the expiry of the Availability Period;
- (b) the amount of the Advance which must be \$500,000 for the first Advance and if the Noteholder has agreed to increase the Available Commitment in accordance with clause 2.2, \$250,000 for the subsequent Advance;
- (c) the proposed Interest Period for the Advance; and
- (d) payment instructions.

5.3 Requirements of Utilisation Notice

Each Utilisation Notice will be irrevocable and must be:

- (a) received by the Noteholder at least 5 Business Days before the proposed Utilisation Date;
- (b) signed by a director of the Issuer; and
- (c) be accompanied by a draft Certificate setting out the number of Convertible Notes the Noteholder is subscribing for.

6. Note issue

6.1 Issue of Convertible Notes

The Issuer agrees to create and issue and the Noteholder agrees to subscribe for Convertible Notes on the terms and conditions of this agreement and in accordance with Utilisation Notice. Each Convertible Note will:

- (a) have a face value of \$50,000;
- (b) be redeemable in accordance with clause 9; and
- (c) be convertible into Shares in accordance with clause 12.

6.2 Allotment

On each Utilisation Date, and subject to the Lender providing the Advance in accordance with clause 5.1, the Issuer will:

- (a) allot and issue Convertible Notes to the Noteholder for an amount equal to the Advance drawn on that Utilisation Date;
- (b) register the Noteholder as the holder of the Convertible Notes in the Register described in clause 6.4;
- (c) give to the Noteholder the Certificate required by clause 6.3; and
- (d) take all other steps required under its Constitution, the ASX Listing Rules and the Corporations Act to constitute and evidence the Noteholder as the holder of the Convertible Notes.

6.3 Certificates

- (a) Subject to the Lender providing the Advance in accordance with clause 5.1, the Issuer must issue to the Noteholder a Certificate for the Convertible Notes on the Utilisation Date.
- (b) Each Certificate must be executed in accordance with section 127 of the Corporations Act.
- (c) The terms of this agreement are deemed to be included or endorsed on each Certificate.
- (d) The Issuer must enter details of the issue of each Convertible Note and the Noteholder in the Register on the date that they are issued.

- (e) The Convertible Notes in respect of which an entry has been made in the Register in accordance with this agreement will, as between:
- (i) the Noteholder and the Issuer; and
 - (ii) the Noteholder and any liquidator of the Issuer,
- be deemed to have been validly issued under this agreement.

6.4 Register

- (a) The Issuer will establish and maintain a register to hold the following information in respect of each Convertible Note issued by it under this agreement (**Register**):
- (i) its issue date, currency and face value;
 - (ii) the name and address of each noteholder;
 - (iii) details of any assignment of that Convertible Note; and
 - (iv) the date of redemption of that Convertible Note,
- and any other information which the Issuer considers necessary or desirable in connection with a Convertible Note.
- (b) Entries in the Register in relation to a Convertible Note constitute conclusive evidence that the person so entered is the absolute owner of the Convertible Note, subject to correction for fraud or error. Except as required or permitted by law, the Issuer must treat the person entered on the Register as the absolute owner of that Convertible Note.
- (c) Each entry in the Register in respect of a Convertible Note constitutes:
- (i) an acknowledgment to the Noteholder by the Issuer of the indebtedness of the Issuer to the Noteholder under this agreement; and
 - (ii) an undertaking by the Issuer to make all payments of principal and interest to the Noteholder in accordance with the terms of this agreement.
- (d) The Noteholder may inspect the relevant Register during normal business hours in the place where the Register is kept with prior reasonable notice to the Issuer.
- (e) If requested by the Noteholder, the Issuer shall promptly provide to the Noteholder a certified extract of the particulars entered in the Register.
- (f) If the Noteholder becomes aware of any error, omission, defect or misdescription in the Register, the Issuer must promptly rectify the Register.
- (g) If the Noteholder notifies the Issuer of any change in its details as recorded in the Register, the Issuer must promptly update the Register.

6.5 Transferability

The Convertible Notes may be transferred:

- (a) to an Associate of the Noteholder; or
- (b) otherwise with the prior written consent of the Issuer, not to be unreasonably withheld,

provided any such transferee agrees to be bound by the terms and conditions of this agreement, to the extent applicable to the Convertible Notes or a holder of Convertible Notes.

6.6 No voting rights

There are no participating rights or entitlements inherent in a Convertible Note and holders of the Convertible Notes will not be entitled to participate in new issues of capital that may be offered to the Issuer's shareholders during the currency of the Convertible Note (except with respect to Shares obtained by the Noteholder upon exercise of the Convertible Notes).

6.7 Compliance with ASX Listing Rules

Notwithstanding any other provision of this agreement, the rights of the holder of Convertible Notes will be changed to the extent necessary to comply with the ASX Listing Rules including, without limitation, as they apply to any reorganisation of capital undertaken by the Issuer at the time of the reorganisation.

7. Option issue

7.1 Issue of Options

- (a) The Issuer agrees to create and issue and the Noteholder (or a nominee appointed in accordance with clause 7.2) agrees to subscribe for the Options on the Option Terms and Conditions.
- (b) Each Option entitles the Noteholder (or a nominee appointed in accordance with clause 7.2) to subscribe for one Share at the Exercise Price at any time until the Expiry Time by way of exercise in accordance with, and subject to, the Option Terms and Conditions.

7.2 Noteholder's nominee

The Noteholder may nominate in writing to the Issuer at any time prior to the Options Issue Date a nominee to act as subscriber of the Options. Such nominee will assume all rights and obligations of the Noteholder in respect of the Options and the Shares issued on exercise of the Options under this agreement.

7.3 Allotment

On the Options Issue Date, the Issuer will:

- (a) allot and issue the Options to the Noteholder;
- (b) register the Noteholder as the holder of the Options in the Options Register described in clause 7.5;
- (c) give to the Noteholder the Options Certificate required by clause 7.4; and
- (d) take all other steps required under its Constitution, the ASX Listing Rules and the Corporations Act to constitute and evidence the Noteholder as the holder of the Options.

7.4 Options Certificate

- (a) The Issuer must issue to the Noteholder an Options Certificate for the Options on the Options Issue Date.

- (b) The Certificate must be executed in accordance with section 127 of the Corporations Act.
- (c) The terms of this agreement are deemed to be included or endorsed on the Certificate.
- (d) The Issuer must enter details of the issue of the Options and the Noteholder in the Options Register on the date that they are issued.

7.5 Options Register

- (a) The Issuer will establish and maintain a register to hold the following information in respect of the Options issued by it under this agreement (**Options Register**):
 - (i) the issue date, expiry date and exercise price;
 - (ii) the name and address of the optionholder; and
 - (iii) details of any assignment of that Option,and any other information which the Issuer considers necessary or desirable in connection with an Option.
- (b) Entries in the Options Register in relation to an Option constitute conclusive evidence that the person so entered is the absolute owner of the Option, subject to correction for fraud or error. Except as required or permitted by law, the Issuer must treat the person entered on the Options Register as the absolute owner of that Option.
- (c) The Noteholder may inspect the Options Register during normal business hours in the place where the Options Register is kept with prior reasonable notice to the Issuer.
- (d) If requested by the Noteholder, the Issuer shall promptly provide to the Noteholder a certified extract of the particulars entered in the Options Register.
- (e) If the Noteholder becomes aware of any error, omission, defect or misdescription in the Options Register, the Issuer must promptly rectify the Options Register.
- (f) If the Noteholder notifies the Issuer of any change in its details as recorded in the Options Register, the Issuer must promptly update the Options Register.

8. Interest

8.1 Interest Period

- (a) The Issuer may select an Interest Period for an Advance in the Utilisation Notice for the Advance.
- (b) Subject to this clause 8.1, the Issuer may select an Interest Period of 1, 2 or 3 months or any other period agreed between the Issuer and the Noteholder.
- (c) An Interest Period for an Advance shall not extend beyond the Repayment Date.
- (d) The first Interest Period in relation to an Advance is the period commencing on the Utilisation Date for that Advance. Any subsequent Interest Period in relation to the Advance will commence on the last day of the immediately preceding Interest Period.

8.2 Payment and rate

- (a) The Issuer must pay interest on the Advances, and such interest must be paid on each Interest Payment Date and on the Repayment Date.
- (b) The interest rate on the Advances will be the Interest Rate.

8.3 Computation

Interest will accrue from day to day and be calculated on the actual number of days elapsed on the basis of a 365 day year.

8.4 Merger

If the liability of the Issuer to pay to the Noteholder any money payable under this agreement becomes merged in any deed, judgment, order or other thing, the Issuer must pay interest on the amount owing from time to time under that deed, judgment, order or other thing at the higher of the rate payable under this agreement and that fixed by or payable under that deed, judgment, order or other thing.

8.5 Default interest

- (a) If the Issuer fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Overdue Money from the due date up to the date of actual payment (both before and after judgment) at a rate which is the sum of the Overdue Rate and the Interest Rate. Any interest accruing under this clause 8.5 shall be immediately payable by the Issuer on demand by the Noteholder.
- (b) Default interest (if unpaid) arising on Overdue Money will be compounded with the Overdue Money on each Interest Payment Date but will remain immediately due and payable.

9. Repayment

- (a) The Issuer must immediately notify the Noteholder upon receipt and settlement of the Rebate and the parties may, within 3 Business Days of such notice, mutually agree to extend the Repayment Date for an additional three months (or such longer period agreed between the parties) provided that either party may, upon providing 10 Business Days' prior written notice to the other party, require the repayment (or prepayment and cancellation, as applicable) of the Advances during that three month period.
- (b) The Issuer must repay to the Noteholder the Advances and all amounts due and payable under the Finance Documents on the Repayment Date (as adjusted by the mutual agreement of the parties under clause 9(a), if applicable).
- (c) Upon receipt of the repayment by the Issuer in accordance with clause 9(b), the Convertible Notes shall be redeemed and cancelled and have no further value and have no further rights attaching thereto.

10. Prepayment and Cancellation

10.1 Voluntary prepayment

- (a) The Issuer may, if it gives the Noteholder not less than 10 Business Days' prior written notice, prepay the whole or any part of an Advance.
- (b) If any prepayment of an Advance is made on any day other than on an Interest Payment Date, the Issuer shall pay to the Noteholder any break costs suffered or

incurred by the Noteholder by reason of the liquidation or re-deployment of deposits or other funds acquired or contracted for by the Noteholder to fund or maintain any amount advanced under or in connection with this agreement.

10.2 Voluntary cancellation

- (a) The Issuer may, if it gives the Noteholder not less than 10 Business Days' prior written notice, cancel the Available Commitment in whole or in part without incurring any penalty or other cost.
- (b) Any notice under clause 10.2(a) must be signed by a director of the Issuer, specify the date on which the cancellation is to become effective and the amount of the cancellation.

10.3 Restrictions

- (a) Any notice of cancellation or prepayment under this clause 10 shall be irrevocable.
- (b) Any prepayment shall be made together with accrued interest on the amount prepaid and without premium or penalty if made on an Interest Payment Date.
- (c) No amount cancelled can be reinstated.
- (d) Upon receipt of any prepayment by the Issuer in accordance with clause 10.1 the Convertible Notes issued for an amount equal to that Advance shall be redeemed and cancelled and have no further value and have no further rights attaching thereto.

11. Payments

11.1 Place, manner and time of payment

The Issuer must make payments to the Noteholder under this agreement:

- (a) by 2pm Perth time into such account of the Noteholder that the Noteholder designates in writing for this purpose; and
- (b) in immediately available funds and without set-off, counter claim, condition or, unless required by law, deduction or withholding.

11.2 Gross-up

If the Issuer is required by law to deduct or withhold Taxes from any payment it must:

- (a) make the required deduction and withholding;
- (b) pay the full amount deducted or withheld in accordance with the relevant law;
- (c) deliver to the Noteholder the original receipt for each payment; and
- (d) pay an additional amount with such payment so that, after all applicable deductions or withholdings, the Noteholder actually receives for its own benefit the full amount which would have been payable to the Noteholder if no deduction or withholding had been required.

11.3 Appropriation

The Noteholder may appropriate any payment towards the satisfaction of any money due for payment by the Issuer in relation to this agreement in any way that the Noteholder thinks fit and despite any purported appropriation by the Issuer.

11.4 Currency indemnity

If an amount payable by a party under or in connection with this agreement (whether as a result of a judgment or order, the liquidation of the payer or otherwise) is received by the payee in a currency other than the currency in which that amount is agreed to be paid under this agreement, and the amount the payee obtains net of charges on converting that amount into the agreed currency (at market rates prevailing at or about the time of receipt) is less than the amount payable under this agreement in the agreed currency, the payer, as an independent and additional obligation, indemnifies the payee for that deficiency and for any loss sustained because of that deficiency.

12. Conversion to Shares

12.1 Conversion by the Noteholder

- (a) The Noteholder must, on or prior to 30 October 2015, provide written notice to the Issuer specifying in good faith whether it intends to require the repayment of any Advances on the Repayment Date or to Convert all (or part) of any Advances in accordance with this clause 12. The Issuer acknowledges that the notice provided by the Noteholder pursuant to this clause 12(a) will not bind the Noteholder.
- (b) The Noteholder may as part of the next equity raising involving the offer of Shares undertaken by the Issuer after the date of this agreement convert all (or part) of any Advances outstanding, on the date of settlement of the equity raising, in tranches of \$250,000 worth of Convertible Notes, and any amount of interest owing to Shares by giving a Conversion Notice to the Issuer.
- (c) A Conversion Notice, once given, is irrevocable.
- (d) If the Noteholder gives a Conversion Notice to the Issuer under clause 12.1(b), then, subject to obtaining all Conversion Approvals, the Issuer must issue to the Noteholder the number of Shares determined in accordance with the following formula:

$$x = \frac{P}{CP}$$

where,

x is the number of Shares to be issued;

P is the aggregate of the Advances and interest owing to be converted; and

CP is the Conversion Price.

12.2 Issue of Shares on Conversion

- (a) Promptly after a Conversion Date and in any event within 10 Business Days, the Issuer must allot and issue to the Noteholder the number of Shares (rounded to the nearest whole number) applicable to that Conversion Date (**Conversion Shares**).
- (b) The Issuer must dispatch to the share certificates for the Conversion Shares promptly after a Conversion Date and in any event within 10 Business Days.

12.3 Effect of Conversion

- (a) On each Conversion Date, the amount of the Advances and any interest owing to be Converted on that Conversion Date is taken to have been paid in full.
- (b) The operation of clause 12.3(a) is subject to and conditional upon compliance by the Issuer with the provision of clauses 12.2, 12.4 and 12.5(b).

12.4 Anti-dilution

If at any time after the date of this agreement there occurs any reconstruction of the issued capital of the Issuer including, without limitation:

- (a) any reduction, repayment by way of reduction, consolidation or reclassification or division of the issued capital of the Issuer;
- (b) an issue of shares by way of capitalisation of profits or reserves;
- (c) an issue of shares in lieu of dividends or distributions; or
- (d) any options, warrants or further convertible instruments are issued,

then the entitlement of the Noteholder to convert the Advances and any amount of interest owing, then unconverted, shall be reconstructed in the same proportion and manner as any reconstruction of the issued capital of the Issuer and subject to the same provisions (if any) with respect to the founding of entitlements as are sanctioned by the meetings of members of the issuer which approves any reconstructions of the capital of the Issuer but in all other respects the terms of the conversion of Advance and any amount of interest owing remain unchanged.

12.5 Quotation and Cleansing Notice

- (a) The Issuer must apply for official quotation on the ASX of any Shares issued under clauses 7 and 12.2 immediately upon, and in any event no later than 2 Business Days after, those Shares (**Specified Shares**) being issued and allotted so that the Specified Shares are freely tradeable.
- (b) The Issuer must, as soon as possible but no later than the Trading Day following the issue of any Specified Shares, take all action required in order to facilitate the on-sale of the Specified Shares by the Noteholder including notifying the ASX:
 - (i) that the Specified Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act and without a prospectus (as such term is defined under the Corporations Act) being prepared;
 - (ii) that the notification is being given under sub-section 708A(5)(e) of the Corporations Act;
 - (iii) that the Issuer as the issuer of the Specified Shares is subject to regular reporting and disclosure obligations;
 - (iv) that, as at the date of the notification, the Issuer has complied with:
 - A. the provisions of Chapter 2M of the Corporations Act as it applies to the Issuer; and
 - B. section 674 of the Corporations Act as it applies to the Issuer; and

- (v) of any "excluded information" (within the meaning of subsections 708A(7) and (8) of the Corporations Act) as at the date of the notice.

If section 708A(5)(e) is amended or replaced by a provision having similar effect, the Issuer must comply with any such amended or replacement provision to the extent necessary to ensure that the Specified Shares can be freely traded on ASX.

- (c) Each of the Specified Shares ranks in all respects pari passu with the Shares then on issue.
- (d) If the Issuer cannot comply with the requirements of section 708A(5) of the Corporations Act due to any reason, the Issuer must, at its own expense, do everything necessary or appropriate to ensure that the Specified Shares are validly issued and able to be freely traded on the ASX in compliance with the requirements of the ASX Listing Rules and the Corporations Act, including the preparation and issue of a disclosure document covering the issue of the Specified Shares as is otherwise contemplated under Chapter 6D of the Corporations Act, provided that the Noteholder provides the Issuer with such additional time as reasonably requested in order to satisfy such requirements.

12.6 Breaches of law

Notwithstanding any other term of this agreement, and for the avoidance of doubt, the Issuer is entitled to refuse to Convert the Convertible Notes or exercise the Options, if to do so would result in:

- (a) a person acquiring a 20% or greater relevant interest in Shares in breach of section 606 of the Corporations Act (or any equivalent provision); or
- (b) a foreign person (within the meaning given to that expression in the *Foreign Acquisitions and Takeovers Act 1975* (Cth)) acquiring Shares in breach of the *Foreign Acquisitions and Takeovers Act 1975* (Cth),

provided that the Issuer must take all steps within its power (including providing information and holding shareholder meetings) to assist the Noteholder to obtain such approvals as are required.

13. Illegality and increased cost

13.1 Illegality

If any change in applicable law, regulation, treaty or official directive or in the interpretation or administration thereof by any governmental authority charged with their administration makes it unlawful or impossible for the Noteholder to maintain or give effect to its obligations under this agreement, the Noteholder may appoint any date as the Repayment Date.

13.2 Increased cost

- (a) If by reason of any change in law or a change in its interpretation or administration by any fiscal, monetary or other authority:
 - (i) the Noteholder incurs a cost as a result of its having entered into or performed its obligations under the Facility or as a result of any amount being outstanding under this agreement;
 - (ii) the amount of principal, interest or other amount otherwise payable to the Noteholder is reduced; or

- (iii) the Noteholder becomes liable to make any payment (not being a payment of Tax on its overall net income) on or calculated by reference to the amount advanced made under this agreement,

then the Noteholder will notify the Issuer promptly on becoming aware of the event within 5 Business Days the Issuer shall pay to the Noteholder amounts sufficient to indemnify the Noteholder against such cost, increased cost, reduction or liability.

- (b) If the Noteholder has acted in good faith it is no defence that any such cost, increased cost, reduction or liability could have been avoided. At the request of the Issuer however, the Noteholder will negotiate in good faith with the Issuer to minimise such cost, increased cost, reduction or liability.
- (c) The Noteholder's certificate as to the amount of, and basis for arriving at, any such cost, increased cost, reduction or liability is conclusive and binding on the Issuer in the absence of manifest error on the face of the certificate.

14. Right of first refusal

- (a) The parties' intention under clause 14(b) is to ensure that the Issuer gives the Noteholder the opportunity during the period described in clause 14(b) to negotiate with the Issuer before the Issuer gives any other person, who is not party to this agreement, an opportunity to negotiate with the Issuer in relation to a licence of the nature referred to in clause 14(b).
- (b) The Noteholder shall have the right, but not the obligation, to negotiate in good faith, during the period commencing on the date of this agreement and ending on 30 June 2016, with the Issuer to grant the Noteholder an exclusive licence to use and exploit the Configuration in Australia. If the Issuer receives an offer from a third party in respect of the licensing of the Configuration in Australia, it shall immediately notify the Noteholder of such offer and the Noteholder shall have 30 Business Days to provide a counteroffer to the Issuer on the same or more favourable terms. If the Issuer receives no offer from the Noteholder during that 30 Business Day period, then the Noteholder expressly acknowledges and agrees that the Issuer shall be deemed to have complied in full with all its obligations under this clause 14 and shall not be restricted from licensing the Configuration to that third party.
- (c) The parties acknowledge and agree that nothing in this clause 14 shall legally bind the Issuer to enter into any agreement with the Noteholder in respect of the subject matter described in this clause 14.
- (d) The parties acknowledge and agree that nothing in this clause 14 prevents the Issuer (or its subsidiaries) from launching and operating the Configuration in Australia or any other jurisdiction, and utilising third parties to assist in providing distribution, marketing or similar services in relation to the Configuration.

15. Representations and warranties

15.1 General representations and warranties

The Issuer hereby represents and warrants to the Noteholder (except in relation to matters disclosed in writing to and accepted by the Noteholder by the Issuer):

- (a) **(status):**
 - (i) it is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation; and

- (ii) it has the power to own its assets and carry on its business as it is being conducted;
- (b) **(binding obligations)** the obligations expressed to be assumed by it in each Finance Document are, subject to any necessary stamping, equitable principles and laws generally affecting creditors' rights, legal, valid, binding and enforceable obligations;
- (c) **(non-conflict with other obligations)** the entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:
 - (i) any law or regulation applicable to it;
 - (ii) its Constitution; or
 - (iii) any agreement or instrument binding upon it or any of its or any of its assets in any material respect;
- (d) **(power and authority)** it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents and the transactions contemplated by the Finance Documents;
- (e) **(validity and admissibility in evidence)** all authorisations required or desirable:
 - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents;
 - (ii) to make the Finance Documents its legal, valid, binding and enforceable obligations, admissible in evidence in its jurisdiction of incorporation; and
 - (iii) for it to carry on its business, and which are material,have been obtained or effected and are in full force and effect;
- (f) **(governing law and enforcement):**
 - (i) the choice of law referred to in clause 22 as the governing law of this agreement will be recognised and enforced in its jurisdiction of incorporation; and
 - (ii) any judgment obtained against it in any jurisdiction referred to in clause 22 in relation to this agreement will be recognised and enforced in its jurisdiction of incorporation;
- (g) **(pari passu ranking)** its payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;
- (h) **(trustee)** it does not enter into any Finance Document or hold any property as trustee;
- (i) **(registers)** it has maintained the registers which it is required by law to maintain and all such registers are accurate, complete and up to date in all material respects;
- (j) **(no restriction on allotment)** there are no restrictions on the allotment and issue of the Convertible Notes, Options and/or the Specified Shares to the Noteholder, other

than those restrictions that may arise pursuant to the Corporations Act and/or the ASX Listing Rules;

- (k) **(Specified Shares rank equally)** the Specified Shares will, once issued, be validly issued, fully paid and rank pari passu with all other Shares and will be free from all liens, restrictions (including any form of escrow), charges and other Encumbrances;
- (l) **(ASX Listing Rules)**
 - (i) the Issuer has at all times been, and continues to be, in compliance with its obligations under the Corporations Act and the ASX Listing Rules including under its continuous disclosure and periodic disclosure obligations, and information released to ASX is not materially misleading or deceptive and does not contain any material omission;
 - (ii) the Issuer is not withholding any information from continuous disclosure under ASX Listing Rule 3.1 in reliance on Listing Rule 3.1A, other than information (if any) of which the Noteholder is aware, based on such matter being fully disclosed to the Noteholder in writing prior to the date of this agreement; and
 - (iii) approval of the Issuer's shareholders is not required with respect to the issue of the Convertible Notes and/or the Options or the Specified Shares (assuming a price per Specified Share equal to a 15% discount to the market price at the date of this agreement), including pursuant to ASX Listing Rule 7.1; and
- (m) **(Cleansing statement)**
 - (i) the Issuer is able to issue a notice in respect of the issue of Shares upon the conversion of the Convertible Notes and Options that would comply with section 708A(6) of the Corporations Act and, upon the issue of that notice, section 708A(1) would apply with respect to an offer for sale of those Shares; and
 - (ii) ASIC has not in the previous 12 months made a determination under section 708A(2) of the Corporations Act in respect of the Shares.

15.2 Representations and warranties repeated

Each representation and warranty contained in clause 15.1 shall be repeated on each Interest Payment Date for so long as any Advance is outstanding, with reference to the facts and circumstances then subsisting, as if made on each such day.

16. Undertakings

16.1 General undertakings

For as long as there is any amount outstanding under the Finance Documents in connection with the Convertible Notes, the Issuer undertakes to the Noteholder that, unless the Noteholder otherwise agrees, it will:

- (a) **(Maintain all consents)** obtain, renew, maintain and comply with all material consents, licences, approvals and authorisations necessary for the validity and enforceability of the Finance Documents;
- (b) **(Comply with laws)** comply in all respects with all laws to which it may be subject, if failure to so comply would materially impair its ability to perform its obligations under this agreement;

- (c) **(Proper books of account)** keep or cause to be kept proper books of account, in which it will make true and correct entries of all dealings and transactions now or in the future conducted by it including in respect of its business as required in accordance with the Corporations Act and any applicable Accounting Standards;
- (d) **(Continue corporate existence)** continue its corporate existence; and
- (e) **(Pay taxes)** pay its Taxes when due, except Taxes which it is contesting in good faith.

16.2 Negative undertakings

For so long as any amount is outstanding under the Finance Documents in connection with the Convertible Notes the Issuer undertakes to the Noteholder that, unless the Noteholder otherwise agrees, it will not, otherwise in relation to any licensing or similar agreement entered into by the Issuer in the ordinary course of its ordinary business:

- (a) **(Non Disposal of Assets)** sell, transfer, lease or otherwise dispose of any assets except:
 - (i) in the ordinary course of its business for arm's length consideration;
 - (ii) the disposal of worn out or obsolete assets no longer required for its business;
 - (iii) the disposal of assets in exchange for other assets comparable or superior as to type, value and quantity and for a similar purpose;
 - (iv) other disposals of assets either in a single transaction or in a series of transactions where the value of all assets disposed of in any calendar year does not exceed \$1,000,000; or
 - (v) as otherwise agreed in writing by the Noteholder, and the Noteholder will not unreasonably withhold its agreement to a significant disposal of assets recommended as part of a strategic review to be undertaken by the Issuer, provided that as part of any such disposal the Issuer uses the proceeds of the disposal to fully repay the Advances and all amounts due and payable under the Finance Documents;
- (b) **(Restriction on Encumbrances)** create, permit or suffer to exist any Encumbrance over all or any of its assets in relation to any loan or other Financial Indebtedness except for a Permitted Encumbrance; or
- (c) **(Financial Indebtedness)** incur any Financial Indebtedness other than:
 - (i) under the Finance Documents;
 - (ii) credit given on the purchase of goods and services required for the carrying on of its day to day business;
 - (iii) any Financial Indebtedness in respect of which the principal owing at any time is less than \$1,000,000, provided that such Financial Indebtedness is fully subordinated to the obligations contained in this agreement on terms acceptable to the Noteholder; and
 - (iv) with the prior written consent of the Noteholder.

16.3 Information Undertakings

For so long as any amount is outstanding under the Finance Documents, the Issuer undertakes to the Noteholder that, unless the Noteholder otherwise agrees or to do so would result in a breach of law or the Issuer's obligations under the ASX Listing Rules, it will provide to the Noteholder:

- (a) **(Notification of certain events)** notice in writing as soon as it becomes aware of the occurrence of:
 - (i) **(Event of Default)** any Event of Default; or
 - (ii) **(Litigation)** any litigation, arbitration, criminal or administrative proceedings or labour disputes relating to the Issuer that has a Material Adverse Effect; and
- (b) **(Other Information)** such other information as the Noteholder may reasonably request of the Issuer.

17. Default and termination

17.1 Events of Default

Each of the following events is an Event of Default, whether or not the cause is beyond the control of the Issuer:

- (a) **(Failure to pay)** the Issuer does not pay, when due, any amount payable in the manner specified under a Finance Document, and such amount is not paid by the Issuer within 2 Business Days after the earlier of the Issuer becoming aware of it and the Issuer receiving notice from the Noteholder to remedy the non-compliance;
- (b) **(Failure to comply)** the Issuer defaults in performing, observing and fulfilling any provision of any Finance Document other than a provision requiring the payment of money as described in clause 17.1(a), and either:
 - (i) such non-compliance is incapable of remedy or performance even if more time is given; or
 - (ii) if capable of remedy or performance if more time is given, the Issuer does not remedy the non-compliance within 10 Business Days after the earlier of the Issuer becoming aware of it and the Issuer receiving notice from the Noteholder to remedy the non-compliance;
- (c) **(Untrue warranty)** any representation, warranty or statement made, repeated or deemed to be made or repeated in any Finance Document proves to be untrue in any material respect when made, repeated or deemed to be made repeated or furnished (as the case may be) and either:
 - (i) the circumstances giving rise to such a breach are incapable of remedy even if more time is given; or
 - (ii) if the circumstances are capable of remedy if more time is given, those circumstances are not remedied within 10 Business Days after the earlier of the Issuer becoming aware of it and the Issuer receiving notice from the Noteholder to remedy those circumstances;
- (d) **(Event of Insolvency)** any Event of Insolvency occurs in respect of the Issuer;
- (e) **(Cessation of business)** the Issuer ceases, or threatens to cease, to carry on all or a substantial part of its business;

- (f) **(Void or voidable)** any Finance Document is or becomes or is claimed by the Issuer to be void, voidable or unenforceable in whole or in part; or
- (g) **(Illegality)** at any time it is unlawful for the Issuer to perform any of its obligations under any Finance Document.

17.2 Noteholder's rights on Event of Default

If any Event of Default occurs then during the period it is continuing then the Noteholder may by notice to the Issuer take any one or more of the following actions:

- (a) declare that an Event of Default has occurred and is continuing;
- (b) declare that the Available Commitment and any other obligations of the Noteholder to the Issuer will be cancelled immediately and all fees payable in relation to such commitment will become immediately due and payable, and those amounts will become immediately due and payable; and
- (c) declare all amounts advanced to the Issuer under or in connection this agreement, interest and all other money the payment or repayment of which forms part of the Obligations immediately due and payable, and those amounts will become immediately due and payable.

18. Indemnities

The Issuer will on demand by the Noteholder indemnify the Noteholder against any Cost, loss, damage or claim which the Noteholder may sustain or incur as a consequence of:

- (a) any sum payable by the Issuer under this agreement not being paid when due (including as a result of any amount advanced under or in connection with any Finance Document not being prepaid in accordance with a notice of prepayment given by the Issuer);
- (b) any Event of Default;
- (c) it becoming, after the date of this agreement, unlawful or (as a result of a change in applicable law, regulation, treaty or official directive or in the interpretation or administration thereof by any governmental authority charged with their administration) impossible for the Noteholder to maintain or give effect to any of its obligations under the Finance Documents;
- (d) the Noteholder acting on any fax or other written notice from the Issuer; or
- (e) the Noteholder receiving payments of principal other than on the last day of an Interest Period for any reason including prepayment in accordance with a Finance Document.

These Costs, losses, damages and claims will include the amount of any break costs suffered or incurred by the Noteholder by reason of the liquidation or re-deployment of deposits or other funds acquired or contracted for by the Noteholder to fund or maintain any amount advanced under or in connection with this agreement.

19. Set-off

- (a) The Issuer authorises the Noteholder to set-off without prior notice any amount owing (whether present or future, actual, contingent or prospective) by the Issuer to the Noteholder under any Finance Document against any liability (whether present, future, actual, contingent or prospective) of the Noteholder to the Issuer at any time.

- (b) The Noteholder will not be obliged to exercise any of its rights under this clause 19, which will be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which it is at any time otherwise entitled (whether by operation of law, contract or otherwise).

20. Expenses, stamp duties and GST

20.1 Expenses

The Issuer must on demand pay and if paid by the Noteholder reimburse to the Noteholder, within 5 Business Days of receipt of a valid invoice with supporting documentation:

- (a) all expenses including legal fees, costs and disbursements (on a full indemnity basis) assessed without the necessity of taxation incurred or payable by the Noteholder in connection with:
- (i) the preparation and execution of each Finance Document and any subsequent consent, agreement, approval or waiver thereunder or amendment thereto provided that in no circumstances will the Issuer be liable to reimburse the Noteholder for any amounts under this clause 20.1(a)(i) or clause 20.1(b) in excess of (in aggregate) \$40,000; and
 - (ii) the enforcement, attempted enforcement or the preservation of any rights under any Finance Document; and
- (b) registration or other fees (including establishment fees and any fines and penalties relating to the Taxes and fees) which are payable in relation to any Finance Document or any transaction contemplated by it.

20.2 Stamp duties

- (a) **(Payment of all duties)** The Issuer must pay all stamp, loan transaction, registration and similar Taxes, including fines and penalties, which may be payable to or required to be paid by any appropriate authority or determined to be payable in connection with the execution, delivery, performance or enforcement of the Finance Documents or any payment, receipt or other transaction contemplated by them.
- (b) **(Indemnity)** The Issuer will indemnify and keep indemnified the Noteholder against any loss or liability incurred or suffered by it as a result of the delay or failure by the Issuer to pay such Taxes.

20.3 Goods and Services Tax

- (a) **(Definitions)**

In this agreement:

GST has the meaning which it bears in the GST Act.

GST Act means *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* and any legislation substituted for, replacing or amending that Act.

Taxable Supply has the meaning which it bears in section 195-1 of the GST Act.

Tax Invoice has the meaning which it bears in section 195-1 of the GST Act.

- (b) **(Recipient Must Pay)**

If GST is payable in connection with any Taxable Supply provided by the Noteholder under any Finance Document then:

- (i) the Noteholder may increase the amount of the consideration or the relevant part thereof by an amount which is equal to the GST payable on that taxable supply; and
- (ii) the recipient shall not be obliged to pay the increased amount pursuant to this clause until the Noteholder issues a Tax Invoice to the recipient.

21. Assignments and confidentiality

21.1 Successors and assigns

This agreement is binding on and is for the benefit of each party hereto and its respective successors and permitted assigns.

21.2 Assignments

- (a) The Noteholder may assign all or any of its rights or transfer all or any of its rights or obligations under the Finance Documents without the consent of the Issuer.
- (b) The Issuer must not assign any of its rights under any Finance Document without the prior written consent of the Noteholder.

21.3 Confidentiality

- (a) Subject to clause 21.3(b), each party agrees not to disclose information or documents in relation to any other party that is not publicly available (including the existence or contents of any Finance Document).
- (b) Clause 21.3(a) does not apply to any disclosure of information or documents:
 - (i) in any proceeding arising out of or in connection with any Finance Document to the extent that the disclosure is deemed by the disclosing party necessary to protect its interests;
 - (ii) where the information is in the public domain other than as a result of a breach by the disclosing party of this clause 21.3;
 - (iii) if required to do so under a binding order of any Government Authority or any procedure for discovery in any proceedings;
 - (iv) if required to do so under any Binding Requirement, including in compliance with the ASX Listing Rules (except that this paragraph does not permit the Noteholder to disclose any information of the kind referred to in section 275(1) of the PPSA, to the extent that disclosure can be resisted under subsection 275(6) of the PPSA);
 - (v) to ratings agencies, to the extent required by them;
 - (vi) otherwise as required or permitted by any Finance Document;
 - (vii) to a disclosing party's Related Bodies Corporate, its legal advisors and its consultants as long as it advises them of the confidential nature of the information or documents or that nature is clear from the circumstances of the disclosure;

- (viii) by the Noteholder to a proposed assignee or transferee of any rights or obligations under any Finance Document or to any sub-participant or other person with whom any other transaction may be entered into under which payments may be made by reference to any Finance Document or the Issuer;
- (ix) by the Noteholder with the Issuer's prior written consent; or
- (x) by the Issuer with the Noteholder's prior written consent.

Each party authorises the disclosures made in accordance with clauses 21.3(b)(i) to 21.3(b)(viii).

22. Governing law

This agreement is governed by and construed in accordance with the laws of Western Australia.

23. Jurisdiction

- (a) **(Acceptance of jurisdiction)** The Issuer and the Noteholder irrevocably submit to and accept, generally and unconditionally, the non-exclusive jurisdiction of the courts and appellate courts of Western Australia with respect to any legal action or proceedings which may be brought at any time relating in any way to this agreement.
- (b) **(No objection to inconvenient forum)** The Issuer and the Noteholder irrevocably waive any objection it may now or in the future have to the venue of any action or proceedings relating to this agreement including any objection it may now or in the future have that any such action or proceeding has been brought in an inconvenient forum.

24. Miscellaneous

24.1 Certificate of Noteholder

A certificate in writing signed by an officer of the Noteholder certifying the amount payable by the Issuer hereunder to the Noteholder or stating any other act, matter or thing relating to any Finance Document is conclusive and binding on the Issuer in the absence of manifest error on the face of the certificate.

24.2 Notices

Any notice or other communication which must be given, served or made under or in connection with any Finance Document:

- (a) must be in writing;
- (b) must be addressed as shown below:

Issuer:

Address: Level 10, 56 Pitt Street, Sydney, New South Wales 2000

Email: ms@decimal.com.au

Attention: Michael Sertorio

Noteholder:

Address: Suite 11, 232 Churchill Avenue, Subiaco, WA 6008

Email: tgrist@albioncapital.com.au

Attention: Tony Grist

(or as otherwise notified by that party to the other parties from time to time);

- (c) must be signed by the party making the communication or (on its behalf) by the solicitor for, or by any attorney, director, secretary, or authorised agent of, that party. In the case of the Noteholder this also includes any person whose title includes the word manager, head or counsel;
- (d) must be delivered or posted by prepaid post to the address, or sent by email or fax to the number, of the addressee, in accordance with clause 24.2(b); and
- (e) will be deemed to be received by the addressee:
 - (i) (in the case of prepaid post) on the fifth day after the date of posting where posted and received within a country and on the tenth Business Day where posted between countries;
 - (ii) (in the case of facsimile) on receipt of a transmission report confirming successful transmission;
 - (iii) (in the case of email) when the sender receives a message confirming or acknowledging delivery or, if earlier, 3 hours after the email has been sent (provide the sender does not receive a message that the email has not been sent); and
 - (iv) (in the case of delivery by hand) on delivery,

and where **Business Day** means a day (not being a Saturday or Sunday) on which banks are generally open for business in the place of receipt of that communication.

24.3 Continuing obligation

Each Finance Document constitutes a continuing obligation regardless of any settlement of account, intervening payment, express or implied revocation or any other matter or thing, until a final discharge of it has been given to the Issuer.

24.4 Settlement conditional

Any settlement or discharge between the Noteholder and the Issuer is conditional on any security or payment given or made by the Issuer or any other person in relation to the Obligations not being avoided, repaid or reduced by virtue of any Event of Insolvency applicable to the Issuer. If such security or payment is so avoided, repaid or reduced, the Noteholder is entitled to recover the value or amount of such security or payment avoided, repaid or reduced from the Issuer as if such settlement or discharge had not occurred.

24.5 Further acts and documents

- (a) The Issuer must promptly do all further acts and execute and deliver all further documents (in form and content satisfactory to the Noteholder, acting reasonably, and at the entire Cost of the Issuer) required by law or requested by the Noteholder, acting reasonably, to give effect to each Finance Document or to perfect the Powers afforded or created, or intended to be afforded or created, by any Finance Document.

- (b) Without limiting clause 24.5(a), if the Noteholder determines that a Finance Document (or a transaction related to a Finance Document) is or contains a Security Interest, the Issuer agrees to promptly do anything (including amending any Finance Document or executing any new document) which the Noteholder reasonably requires for the purposes of:
- (i) ensuring that the Security Interest is enforceable, perfected (including, where possible, by control in addition to registration) and otherwise effective; or
 - (ii) enabling the Noteholder to apply for registration, or give any notification, in connection with the Security Interest so that the Security Interest has the priority required by the Noteholder; or
 - (iii) enabling the Noteholder to exercise rights in connection with the Security Interest.

24.6 Severability of provisions

Any provision of any Finance Document which is illegal, void or unenforceable will be ineffective to the extent only of such illegality, voidness or unenforceability without invalidating the remaining provisions of that Finance Document.

24.7 Remedies cumulative

The rights and remedies conferred by this agreement on the Noteholder are cumulative and in addition to all other rights or remedies available to the Noteholder by law or by virtue any Finance Document.

24.8 Waiver

A failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, remedy, power or privilege any Finance Document by the Noteholder will not in any way preclude, or operate as a waiver of, any further exercise or enforcement thereof or the exercise or enforcement of any other right, remedy, power or privilege thereunder or provided by law.

24.9 Consents and approvals

Where any act, matter or thing under any Finance Document depends on the consent or approval of the Noteholder, then unless expressly provided otherwise therein, that consent or approval may be given or withheld in the absolute and unfettered discretion of the Noteholder and may be given subject to such conditions as the Noteholder thinks fit in its absolute and unfettered discretion.

24.10 Written waiver, consent and approval

Any waiver, consent or approval given by the Noteholder under any Finance Document will only be effective and only binds the Noteholder if it is given in writing, or given verbally and subsequently confirmed in writing, and executed by the Noteholder.

24.11 Time of essence

Time is of the essence in respect of the Issuer's obligations under the Finance Documents.

24.12 Moratorium legislation

To the fullest extent permitted by law, the provisions of all statutes whether existing now or in the future and whether operating directly or indirectly to lessen or otherwise to vary or affect in favour of the Issuer any obligation under any Finance Document, or to delay or otherwise

prevent or prejudicially affect the exercise of any rights or remedies conferred on the Noteholder under any Finance Document, are now expressly waived, negated and excluded.

24.13 Binding on each signatory

This agreement is binding on each of the signatories notwithstanding that any one or more of the named parties hereto does not execute it, that there is any invalidity, forgery or irregularity touching its execution or that it is or becomes unenforceable, void or voidable against a named party.

24.14 Counterparts

This agreement may be executed in a number of counterparts, all of which taken together will be deemed to constitute one and the same document.

Schedule 1 - Form of Utilisation Notice

To: Albion Capital Partners Pty Ltd ACN 108 235 918 (**Noteholder**)

From: Decimal Software Limited ACN 009 235 956 (**Issuer**)

Date: []

UTILISATION NOTICE**Convertible Note Agreement dated [] (Convertible Note Agreement)**

Dear Sirs

Unless otherwise defined, expressions used in this notice have the meaning given to them in the Convertible Note Agreement.

This is a Utilisation Notice and is irrevocable.

We give you notice under clause 5 of the Convertible Note Agreement that the Issuer requires an Advance as follows:

Utilisation Date: [date]
Amount: \$[amount]
Interest Period: [insert]
Purpose: [purpose]
Payment instructions: [insert]

Yours faithfully

[Insert name of Director]

For and on behalf of **Decimal Software Limited**

Schedule 2 - Form of Conversion Notice

To: Decimal Software Limited ACN 009 235 956 (**Issuer**)
From: Albion Capital Partners Pty Ltd ACN 108 235 918 (**Noteholder**)
Date: []

CONVERSION NOTICE

Convertible Note Agreement dated [] (Convertible Note Agreement)

Dear Sirs

Unless otherwise defined, expressions used in this notice have the meaning given to them in the Convertible Note Agreement.

This is a Conversion Notice and is irrevocable.

We give you notice that we wish to convert all (or part) of the Advances and interest owing being the amount of \$[] to Shares, in accordance with clause 12.

The Shares to be issued consequent upon this Conversion should be issued in favour of [the Noteholder / the Noteholder's nominee []].

Yours faithfully

[Insert name of officer]

For and on behalf of **Albion Capital Partners Pty Ltd**

Schedule 3 - Convertible Note Certificate

Convertible Note Certificate

DECIMAL SOFTWARE LIMITED
ACN 009 235 956

[insert address]

CONVERTIBLE NOTES

This is to certify that the person named below is the registered holder of [] Convertible Notes (each with a face value equal to \$[50,000]) and is issued with the benefit of and subject to the provisions of the Convertible Note Agreement dated [] between Albion Capital Partners Pty Ltd and Decimal Software Limited (the **Convertible Note Agreement**).

Name and address of Holder	Certificate Number	Number of Convertible Notes	Register
			[]

Dated

Executed by Decimal Software Limited ACN 009 235 956 in accordance with section 127 of the Corporations Act 2001 (Cth):

 Signature of director

 Signature of company secretary/director

 Full name of director

 Full name of company secretary/director

Schedule 4 - Option Certificate

Option Certificate

DECIMAL SOFTWARE LIMITED
ACN 009 235 956

[insert address]

OPTIONS

This is to certify that the person named below is the registered holder of [] Options (each with an exercise price equal to \$[] (as adjusted in accordance with the terms of the Options) issued with the benefit of and subject to the provisions of the Convertible Note Agreement dated [] between Albion Capital Partners Pty Ltd and Decimal Software Limited (the **Convertible Note Agreement**).

Name and address of Holder	Certificate Number	Number of Options	Register
			[]

Dated

Executed by Decimal Software Limited ACN 009 235 956 in accordance with section 127 of the Corporations Act 2001 (Cth):

 Signature of director

 Signature of company secretary/director

 Full name of director

 Full name of company secretary/director

Schedule 5 – Option Terms and Conditions

The Options have the following terms and conditions:

- (a) Subject to paragraph (c) below, the Options shall be exercisable by the Noteholder at any time after the Options Issue Date, provided the Options may only be exercised in part if the number of Options being exercised is at least 2,500,000 Options.
- (b) Each Option entitles the Noteholder to subscribe for one Share at the Exercise Price.
- (c) The Options will automatically lapse, and will no longer be exercisable after the Expiry Time.
- (d) The Options may be transferred:
 - (i) to an Associate of the Noteholder; or
 - (ii) otherwise with the prior written consent of the Company, not to be unreasonably withheld, provided any such transferee agrees to be bound by the Option Terms and Conditions and the provisions of this agreement to the extent applicable to the Options or a holder of Options.
- (e) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to the Issuer's shareholders during the currency of the Option (except upon exercise of the Options). The Issuer must notify the optionholders of an issue to shareholder at least 5 Business Days before the record date to determine entitlements to the issue to Shareholders.
- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules. Notwithstanding any other provision of the agreement, the rights of the holder of Options will be changed to the extent necessary to comply with the ASX Listing Rules including, without limitation, as they apply to any reorganisation of capital undertaken by the Issuer at the time of the reorganisation.
- (g) If there is a bonus issue to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the optionholder would have received if the Option had been exercised before the record date for the bonus issue.
- (h) In the event the Issuer proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (i) The Options will not be quoted on ASX.
- (j) Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with the existing Shares in all respects and will be free from all encumbrances other than those arising by operation of law or under the Issuer's constitution.
- (k) The Issuer shall make an application to have those Shares allotted pursuant to an exercise of Options listed for official quotation by ASX.
- (l) The Options shall be exercisable by the delivery to the registered office of the Issuer of a notice in writing stating the intention of the optionholder to exercise all or a specified number of Options held by them accompanied by the Option Certificate and payment to the Issuer of Exercise Price. An exercise of only some Options shall not affect the rights of the optionholder to the balance of the Options held by them in accordance with the Option Terms and Conditions.

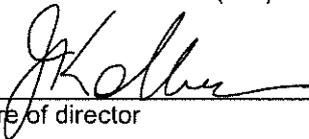
Executed as an agreement by

Executed by **Albion Capital Partners Pty Ltd ACN 108 235 918** in accordance with section 127 of the Corporations Act 2001 (Cth):

Full name of sole director and company secretary who states that he or she is the sole director and sole company secretary of **Albion Capital Partners Pty Ltd ACN 108 235 918**

Signature of sole director and sole company secretary

Executed by **Decimal Software Limited ACN 009 235 956** in accordance with section 127 of the Corporations Act 2001 (Cth):



Signature of director

Jan Kolbusz

Full name of director



Signature of company secretary/director

Robert Edward Kirtlan

Full name of company secretary/director

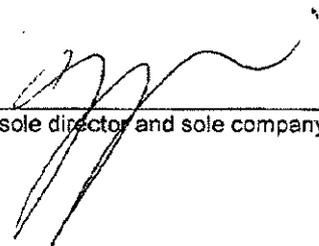
Executed as an agreement by

**Executed by Albion Capital Partners Pty Ltd
ACN 108 235 918** in accordance with section 127
of the Corporations Act 2001 (Cth):

Anthony James Grist

Full name of sole director and company secretary who
states that he or she is the sole director and sole
company secretary of **Albion Capital Partners Pty
Ltd ACN 108 235 918**

Signature of sole director and sole company
secretary



**Executed by Decimal Software Limited ACN
009 235 956** in accordance with section 127 of
the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director