



14 September 2020

Jaxsta Limited

ACN 106 513 580

Cleansing Notice under section 708A(12C)(e) and 708(12D) of the Corporations Act 2001 (Cth)

Jaxsta Limited ACN 106 513 580 (**Company**) gives this cleansing notice (**Cleansing Notice**) under section 708A(12C)(e) and 708(12D) of the Corporations Act 2001 (Cth) (**Corporations Act**) as amended by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (**ASIC Instrument 2016/82**).

The Company entered into a convertible note agreement on 10 September 2020 (**Convertible Note Agreement**) with Songtradr, Inc. (**Songtradr**) under which the Company issued a number of 'convertible notes' within the meaning of the Corporations Act (**Convertible Notes**), convertible into fully paid ordinary shares in the Company (**Shares**).

The Convertible Notes have been issued to Songtradr as a professional investor without disclosure under Part 6D.2 of the Corporations Act. The issue of this Cleansing Notice enables the Shares to be issued by the Company in the event of conversion of the Convertible Notes to be on-sold to retail investors without further disclosure.

The Company gives notice that:

- (a) the Convertible Notes were issued without disclosure to Songtradr under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act (as modified by ASIC Instrument 2016/82).

Neither ASIC nor ASX take responsibility for the contents of this Cleansing Notice.

The terms of the Convertible Notes are summarised in section 3 below.

For personal use only

1. Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- 1.1.2 in relation to the Convertible Notes and underlying Shares:
 - (a) the effect of the issue on the Company;
 - (b) a summary of the rights and liabilities attaching to the Convertible Notes; and
 - (c) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Notes, and
- 1.1.3 any information that:
 - (a) has been excluded from continuous disclosure in accordance with the ASX Listing Rules; and
 - (b) investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Shares and the Convertible Notes,

to the extent which it would be reasonable for investors and their professional advisers to expect to find in this Cleansing Notice, and
- 1.1.4 certain information relating to the Company's status as a disclosing entity.

2. The effect of the issue on the Company

1.1 Effect on the Company

The principal effect of the issue of the Convertible Notes on the Company is that it will:

- 1.1.1 increase the Company's cash reserves by AUD\$1.42 million (before costs associated with the Convertible Notes);
- 1.1.2 increase the number of unquoted Convertible Notes on issue in the Company;
- 1.1.3 give rise to the Company having a liability for the aggregate amount of the face value of the Convertible Notes (AUD\$1.42 million plus interest); and
- 1.1.4 increase the number of Shares on issue in Jaxsta in the event that Songtradr converts some or all of the Convertible Notes.

1.2 Pro-forma consolidated statement of financial position

- 1.2.1 Set out in Annexure A is a pro forma consolidated Statement of Financial Position as at 30 June 2020 for the Company based on the unaudited accounts adjusted to reflect the Convertible Note issue, which has been prepared on the basis of the accounting policies normally adopted by the Company.

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

1.3 Potential effect on capital structure

A table setting out the effect of the Company's issue of the Convertible Notes on the capital structure of the Company is set out below:

	Immediately prior to the issue of the Convertible Notes	On the date of this Cleansing Notice	Number assuming full conversion of the Convertible Notes
Shares	247,190,330	247,190,330	287,761,759
Unquoted ordinary Shares*	86,760,617	86,760,617	86,760,617
Unquoted Options (exercisable for 1 Share each)	28,591,922	28,591,922	28,591,922
Unquoted Warrants (with each Warrant exercisable for 1 Share)	8,147,223	8,147,223	8,147,223
Convertible Securities	0	40,571,429	0

**86,760,617 subject to ASX mandatory escrow*

*** assuming any interest is repaid in accordance with the terms of the Convertible Note rather than accrued and capitalised interest being converted in Shares*

3. Rights and liabilities attaching to the Convertible Notes

- 2.1 The following is a broad summary of the rights and liabilities attaching to the Convertible Notes. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Songtradr.

Term and maturity	The maturity date of the Convertible Notes is 10 September 2023 (Final Redemption Date).
Total face value	A\$1,420,000.
Interest	The Convertible Notes carry an interest rate of 7.5% per annum. Interest accrues in 3 month periods on the outstanding amount under the Convertible Note Agreement, including any capitalised and uncapitalised interest (Outstanding Amount). Accrued interest will be capitalised on the last day of each 3 month period by increasing the

	Outstanding Amount. Songtradr may elect that the interest accrued over the term of Convertible Note Agreement be converted into Shares in accordance with conversion terms set out below.
Security and collateral	The Convertible Note Agreement is secured by a general security deed over all present and future acquired property, interests, rights and proceeds of the Company, Jaxsta Holdings Pty Limited and Jaxsta Enterprise Pty Ltd.
Conversion terms	<p>Songtradr may at any time convert all (or part) of the Outstanding Amount to Shares by giving a conversion notice to the Company (Conversion Notice). If Songtradr gives a Conversion Notice to the Company, the Company must issue to Songtradr the number of Shares determined in accordance with the following formula:</p> $x = \frac{P}{CP}$ <p>where,</p> <p>x number of Shares to be issued;</p> <p>P conversion amount to be converted; and</p> <p>CP Conversion Price of A\$0.035.</p> <p>If any Diluting Event (as defined below) occurs, an adjustment will be made to the number and issue price of Shares to which Songtradr is entitled upon conversion of the Convertible Notes so that the relative fair market value of the Convertible Notes as compared to the fair market value of other securities on issue prior to the Diluting Event is not adversely affected by the Diluting Event. The following are Diluting Events:</p> <ul style="list-style-type: none"> • an issue of securities by way of capitalisation of profits or reserves or bonus issue; • a cash or non-cash dividend or other distribution, including any spin off; • a rights issue or entitlements issue (of shares or other securities) or a placement (of shares or other securities), other than convertible securities, where the issue price per Share is less than the Conversion Price; or • an issue of securities convertible into Shares (or any amendment to the conversion terms of those securities) where the present value of the issue price per share (assuming the security is converted on the latest possible date) is less than the Conversion Price.
Maximum number of Shares on conversion	The maximum number of Shares to be issued on conversion of the total face value is 40,571,428, subject to any additional Shares to be issued on conversion of accrued and capitalised interest. Songtradr cannot the Convertible Notes if doing so would breach the takeover rules contained in the Corporations Act.
Voluntary prepayment	The Company cannot prepay any Convertible Notes without the prior written consent of Songtradr.
Conversion trigger	<p>If, in the release to ASX of the Company's full year financial results for FY21 or FY22, the Company reports:</p> <ul style="list-style-type: none"> • a net profit of at least \$5,000,000, Songtradr must issue a Conversion Notice in respect of the aggregate of the face value and accrued but unpaid interest (if any); and • a net profit of at least \$2,500,000 but less than \$5,000,000, Songtradr must, issue a Conversion Notice in respect of 50% of the aggregate of the face value and accrued but unpaid interest (if any).
Redemption	The Company must repay the face value of the Convertible Notes plus any accrued interest in the event the Convertible Notes are not converted prior to 10 September 2023.
Board Observer	Whilst Songtradr holds the Convertible Notes or at least 5% of the total issued Shares in the Company, Songtradr may appoint a representative who will be entitled to attend and observe board meetings of the Company in a non-voting capacity and on a confidential basis.

<p>Events of default</p>	<p>The Convertible Note Agreement sets out a number of events that are each deemed to be an Event of Default. These events include:</p> <ul style="list-style-type: none">• certain failures to pay or repay any part of amounts under a Note Document as when they fall due;• an unremedied failure to comply with any provision of the Note Documents or with any condition of any waiver or consent;• failure to convene a general meeting within 6 months to obtain shareholder approval or failure to obtain shareholder approval for the Note Documents;• any representation or warranty or statement under a Note Document is or proves to have been incorrect or misleading in any material respect, and the circumstances that give rise to the breach are not remedied within 15 Business Days;• certain financial indebtedness becomes due and payable, or becomes capable of being declared due and payable, before the scheduled date for payment or is not paid when due;• any encumbrance is enforced against an asset of a party in an amount exceeding A\$350,000;• a judgment in an amount exceeding A\$350,000 is obtained against a party, and is not set aside or satisfied within 14 days or any later date under the terms of the judgment on which it is required to be paid;• a distress, attachment, execution or other process of a government agency is issued against, levied or entered upon an asset of a party in an amount exceeding A\$350,000, and is not set aside or satisfied within 14 days;• a party is unable to pay its debts when they are due or is otherwise insolvent;• a party implements a merger, demerger or scheme of arrangement with any person;• a party is deregistered, or any steps are taken to deregister a party under any applicable law;• all or a material part of the secured property is destroyed, lost or destroyed subject to being appropriately covered by insurance;• the Company ceases to have its ordinary shares listed for trading on the ASX;• a material provision of a Note Document is illegal, void, voidable or unenforceable;• any person becomes entitled to terminate, rescind or avoid any material provision of a Note Document;• the execution, delivery or performance of a Note Document by a party breaches or results in a contravention of any law;• any event or series of events, whether related or not, occurs which has, or is likely to have, a material adverse effect;• a party repudiates a Note Document;• if all or a material part of the property of a party is sold or divested because it is required to do so by a government agency, or is compulsorily acquired by any government agency without compensation <p>Note Document means the Convertible Note Agreement and each corresponding security document, the licence agreement and any document agreed by the Company and Songtradr to be a Note Document.</p> <p>If an Event of Default occurs, while it is continuing Songtradr may at any time after its occurrence by notice to the Company declare that:</p> <ul style="list-style-type: none">• all or part of the secured moneys, are immediately due and payable, whereupon they will become immediately due and payable; or
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	<ul style="list-style-type: none"> • all or part of the secured moneys are payable on demand, whereupon they will become payable by demand by Songtradr; or • exercise any or all of its rights, remedies, powers or discretions under the Note Documents; or • make a combination of the declarations of the above.
Representations and warranties	The Company has provided Songtradr with a number of customary representations and warranties in the Convertible Note Agreement.
Guarantee and indemnity	The obligations of the Company under the Convertible Notes are guaranteed by the wholly owned subsidiaries of the Company being Jaxsta Holdings Pty Limited and Jaxsta Enterprise Pty Ltd. The Company provides an indemnity in favour of Songtradr in respect of any loss suffered in connection with a default under the Convertible Note Agreement.
Assignment and transferability	Songtradr may assign or transfer its rights under or in connection with the Convertible Note Agreement without the consent of the Company.
Quotation on ASX	The Convertible Notes will not be quoted on the ASX. Any new Shares issued on conversion of the Convertible Notes will be quoted of ASX.
Governing law	The Convertible Note Agreement is governed by the laws of the state of New South Wales, Australia.

4. Rights and liabilities attaching to Shares issued under the Convertible Notes

- 3.1 The Shares to be issued to Songtradr on the conversion of Convertible Notes will rank equally in all respects with all of the Company’s existing Shares.
- 3.2 The rights attaching to Shares, including new Shares to be issued to Songtradr on the conversion of the Convertible Notes, are set out in the Company’s Constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.
- 3.3 A broad summary of the rights and liabilities attaching to Shares as at the date of this Cleansing Notice are set out below:

General meetings	Each holder of Shares (each a Shareholder) are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.
Voting	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:</p> <ul style="list-style-type: none"> a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative; b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares

	registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).
Dividends	Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.
Shareholder liability	As the Shares will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.
Rights on winding up	If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.
Transfer of Shares	Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.
Future increase in capital	The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.
Variation of rights	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.
Alteration of Constitution	In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of votes validly cast for Shares at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. Reporting and disclosure obligations

- 4.1 The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of ASX making the information available to the financial market operated by it.
- 4.2 In particular, the Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Company's securities. The Company is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a directors' declaration and report, and an audit or review report.
- 4.3 ASX maintains records of company announcements for all companies listed on ASX. The Company's announcements may be viewed on ASX website (www.asx.com.au). ASIC also maintains records in respect of documents lodged with it by the Company, and these may be obtained from or inspected at any office of ASIC. The Company will provide a copy of each of the following documents, free of charge, to any person on request:

4.3.1 the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2019 which was lodged with ASX on 26 September 2019; and

1.1.1 any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph 5.3.1 and before the lodgement of this Cleansing Notice with ASX, details of which are as follows:

Date	Announcement
10/09/2020	Jaxsta enters into Con Note & Commercial Deal with Songtradr
31/08/2020	Preliminary Final Report
22/07/2020	Company Secretary Appointment/Resignation
21/07/2020	Quarterly Activity Report and Appendix 4C
15/06/2020	Core Business Update and upcoming Investor Webcast
28/05/2020	Update - Proposed issue of Securities - JXT
26/05/2020	Significant increase in Jaxsta Pro global membership base
27/04/2020	Appendix 4C - quarterly
22/04/2020	Jaxsta Pro provided free in response to COVID 19
31/03/2020	Business Update inc. \$1.25m cash received and Chair changes
23/03/2020	Appendix 3X
23/03/2020	Director Appointment/Resignation
20/03/2020	Update on Sale of Marine Rescue Technologies Ltd
11/03/2020	Correction to Appendix 2A
11/03/2020	Appendix 2A
10/03/2020	Proposed issue of Securities - JXT
27/02/2020	Half Year Business Update and Interim CFO appointment
27/02/2020	Appendix 4D
27/02/2020	Half Yearly Report and Accounts
06/02/2020	Appendix 2A
31/01/2020	Quarterly Cashflow Report and Appendix 4C for December 2019
20/01/2020	Change of Share Registry
17/01/2020	Change of auditor
16/01/2020	First commercial deal with APRA AMCOS for Jaxsta Pro
23/12/2019	Becoming a substantial holder
17/12/2019	Proposed issue of Securities - JXT
16/12/2019	Cleansing Prospectus
12/12/2019	SPP Update
11/12/2019	Placement Completion and SPP
09/12/2019	Jaxsta - Placement & Investor Update
09/12/2019	Trading Halt
25/11/2019	2019 AGM - Final Voting Results
25/11/2019	2019 AGM - Presentation
25/11/2019	2019 AGM - Chairman's Address
22/11/2019	Jaxsta launches Jaxsta Pro (beta version)
30/10/2019	Quarterly Cashflow Report - September Quarter 2019
28/10/2019	Further information on bespoke API for The Recording Academy
25/10/2019	Jaxsta activates bespoke API for The Recording Academy campa
25/10/2019	Jaxsta announces soft launch of Jaxsta Pro(Beta)
25/10/2019	Ceasing to be a substantial holder
17/10/2019	Notice of Annual General Meeting/Proxy Form
02/10/2019	Appendix 3Y - B Cottle
02/10/2019	Appendix 3Y - L Jenkinson
01/10/2019	Appendix 3B
26/09/2019	Appendix 4G
26/09/2019	2019 Corporate Governance Statement

1.2 All requests for copies of the above documents should be addressed to:

The Company Secretary
Jaxsta Limited
Level 1/113-115 Oxford St
Darlinghurst NSW 2010

Certain documents are also available on the Company's website, www.jaxsta.com.

6. No excluded information

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

1.3.1 the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

1.3.2 the rights and liabilities attaching to the Convertible Notes and Shares,

and which it would be reasonable for investors and their professional advisers to expect to find in this Cleansing Notice.

ABOUT JAXSTA

Jaxsta is the world's largest public-facing and most connected music credits database and technology. Partnered with the industry's leading major and independent record companies, as well as publishers, distributors, royalty agencies and industry associations, Jaxsta is the go-to authoritative source of official music credits information. The Company's core platform, Jaxsta.com, is a free and paid subscription service and provides B2B data-solutions for the music and related media industries. Jaxsta Pro^{Beta}, the Company's subscription service, harnesses the power of Jaxsta's data to help music industry professionals connect, save time, and advance their businesses and careers.

ABOUT SONGTRADR

Songtradr is the largest B2B music licensing marketplace in the world providing music creators and rights owners with a complete tech-enabled solution for rights management and monetisation while providing B2B music users such as brands, advertisers, filmmakers, SVOD and broadcast networks, gaming, streaming and social media platforms with highly-efficient, AI guided access to music.

Jaxsta Limited
ACN 106 513 580

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Annexure A - Pro forma consolidated statement of financial position

	30 June 2020 (Unaudited) \$	30 June 2020 (Proforma) \$
CURRENT ASSETS		
Cash and cash equivalents	2,404,848	3,824,848
Trade and other receivables	1,441,420	1,441,420
Other assets	223,414	223,414
TOTAL CURRENT ASSETS	4,069,682	5,489,682
NON-CURRENT ASSETS		
Trade and other receivables	-	-
Property, plant and equipment	47,934	47,934
Goodwill	-	-
Intangible assets	336,534	336,534
TOTAL NON-CURRENT ASSETS	384,468	384,468
TOTAL ASSETS	4,454,150	5,874,150
CURRENT LIABILITIES		
Trade and other payables	571,033	571,033
Loans and borrowings	390,009	390,009
Provisions	206,669	206,669
TOTAL CURRENT LIABILITIES	1,167,711	1,167,711
NON-CURRENT LIABILITIES		
Loans and borrowings	-	1,420,000
Provisions	32,314	32,314
TOTAL NON-CURRENT LIABILITIES	32,314	1,452,314
TOTAL LIABILITIES	1,200,025	2,620,025
NET ASSETS	3,254,125	3,254,125
EQUITY		
Contributed equity	32,792,654	32,792,654
Accumulated losses	(30,999,001)	(30,999,001)
Reserves	1,460,472	1,460,472
TOTAL EQUITY	3,254,125	3,254,125