

# Notice of Annual General Meeting and Explanatory Memorandum

**Mosaic Brands Limited**

ACN 003 321 579

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**Date:** Wednesday 17 November 2021

**Time:** 11.00 am (Sydney time)

**Place:** To be held virtually on Lumi platform at <https://web.lumiagm.com> and entering Meeting ID 363-204-725

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Dear Shareholder,

We are pleased to invite you to attend the Annual General Meeting (**AGM**) of Mosaic Brands Limited (the **Company**).

Due to government restrictions and the potential health risks arising from the COVID-19 pandemic, the Company has elected to host the AGM virtually, through <https://web.lumiagm.com>. Shareholders will be able to join the AGM from their computer, tablet or mobile device by logging into the Lumi platform and entering Meeting ID 363-204-725 where they can vote on Resolutions and ask questions all on the same basis as Shareholders physically present at the AGM. Further information on how to participate is set out in the online meeting guide at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide). Shareholders will not be able to attend the Meeting in person.

All Resolutions will be conducted by poll. More information regarding virtual attendance at the Meeting (including how to vote, comment and ask questions virtually during the Meeting) is available in the virtual meeting guide, which is available at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

The business to be considered at the AGM is provided in this Notice of Meeting and the accompanying Explanatory Memorandum.

In accordance with the instructions set out on the Proxy Form, Shareholders can vote by proxy by completing the enclosed Proxy Form. Proxies must be received no later than 11.00am (Sydney time) on Monday 15 November 2021 to be valid for the AGM.

In the event that the Company is required to make alternative arrangements for the AGM, we will lodge an ASX announcement and update our website.

Please read the Notice of Meeting and accompanying Explanatory Memorandum carefully before deciding how to vote.

Yours faithfully,

By Order of the Board

# NOTICE OF 2021 ANNUAL GENERAL MEETING

**NOTICE** is given that the 2021 Annual General Meeting of Mosaic Brands Limited ACN 003 321 579 (the **Company**) will be held virtually on Lumi platform (<https://web.lumiagm.com>) on Wednesday 17 November 2021 at 11.00am (Sydney time)

## BUSINESS

Shareholders are invited to consider the following items of business at the annual general meeting (**Annual General Meeting** or **Meeting**):

### Ordinary Business

#### 1. FINANCIAL AND RELATED REPORTS

Agenda Item	Financial and Related Reports
Description	To receive and consider the Financial Report of the Company and its controlled entities and the related Directors' and Auditor's Reports in respect of the financial year ended 27 June 2021. Note there is no requirement for shareholders to approve these reports.

#### 2. ADOPTION OF REMUNERATION REPORT (NON-BINDING VOTE)

Resolution 1	Adoption of Remuneration Report (non-binding vote)
Description	Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the 2021 Annual Report and is available on the Company's website ( <a href="https://mosaicbrandslimited.com.au">mosaicbrandslimited.com.au</a> ). In accordance with section 250R of the Corporations Act, the vote on this resolution will be advisory only and will not bind the Directors or the Company.
Resolution (Advisory)	To consider and, if thought fit, pass the following resolution as an <b>advisory resolution</b> :  <i><b>"THAT the Remuneration Report of the Company and its controlled entities for the year ended 27 June 2021 be adopted."</b></i>
Voting Exclusion	The Company will disregard any votes cast on this resolution:  (a) by or on behalf of a member of the Key Management Personnel named in the remuneration report for the year ended 27 June 2021, or that Key Management Personnel's Closely Related Party, regardless of the capacity in which the vote is cast; or  (b) as a proxy by a member of the Key Management Personnel at the date of the Meeting, or that Key Management Personnel's Closely Related Party, unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:  (i) in accordance with their directions of how to vote as set out in the proxy appointment; or  (ii) by the Chairman of the Meeting pursuant to an express authorisation on the proxy form.

### 3. RE-ELECTION OF DIRECTOR

Resolution 2	Re-election of Ms Jacqueline Frank as Director
<b>Description</b>	Ms Jacqueline Frank retires as a Director of the Company in accordance with rule 68.2 of the Company's constitution of the Company and, being eligible under rule 68.4, offers herself for re-election.
<b>Resolution (Ordinary)</b>	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i>"THAT Ms Jacqueline Frank, having retired from her office as a Director of the Company in accordance with rule 68.2 of the Company's constitution and ASX Listing Rule 14.4, being eligible, having offered herself for re-election, be re-elected as a Director of the Company."</i>
<b>Voting Exclusion</b>	No voting exclusion statement applies to this resolution.

### 4. APPROVAL OF THE DIRECTOR AND SENIOR MANAGEMENT SHARE PLAN

Resolution 3	Approval of the Director and Senior Management Share Plan
<b>Description</b>	The Director and Senior Management Share Plan ( <b>Share Plan</b> or <b>Plan</b> ) was approved by shareholders at the Company's 2018 Annual General Meeting. The Company is required to obtain shareholder approval for the issue of securities under the Share Plan so that any issue of securities under that Share Plan within the next three years fall within the ASX Listing Rule exception and will not reduce the Company's available placement capacity.
<b>Resolution (Ordinary)</b>	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i>"THAT, for the purposes of ASX Listing Rule 7.2 exception 13, section 260C(4) of the Corporations Act and for all other purposes, shareholder approval is given for the Director and Senior Management Share Plan and for the grant of Shares under the Plan on the terms and conditions in the Explanatory Memorandum."</i>
<b>Voting Exclusion</b>	The Company will disregard any votes cast in favour of this resolution by or on behalf of: <ul style="list-style-type: none"> <li>(a) The Directors of the Company, being Richard Facioni, David Wilshire, Scott Evans and Jacqueline Frank and their nominee(s);</li> <li>(b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this resolution is passed;</li> <li>(c) any Associates of the persons named in sub-paragraphs (a) and (b); and</li> <li>(d) as a proxy by a member of Key Management Personnel and a Closely Related Party of Key Management Personnel, where the proxy appointment does not specify the way the proxy is to vote.</li> </ul>

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chairman to vote on the resolution as the Chairman decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
  - (iii) Or, the person is the chair of the meeting and the appointment of the chair as proxy, does not specify the way the proxy is to vote on the resolution, and 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 for the Company.

## Special Business

### 5. RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTES

Resolution 4	Ratification of prior issue of Convertible Notes
<b>Description</b>	Shareholders are asked to ratify the issue of up to 3,624,860 Convertible Notes, which were issued to Danfin Pty Ltd on or around 13 October 2021 for \$1.00 per Convertible Note, in order to restore the Company's 15% placement capacity to issue shares under ASX Listing Rule 7.1. The Convertible Notes are convertible into up to 14,499,440 Shares on their conversion (assuming the Convertible Notes convert into the maximum number of Shares possible in accordance with the terms of the Convertible Notes),
<b>Resolution (Ordinary)</b>	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  <i><b>"THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the ratification of the prior issue of up to 3,624,860 Convertible Notes to Danfin Pty Ltd at an issue price of \$1.00 per Convertible Note, on the terms and conditions set out in the Explanatory Memorandum."</b></i>
<b>Voting Exclusion</b>	The Company will disregard any votes cast in favour of this resolution by or on behalf of any person who participated in the issue of the Convertible Notes, or any Associates of any person who participated in the issue of the Convertible Notes.  However, this does not apply to a vote cast in favour of a resolution by: <ul style="list-style-type: none"> <li>(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;</li> <li>(b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chairman to vote on the resolution as the Chairman decides; or</li> </ul>

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 6. APPROVAL FOR ISSUE UNDER CONDITIONAL PLACEMENT OF CONVERTIBLE NOTES

Resolution 5	Approval for Issue under conditional placement of Convertible Notes
Description	Shareholders are asked to approve the issue to Danfin Pty Ltd of up to 6,375,140 Convertible Notes, which are convertible into up to 25,500,560 Shares on conversion of those Convertible Notes (assuming the Convertible Notes convert into the maximum number of Shares possible in accordance with the terms of the Convertible Notes), at \$1.00 per Convertible Note under ASX Listing Rule 7.1.
Resolution (Ordinary)	<p>To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b>:</p> <p><i><b>"THAT, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the allotment and issue of up to 6,375,140 Convertible Notes at a price \$1.00 per Convertible Note to Danfin Pty Ltd, on the terms and conditions as set out in the Explanatory Memorandum."</b></i></p>
Voting Exclusion	<p>The Company will disregard any votes cast in favour of this resolution by or on behalf of Danfin Pty Ltd, or any Associates of Danfin Pty Ltd.</p> <p>However, this does not apply to a vote cast in favour of a resolution by:</p> <ul style="list-style-type: none"> <li>(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;</li> <li>(b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chairman to vote on the resolution as the Chairman decides; or</li> <li>(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:           <ul style="list-style-type: none"> <li>(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution; and</li> <li>(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul> </li> </ul>

## 7. APPROVAL FOR ISSUE OF SHARES TO A DIRECTOR – MR RICHARD FACIONI

Resolution 6	Approval for Issue of Shares to a Director – Mr Richard Facioni
<b>Description</b>	<p>Shareholders are asked to approve the issue of 2,000,000 Shares under the Director and Senior Management Share Plan to Mr Richard Facioni under ASX Listing Rule 10.14.</p> <p>Note: If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.</p>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b>:</p> <p><i><b>“THAT, for the purpose of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the allotment and issue of a total of 2,000,000 Shares under the Director and Senior Management Share Plan to Mr Richard Facioni on the terms and conditions as set out in the Explanatory Memorandum.”</b></i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast in favour of this resolution by or on behalf of Mr Richard Facioni, or any of his Associates.</p> <p>However, this does not apply to a vote cast in favour of a resolution by:</p> <ul style="list-style-type: none"> <li>(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;</li> <li>(b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chairman to vote on the resolution as the Chairman decides; or</li> <li>(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> <li>(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution; and</li> <li>(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul> </li> </ul> <p>A vote on Resolution 6 must not be cast as a proxy by or on behalf of any of the following persons:</p> <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or</li> <li>(ii) a Closely Related Party of such a member.</li> </ul> <p>However, a person described above may cast a vote on Resolution 6 as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> <li>(i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or</li> <li>(ii) the person is the chair of the meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> <li>· does not specify the way the proxy is to vote on the resolution; and</li> <li>· 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 for the Company.</li> </ul> </li> </ul>

## 8. APPROVAL FOR ISSUE OF SHARES TO A DIRECTOR – MR SCOTT EVANS

Resolution 7	Approval for Issue of Shares to a Director – Mr Scott Evans
<b>Description</b>	Shareholders are asked to approve the issue of 6,500,000 Shares under the Director and Senior Management Share Plan to Mr Scott Evans under ASX Listing Rule 10.14. Note: If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.
<b>Resolution (Ordinary)</b>	To consider and, if thought fit, pass the following resolution as an <b>ordinary resolution</b> :  a. <i><b>“THAT, for the purpose of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the allotment and issue of a total of 6,500,000 Shares under the Director and Senior Management Share Plan to Mr Scott Evans on the terms and conditions as set out in the Explanatory Memorandum.”</b></i>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast in favour of this resolution by or on behalf of Mr Scott Evans, or any of his Associates.</p> <p>However, this does not apply to a vote cast in favour of a resolution by:</p> <ul style="list-style-type: none"> <li>(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;</li> <li>(b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chairman to vote on the resolution as the Chairman decides; or</li> <li>(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> <li>(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution; and</li> <li>(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul> </li> </ul> <p>A vote on Resolution 7 must not be cast as a proxy by or on behalf of any of the following persons:</p> <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or</li> <li>(ii) a Closely Related Party of such a member.</li> </ul> <p>However, a person described above may cast a vote on Resolution 7 as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> <li>(i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or</li> <li>(ii) the person is the chair of the meeting and the appointment of the chair as proxy: <ul style="list-style-type: none"> <li>· does not specify the way the proxy is to vote on the resolution; and</li> <li>· 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 for the Company.</li> </ul> </li> </ul>



## 9. APPROVAL FOR EXTRA 10% PLACEMENT CAPACITY

Resolution 8	Approval for extra 10% Placement Capacity
<b>Description</b>	ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities comprising up to 10% of its issued share capital over a 12 month period after the AGM at which a resolution for the purposes of ASX Listing Rule 7.1A is passed by special resolution.
<b>Resolution (Special)</b>	To consider, and if thought fit, to pass the following Resolution as a <b>special resolution</b> :  <i>"THAT, for the purpose of ASX Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Equity Securities comprising up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with ASX Listing Rule 7.1A.2 and on the terms and conditions in the manner set out in the accompanying Explanatory Memorandum, with effect from the close of the Meeting."</i>
<b>Voting Exclusion</b>	The Company will disregard any votes cast in favour of this resolution by or behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities under this resolution (except a benefit solely by reason of being a Shareholder), or any Associates of those persons.  However, this does not apply to a vote cast in favour of a resolution by: <ul style="list-style-type: none"> <li>(a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;</li> <li>(b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the direction given to the Chairman to vote on the resolution as the Chairman decides; or</li> <li>(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: <ul style="list-style-type: none"> <li>(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the resolution; and</li> <li>(ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.</li> </ul> </li> </ul>

Dated 18 October 2021

By order of the Board of Mosaic Brands Limited

*Luke Softa*

**Luke Softa**  
Company Secretary

## QUESTIONS FROM SHAREHOLDERS

In order to provide an equal opportunity for all shareholders to ask questions of the Board, we ask you to submit in writing any questions to the Company or to the Company's auditor, BDO Audit Pty Ltd, in relation to the conduct of the external audit for the year ended 27 June 2021, or the content of its audit report. Please send your questions to:

The Company Secretary, **Mosaic Brands Limited**  
Ground Floor, 61 Dunning Avenue, Rosebery NSW 2018  
T. 02 8577 7784  
F. 02 9831 2876  
E. [luka.softa@mosaicbrandsltd.com.au](mailto:luka.softa@mosaicbrandsltd.com.au)

Written questions must be received by no later than **5.00 pm (Sydney time) on Wednesday 10 November 2021**.

Your questions should relate to matters that are relevant to the business of the Annual General Meeting, as outlined in this Notice of Meeting and Explanatory Memorandum.

In accordance with the *Corporations Act 2001* (Cth) and the Company's policy, a reasonable opportunity will also be provided to shareholders attending the Annual General Meeting to ask questions about, or make comments upon, matters in relation to the Company including the Remuneration Report.

During the course of the Annual General Meeting, the Chairman will seek to address as many shareholder questions as reasonably practicable, and where appropriate, will give a representative of the auditor the opportunity to answer written questions addressed to it. However, there may not be sufficient time to answer all questions at the Annual General Meeting. Please note that individual responses may not be sent to shareholders.

## VOTING INFORMATION

### Voting by proxy

- (a) A shareholder entitled to attend and vote at the Annual General Meeting may appoint one proxy or, if the shareholder is entitled to cast 2 or more votes at the Meeting, 2 proxies, to attend and vote instead of the shareholder.
- (b) Where 2 proxies are appointed to attend and vote at the Meeting, each proxy may be appointed to represent a specified proportion or number of the shareholder's voting rights at the Meeting.
- (c) A proxy need not be a shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the Meeting.
- (e) You may still attend the Annual General Meeting even if you have appointed a proxy. However, your proxy's authority to speak and vote for you at the meeting is suspended while you are present at the meeting.
- (f) If you appoint someone other than the Chairman as your proxy and give them voting instructions, the Act provides that the Chairman of the meeting must cast those proxy votes on your behalf if your nominated proxy does not do so.

- (g) A proxy form accompanies this Notice. If you wish to appoint more than one proxy, you may make a copy of the proxy form attached to this Notice. For the proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power of authority **by 11.00am (Sydney time) on Monday 15 November 2021**:

**Online** Visit [www.investorvote.com.au](http://www.investorvote.com.au) and follow the instructions

Custodian voting for intermediary online subscribers only  
[www.intermediaryonline.com](http://www.intermediaryonline.com)

**By post** Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne VIC 3001

**By personal delivery** Ground Floor, 61 Dunning Avenue Rosebery NSW 2018

**By facsimile** 1800 783 447 (within Australia)  
+61 (0)3 9473 2555 (outside Australia)

### Voting and other entitlements at the Annual General Meeting

A determination has been made by the Board of the Company under regulation 7.11.37 of the *Corporations Regulations 2001* that shares in the Company which are on issue at **7.00pm (Sydney time) on Monday 15 November 2021** shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

### Proxy voting by the Chair

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth), imposes prohibitions on Key Management Personnel and their Closely Related Parties from voting their Shares (or voting undirected proxies) on, amongst other things, remuneration matters.

However, the chair of a Meeting may vote an undirected proxy (i.e. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel. If you complete a proxy form that authorises the Chair of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chair to exercise your proxy on the Resolutions. In accordance with this express authority provided by you, the Chairman will vote in favour of the Resolutions. If you wish to appoint the Chair of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the form.

The Company's Chairman, Mr Richard Facioni, will chair the Meeting and intends to vote all available undirected proxies in favour of each item of business.

If you appoint as your proxy any Director of the Company, except the Chairman, or any other Key Management Personnel or any of their Closely Related Parties, and you

do not direct your proxy how to vote on resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel, he or she will not vote your proxy on that item of business.

## **TECHNICAL DIFFICULTIES**

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Technical difficulties may arise during the course of the AGM. The Chairman has discretion as to whether and how the meeting should proceed in the event that technical difficulties arise. In exercising his discretion, the Chairman will have regard to the number of members impacted and the extent to which participation in the business of the AGM is affected.

Where the Chairman considers it appropriate, the Chairman may continue to hold the AGM and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, members are encouraged to lodge a proxy by 11.00am (Sydney time) on Monday 15 November 2021 even if they plan to attend online.

# EXPLANATORY MEMORANDUM TO NOTICE OF 2021 ANNUAL GENERAL MEETING

## 1. FINANCIAL AND RELATED REPORTS

Item	Financial and Related Reports
<b>Explanation</b>	<p>Section 317 of the Corporations Act requires the Company's financial report, directors' report and auditor's report for the financial year ended 27 June 2021 to be laid before the Company's 2021 Annual General Meeting. There is no requirement for a formal resolution on this item.</p> <p>The financial report contains the financial statements of the consolidated entity consisting of Mosaic Brands and its controlled entities.</p> <p>As permitted by the Corporations Act, a printed copy of the Company's 2021 Annual Report has been sent only to those shareholders who have elected to receive a printed copy. A copy of the 2021 Annual Report is available from the Company's website (<a href="https://mosaicbrandslimited.com.au">mosaicbrandslimited.com.au</a>).</p> <p>The Chair of the meeting will allow a reasonable opportunity at the meeting for shareholders to ask questions. Shareholders will also be given a reasonable opportunity at the meeting to ask the Company's auditor, BDO Audit Pty Ltd, questions about its audit report, the conduct of its audit of the Company's financial report for the year ended 27 June 2021, the preparation and content of its audit report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of BDO Audit Pty Ltd in relation to the conduct of the audit.</p>

## 2. ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)

Resolution 1	Adoption of Remuneration Report (Non-binding resolution)
<b>Explanation</b>	<p>Shareholders are asked to adopt the Company's Remuneration Report. The Remuneration Report is set out in the Company's 2021 Annual Report and is available from the Company's website (<a href="https://mosaicbrandslimited.com.au">mosaicbrandslimited.com.au</a>).</p> <p>The Remuneration Report:</p> <ul style="list-style-type: none"> <li>▪ describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;</li> <li>▪ sets out the remuneration arrangements in place for each Director and for certain members of the senior management team; and</li> <li>▪ explains the differences between the basis for remunerating Non-Executive Directors and senior executives, including the Chief Executive Officer.</li> </ul> <p>The vote on this resolution is advisory only and does not bind the Directors. However, the Board will take into account any discussion on this resolution and the outcome of the vote when considering the future remuneration policies and practices of the Company.</p>

	<p>Under the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against in two consecutive annual general meetings, the Company will be required, at the second annual general meeting, to put to Shareholders a resolution proposing the calling of an extraordinary general meeting at which all Directors of the Company who were in office at the date of approval of the applicable Directors' Report must stand for re-election ("<b>Spill Resolution</b>").</p> <p>If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting ("<b>Spill Meeting</b>") within 90 days of the second annual general meeting.</p> <p>At the 2020 annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.</p>
<b>Voting Exclusion</b>	A voting exclusion statement applies to this resolution, as set out in the Notice.
<b>Board Recommendation</b>	As the Resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) Corporations Act, makes no recommendation regarding this resolution.
<b>Chair's available proxies</b>	The Chair of the Meeting intends to vote all available proxies in favour of this resolution.

### 3. RE-ELECTION OF DIRECTOR

Resolution 2	Re-election of Ms Jacqueline Frank as Director
<b>Explanation</b>	<p>Rule 68.2 of the Company's constitution requires one third of the Directors (or the number nearest to but not exceeding one third), other than the Managing Director, to retire at each annual general meeting of the Company. Rule 68.3 further provides that the Director/s to retire under rule 68.2 are those who have held office as Director for the longest period of time since their last election to office, or in the event that two or more Directors have held office for the same period of time, those Directors determined by lot or by agreement amongst the Directors.</p> <p>Ms Jacqueline Frank, who was re-elected to office as Director at the 2019 Annual General Meeting on 21 November 2019, has been longest in office since her election and will be completing three years of continuous service in 2022.</p> <p>In accordance with rules 68.1 and 68.2 of the Company's constitution, Ms Frank retires at the 2021 Annual General Meeting and, being eligible under rule 68.4 of the constitution, offers herself for re-election as Director.</p>
<b>About Ms Jacqueline Frank</b>	<p>Jacqueline Frank was appointed to the Board of Mosaic Brands on 2 May 2019. She is currently a Non-Executive Director of the Company and is considered to be independent.</p> <p>Jackie is one of Australia's most successful and highly regarded media executives with over 30 years' experience in publishing, management and marketing, brand innovation and retail consulting.</p> <p>From 2014 to 2018, Jackie was General Manager of the health, fashion, beauty and lifestyle group at Pacific Magazines and successfully led the brand's multi-platform transformation, and new online-only brand launches.</p>

	<p>In 2018, Jackie started her own company, Be Frank Group, helping brands engage with the female economy and to date has consulted to Hearst US, Bumble Australia, SEED Heritage, SCCI, Westfield, EziBuy, French Connection, Sapphire Group and McCann Agency Australia.</p> <p>She is a member of the Company's Remuneration and Nomination Committee and Audit and Risk Management Committee.</p>
<b>Board Recommendation</b>	The Board, with Ms Frank abstaining from making a recommendation, unanimously recommend that shareholders vote in favour of this resolution.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

#### 4. APPROVAL OF THE DIRECTOR AND SENIOR MANAGEMENT SHARE PLAN

<b>Resolution 3</b>	<b>Approval of the Director and Senior Management Share Plan</b>
<b>Explanation</b>	<p>The purpose of the Director and Senior Management Share Plan (<b>Share Plan or Plan</b>) is to provide eligible participants with an incentive to remain with the Company and to improve the longer-term performance of the Company and its returns to Shareholders. This Share Plan enables the Company to retain and attract skilled and experienced senior management and provide them with the motivation to make the Company more successful.</p> <p>The Company is required to obtain shareholder approval for the issue of securities under the Share Plan so that any issue of securities under that Share Plan within the next three years falls within the ASX Listing Rule exception and will not reduce the Company's available placement capacity. This Resolution seeks to 'refresh' the Plan which was last approved by shareholders at the Company's 2018 Annual General Meeting.</p> <p>A copy of the Rules of the Share Plan is attached as Annexure A of this Explanatory Memorandum.</p>
<b>Why is approval being sought for Resolution 3?</b>	<p>Shareholder approval is sought for the Share Plan for the purposes of ASX Listing Rule 7.2 exception 13, section 260C(4) of the Corporations Act and for all other purposes.</p> <p>ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period without shareholder approval.</p> <p>ASX Listing Rule 7.2 exception 13 provides that ASX Listing Rule 7.1 does not apply to issues of securities under an employee incentive scheme if, within three years before the date on which the securities are issued, shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.</p> <p>However, the exception does not apply to Directors and their Associates, who are deemed related parties of the Company, and issues to such persons will require separate approval under ASX Listing Rule 10.14.</p> <p>If the Resolution is passed, the Company will be able to issue Shares under the Share Plan to eligible participants for a three-year period post the date of approval without affecting the Company's ability to separately issue up to 15% of its total ordinary securities in any 12-month period (without having to obtain a further</p>

	<p>Shareholder approval). The Directors believe that this will provide the Company with the flexibility necessary to raise additional capital as and when appropriate.</p> <p>For the purposes of ASX Listing Rule 7.2 exception 13:</p> <ul style="list-style-type: none"> <li>a) See Annexure A for a copy of the Plan rules;</li> <li>b) 300,164 securities have been issued under the Plan since the Plan was last approved by Shareholders on 22 November 2018; and</li> <li>c) it is proposed that up to 11,795,000 securities will be issued under the Plan subject to its approval at this Annual General Meeting (including share issuances under resolutions 6 &amp; 7).</li> </ul> <p>In addition, the Share Plan may involve the Company providing an interest-free limited recourse loan to eligible employees to purchase shares under the Share Plan. The Corporations Act (section 260A) restricts a company from financially assisting a person to acquire shares in the company without shareholder approval. Accordingly, as part of this resolution, the Company is seeking shareholder approval for the purposes of section 260C(4) of the Corporations Act to provide loans to eligible participants in connection with the issue of shares under the Share Plan.</p>
<b>Board Recommendation</b>	As the Directors are excluded from voting upon this resolution pursuant to the ASX Listing Rules, the Directors will not make a recommendation to shareholders with respect to voting in relation to this resolution.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

## 5. RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTES

Resolution 4	Ratification of prior issue of Convertible Note
<p><b>Explanation</b></p>	<p>On 6 September 2021, the Company launched a \$32 million capital raising comprising a placement of Convertible Notes to Danfin Pty Ltd (<b>Placement</b>) and a 1 for 4.39 pro rata non-renounceable entitlement offer of Notes to eligible shareholders.</p> <p>The Placement was undertaken in two tranches. Approximately 3.6 million Notes to be issued on or around 13 October 2021 under ASX Listing Rule 7.1 placement capacity to raise approximately \$3.6 million (<b>Tranche 1</b>) and subject to the availability of the Company's placement capacity and Shareholder approval for the issue of the Convertible Notes (to the extent required), approximately 6.4 million Notes to raise a further approximately \$6.4 million (<b>Tranche 2</b>).</p> <p>The terms of the Convertible Notes were described in section 4 of the Company's prospectus for the capital raising dated on or around 28 September 2021, and a copy of the terms is attached as Annexure B of this Explanatory Memorandum.</p> <p>The Convertible Notes issued under Tranche 1 are convertible into a maximum of up to 14,499,440 Shares on their conversion at the floor price of \$0.25. The actual number of Shares that the Convertible Notes may convert into depends on the time the Convertible Notes are converted into Shares and the trading price of the Shares at that time.</p> <p>Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.</p> <p>The issue of Tranche 1 of the Placement of Convertible Notes did not fit within any of the exceptions to ASX Listing Rule 7.1 and, as they have not yet been approved by the Company's Shareholders, they effectively use all of the 15% limit in ASX Listing Rule 7.1, restricting the Company's capacity to issue further Equity Securities without Shareholder approval under ASX Listing Rule 7.1 for the 12 month period following the issue date.</p> <p>ASX Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the Company's capacity to issue further Equity Securities without Shareholder approval under that rule.</p> <p>The Company wishes to retain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.</p> <p>To this end, this Resolution seeks Shareholder approval to ratify the issue of Tranche 1 of the Placement of Convertible Notes under and for the purposes of ASX Listing Rule 7.4.</p>



	<p>If the Resolution is passed, Tranche 1 of the Placement of Convertible Notes referred to in this Resolution will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date the securities were issued.</p> <p>If the Resolution is not passed, Tranche 1 of the Placement of Convertible Notes referred to in the failed Resolution will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively restricting the issue by the Company of Equity Securities for the 12 month period following the date the securities were issued.</p> <p>The Directors do not (save for as otherwise set out in this Notice) currently have any specific intention to make any further issue of securities without approval of Shareholders under ASX Listing Rule 7.1 in the next 12 months, unless such issue falls under an exception to the 15% threshold in LR 7.2.</p> <p>The Directors believe that it is in the best interests of the Company to maintain its ability to issue securities under its 7.1 Placement Capacity, as this will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so.</p>
<b>Specific information required by ASX Listing Rule 7.5</b>	<p>For the purposes of ASX Listing Rule 7.5, the following information is provided to Shareholders in respect of this Resolution:</p> <p><b>Maximum no. of securities to be issued</b>      3,624,860 Convertible Notes.</p> <p><b>Issue price per security</b>      \$1.00 per Convertible Note.</p> <p><b>Date on which the securities were issued</b>      The Convertible Notes issued under Tranche 1 of the Placement were issued on or around 13 October 2021.</p> <p><b>Name of allottees</b>      Danfin Pty Ltd (<b>Danfin</b>)</p> <p>At the date of the Prospectus released to the market on or around 28 September 2021, Danfin had a relevant interest in 1.94% in the Company's Shares and was not a related party of the Company for the purposes of the Corporations Act. Following the issue of Convertible Notes under Tranche 1 and Tranche 2 of the Placement, assuming that only the Convertible Notes issued to Danfin are converted, and those Convertible Notes are converted at the floor price of \$0.25, such that the Convertible Notes convert into the maximum number of Shares possible in accordance with the terms of the Convertible Notes, Danfin would acquire a maximum voting power of 30.1%, subject to compliance with all applicable laws, including the takeover prohibition in section 606 of the Corporations Act.</p> <p><b>Terms of securities</b>      The terms of the Convertible Notes were described in section 4 of the Company's prospectus for the capital raising dated on</p>

	<p>or around 28 September 2021, and a copy of the terms is attached as Annexure B of this Explanatory Memorandum.</p> <p><b>Use of funds</b> To raise funds for general working capital.</p>
<b>Board Recommendation</b>	The Directors unanimously recommend that Shareholders vote in favour of this resolution.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

## 6. APPROVAL FOR ISSUE UNDER CONDITIONAL PLACEMENT OF CONVERTIBLE NOTES

Resolution 5	Approval for issue under condition placement of Convertible Notes
<b>Explanation</b>	<p>On 6 September 2021, the Company launched a \$32 million capital raising comprising a Placement of Convertible Notes to Danfin Pty Ltd and a 1 for 4.39 pro rata non-renounceable entitlement offer of Notes to eligible shareholders.</p> <p>The Placement was undertaken in two tranches. Approximately 3.6 million Notes to be issued on or around 13 October 2021 under ASX Listing Rule 7.1 placement capacity to raise approximately \$3.6 million (<b>Tranche 1</b>) and subject to the availability of the Company's placement capacity and Shareholder approval for the issue of the Convertible Notes (to the extent required), approximately 6.4 million Notes to raise a further approximately \$6.4 million (<b>Tranche 2</b>).</p> <p>The Company expects to issue approximately 6.4 million Convertible Notes under Tranche 2 of the Placement as soon as it has placement capacity to do so under ASX Listing Rule 7.1A.</p> <p>The terms of the Convertible Notes were described in section 4 of the Company's prospectus for the capital raising dated on or around 28 September 2021, and a copy of the terms is attached as Annexure B of this Explanatory Memorandum.</p> <p>The Convertible Notes to be issued under Tranche 2 are convertible into a maximum of up to 25,500,560 Shares on their conversion at the floor price of \$0.25. The actual number of Shares that the Convertible Notes may convert into depends on the time the Convertible Notes are converted into Shares and the trading price of the Shares at that time.</p> <p>Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.</p> <p>The issue of Convertible Notes under Tranche 2 of the Placement does not fit within any of the exceptions under ASX Listing Rule 7.2. However, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under ASX Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the issue of Convertible Notes under Tranche 2 of the Placement under ASX Listing Rule 7.1</p>

	<p>so that it does not use up any of the 15% limit on issuing Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.</p> <p>To this end, this Resolution seeks Shareholder approval to the issue of Convertible Notes under Tranche 2 of the Placement under and for the purposes of ASX Listing Rule 7.1.</p> <p>If the Resolution is passed, the issue of Convertible Notes under Tranche 2 of the Placement can proceed without using up any of the Company's 15% limit on issuing Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.</p> <p>If the Resolution is not passed, the size of Tranche 2 of the Placement of Convertible Notes will be subject to the Company's capacity to issue Equity Securities without Shareholder approval under the ASX Listing Rules.</p> <p>The Directors believe that it is in the best interests of the Company to maintain its ability to issue securities under its 15% Placement Capacity, as this will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so.</p>
<p><b>Specific information required by ASX Listing Rule 7.3</b></p>	<p>For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders in respect of this Resolution:</p> <p><b>Maximum no. of securities to be issued</b>      6,375,140 Convertible Notes.</p> <p><b>Issue price per security</b>      \$1.00 per Convertible Note.</p> <p><b>Date by which securities will be issued</b>      If Shareholder approval is obtained for this Resolution, as soon as is practicable after the Meeting, or in any event no later than 3 months after the date of the Meeting.</p> <p><b>Name of allottees</b>      Danfin Pty Ltd</p> <p>At the date of the prospectus released to the market on or around 28 September 2021, Danfin had a relevant interest of 1.94% in the Company's Shares and was not a related party of the Company for the purposes of the Corporations Act. Following the issue of Convertible Notes under Tranche 1 and Tranche 2 of the Placement, and assuming that only the Convertible Notes issued to Danfin are converted, and those Convertible Notes are converted at the floor price of \$0.25, such that the Convertible Notes convert into the maximum number of Shares possible in accordance with the terms of the Convertible Notes, Danfin would acquire a maximum voting power of 30.1%, subject to compliance with all applicable laws, including the takeover prohibition in section 606 of the Corporations Act.</p> <p><b>Terms of securities</b>      The terms of the Convertible Notes were described in section 4 of the Company's prospectus for the capital raising dated on</p>

	<p>or around 28 September 2021, and a copy of the terms is attached as Annexure B of this Explanatory Memorandum.</p> <p><b>Use of funds</b> To raise funds for general working capital.</p>
<b>Board Recommendation</b>	The Directors unanimously recommend that Shareholders vote in favour of this resolution.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

## 7. APPROVAL FOR ISSUE OF SHARES TO DIRECTORS

Resolution 6 and Resolution 7	Approval for issue of Shares to Directors – Mr Richard Facioni and Mr Scott Evans
<b>Explanation</b>	<p>The Company is seeking approval under ASX Listing Rule 10.14 from Shareholders of the Company, for the proposed issue of Shares to Mr Richard Facioni and Mr Scott Evans under the Director and Senior Management Share Plan (the <b>Plan</b>) (<b>Share Issue</b>).</p> <p>ASX Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of shareholders:</p> <ul style="list-style-type: none"> <li>- 10.14.1 a director of the entity;</li> <li>- 10.14.2 an Associate of a director;</li> <li>- 10.14.3 a person whose relationship with the entity or a director or Associate of a director is such that, in ASX's opinion, the acquisition should be approved by shareholders, unless it obtains the approval of its shareholders.</li> </ul> <p>The Share Issue falls within ASX Listing Rule 10.14.1, as both Mr Facioni and Mr Evans are Directors of the Company.</p> <p>The Share Issue therefore requires the approval of the Company's Shareholders under ASX Listing Rule 10.14 and Resolution 6 and Resolution 7 seek the required shareholder approval to the Share Issue under and for the purposes of ASX Listing Rule 10.14.</p> <p>A 'related party' for the purposes of the Corporations Act is widely defined and includes a Director of a public company or a spouse of a Director of a public company. Given that Mr Facioni and Mr Evans are both existing Directors of the Company, they are 'related parties' of the Company and the issue Share Issue constitutes the giving of financial benefit under Chapter 2E of the Corporations Act.</p> <p>The Directors of the Board (other than Mr Facioni and Mr Evans) (<b>non-conflicted Directors</b>) believe that these Directors' remuneration should include aligning their interests with the interests of Shareholders. This approach reflects accepted practice in remuneration and corporate governance in Australia and abroad. The non-conflicted Directors have therefore resolved that the giving of this financial benefit to the Directors is reasonable, given the circumstances of the Company, the quantum and terms of the benefit, and the responsibilities that are carried out by the Directors. In addition, the non-conflicted Directors consider that the issue of the Shares is a more cost-effective way to remunerate and incentivise the Directors, as opposed to other forms of remuneration, such as further cash payments.</p> <p>For the above reasons, the non-conflicted Directors formed the view that the issue of Shares under the Director and Senior Management Share Plan falls within the "reasonable remuneration" exception as set out in section 211 of the Corporations Act.</p>

	<p>If Resolution 6 is passed, the Company will be able to proceed with the issue of Shares to Mr Facioni and if Resolution 7 is passed, the Company will be able to proceed with the issue of Shares to Mr Evans.</p> <p>If Resolution 6 is not passed, the Company will not be able to proceed with the issue of Shares to Mr Facioni and if Resolution 7 is not passed, the Company will not be able to proceed with the Issue of Shares to Mr Evans, and the Company will need to identify different methods of remunerating and incentivising Mr Facioni and Mr Evans (as applicable).</p> <p>Details of any Shares issued under the Plan will be published in the annual report of the Company relating to the period in which they are issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14 (where required). Any additional participants covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of Shares under the Plan after these Resolutions are approved and who are not named in this notice of meeting will not participate until approval is obtained under that ASX Listing Rule.</p>																												
<b>Specific information required by ASX Listing Rule 10.15</b>	<p>For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders in respect of this Resolution:</p> <table><tr><td><b>Maximum no. of securities to be issued</b></td><td colspan="3">Mr Facioni – 2,000,000 Shares Mr Evans – 6,500,000 Shares</td></tr><tr><td><b>Issue price per security</b></td><td>Issue Price</td><td>Mr Richard Facioni</td><td>Mr Scott Evans</td></tr><tr><td></td><td>\$0.515</td><td>750,000</td><td>3,000,000</td></tr><tr><td></td><td>\$1.50</td><td>500,000</td><td>1,500,000</td></tr><tr><td></td><td>\$2.00</td><td>750,000</td><td>2,000,000</td></tr></table> <p><b>Date by which securities will be issued</b></p> <p>If Shareholder approval is obtained for these Resolutions, the Company will issue the Shares as soon as is practicable after the Meeting, or in any event no later than three years after the date of the Meeting.</p> <p><b>Terms of securities</b></p> <p>Fully paid ordinary shares that will rank pari passu with all other Shares on issue in the Company. A copy of the Rules of the Plan is attached as Annexure A.</p> <p><b>Material terms of loans</b></p> <p>The Company proposes to provide an interest-free limited recourse loan to Mr Facioni and Mr Evans to purchase shares under the Plan.</p> <p><b>Number of securities that have previously been issued under the Plan</b></p> <p>Mr Facioni – 1,800,000 Shares issued in <b>2016</b></p> <table><tr><td>Issue Price</td><td>Mr Facioni</td></tr><tr><td>\$1.25</td><td>1,200,000</td></tr><tr><td>\$1.50</td><td>300,000</td></tr><tr><td>\$1.75</td><td>300,000</td></tr></table>	<b>Maximum no. of securities to be issued</b>	Mr Facioni – 2,000,000 Shares Mr Evans – 6,500,000 Shares			<b>Issue price per security</b>	Issue Price	Mr Richard Facioni	Mr Scott Evans		\$0.515	750,000	3,000,000		\$1.50	500,000	1,500,000		\$2.00	750,000	2,000,000	Issue Price	Mr Facioni	\$1.25	1,200,000	\$1.50	300,000	\$1.75	300,000
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Issue Price	Mr Facioni																												
\$1.25	1,200,000																												
\$1.50	300,000																												
\$1.75	300,000																												

	Mr Evans – 1,568,627 Shares issued in <b>2015</b>									
	Issue Price			Mr Evans						
	\$0.51			1,568,627						
	<b>Remuneration detail</b>									
	<b>2021</b>									
		Short term benefits			Post employment benefits		Long term benefits	Share based		
	Cash salary and fees	Cash bonuses STI	Cash bonuses LTI	Non-monetary benefits	Super-annuation	Termination benefits	Long service leave	Equity Settled	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
	<b>Directors</b>									
	<b>Executive Directors</b>									
	Scott Evans	1,436,800	-	-	8,272	24,828	-	18,412	-	1,488,312
	<b>Non-executive directors</b>									
	Richard Facioni	185,000	-	-	-	-	-	-	153,586	338,586
<b>Board Recommendation</b>	The Directors, with Mr Facioni and Mr Evans abstaining, recommend that Shareholders vote in favour of Resolution 6 and Resolution 7.									
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of these resolutions.									

## 8. APPROVAL FOR EXTRA 10% PLACEMENT CAPACITY

Resolution 8	Approval for extra 10% Placement Capacity
<b>Explanation</b>	<p><b>Background</b> Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.</p> <p>Under ASX Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.</p> <p>The Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in ASX Listing Rule 7.1A to issue Equity Securities without Shareholder approval.</p> <p>If the Resolution is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further Shareholder approval.</p> <p>If the Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in ASX Listing Rule 7.1A and will remain subject to the 15% limit on</p>

issuing Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.

### **Eligibility**

An eligible entity under ASX Listing Rule 7.1A is one which, at the date of the resolution, has a market capitalisation of \$300 million or less and is not included in the S&P / ASX 300 Index. The Company anticipates that it will be an eligible entity for the purposes of ASX Listing Rule 7.1A at the time of the Meeting.

The exact number of Equity Securities that may be issued pursuant to the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 which provides that eligible entities which have obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12-month period after the date of the Annual General Meeting, a number of Equity Securities calculated as follows:

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

Where:

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement to issue (the relevant period):

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities under ASX Listing Rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the relevant period; or
  - the agreement or issue was approved, or taken under these rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period with approval under ASX Listing Rule 7.1 or 7.4;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- less the number of fully paid ordinary securities cancelled in the 12 months;

Note that A has the same meaning in the ASX 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 ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rules 7.1 or 7.4.

Any Equity Securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's Equity Securities. The Company presently has two classes of quoted securities, being Shares (ASX Code: MOZ).

#### **Required information**

The following information is provided to Shareholders to allow them to assess the Resolution, including for the purposes of ASX Listing Rule 7.3A.

#### **Minimum price**

As required by ASX Listing Rule 7.1A.3, any Equity Securities issued by the Company under ASX Listing Rule 7.1A can only be issued at a price that is no less than 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- b) if the securities are not issued within 10 trading days of the date in paragraph above, the date on which the securities are issued.

#### **Risk of economic and voting dilution to existing Shareholders**

If the Resolution is approved by Shareholders and the Company issues securities under the 10% Placement Capacity, the additional economic and voting interests in the Company will be diluted. There is a risk that the market price of the Company's securities may be significantly lower on the issue date than on the date of the Annual General Meeting and the securities may be issued at a price that is at a discount to the market price on the issue date.

The table below shows a number of potential dilution scenarios for a capital raising which may be conducted under ASX Listing Rule 7.1A as required by ASX Listing Rule 7.3A.4 where the number of the Company's Shares on issue (Variable "A" in the formula in ASX Listing Rule 7.1A.2) has remained current or increased by either 50% or 100% and the Share price has decreased by 50%, remained current or increased by 100% based on the closing Share price on ASX at 22 September 2021.

Variable A in Listing Rule 7.1A		Dilution		
		\$0.2675 (50% decrease in market price)	\$0.535 (market price)	\$1.07 (100% increase in market price)
<b>Current Variable A</b>	10% Voting dilution	9,666,293 Shares	9,666,293 Shares	9,666,293 Shares
96,662,930 Shares	Funds raised	\$2,585,733	\$5,171,467	\$10,342,934



<b>50% increase in Variable A</b>	10% Voting dilution	14,499,440 Shares	14,499,440 Shares	14,499,440 Shares
144,994,395 Shares	Funds raised	\$3,878,600	\$7,757,200	\$15,514,400
<b>100% increase in Variable A</b>	10% Voting dilution	19,332,586 Shares	19,332,586 Shares	19,332,586 Shares
193,325,860 Shares	Funds raised	\$5,171,467	\$10,342,934	\$20,685,867

This table has been prepared on the following assumptions:

1. the latest available market price of Shares, being the closing price as at 22 September 2021, was \$0.535;
2. Variable "A" is 96,662,930 which equates to the number of current Shares on issue at 22 September 2021. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro-rata issue) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders meeting;
3. the Company issues the maximum number of securities available under the additional 10% ASX Listing Rule 7.1A approval;
4. the table shows only the effect of issues of securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;
5. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
6. the table does not show an example of dilution that may be caused to a particular Shareholder by reason of the placements under ASX Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting;
7. the issue of Shares under ASX Listing Rule 7.1A consists only of fully-paid ordinary shares in the Company; and
8. "Funds Raised" are before any capital raising costs which may be incurred.

#### 10% Placement Period

Shareholder approval under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which approval is obtained until the earlier of:

- a) the date which is 12 months after the date of the Annual General Meeting at which the approval was obtained;
- b) the time and date of the Company's next Annual General Meeting; or
- c) the date of approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).

#### Purpose of additional 10% Placement Capacity

While the Company does not have any immediate plans to issue Shares under the 10% Placement Capacity, the Company may seek to issue securities under the 10% Placement Capacity for cash consideration. The Company may use the funds for working capital, investing activities (including possible complementary business acquisitions if any are identified and approved by the Board), meet

	<p>financing commitments or capital management activities deemed by the Board to be in the best interests of the Company.</p> <p>The Company will comply with any disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.3 upon the issue of any securities under ASX Listing Rule 7.1A.</p> <p><b>Allocation policy</b></p> <p>The Company's allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of allottees of Equity Securities will be determined on a case by case basis having regard to factors including but not limited to the following:</p> <ul style="list-style-type: none"> <li>a) the methods of raising funds that are then available to the Company;</li> <li>b) the effect of the issue of the Equity Securities on the control of the Company;</li> <li>c) the financial situation and solvency of the Company; and</li> <li>d) advice from professional and corporate advisers (if applicable).</li> </ul> <p>Allottees under any capital raising which may be conducted under the 10% Placement Capacity pursuant to ASX Listing Rule 7.1A have not been determined as at the date of this Notice of Meeting and may include existing and/or new Shareholders but cannot include any related parties or Associates of a related party of the Company.</p> <p><b>Previous Issue of Securities under ASX Listing Rule 7.1A</b></p> <p>As at the date of this Notice of Meeting, the Company has not previously issued any securities under ASX Listing Rule 7.1A, however the Company expects to issue approximately 2.4 million Convertible Notes under Tranche 2 of the Placement of Convertible Notes under ASX Listing Rule 7.1A as soon as it is able to do so.</p> <p><b>Compliance with ASX Listing Rules 7.1A.4 and 3.10.3</b></p> <p>When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give ASX:</p> <ul style="list-style-type: none"> <li>a) a list of the names of the persons to whom the Company issues the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and</li> <li>b) the information required by ASX Listing Rule 3.10.3 for release to the market.</li> </ul> <p>At the date of the Notice of Meeting the Company has not invited and has not determined to invite any particular existing Shareholder or an identifiable class of existing Shareholder to participate in an offer under ASX Listing Rule 7.1A. Accordingly, no existing Shareholder will be excluded from voting on this Resolution.</p>
<b>Special Resolution</b>	<p>This Resolution is a special resolution and therefore requires the approval of 75% of the votes cast by Shareholders present and eligible to vote (in person or by proxy).</p>

<b>Board Recommendation</b>	The Directors unanimously recommend that Shareholders vote in favour of this resolution.
<b>Chairman's available proxies</b>	The Chairman of the Meeting intends to vote all available proxies in favour of this resolution.

## DEFINITIONS

<b>Annual General Meeting or Meeting</b>	Means the meeting convened by this Notice.
<b>Associate</b>	Has the meaning given to that term in the ASX Listing Rules.
<b>ASX</b>	Means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.
<b>ASX Listing Rules</b>	Means the Listing Rules of ASX.
<b>Closely Related Party</b> (of a member of Key Management Personnel of an entity)	Has the definition given to it by section 9 of the Corporations Act, and means: <ul style="list-style-type: none"> <li>a) a spouse or child of the member; or</li> <li>b) a child of the member's spouse; or</li> <li>c) a dependant of the member or of the member's spouse; or</li> <li>d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or</li> <li>e) a company the member controls; or</li> <li>f) a person prescribed by the regulations for the purposes of this definition (nothing at this stage).</li> </ul>
<b>Company or Mosaic Brands</b>	Means Mosaic Brands Limited ACN 003 321 579.
<b>Constitution</b>	means the Company's constitution.
<b>Convertible Note or Note</b>	a convertible note (the terms of which are set out in Section 4.1 of prospectus issued to the ASX on or around 28 September 2021)
<b>Corporations Act</b>	Means the <i>Corporations Act 2001</i> (Cth).
<b>Directors</b>	Means the current directors of the Company.
<b>Equity Securities</b>	Means a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.
<b>Explanatory Memorandum</b>	Means the explanatory memorandum accompanying the Notice.
<b>Key Management Personnel</b>	Means those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

<b>Notice or Notice of Meeting or Notice of Annual General Meeting</b>	Means this notice of Annual General Meeting including the Explanatory Memorandum and the Proxy Form.
<b>Resolutions</b>	Means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.
<b>Share</b>	Means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	Means a holder of a Share.

## Annexure A



# Rules of the Director and Senior Management Share Plan

**Mosaic Brands Ltd**  
(ACN 003 321 579)

## Table of Contents

- 1. Definitions**
- 2. Interpretation**
- 3. Introduction**
  - 3.1 Purpose
  - 3.2 Commencement of Share Plan
  - 3.3 Advice
  - 3.4 Operation of the Share Plan
- 4. Principal conditions**
  - 4.1 Shares issued only to Eligible Participants
  - 4.2 Compliance with laws
  - 4.3 Compliance with Listing Rules
- 5. Participation**
  - 5.1 Invitation to participate
  - 5.2 Form of invitation
  - 5.3 Offer and acceptance
  - 5.4 No assignment
- 6. Acquisition**
  - 6.1 Issue of Plan Shares
  - 6.2 Listing
- 7. Ranking and reconstructions**
  - 7.1 Share rank equally
  - 7.2 Reconstructions
- 8. Loan**
- 9. Ceasing to be a director or employed and other Events of Default**
  - 9.1 Ceasing to be a director or employed
  - 9.2 Events of Default
  - 9.3 Timing
  - 9.4 Voting
  - 9.5 Compliance with law
- 10. Administration of the Share Plan**
  - 10.1 Administration
  - 10.2 Powers of the Board
  - 10.3 Exercise of powers or discretion
  - 10.4 Determinations
  - 10.5 Termination or suspension of Share Plan
- 11. Share buy back or transfer**
  - 11.1 When Plan Shares are bought back or transferred
  - 11.2 Buy back price
  - 11.3 How Plan Shares are bought back

**12. Liquidity Event**

**13. Power of attorney**

- 13.1 Appointment
- 13.2 Ratification
- 13.3 Indemnity

**14. Employment rights**

- 14.1 Acknowledgment by Participant
- 14.2 No claims
- 14.3 No compensation for termination or suspension
- 14.4 No right to acquire Plan Shares
- 14.5 Calculation of employee benefits
- 14.6 No right to future employment

**15. Amendment to Rules**

- 15.1 Amendment
- 15.2 Accrued rights
- 15.3 Retrospectively
- 15.4 Eligible Participants outside Australia

**16. No warranty**

- 16.1 Financial benefits
- 16.2 Tax

**17. General**

- 17.1 Notices
- 17.2 Relationship between parties
- 17.3 Time for doing acts
- 17.4 Invalidity
- 17.5 Applicable laws
- 17.6 Share Plan costs
- 17.7 Connection with other plans
- 17.8 Governing law and jurisdiction

**Schedule 1 – Loan terms**

## Rules

### 1. Definitions

In these Rules, unless the context indicates a contrary intention:

**Advance Date** means, in relation to a Loan, the date on which the Principal is advanced to a Participant by the Company.

**Associated Entity** has the meaning given in the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691) trading as the Australian Securities Exchange or the securities exchange operated by that entity, as appropriate.

**Board** means the board of directors of the Company or a committee appointed by the board of directors of the Company.

**Business Day** means a day on which banks are open for general banking business in Sydney, excluding Saturdays and Sundays.

**Capitalised Interest** means interest that is capitalised on a Loan as set out in paragraph 3(b) of Schedule 1.

**Change of Control Event** means:

- (a) Associated Entities of Alceon Group Pty Ltd reduce their aggregated holding of Shares to below 20% of the total issued share capital of the Company;
- (b) a Takeover Bid is made;
- (c) the Company passes a resolution for the voluntary winding-up of the Company;
- (d) an order is made for the compulsory winding up of the Company; or
- (e) the sale of all or substantially all of the business and assets of the Company,

but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Company.

**Company** means Mosaic Brands Ltd ACN 003 321 579. Constitution means the constitution of the Company.

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

**Dispose** means, in relation to a Share, to sell, transfer, grant an option over, create a Third Party Right in, deal with or otherwise dispose of the Share or any interest in the Share, and Disposal has a corresponding meaning.

**Eligible Participant** means a director or senior manager of the Company selected by the Board to participate in the Share Plan.



**Event of Default means:**

- (a) any failure by a Participant to pay when due any money that Participant is liable to pay under or in connection with the Loan;
- (b) any failure by a Participant to comply with any of its other obligations under the contract formed between the Company and that Participant under rule 5.3(a);
- (c) a Participant, either directly or indirectly, operating, participating in or promoting any business that is the same as or similar to, or competes with, the business or a substantial part of the business of the Company; or
- (d) a Participant committing an act of bankruptcy, within the meaning of section 40 of the Bankruptcy Act 1966 (Cth).

**Financial Year** means each successive period of 12 months commencing on 1 July in each year, which has been adopted as the financial year and tax year of the Company, or any other period determined by the Board.

**Interest Rate** means, in relation to a Loan, the rate per annum specified under rule 5.2(d).

**Liquidity Event** means:

- (a) a Change of Control Event; or
- (b) any other event determined by the Board in its absolute discretion to constitute a "Liquidity Event" for the purposes of these Rules.

**Listed** means the Company being and remaining admitted to the official list of the ASX.

**Listing Rules** means the Listing Rules of ASX and any other rules of the ASX which are applicable while the Company is Listed each as amended or replaced from time to time, except to the extent of any waiver granted by the ASX.

**Loan** means any loan advanced to a Participant under Rule 8 to enable the Participant to acquire Plan Shares.

**Non-Qualifying Leaver** has the same meaning given to it in the invitation given to the Participant under rule 5.2.

**Participant** means an Eligible Participant who has been invited to participate under the Share Plan and whose offer to participate under the Share Plan has been accepted.

**Permanent Disability** means the permanent inability, by reason of physical condition, mental illness or accident, of a Participant to perform substantially all of the duties of the position in which that Participant has been employed or appointed (as determined by the Board).

**Plan Shares** means, in relation to an invitation to participate under the Share Plan, the Shares to which the invitation relates.

**Principal** means the principal amount advanced under a Loan.

**Qualifying Leaver** has the same meaning given to it in the invitation given to the Participant under rule 5.2.

**Rules** means this document, including any schedule or annexure to it.

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

**Share Plan** means the director and senior management share plan, established and operated in accordance with these Rules.

**Takeover Bid** has the meaning given to that term in the Corporations Act.

**Tax Act** means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as applicable.

**Term** means, in relation to a Loan, the period commencing on the Advance Date and ending on the date specified in the invitation given to the relevant Participant under rule 5.2.

**Third Party Right** means any third party interest, including a Security Interest (as defined in the Personal Property Securities Act 2009 (Cth)) or any other mortgage, charge, assignment by way of security, derivative, lien, pledge, hypothecation, retention of title arrangement, preferential right or a trust arrangement.

## 2. Interpretation

In these Rules, unless context indicates a contrary intention:

- (a) (documents) a reference to an agreement or document is to the agreement or document as varied, amended, supplemented, novated or replaced from time to time.
- (b) (references) a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of these Rules.
- (c) (headings) clause headings and the table of contents are inserted for convenience only and do not affect the interpretation of these Rules.
- (d) (person) a reference to a person includes a natural person, corporation, statutory corporation, partnership, government agency, the Crown and any other organisation or legal entity and their personal representatives, successors, substitutes (including persons taking by novation) and permitted assigns.
- (e) (party) a reference to a party to a document includes that party's personal representatives, executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns.
- (f) (including) including and includes (and any other similar expressions) are not words of limitation, and a list of examples is not limited to those items or to items of a similar kind.
- (g) (corresponding meanings) a word that is derived from a defined word has a corresponding meaning.
- (h) (singular) the singular includes the plural and the converse.

- (i) (gender) words importing one gender include all other genders.
- (j) (rules of construction) neither these Rules nor any part of them are to be construed against a party on the basis that a party or its lawyers were responsible for its drafting.
- (k) (legislation) a reference to any legislation or provision of legislation includes all amendments, consolidations or replacements and all regulations or instruments issued under it.
- (l) (time and date) a reference to a time or date is a reference to the time and date in Sydney, New South Wales, Australia.
- (m) (joint and several) an agreement, representation, covenant, right or obligation:
- (i) in favour of two or more persons is for the benefit of them jointly and severally; and
  - (ii) on the part of two or more persons binds them jointly and severally.
- (n) (writing) a reference to a notice, consent, request, approval or other communication under these Rules or an agreement between the parties means a written notice, request, consent, approval or agreement.
- (o) (replacement bodies) a reference to a body (including an institute, association or authority) which ceases to exist or whose powers or functions are transferred to another body is a reference to the body which replaces it or which substantially succeeds to its power or functions.
- (p) (Australian currency) a reference to dollars or \$ is to Australian currency.

### **3. Introduction**

#### **3.1 Purpose**

The purpose of the Share Plan is to provide Eligible Participants with an opportunity to share in the growth in value of the Shares and to encourage them to improve the performance of the Company and its return to shareholders. It is intended that the Share Plan will enable the Company to attract and retain skilled and experienced directors and senior managers and provide them with the motivation to make the Company more successful.

#### **3.2 Commencement of Share Plan**

The Share Plan will take effect on and from such date as the Board may resolve.

#### **3.3 Advice**

Eligible Participants should obtain their own independent advice (at their own expense) on the financial, taxation and other consequences to them of, or relating to, participation in the Share Plan.

#### **3.4 Operation of the Share Plan**

The Share Plan operates according to these Rules which bind the Company and each Participant.

## **4. Principal conditions**

### **4.1 Shares issued only to Eligible Participants**

Shares may only be issued to a person under the Share Plan if the person remains an Eligible Participant as at the date of issue, unless the Board determines otherwise.

### **4.2 Compliance with laws**

The Board may determine at any time that an Eligible Participant is not eligible to participate under the Share Plan if, by participating under the Share Plan, the Eligible Participant would fail to comply with or contravene, or the Company or any associate of the Company would fail to comply with or contravene, the Company's Constitution, the Listing Rules, the Corporations Act or any other applicable law.

### **4.3 Compliance with Listing Rules**

Shares may only be issued to Eligible Participants that are Directors of the Company, an associate of a Director of the company, a person whose relationship with the company or a person referred to in listing rules 10, 14.1 or 10, 14.2 is, in ASX's opinion, such that

shareholder approval should be obtained, if shareholder approval has been obtained under Listing Rule 10, 14.

## **5. Participation**

### **5.1 Invitation to participate**

Subject to these Rules, the Board may invite any Eligible Participant selected by it to participate under the Share Plan.

### **5.2 Form of invitation**

The Board must give to each Eligible Participant invited to participate under the Share Plan an invitation setting out the following information:

- (a) either:
  - (i) the number or value of the Plan Shares; or
  - (ii) the basis on which the number or value of the Plan Shares is to be determined;
- (b) either:
  - (i) the date on which the Plan Shares will be acquired; or
  - (ii) the basis on which the date on which the Plan Shares will be acquired is to be determined;
- (c) either:
  - (i) the amount to be paid by the Eligible Participant (if any) to acquire the Plan Shares; or

- (ii) the basis on which the amount to be paid by the Eligible Participant (if any) to acquire the Plan Shares is to be determined;
- (d) the rate per annum at which interest will accrue on the Principal and Capitalised Interest under the Loan;
- (e) the end date of the Term;
- (f) any other terms and conditions relating to the acquisition of the Plan Shares which, in the opinion of the Board, are fair and reasonable but not inconsistent with these Rules;
- (g) any other information or documents that the Corporations Act or any other applicable laws require the Company to give to Eligible Participants; and
- (h) a copy of these Rules and any other information or documents that the Corporations Act or any other applicable laws require the Company to give to the Eligible Participant.

### **5.3 Offer and acceptance**

By completing, countersigning and returning the invitation given to an Eligible Participant under rule 5.2, the Eligible Participant offers to participate under the Share Plan and, on acceptance by the Board of the offer:

- (a) a contract is formed between the Company and the Eligible Participant conferring on the Eligible Participant a right to acquire the Plan Shares on the terms and conditions of these Rules and the invitation given to the Eligible Participant under rule 5.2; and
- (b) the Eligible Participant agrees:
  - (i) to become a member of the Company; and
  - (ii) to be bound by the Constitution.

### **5.4 No assignment**

Unless the Board determines otherwise, a Participant must not assign or deal with, or attempt to assign or deal with, any of their rights under any contract formed under rule 5.3.

## **6. Acquisition**

### **6.1 Issue of Plan Shares**

On formation of a contract between the Company and an Eligible Participant under rule 5.3(a):

- (a) the Company must either issue the Plan Shares to that Participant, or procure the transfer of the Plan Shares to that Participant, on the date specified or determined in accordance with rule 5.2(b); and
- (b) the Eligible Participant becomes a Participant and is bound by these Rules,

subject to the satisfaction (and continued satisfaction) of all conditions of the contract under rule 5.3(a).

## **6.2 Listing**

If Plan Shares granted under the Share Plan are in the same class as those shares of the Company which are listed on the ASX, the Company will apply for quotation of the Plan Shares issued within the time required by the Listing Rules after the issue date of those Plan Shares.

## **7. Ranking and reconstructions**

### **7.1 Share rank equally**

(a) Plan Shares rank equally in all respects with all other Shares from the date of acquisition, including with respect to:

- (i) voting rights; and
- (ii) entitlements to participate in:
  - (A) distributions and dividends; and
  - (B) future rights issues and bonus issues,

if the record date for determining entitlements falls on or after the date of allotment and issue.

(b) Prior to Shares being acquired by a Participant under rule 6, that Participant will not have any right or interest in the Plan Shares.

### **7.2 Reconstructions**

(a) In the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the share capital of the Company prior to the issue of Shares to a Participant under the Share Plan, the number of Shares that may be acquired by that Participant and/or the consideration (if any) payable by that Participant for the acquisition of the Shares must be reconstructed accordingly, in a manner that does not result in any additional benefits being conferred on a Participant that are not conferred on shareholders of the Company.

(b) The Company must give notice to each Participant of any adjustment to the Shares to which that Participant is entitled pursuant to rule 7.2(a).

(c) If a Participant becomes entitled to receive a return of capital relating to Shares held by that Participant, the amount returned must be applied towards the Participant's Loan balance (if any).

## **8. Loan**

The Company may provide a loan to the Participant for some or all of the consideration to be paid for Plan Shares on the terms set out in the invitation and in Schedule 1. However, the Company will not offer, provide, or accept an application for a Loan if to do so would be in breach of the Corporations Act, the Listing Rules (if applicable) or any other law or regulation in any jurisdiction.

## **9. Ceasing to be a director or employed and other Events of Default**

### **9.1 Ceasing to be a director or employed**

If a Participant ceases to be a director or employed by the Company for any reason (whether a Qualifying Leaver or Non-Qualifying Leaver) the Board will allow the Participant to deal with those Plan Shares in accordance with the invitation given to the relevant Participant under rule 5.2.

### **9.2 Events of Default**

If a Participant commits an Event of Default, the Board may decide whether:

- (a) that Participant may continue to hold their Plan Shares; or
- (b) the Company will buy back (subject to Corporations Act) those Plan Shares or procure the transfer of those Plan Shares in accordance with these Rules and the invitation given to the relevant Participant under rule 5.2.

### **9.3 Timing**

The Company will use reasonable endeavours to complete any buy back or transfer under this rule 9 within 6 weeks after the relevant Participant ceases to be a director or employed by the Company.

### **9.4 Voting**

Each Participant must cast all votes that may be cast by that Participant at any general meeting of the Company, and do all other things necessary or desirable, to approve any buy back or transfer contemplated by this rule 9, and appoints each director of the Company as that Participant's attorney and proxy for this purpose.

### **9.5 Compliance with law**

Rules 9.1 to 9.4 are subject to all applicable laws, including Division 2 of Part 2J.1 of the Corporations Act and the Listing Rules.

## **10. Administration of the Share Plan**

### **10.1 Administration**

The Share Plan is administered by the Board.

### **10.2 Powers of the Board**

The Board has power to:

- (a) determine appropriate procedures and make regulations for the administration and operation of the Share Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Share Plan;

(c) exercise the discretions conferred on it by these Rules or any contract formed between the Company and a Participant under the Share Plan or which may otherwise be required in relation to the Share Plan;

(d) delegate those functions and powers it considers appropriate, for the efficient administration of the Share Plan, to any person or persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers;

(e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules; and

(f) assess, set or amend loan price and administer the Share Plan in accordance with these Rules as and to the extent provided in these Rules.

### **10.3 Exercise of powers or discretion**

Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising that power or discretion, under any fiduciary or other obligation to another person.

### **10.4 Determinations**

Where these Rules provide for a determination, decision, approval or opinion of the Board, that determination, decision, approval or opinion may be made or given by the Board in its absolute discretion.

### **10.5 Termination or suspension of Share Plan**

The Board may terminate or suspend the operation of the Share Plan at any time. In the event of a suspension or termination, these Rules (including rule 10.2) will continue to operate with respect to any rights under any contract formed under rule 5.3, or any Plan Shares acquired by a Participant, prior to that suspension or termination.

## **11. Share buy back or transfer**

### **11.1 When Plan Shares are bought back or transferred**

Plan Shares held by a Participant may be bought back and cancelled in accordance with these Rules and the invitation given to the relevant Participant under rule 5.2.

### **11.2 Buy back price**

(a) The consideration for the buy back is the full satisfaction of any Loan provided in connection with the acquisition of those Plan Shares, even if the amount of the Loan was or has been reduced to nil.

(b) The Board may determine that the Company should pay to the Participant greater consideration than set out in rule 11.2(a), for example if the Participant has made voluntary repayments or has had dividends or other distributions credited to the Participant's Loan balance prior to the buy back.



### **11.3 How Plan Shares are bought back**

(a) A Participant and the Company must do whatever is necessary or desirable to effect a buy back or transfer of Plan Shares when required under rule 11.1. Each Participant irrevocably appoints the Company and each of its directors and secretaries from time to time severally as its attorney under rule 13 to give effect to the buy back or transfer, including entering into a buy back agreement or share transfer documentation on the Participant's behalf.

(b) If the Board, in its discretion, so determines, the Company may instead of buying back the relevant Plan Shares direct that they be transferred to a person nominated by the Company. The transferee of the Plan Shares must pay consideration for the Plan Shares equal to the buy back price determined under rule 11.2 and is required to pay the consideration to the Company to discharge the Participant's Loan in the same way as a buy back would have done if conducted under this rule 11.

(c) These Rules do not constitute a buy back agreement in respect of Plan Shares.

## **12. Liquidity Event**

If a Liquidity Event occurs, or the Board determines such event is likely to occur:

(a) notwithstanding any other provision of these Rules, the Board may in its absolute discretion determine the manner in which any or all of the Participant's Plan Shares will be dealt with which may include, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Liquidity Event and/or the re-designation of any or all of the Participant's Plan Shares; and

(b) if required, the Participants must do and procure all things the Board considers necessary or appropriate to facilitate the variation of the rights of their Plan Shares such that, following such variation, they are ordinary shares in the capital of the Company.

## **13. Power of attorney**

### **13.1 Appointment**

Each Participant irrevocably appoints the Company as that Participant's attorney to do any one or more of the following things on behalf of that Participant and in the name of that Participant:

(a) to execute under hand or seal and (if appropriate) deliver, or otherwise effect the entry by that Participant into, any documents that the Board determines are necessary or desirable to give effect to, or evidence participation by that Participant under, the Share Plan (including under rule 11);

(b) to perform any act, matter of thing which, in the opinion of the Board, is contemplated by, incidental to or necessary or desirable to give effect to, or evidence participation by that Participant under, the Share Plan; and

(c) to appoint any one or more substitute attorneys to exercise any of the powers under rules 13.1(a) or 13.1(b) and to revoke any of those appointments.

## **13.2 Ratification**

- (a) Each Participant ratifies and confirms whatever the Company or any other attorney does in exercising powers under rule 13.1.
- (b) Each Participant declares that all acts, matters and things done by the Company or any other attorney in exercising powers under rule 13.1 will be as good and valid as if they had been done by that Participant.

## **13.3 Indemnity**

Each Participant indemnifies the Company and each other person who exercises powers under rule 13.1 against all liability and loss arising from and all costs incurred in connection with an exercise of powers under rule 13.1.

## **14. Employment rights**

### **14.1 Acknowledgment by Participant**

It is acknowledged and accepted by each Participant that:

- (a) neither these Rules nor any contract formed between the Company and that Participant under the Share Plan form part of any contract or terms and conditions of employment or appointment, or any arrangement in respect of any such employment or appointment, between an Eligible Participant and the Company, nor do they constitute a related condition or collateral arrangement to any such contract or arrangement;
- (b) participation in the Share Plan will not in any way affect the rights and obligations of an Eligible Participant under the terms under which he or she is employed or appointed; and
- (c) the terms of an Eligible Participant's employment or appointment with the Company will not in any way affect the rights and obligations of a Participant under this Share Plan.

### **14.2 No claims**

A Participant has no right to compensation or damages from the Company in respect of any loss of future rights under the Share Plan, as a consequence of termination of that Participant's employment or appointment for any reason.

### **14.3 No compensation for termination or suspension**

If the Board terminates or suspends the Share Plan, no compensation under any employment contract will be payable to any Eligible Participant.

### **14.4 No right to acquire Plan Shares**

Except as expressly provided in these Rules, participation under the Share Plan does not confer on any Eligible Participant any right to acquire Plan Shares.

### **14.5 Calculation of employee benefits**

The value of Plan Shares does not increase a Participant's income or remuneration for the purpose of calculating any employee benefits, including any payment in lieu of notice or redundancy or severance payments.

## **14.6 No right to future employment**

Participation under the Share Plan does not confer on a Participant any right to future employment and does not affect any rights which the Company may have to terminate the employment of a Participant.

## **15. Amendment to Rules**

### **15.1 Amendment**

Subject to Rules 15.2 and 15.3, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this rule 15).

### **15.2 Accrued rights**

No amendment of the provisions of these Rules may reduce the accrued rights of any Participant in respect of Plan Shares issued prior to the date of the amendment, other than:

- (a) an amendment introduced primarily:
  - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legal requirements governing or regulating the maintenance or operation of the Share Plan or like plans;
  - (ii) to correct any manifest error or mistake;
  - (iii) to enable contributions or other amounts paid by the Company in respect of the Share Plan to qualify for any tax concession available under the Tax Act;
  - (iv) to enable that Participant or the Company to qualify for a fringe benefits tax concession or exemption under the Fringe Benefits Tax Assessment Act 1986, or to qualify for a tax concession available under the Tax Act; or
  - (v) to enable the Company to comply with the Corporations Act or any other applicable laws; or
- (b) with the consent of Participants who between them hold not less than 75% of the total number of all Plan Shares before making the amendment.

### **15.3 Retrospectively**

Subject to the above provisions of this rule 15, any amendment made under rule 15.1 may be given such retrospective effect as is specified in the resolution by which the amendment is made and, if so stated, amendments to these Rules, including the terms applicable to Shares issued under this Share Plan, have the effect of automatically amending the terms of Shares issued and still subject to these Rules.

### **15.4 Eligible Participants outside Australia**

The Board may make any additions, variations or modifications to these Rules or other regulations, in relation to the implementation of the Share Plan and the specific application of these Rules, to Eligible Participants residing outside Australia, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to that Participant, the Company or the Share Plan.

## **16. No warranty**

### **16.1 Financial benefits**

The Company gives no warranty, representation or undertaking that participation in the Share Plan will result in any financial benefits for Eligible Participants.

### **16.2 Tax**

Neither the Company nor any adviser to the Company or the Board is liable for any tax which may become payable by a Participant and none of them represent or warrant that any person will gain any taxation advantage by participating in the Share Plan.

## **17. General**

### **17.1 Notices**

Any notice given under or in connection with these Rules (Notice):

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be addressed and delivered to the intended recipient by hand, by prepaid post, by fax or by email at the address, fax number or email address last notified by the intended recipient to the sender after the date of these Rules; and
- (c) is taken to be given and made:
  - (i) in the case of hand delivery, when delivered;
  - (ii) in the case of delivery by post, three Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country); and
  - (iii) in the case of a fax, on the day and at the time it is sent, provided that the sender's facsimile machine issues a report confirming the transmission of the number of pages in the Notice; and
  - (iv) in the case of an email, on the day and at the time that the recipient confirms the email is received.

This rule does not limit the way in which a notice can be deemed to be served under any applicable law.

### **17.2 Relationship between parties**

- (a) Nothing in these Rules:
  - (i) constitutes a partnership between the parties; or
  - (ii) except as expressly provided, makes a party an agent of another party for any purpose.
- (b) A party cannot in any way or for any purpose:

- (i) bind another party; or
- (ii) contract in the name of another party.
- (c) If a party must fulfil an obligation and that party is dependent on another party, then that other party must do each thing reasonably within its power to assist the other in the performance of that obligation.

### **17.3 Time for doing acts**

- (a) If the time for doing any act or thing required to be done or a notice period specified in these Rules expires on a day other than a Business Day, the time for doing that act or thing or the expiration of that notice period is extended until the following Business Day.
- (b) If any act or thing required to be done is done after 5.00 pm on the specified day, it is taken to have been done on the following Business Day.

### **17.4 Invalidity**

- (a) A word or provision must be read down if:
- (i) these Rules is void, voidable, or unenforceable if it is not read down;
  - (ii) these Rules will not be void, voidable or unenforceable if it is read down; and
  - (iii) the provision is capable of being read down.
- (b) A word or provision must be severed if:
- (i) despite the operation of rule 17.4(a), the provision is void, voidable or unenforceable if it is not severed; and
  - (ii) these Rules will be void, voidable or unenforceable if it is not severed.
- (c) The remainder of these Rules has full effect even if rules 17.4(b)(i) or (ii) applies.

### **17.5 Applicable laws**

Notwithstanding any provision of these Rules, Plan Shares may not be allocated, allotted, issued, acquired, held, transferred, delivered or otherwise dealt with if to do so would contravene the Corporations Act or any other applicable laws or cause a breach of or default under the Constitution.

### **17.6 Share Plan costs**

- (a) Unless otherwise determined by the Board, the Company must pay all costs relating to the establishment and operation of the Share Plan.
- (b) Each Participant must pay their own costs in connection with their participation under the Share Plan, including all costs to review the documents and information provided to that Participant in connection with the Share Plan and all taxes for which that Participant may be liable as a result of their participation under the Share Plan.

## **17.7 Connection with other plans**

Unless otherwise determined by the Board, participation under the Share Plan does not affect and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

## **17.8 Governing law and jurisdiction**

The laws applicable in New South Wales govern these Rules.

### **Schedule 1 – Loan terms**

#### **1. Principal**

The Company may advance to a Participant a loan to fund the amount to be paid by that Participant (if any) under rule 5.2(c) to acquire Plan Shares.

#### **2. Advance**

- (a) The Principal will be advanced to the relevant Participant on the date on which the Plan Shares are acquired by that Participant.
- (b) Each Participant irrevocably directs the Company to apply the Principal to satisfy the amount to be paid by that Participant (if any) under rule 5.2(c) to acquire the Plan Shares.

#### **3. Interest**

- (a) A Participant must pay interest on the outstanding amount of the Principal and any Capitalised Interest.
- (b) Subject to rule 5, interest must be paid by the last day of each Financial Year. Interest not paid by the last day of each Financial Year will be capitalised.
- (c) The rate of interest is the Interest Rate.
- (d) Interest will be calculated daily on a simple interest basis and on the basis of a 365 day year from the Advance Date until the Principal and any Capitalised Interest is repaid in full.

#### **4. Periodic payment and repayment**

- (a) A Participant must apply:
  - (i) the proceeds of any Disposal of their Plan Shares; and
  - (ii) that proportion of dividends (if any) paid on their Plan Shares as is determined by the Board,

to first pay interest accrued and payable under the Loan and then to repay Principal and Capitalised Interest.

- (b) Each Participant irrevocably directs the Company to apply:
  - (i) the proceeds of any Disposal of their Plan Shares; and

(ii) that proportion of dividends (if any) paid on their Plan Shares as is determined by the Board,

to first pay interest accrued and payable under the Loan and then to repay Principal and Capitalised Interest.

(c) Without limiting the Board's discretion in any way, the Board intends that all dividends (if any) paid on the Plan Shares will be applied to first pay interest accrued and payable under the Loan and then to repay Principal and Capitalised Interest.

## **5. Final payment and repayment**

A Participant must immediately repay in full all outstanding Principal and Capitalised Interest, and must immediately pay all interest accrued under the Loan, on the earlier of:

- (a) the cessation of your appointment as a director or employment for any reason (whether a Qualifying Leaver or Non-Qualifying Leaver), or that Participant giving or being given notice of termination of employment with the Company;
- (b) the occurrence of an Event of Default by that Participant; and
- (c) the last day of the Term.

## **6. Set-off**

To the extent permitted by law, each Participant irrevocably authorises the Company to set off against any amounts due and payable by that Participant to the Company under the Loan, any amounts due and payable by the Company to that Participant, including remuneration and other benefits due and payable to that Participant.

## **7. Pre-payment**

A Participant may at any time repay any part of the Principal or the Capitalised Interest and may at any time pay any interest accrued and payable under the Loan.

## **8. Limited recourse**

The Participant and the Company acknowledge that the Company's recourse against the Participant for repayment of all Principal and Capitalised Interest and interest accrued under **the Loan is limited to the Plan Shares held by the Participant.**

# Annexure B - Convertible Note Terms

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## 1. FORM OF NOTES

### 1.1 Form

The Notes are redeemable, convertible notes of the Company issued under the Trust Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the Transaction Documents and these Note Terms.

### 1.2 Face Value and Issue Price

- (a) The Notes are each issued fully paid with a face value of \$1.00 (**Face Value**).
- (b) Each Note will be issued by the Company at an issue price of \$1.00 (**Issue Price**). The Issue Price must be paid in full on application.

### 1.3 Currency

The Notes are denominated in Australian dollars.

### 1.4 CHES

For such time as the Notes are quoted on ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the CHES operated by ASX Settlement Pty Ltd or any other applicable securities trading and/or clearance system.

### 1.5 No certificates

No certificates will be issued to Noteholders unless the Company determines that certificates should be available or are required by any applicable law.

### 1.6 ASX quotation of Notes

The Company will seek quotation of the Notes in accordance with the ASX Listing Rules and the Corporations Act, subject to satisfaction of the minimum quotation conditions under the ASX Listing Rules. The Company must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed or Converted remain, quoted on ASX. If quotation of the Notes cannot be obtained, the Notes will remain unlisted.

### 1.7 No participation in the new issues

- (a) To the maximum extent permitted by the Corporations Act, the ASX Listing Rules and any other applicable laws, there will be no participation rights or entitlements inherent in the Notes and Noteholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Notes without converting the Notes into shares.
- (b) However, if at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

### 1.8 No other rights

The Notes confer no rights on a Noteholder:

- (a) to vote at any meeting of members of the Company; or
- (b) to otherwise participate in the profits or property of the Company, except as set out in these Note Terms or the Transaction Documents, or as required by law.



## 1.9 Entry in the Register

The Company must ensure that each Noteholder's details are entered in the Register.

## 2. INTEREST

### 2.1 Interest rate

Each Note bears interest on:

- (a) its Note Principal Amount from (and including) the Issue Date to (but excluding) its End Date at the Additional Interest Rate; and
- (b) its Notional Note Principal Amount from (and including) the Issue Date to (but excluding) its End Date at the Cash Interest Rate.

### 2.2 Accrual and calculation

Interest:

- (a) accrues daily and for the actual number of days elapsed; and
- (b) is calculated on the basis of a year of a 365 day year.

### 2.3 Payment

- (a) Subject to the balance of this section 2.3, Interest for the previous Interest Period is payable in arrears on each Interest Payment Date.
- (b) In respect of Interest payable on the First Interest Payment Date, Interest will accrue from the Issue Date until the First Interest Payment Date and will be payable in arrears on the First Interest Payment Date.
- (c) In respect of such part of the Interest that accrued on the Note Principal Amount of a Note during an Interest Period at the Additional Interest Rate (**Additional Interest Amount**), that Additional Interest Amount will be capitalised on the relevant Interest Payment Date and added as principal to the Note Principal Amount of that Note.
- (d) Subject to section 2.3(e), in respect of such part of the Interest that accrued on the Notional Note Principal Amount of a Note during an Interest Period at the Cash Interest Rate (**Cash Interest Amount**), the Cash Interest Amount will be paid by the Company in cash on the relevant Interest Payment Date.
- (e) If on any Interest Payment Date, pursuant to the terms of the Intercreditor Deed, the Company is not permitted to make payment (in whole or in part) contemplated in section 2.3(d):
  - (i) no Event of Default will occur as a result of such non-payment; and
  - (ii) any part of the Cash Interest Amount not paid will be capitalised on the relevant Interest Payment Date and added as principal to the Note Principal Amount and Notional Note Principal Amount of the relevant Note.
- (f) If any part of the Cash Interest Amount is capitalised as contemplated in section 2.3(e), the Company may, if permitted pursuant to the terms of the Intercreditor Deed, subsequently on an Interest Payment Date pay some or all of that Cash Interest Amount in cash, in which case the Notional Note Principal Amount and Note Principal Amount is reduced by an amount equal to the cash paid.

### 2.4 Adjustment

- (a) In respect of each Note, if on its End Date, no Event of Default set out in section 8.1(a) or section 8.1(b) is continuing, then on that End Date:

- (i) the Note Principal Amount of each Note will be deemed to be the Notional Note Principal Amount;
  - (ii) the Additional Interest Rate will be deemed to be 0.00%; and
  - (iii) the Company will not owe, and will not be required to pay, any Additional Interest Amount.
- (b) If an Event of Default set out in section 8.1(a) or section 8.1(b) occurs and is not waived or remedied within the prescribed remedy period, section 2.4(a) will not apply and the Note Principal Amount will not be adjusted.

## 2.5 Default interest

If an Event of Default set out in sections 8.1(c) to 8.1(i) occurs and is continuing, Interest accrues on the Note Principal Amount of each Note at a sum of the Interest Rate plus a default rate of 3.00% per annum while the relevant Event of Default continues. However, if at the same time an Event of Default in section 8.1(a) or section 8.1(b) is continuing and section 2.4(b) applies, the default rate will not be applicable.

## 3. CONVERSION

### 3.1 Conversion

- (a) Subject to sections 3.1(c) and 13, a Noteholder will be entitled to Convert all or some of the Notes held by that Noteholder by giving written notice to the Company (**Conversion Notice**):
  - (i) at any time during the Conversion Period;
  - (ii) in accordance with section 4.2(c); or
  - (iii) in accordance with section 5(a)(v)(A).
- (b) The Company will proceed to issue to the Noteholder that number of Shares as calculated in accordance with section 3.4, within 10 Business Days of receipt of a Conversion Notice, and will notify the Trustee accordingly.
- (c) In order to Convert any Notes into Shares, either:
  - (i) the Note Principal Amount of the Notes the subject of a Conversion Notice must be at least equal to \$2,000; or
  - (ii) the Noteholder must Convert the entire balance of their holding of Notes.
- (d) The issue of Shares on Conversion pursuant to this section 3 will be and will be deemed for all purposes to be in full satisfaction and discharge of the principal amount owing to the Noteholder pursuant to the Notes the subject of the Conversion Notice. However, the Conversion will in no way affect any liability of the Company for unpaid Interest accrued up to the Conversion Date which the Company will pay to the Noteholder in accordance with section 2.
- (e) The Company will apply for official quotation by ASX of all Shares issued upon the Conversion. Such application will be made as soon as reasonably practicable after Shares are issued.
- (f) Within 10 Business Days of the issue of Shares to a Noteholder upon the Conversion, the Company will deliver to the Noteholder a shareholding statement in respect of the Shares issued.

### 3.2 Conversion Notice

- (a) A Conversion Notice must:
- (i) be in writing (in such form as the Company may accept, acting reasonably, or as is required by the ASX Listing Rules);
  - (ii) specify the number of Notes to be Converted; and
  - (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once a Conversion Notice has been given:
- (i) the notice cannot be withdrawn without the written consent of the Company;
  - (ii) the Noteholder must not deal with, transfer, dispose of or otherwise encumber any Notes the subject of the Conversion Notice; and
  - (iii) the Noteholder must provide such evidence of title to the Notes the subject of the Conversion Notice as may be reasonably required by the Company and the Registrar.

### 3.3 Conversion Price

Subject to section 3.7, the **Conversion Price** of the Notes is the lower of:

- (a) \$0.515; and
- (b) a 15% discount to the 30-day VWAP of Shares (as traded on ASX) prior to the Conversion Date; and
- (c) a 15% discount to the price of any equity capital raising by the Company that occurred in the 30-day period prior to the Conversion Date,

subject to a minimum Conversion Price of \$0.25 (**Minimum Price**).

### 3.4 Conversion Rate

Subject to section 3.7, the number of Shares to which a Noteholder will be entitled on Conversion of each Note will be equal to the Note Principal Amount of the Note divided by the Conversion Price.

### 3.5 Ranking of Shares

Shares issued on Conversion of the Notes will:

- (a) be fully paid Shares;
- (b) in all respects rank equally with all other fully paid Shares on issue on the relevant Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Conversion Date but for which the record date was prior to the Conversion Date; and
- (c) be free of any encumbrances and freely tradable without any on-sale restrictions under the Corporations Act.

### 3.6 No Fractional Shares

No fractional Shares will be issued on Conversion of a Note. If the calculation under section 3.4 results in an entitlement to a number of Shares which includes a fraction of a Share, the number of Shares will be rounded up to the nearest whole number of Share.

### 3.7 Adjustments for reorganisation of capital

Subject to the ASX Listing Rules, if there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for Conversion of the Notes (being the Minimum Price) will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholders which are not conferred on the Shareholders of the Company (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for Conversion of the Notes will remain unchanged.

## 4. REDEMPTION

### 4.1 Scheduled redemption on Maturity Date

Subject to the Intercreditor Deed, each Note is Redeemable by the Company on the Maturity Date at its Note Principal Amount (together with any accrued Interest payable in accordance with section 2.3) unless:

- (a) the Note has been previously Converted;
- (b) the Note has been previously Redeemed in accordance with section 4.2 or 5; or
- (c) the Note has been purchased by the Company and cancelled in accordance with section 4.3.

### 4.2 Early Redemption by the Company

- (a) Subject to section 4.2(c), the Intercreditor Deed and compliance with any applicable law and the ASX Listing Rules, the Company may Redeem all (but not some) of the Notes in whole before their Maturity Date at their Note Principal Amount, together with any Interest accrued on those Notes up to (but excluding) the applicable Redemption Date, provided that the Company has given not less than 30 days' notice in writing to the Trustee, the Noteholders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the intention of the Company to Redeem the Notes (**Early Redemption Notice**).
- (b) Subject to section 4.2(c), if an Early Redemption Notice is given by the Company under section 4.2(a), the notice will be effective (and Redemption will occur) on the Redemption Date as specified by the Company in the Early Redemption Notice (which must be not less than 30 days after the date of the Early Redemption Notice).
- (c) If, no later than 5 Business Days prior to Redemption of the Notes taking place pursuant to an Early Redemption Notice, a Noteholder delivers a Conversion Notice for some or all of its Notes, the Conversion Notice will prevail for the Notes that are the subject of the Conversion Notice.

### 4.3 Purchase

Subject to compliance with any applicable law, requirement of ASX (and any stock exchange or other relevant authority on which the Notes are quoted) or the Senior Debt Obligations:

- (a) the Company and any of its Related Bodies Corporate (or any third party nominated by the Company) may, at any time, purchase Notes in the open market or otherwise and at any price;
- (b) if purchases are made by tender for the Notes by the Company or any of its Related Bodies Corporate, tenders must be available to all Noteholders alike; and
- (c) Notes purchased under this section 4.3 may be held, resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Company).

## 5. TAKEOVER, CHANGE IN CONTROL, OR SALE OF MAIN UNDERTAKING

- (a) Other than as contemplated by these Note Terms, if:
- (i) a takeover bid is made to acquire Shares and the offer under the takeover bid is, or becomes, unconditional and the bidder has acquired at any time a relevant interest in more than 50% of the Shares on issue;
  - (ii) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in more than 50% of the Shares on issue; or
  - (iii) there is a sale of the main undertaking of the Company that would require approval of the Shareholders in accordance with ASX Listing Rule 11.2,
- at any time after the issue of the Notes and prior to the issue of a Conversion Notice in respect of such Notes, then:
- (iv) the Company will give to each Noteholder written notice (**Sale Notice**) of the takeover bid, change of control or sale of main undertaking as soon as practicable and in any event not less than 20 Business Days prior to the relevant transaction occurring; and
  - (v) each Noteholder must within 10 Business Days after the Sale Notice is sent to Noteholders either:
    - (A) elect to Convert all the Notes held by that Noteholder to Shares in accordance with section 3 by providing the Company with a Conversion Notice; or
    - (B) subject to the Intercreditor Deed, require the Company to Redeem all the Notes held by that Noteholder at their Note Principal Amount, together with any Interest accrued on those Notes by giving written notice to the Company.
- (b) If a Noteholder does not comply with section 5(a)(v) within the time period specified in that section, then the Company will Redeem all the Notes held by that Noteholder at their Note Principal Amount (together with any accrued Interest payable in accordance with section 2.3).
- (c) In the event that the Company is required to Redeem all Notes held by a Noteholder under section 5(a)(v) or 5(b), the Notes will be Redeemed:
- (i) in the event of a takeover bid in accordance with section 5(a)(i), within 10 Business Days after the later of the close of the takeover offer and the date that the Company's Shareholders receive their consideration under the takeover bid;
  - (ii) in the event a court approves a proposed scheme of arrangement in accordance with section 5(a)(ii), within 10 Business Days after the transfer of the Shares to the new Shareholder; and
  - (iii) in the event of a sale of the main undertaking of the Company in accordance with section 5(a)(iii), within 10 Business Days after completion of the transfer of the main undertaking.

## **6. STATUS, SECURITY AND RANKING**

### **6.1 Status**

The Notes at all times constitute secured debt obligations of the Company.

### **6.2 Security**

- (a) The Notes are secured by the security interests granted by the Company and each of its wholly owned subsidiaries to the Trustee under the Transaction Security Interests.
- (b) The Trustee holds the rights under the Transaction Security Interest on trust for the benefit of the Trustee and each Noteholder in accordance with the terms of the Trust Deed and the Transaction Security Interests.
- (c) The Company will ensure that any wholly owned subsidiaries incorporated or acquired after the Issue Date grants a Transaction Security Interest to the Trustee over all of its assets and undertakings on substantially similar terms to the Transaction Security Interest executed by the Company (with such amendments as required by local law) within:
  - (i) in respect of any newly incorporated subsidiary, 45 days of incorporation; or
  - (ii) in respect of any acquired subsidiary, 120 days of the acquisition.

### **6.3 Ranking of Notes**

- (a) Each Note ranks for payment in a Winding Up of the Company:
  - (i) after all Senior Debt Obligations and any Permitted New Debt;
  - (ii) equally with each other Note;
  - (iii) ahead of all present and future unsubordinated and unsecured debt obligations of the Company (subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law); and
  - (iv) ahead of all Shares.
- (b) Without in any way limiting the Company's obligations to Redeem the Notes as set out in these Note Terms, in order to give effect to the ranking specified in section 6.3(a), in any Winding Up of the Company, the Noteholders agree that their claims are limited to the extent necessary to ensure that:
  - (i) all holders of Senior Debt Obligations of the Company receive payment in full before any payment is made to Noteholders; and
  - (ii) Noteholders of the Notes receive payments on a pro-rata basis.
- (c) Without in any way limiting the Company's obligations to Redeem the Notes as set out in these Note Terms, neither the Trustee nor any Noteholder has any right to prove in a Winding Up of the Company in respect of the Notes, except on the basis set out in sections 6.3(a) and 6.3(b).
- (d) Neither the Trustee nor any Noteholder may exercise voting rights as a creditor in respect of the Notes in a Winding Up of the Company to defeat the subordination in this section 6.3.
- (e) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

## 7. NEGATIVE COVENANTS

For so long as any of the Notes remain outstanding, the Company must not, without the approval of an Ordinary Resolution:

- (a) **(new debt)** incur any indebtedness, except:
- (i) pursuant to the Senior Debt Obligations;
  - (ii) as expressly permitted by the Senior Debt Obligations;
  - (iii) any indebtedness incurred or guaranteed after the Issue Date for the purpose of replacing, refinancing or extending the maturity of the Notes; or
  - (iv) any Permitted New Debt,
- which must not exceed \$75 million in aggregate and must be on terms that are at market levels for indebtedness of this nature;
- (b) **(Security Interests)** other than in the ordinary course of business:
- (i) create or permit to exist a Security Interest over any of its assets or attempt or agree to do so (including by entering into an indicative term sheet), except:
    - (A) Security Interests securing the Senior Debt Obligations;
    - (B) Security Interests expressly permitted by the Senior Debt Obligations;
    - (C) Security Interests securing any indebtedness incurred after the Issue Date for the purpose of replacing, refinancing or extending the maturity of the Notes; or
    - (D) Security Interests securing any Permitted New Debt; or
  - (ii) if the creation of a Security Interest cannot by law be restricted, create such a Security Interest over any of its assets without the holder of the Security Interest first entering into a deed of priority in form and substance acceptable to the Trustee;
- (c) **(dividends)** declare or pay any dividends to Shareholders unless:
- (i) such dividends are permitted under the Senior Debt Obligations; and
  - (ii) at the time such dividends are declared, all amounts of Interest that accrued on the Notes in relation to the Cash Interest Rate only (including any amount that capitalised in accordance with section 2.3(e)) have been paid or otherwise discharged in accordance with section 2.3(f); or
- (d) **(Capital Reduction)** unless permitted under the Senior Debt Obligations, other than in respect of the Notes, redeem, purchase, cancel, reduce, return capital on or otherwise acquire any Share or other securities issued by the Company for repayment or return of capital in a Winding Up (**Capital Reduction**):
- (i) such Capital Reduction is permitted under the Senior Debt Obligations; and
  - (ii) at the time such Capital Reduction occurs, all amounts of Interest that accrued on the Notes in relation to the Cash Interest Rate only (including any amount that capitalised in accordance with section 2.3(e)) have been paid or otherwise discharged in accordance with section 2.3(f).

## 8. EVENTS OF DEFAULT

### 8.1 Events of Default

An Event of Default occurs in relation to the Notes if:

- (a) **(insolvency)** an Insolvency Event occurs in respect of the Company;
- (b) **(cross default)**:
  - (i) any Senior Debt Obligation is not paid when due nor within any originally applicable grace period;
  - (ii) ANZ or the Refinancing Financier becomes entitled to declare any Senior Debt Obligation (as applicable) due and payable prior to its specified maturity as a result of an event of default or review event (however described);
  - (iii) any commitment for any Senior Debt Obligation is cancelled or suspended by ANZ or the Refinancing Financier (as applicable) as a result of an event of default or review event (however described); or
  - (iv) any Senior Debt Obligation is declared to be due and payable prior to its specified maturity as a result of an event of default (however described),  
and such default is not remedied within 15 Business Days;
- (c) **(non-payment)** the Company fails to pay any amount payable by it under these Note Terms, including if the Company fails to Redeem the Notes on the Maturity Date in accordance with section 4.1, and such default is not remedied within 15 Business Days;
- (d) **(breach of Negative Covenants)** the Company fails to comply with section 7 and such failure remains unremedied for a period of 15 Business Days;
- (e) **(breach of other obligations)** the Company fails to comply with any of its other material obligations under the Note Terms or the Transaction Documents and such failure remains unremedied for a period of 15 Business Days after the earlier of:
  - (i) the Company receiving written notice from the Trustee in respect of the failure to comply; and
  - (ii) the Company becoming aware of the failure to comply;
- (f) **(cessation of business)** the Company ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business;
- (g) **(unlawfulness)** at any time, it is unlawful for the Company to perform any of its payment obligations under the Notes;
- (h) **(vitiation)** all or any rights or obligations of the Company, Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect; or
- (i) **(ASX)** the Company is delisted from ASX.

### 8.2 Notification

- (a) If an Event of Default occurs, the Company must, promptly after becoming aware of it but in any event no later than 2 Business Days after the Event of Default occurs, notify the Trustee of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Noteholders and, if required, ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of the Event of Default.



- (b) The Trustee is taken not to have knowledge of the occurrence of an Event of Default unless the Trustee has received written notice from the Company or a Noteholder stating that an Event of Default has occurred and describing it.
- (c) Nothing contained in the Trust Deed imposes on the Trustee an obligation to inform any Noteholder of any breach by the Company of any provision of the Trust Deed.

### 8.3 Consequences of an Event of Default

- (a) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may:
  - (i) declare by notice to the Company (with a copy to the Noteholders and the Registrar) that all the Notes are to be Redeemed at their Note Principal Amount (together with any accrued Interest) immediately (but not earlier than 10 Business Days after the date the Trustee gives notice under this section 8.3(a)) or on such other date specified in that notice; or
  - (ii) subject to the terms of the Intercreditor Deed, take enforcement action against the Company in relation to the Event of Default in accordance with the Transaction Documents.
- (b) The Trustee will not be bound to take the action referred to in section 8.3(a) to enforce the obligations of the Company in respect of the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:
  - (i) it has been so directed by a Special Resolution of the Noteholders of the relevant Notes;
  - (ii) it is indemnified, to its satisfaction, against all costs, charges, liabilities and expenses which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;
  - (iii) it is first placed in funds sufficient to cover the costs that it may incur as a result of doing so; and
  - (iv) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

If the Trustee forms the view that such action is or could be inconsistent with these Note Terms, the Transaction Documents or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Special Resolution, and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Special Resolution.

### 8.4 No enforcement by Noteholders

Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Noteholder to enforce the obligations of the Company under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed. In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, no Noteholder may, with respect to payment of any amount due under the Notes held by it:

- (a) sue the Company;
- (b) obtain judgment against the Company; or
- (c) apply for or seek Winding Up of the Company.

## **9. REGISTRATION OF TRANSFERS**

### **9.1 Title**

Title to a Note passes when details of the transfer are entered in the Register.

### **9.2 Effect of entries in Register**

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Company to the Noteholder to pay principal, Interest and any other amount in accordance with these Note Terms; and
- (b) an entitlement to the other benefits given to Noteholders under these Note Terms and the Transaction Documents in respect of the Note.

For the avoidance of doubt, an entry in the Register does not make the Noteholder a member of the Company or confer rights on a Noteholder to attend or vote at meetings of members of the Company.

### **9.3 Register conclusive as to ownership**

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note, subject to correction for fraud or manifest error.

### **9.4 Non-recognition of interests**

Except as required by law, the Company, the Trustee and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This section 9.4 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

### **9.5 Joint holders**

Where two or more persons are entered in the Register as the joint holders of a Note, then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.

### **9.6 Transfers in whole**

The Notes may be transferred in whole but not in part.

### **9.7 Transfer**

A Noteholder may, subject to this section 9, transfer any Notes:

- (a) by a proper ASTC transfer according to the ASX Settlement Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Company must not charge any fee on the transfer of a Note.

### **9.8 Market obligations**

The Company must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Note.

## **9.9 Company must request holding lock or refuse to register transfer**

- (a) The Company must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Company to do so.
- (b) The Company must refuse to register any transfer of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Company to do so.
- (c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Noteholder of the Restricted Securities is not entitled to any Interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

## **9.10 Notice of holding lock and refusal to register transfer**

If, in the exercise of its rights under section 9.9, the Company requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within 5 Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Company.

## **9.11 Delivery of instrument**

If an instrument is used to transfer the Notes according to section 9.7, it must be delivered to the Registrar, together with such evidence (if any) as the Company and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

## **9.12 Transferor to remain Noteholder until registration**

A transferor of a Note remains the Noteholder in respect of that Note until the transfer is registered and the name of the transferee is entered in the Register.

## **9.13 Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Transaction Documents and the Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with section 9.2.

## **9.14 Estates**

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

## **9.15 Transfer of unidentified Notes**

Where the transferor executes a transfer of less than all the Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Note Principal Amount of all the Notes registered as having been transferred equals the aggregate of the Note Principal Amount of all the Notes expressed to be transferred in the transfer.

## **10. PAYMENTS**

### **10.1 Summary of payment provisions**

Payments in respect of the Notes will be made in accordance with this section 10.

### **10.2 Payments subject to law**

All payments are subject to applicable law, but without prejudice to the provisions of section 11.

### **10.3 Payments on Business Days**

If a payment:

- (a) is due on a Note on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and, in either case, the Noteholder is not entitled to any additional payment in respect of that delay.

### **10.4 Payments to accounts**

Moneys payable by the Company to a Noteholder may be paid in any manner the Company decides, including by direct credit into a nominated account of the Noteholder at an Australian branch of a financial institution.

### **10.5 Payments by cheque**

- (a) The Company may decide that payments in respect of the Notes will be made by cheque sent by prepaid post on the payment date to the Noteholder (or to the first named joint holder of the Notes) at its address appearing in the Register.
- (b) Cheques sent to the nominated address of a Noteholder will be at the risk of the registered Noteholder and will be taken to have been received by the Noteholder on the payment date and, no further amount will be payable by the Company in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

### **10.6 Unsuccessful attempts to pay**

Subject to applicable law and the ASX Listing Rules, where the Company:

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not nominated an account to which amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Company has cancelled such cheque,

then, in each case:

- (e) the amount will be taken to have been duly paid to the Noteholder and will not bear Interest; and
- (f) the amount will be held by the Company for the Noteholder in a non-interest bearing deposit with a bank selected by the Company until the Noteholder (or any legal

personal representative of the Noteholder) nominates an account for payment or otherwise claims the amount or the amount is paid by the Company according to the legislation relating to unclaimed moneys.

#### **10.7 Payment to joint Noteholders**

A payment to any one of the joint Noteholders of a Note will discharge the Company's liability in respect of the payment.

### **11. DEDUCTIONS**

#### **11.1 No set-off, counterclaim or deductions**

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction for or in respect of Taxes, unless such withholding or deduction is required by law.

#### **11.2 Withholding and other taxes**

- (a) The Company may withhold or deduct from any amount payable to a Noteholder in respect of the Notes an amount in respect of any Tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.
- (b) The Company must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring penalty under the applicable law) and must, if required by a Noteholder, deliver to that Noteholder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Company.
- (c) If an amount is deducted or withheld under section 11.2(a) from a payment to a Noteholder in respect of any Tax, the full amount payable to the Noteholder will be deemed to have been duly paid and satisfied by the Company, and the Company will have no obligation to pay any additional amount to the Noteholder on account of the deduction or withholding.

### **12. AMENDMENT OF THE NOTE TERMS**

#### **12.1 Amendment without the approval of the Noteholders**

At any time, and from time to time, the Note Terms may be modified, altered, cancelled, amended or added to (**Modified**), without the consent of the Noteholders, if such modification, alteration, cancellation, amendment or addition (**Modification**) is:

- (a) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
- (b) necessary to cure any ambiguity or correct or supplement any defective or inconsistent provision;
- (c) necessary or expedient for the purpose of listing the Notes on ASX or to comply with the applicable ASX Listing Rules or the listing or quotation requirements of any other any securities exchange on which the Company may propose to seek a listing of the Notes;
- (d) necessary or expedient for the purpose of enabling the Notes to be offered for issue or for sale under the laws for the time being in force in any place;
- (e) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority; or
- (f) necessary or advisable following the introduction of, or any amendment to, clarification of, or change (including any announced prospective change) in, any law or regulation of the Commonwealth of Australia or an announcement, action or decision or a proposal to introduce, amend, clarify or change any such law or regulation or any

official administrative pronouncement or action or judicial decision interpreting or applying any such law or regulation which is likely to cause the Notes to cease to be treated as debt for tax or accounting purposes; and

- (g) in respect of a Modification sought by a party in reliance on:
- (i) any one of sections 12.1(a) to 12.1(e) above: the Company and the Trustee have either jointly or separately obtained a legal opinion from legal advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Company and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Company and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
    - (A) a Modification within the scope of any one or more of sections 12.1(a) to 12.1(e); and
    - (B) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole); or
  - (ii) section 12.1(f) above: the Company and the Trustee have either jointly or separately obtained an opinion from an accountancy or taxation adviser of recognised standing in New South Wales, which opinion is in a form satisfactory to the Company and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Company and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
    - (A) a Modification within the scope of section 12.1(f); and
    - (B) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole).

## **12.2 Amendment with the approval of the Noteholders**

- (a) At any time, and from time to time, but subject to sections 12.2(b) and 12.2(c), the Note Terms may be Modified if such Modification is authorised by an Ordinary Resolution.
- (b) If the Trustee considers the Modification will materially and adversely affect the rights of Noteholders (taken as a whole), then the Modification must be authorised by a Special Resolution.
- (c) If a section in these Note Terms provides for Noteholders to give a direction to the Trustee by a Special Resolution, then that section may only be Modified if such Modification is authorised by a Special Resolution.

## **12.3 Amendment with the approval of the Noteholders but not the Trustee**

If a Modification to these Note Terms is proposed by the Company under section 12.2 and the Trustee will not consent to the Modification, the Note Terms may be Modified in the manner proposed by the Company if such Modification is authorised by a Special Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

## **13. CONVERSION TO VOTING SHARES PRECLUDED**

### **13.1 Breaches of law**

- (a) Despite any other term of the Trust Deed or these Note Terms, a Noteholder is not entitled to Convert (and the Company is entitled to refuse to Convert) such number of Notes that would result in:

- (i) a person acquiring voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision) where none of the items in section 611 of the Corporations Act apply;
  - (ii) a person acquiring Shares where a notification or consent being required to be sent to, or consent is required under, any legislation by which the Company and its Related Bodies Corporate are bound has not been obtained.
- (b) If a Noteholder delivers a Conversion Notice but, in accordance with section 13.1(a), is not entitled to Convert all of the Notes the subject of the Conversion Notice:
- (i) the Company will proceed to issue to the Noteholder the maximum number of Shares that it is permitted to issue, as calculated in accordance with section 3.4, within 10 Business Days of receipt of the Conversion Notice in accordance with 3.1(a), and will notify the Trustee accordingly; and
  - (ii) in respect of that number of Notes the subject of the Conversion Notice that the Noteholder is not entitled to Convert (**Unconverted Notes**), the Noteholder may, by giving written notice to the Company, elect to:
    - (A) subject to the Intercreditor Deed, require the Company to Redeem the Unconverted Notes at their Note Principal Amount, together with any Interest accrued on those Notes; or
    - (B) defer Conversion of the Unconverted Notes until such time as the Conversion would not result in a breach under section 13.1(a).

## 13.2 Statutory declaration

The Company may in its discretion require a Noteholder to provide a statutory declaration confirming that the circumstances referred to in section 13.1 do not exist in respect of any Conversion by that Noteholder.

## 14. INTERPRETATION AND DEFINITIONS

### 14.1 Interpretation

In these Note Terms, except where the context otherwise requires:

- (a) if there is inconsistency between the Note Terms and, the Trust Deed, then, to the maximum extent permitted by law, the Trust Deed will prevail;
- (b) a reference to a section is to a section of the Note Terms;
- (c) the Directors may exercise all powers of the Company under these Note Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by the Company in a general meeting;
- (d) if a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places;
- (e) calculations, elections and determinations made by the Company under these Note Terms are binding on Noteholders in the absence of manifest error;
- (f) if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (g) the singular word includes the plural, and vice versa;
- (h) a word which suggests one gender includes the other genders;
- (i) a reference to the place or venue of a meeting shall be taken to include any applicable electronic, online or virtual platform;

- (j) a reference to the signing or execution of any document includes signing or execution by electronic means;
- (k) a reference to a document being in writing includes being in electronic form;
- (l) if a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning;
- (m) if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing; and
- (n) a reference to “dollars”, or “\$” is to an amount in Australian currency; and
- (o) an Event of Default is continuing if it has not been remedied or waived.

## 14.2 Definitions

Terms defined in the Transaction Documents have the same meanings in these Note Terms. In addition, the following terms have the following meanings unless the contrary intention appears:

**Additional Interest Rate** means 6.00% per annum.

**ANZ** means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

**Applicable Regulations** means such provisions of the ASX Listing Rules, the ASX Settlement Operating Rules, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer of a Note.

**ASTC** means the ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the settlement rules of ASTC as amended or replaced from time to time.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**Business Day** means a day which is a business day within the meaning of the ASX Listing Rules.

**Cash Interest Rate** means 8.00% per annum.

**Company** means Mosaic Brands Limited (ABN 96 003 321 579).

**Constitution** means the constitution of the Company, as amended from time to time.

**Conversion** means the conversion of a Note in accordance with section 3 and the words **Convert** and **Converted** bear a corresponding meaning.

**Conversion Date** means the date (determined by the Company (in its absolute discretion) in accordance with the Note Terms) on which Shares will be issued to the Noteholder on Conversion of the Notes under section 3.

**Conversion Notice** has the meaning given in section 3.1.

**Conversion Period** means the period commencing on 30 September 2022 and ending on the Maturity Date.

**Conversion Price** has the meaning given in section 3.3.

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



**CS Facility** has the same meaning as 'prescribed CS Facility' in the Corporations Act.

**CS Facility Operator** means the operator of a CS Facility.

**Directors** means some or all of the directors of the Company acting as a board.

**Early Redemption Notice** has the meaning given in section 4.1(a).

**End Date** means, in respect of a Note, the earliest to occur of its Maturity Date, Conversion Date or Redemption Date.

**Event of Default** means the happening of any event set out in section 8.

**Existing Senior Debt Obligations** means all debt and other obligations owing by the Company and its subsidiaries to ANZ from time to time.

**Face Value** means the nominal principal amount of each Note, being \$1.00.

**First Interest Payment Date** means 31 December 2021.

**Government Agency** means a government, a government department or a governmental, semi-governmental, statutory, administrative, parliamentary, provincial, public, municipal, local, judicial or quasi-judicial body.

**Insolvency Event** occurs in relation to a body corporate if:

- (a) it is (or states that it is) insolvent (as defined in the Corporations Act);
- (b) it has a controller (as defined in the Corporations Act) appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver appointed to any part of its property;
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute, dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the creditors);
- (d) an Application or order has been made (and, in the case of an Application, it is not stayed, withdrawn or dismissed within 15 Business Days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above;
- (e) it is taken under section 459(F)(1) of the Corporations Act to have failed to comply with a statutory demand;
- (f) it is otherwise unable to pay its debts when they fall due; or
- (g) something having a substantially similar effect to (a) to (f) happens in connection with it under the law of any jurisdiction.

**Intercreditor Deed** means:

- (a) initially, the document to be entered into between ANZ, the Trustee, the Company and others regulating, among other things, the priority of the Transaction Security Interests and the Security Interests granted in favour of ANZ in respect of the Existing Senior Debt Obligations; and
- (b) in respect of any Refinancing Senior Debt Obligations, the document to be entered into between the Refinancing Financier, the Trustee, the Company and others among other things, the priority of the Transaction Security Interests and the Security Interests granted directly or indirectly in favour of Refinancing Financier in respect of the Refinancing Senior Debt Obligations.

**Interest** means the interest payable from time to time in respect of a Note, including interest payable under in section 2.

**Interest Payment Date** means, in respect of a Note:

- (a) 31 March, 30 June, 30 September and 31 December in each year commencing after the First Interest Payment Date until the earlier of the Conversion Date, the Maturity Date and the Redemption Date;
- (b) the Conversion Date (if the Company elects not to include the Interest accrued but unpaid on the Note in the Conversion Amount);
- (c) the Maturity Date; and
- (d) any Redemption Date.

**Interest Period** means, for a Note, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Issue Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date, Conversion Date or the Redemption Date.

**Interest Rate** means the aggregate of the Cash Interest Rate and the Additional Interest Rate.

**Issue Date** means, the date a Note is first issued under these Note Terms.

**Maturity Date** means, in respect of a Note, 30 September 2024.

**Meeting Provisions** means the rules relating to meetings of Noteholders contained in clause 20 to the Trust Deed.

**Note** means a redeemable, secured convertible note issued, or to be issued, by the Company on these Note Terms.

**Note Principal Amount** means, in respect of a Note, the Face Value for that Note plus all capitalised interest that has been added in accordance with section 2.3.

**Note Terms** means the terms and conditions of issue of the Notes.

**Noteholder** means, in respect of a Note, the person from time to time whose name is entered on the Register as the holder of that Note.

**Notional Note Principal Amount** means, in respect of a Note, the Face Value of that Note plus all Cash Interest Amounts that have capitalised and been added in accordance with section 2.3(e) but, for the avoidance of doubt, does not take into account any Additional Interest Amounts.

**Ordinary Resolution** means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
  - (i) by at least 50% of the persons voting on a show of hands (unless paragraph (ii) below applies); or
  - (ii) if a poll is duly demanded, then by a majority consisting of at least 50% of the votes cast; or
- (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 50% of the principal amount then outstanding of all of the Notes.

**Permitted New Debt** means indebtedness for moneys borrowed or raised pursuant to any financial accommodation not exceeding an aggregate amount of \$1,000,000.

**PPS Law** means the Personal Property Securities Act 2009 (Cth).

**PPS Security Interest** means a security interest as defined in the PPS Act.

**Redemption** means the redemption of a Note in accordance with section 4 and the words Redeem, Redeemable and Redeemed bear their corresponding meanings.

**Redemption Date** means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed.

**Refinancing Financier** means any third party financier that provides financing to the Company and its subsidiaries in order to refinance the Existing Senior Debt Obligations.

**Refinancing Senior Debt Obligations** means all debt and other obligations owing by the Company and its subsidiaries to the Refinancing Financier from time to time.

**Register** means the register of Noteholders and, where appropriate, the term Register includes:

- (a) a sub-register maintained by or for the Company under the Corporations Act, the Listing Rules or ASX Settlement Operating Rules; and
- (b) any branch register.

**Registrar** means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other person appointed by the Company (with such appointment notified to the Trustee) to maintain the Register.

**Restriction Agreement** means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or in voluntarily concluded between the Company and one or more Noteholders.

**Restricted Securities** has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between the Company and one or more Noteholders.

**Security Interest** means a charge, mortgage, pledge, lien or other security interest securing any obligation of any person or any other agreement, notice or arrangement having a similar effect. It includes any PPS Security Interest but does not include any of the foregoing which is an interest of the kind referred to in section 12(3) of the PPS Act.

**Senior Debt Obligations** means the Existing Senior Debt Obligations or the Refinancing Senior Debt Obligations as applicable.

**Shares** means an ordinary share in the capital of the Company.

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

**Special Resolution** means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
  - (i) by at least 75% of the persons voting on a show of hands (unless paragraph (b) below applies); or
  - (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 75% of the principal amount then outstanding of all of the Notes.

**Tax** means any tax, levy, impost, charge, rate, withholding or duty (including stamp and transaction duties) levied or imposed by any Government Agency together with any related interest, penalties, fines and expenses in connection with them. It includes GST.

**Transaction Documents** means:

- (a) the Trust Deed;
- (b) the Note Terms;
- (c) the Transaction Security Interest;
- (d) the Intercreditor Deed; and
- (e) any document or agreement entered into or given under (a) to (e) above.

**Transaction Security Interest** means each of:

- (a) the general security deed to be entered into between the Company, each of its wholly owned subsidiaries incorporated in Australia and the Trustee;
- (b) the general security deed to be entered into on or about the date of this document between the Company, Noni B Holdings NZ Limited and the Trustee; and
- (c) any other Security Interest granted to the Trustee in relation to the Secured Money.

**Trustee** means the person from time to time acting as the trustee of the trust constituted by the Trust Deed (acting in that capacity).

**Trust Deed** means the trust deed entitled 'Convertible Note Trust Deed' to be entered into between the Company and the Trustee.

**VWAP** has the meaning given to the term "volume weighted average market price" by chapter 19 of the ASX Listing Rules.

**Winding Up** means in respect of a person the appointment of a liquidator or provisional liquidator of that person (and where the appointment is made by a court, by a court of competent jurisdiction in Australia).