



DRAGONTAIL SYSTEMS LIMITED

ACN 614 800 136

NOTICE OF EXTRAORDINARY GENERAL MEETING

Date: 17 March 2021

Time: 3.00pm (WST)

Place: Level 9, 40 St Georges Terrace, Perth, Western Australia 6000

The Board has made the decision that it will hold a physical meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions for physical gatherings.

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be dispatching physical copies of this Notice of Meeting. For shareholders that the Company has email addresses on records, the Company will send a copy of this Notice and material relating to the Meeting or provide a link to where the Notice and other material can be viewed or downloaded by email. To the other Shareholders, the Company will send a letter or postcard setting out a URL for viewing or downloading the Notice and other material. If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

This document is important and should be read in its entirety.

If you are in any doubt about the contents of this document or as to what action you should take, you should seek advice from your licensed financial adviser, accountant, lawyer or other professional adviser.

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NOTE: Capitalised terms used in this document are defined in the Glossary (Section 3).

Key dates

Due date for lodgement of Proxy Forms	3.00pm (WST) on 15 March 2021
Record date	7:00pm (WST) on 15 March 2021
Extraordinary General Meeting	3.00pm (WST) on 17 March 2021

NOTE: The above timetable is indicative only. The Company may vary any of the above dates subject to the Corporations Act, the ASX Listing Rules and any other applicable law.

Important information

The Notice of Meeting is dated 11 February 2021.

A copy of this Notice of Meeting has been lodged with the ASX. The ASX does not take any responsibility for the contents of this Notice of Meeting.

This Notice of Meeting does not take into account the individual investment objectives, financial situation or particular needs of any person. Shareholders should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether or not to approve the Resolutions set out in the Notice of Meeting.

This Notice of Meeting is governed by the law in force in New South Wales, Australia.

Corporate directory

Directors

Mr Yehuda Shamai
Mr Ido Levanon
Mr Ron Zuckerman
Mr Adam Sierakowski
Mr Henry Shiner
Mr Jonathan Weber
Mr Jeffrey Wilbur

Company Secretary

Mr Stephen Hewitt-Dutton

Registered office

Level 24, 44 St George's Terrace
Perth WA 6000
Australia

Israel Office

2 David Ben Gurion St
BSR 1, Floor 8
Ramat Gan, Tel Aviv
5257334 Israel
Telephone: +972 3 794 3362

Website

www.dragontailsystems.com

Share registry

Advanced Share Registry Limited
110 Stirling Highway
Nedlands WA 6009
Australia
Telephone: +61 8 9389 8033

Enquiries

If you have any queries about the matters set out in this Notice of Meeting, please contact the Company on +61 8 6211 5099 from 9:00am to 5:00pm (Perth time) Monday to Friday.

1 Notice of Extraordinary General Meeting

Notice is hereby given that the Extraordinary General Meeting of the Ordinary Shareholders of Dragontail Systems Limited (ACN 614 800 136) (**Company** or **DTS**) will be held at Level 9, 40 St Georges Terrace, Perth, Western Australia 6000 on 17 March 2021 at 3.00pm (WST) for the purpose of transacting the business set out in this Notice of Meeting.

SPECIAL BUSINESS

1 Allotment of Preference Shares to Alceon

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Ordinary Shareholders of the Company approve the issue and allotment to Alceon Liquid Strategies Pty Ltd (ACN 156 017 659) in its capacity as trustee of the Alceon High Conviction Absolute Return Fund of 15,384,616 "Preference Shares" in aggregate for a total subscription price of A\$2,000,000, as defined and on the terms and conditions described in the Explanatory Notes."

By order of the Board

Mr Stephen Hewitt-Dutton
Company Secretary
11 February 2021

1.1 Voting exclusion statements

Agenda Item 1 – Allotment of Preference Shares to

The Company will disregard any votes cast in favour of the Agenda Item 1 Resolution (Allotment of Preference Shares to) by or on behalf of:

- (a) Alceon Liquid Strategies Pty Ltd (ACN 156 017 659) in its capacity as trustee of the Alceon High Conviction Absolute Return , or any person who will obtain a material benefit as a result of the proposed issue of Preference Shares referred to in the Agenda Item 1 Resolution (except a benefit solely by reason of being an Ordinary Shareholder); or
- (b) any associate of any of those persons.

However, this does not apply to a vote cast in favour of the Agenda Item 1 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; or
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson 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.

1.2 Chairperson's voting intentions

The Chairperson intends to vote undirected proxies on, and in favour of, all the proposed Resolutions. If there is a change to how the Chairperson intends to vote undirected proxies, the Company will make an announcement to the market.

1.3 Voting entitlement

Any person registered as an Ordinary Shareholder on the Register at 7:00pm (WST) on 15 March 2021 is entitled to attend and vote at the Meeting.

Registrable transmission applications or transfers registered after the time specified above will be disregarded in determining entitlements to vote at the Meeting.

In the case of Ordinary Shares held by joint holders, only one of the joint Ordinary Shareholders is entitled to vote. If more than one Ordinary Shareholder votes in respect of jointly held Shares, only the vote of the Ordinary Shareholder whose name appears first in the Register will be counted.

Each Ordinary Shareholder may vote by attending the Meeting in person or by proxy, attorney or, in the case of a corporation which is an Ordinary Shareholder, by corporate representative.

1.4 Voting in person

Any Ordinary Shareholder entitled to attend and vote at the Meeting who wishes to attend and vote at the Meeting in person will be admitted to the Meeting and given a voting card upon disclosure of their name and address at the point of entry to the Meeting.

1.5 **Voting by proxy**

Any Ordinary Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of the Ordinary Shareholder.

A proxy need not be an Ordinary Shareholder.

If an Ordinary Shareholder is entitled to cast 2 or more votes at the Meeting, that Ordinary Shareholder may appoint 2 proxies. Where 2 proxies are appointed, each proxy may be appointed to represent a specified proportion or number of the Ordinary Shareholder's voting rights. If the Ordinary Shareholder does not specify the proportion or number of the Ordinary Shareholder's voting rights that each proxy is to represent, each proxy will be entitled to exercise half the Ordinary Shareholder's votes.

A Proxy Form for the Meeting is enclosed. In order to be valid, a properly completed Proxy Form must be lodged in accordance with the instructions on the Proxy Form.

To be valid, your completed Proxy Form must be received by 3.00pm (WST) on 15 March 2021.

Please note that post only reaches the Company on Business Days in Sydney, Australia. A proxy will be admitted to the Meeting and given a voting card upon providing written evidence of their name and address at the point of entry to the Meeting. The return of a completed Proxy Form will not preclude an Ordinary Shareholder from attending in person and voting at the Meeting.

1.6 **Voting by attorney**

An attorney of any Shareholder entitled to attend and vote at the Meeting may attend the Meeting, and vote on that Shareholder's behalf.

If an Ordinary Shareholder wishes to vote by attorney at the Meeting, that Shareholder must, if not already done so, deliver the original or certified copy of the power of attorney by the methods specified in Section 1.5 so that it is received before the Meeting commences or, alternatively, ensure the power of attorney is brought to the Meeting and presented at the point of entry to the Meeting.

An Ordinary Shareholder's attorney will be admitted to the Meeting and given a voting card upon providing written evidence of their appointment, their name and address and the identity of their appointer (ie, the Ordinary Shareholder) at the point of entry to the General Meeting.

1.7 **Voting by corporate representative**

A corporation that is an Ordinary Shareholder must appoint a person to act as its representative to vote at the Meeting (if it does not wish to vote by proxy or attorney). The appointment must comply with the Corporations Act. An authorised corporate representative will be admitted to the Meeting and given a voting card upon providing written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer at the point of entry to the Meeting.

2 Explanatory Notes

These explanatory notes have been prepared for the information of Ordinary Shareholders in connection with the business to be transacted at the Meeting.

2.1 Background

On 28 May 2020 at an Extraordinary General Meeting of the Company, the Company approved the issue of convertible preference shares (**Preference Shares**) to 3 key cornerstone investors (**Capital Raising**) – being Eldridge Industries, LLC (**Eldridge**), Goudy Park Capital LP and Alceon Liquid Strategies Pty Ltd as trustee of the Alceon High Conviction Absolute Return Fund (**Alceon**) or their nominees.

The following table shows the allocation of Preference Shares to each of the investors and the total subscription price to be paid. The investment of Eldridge DTS Funding and Alceon was approved to take place in 2 separate tranches (**Tranches**) as follows:

Proposed allottee(s)	Maximum number of Preference Shares to be issued	Maximum to be raised, before expenses
Eldridge DTS Funding	Tranche 1: 40,384,616 Tranche 2: up to 40,384,616	Tranche 1: A\$5,250,000 Tranche 2: up to A\$5,250,000
GPC	Tranche 1 36,538,462 Tranche 2: Nil.	Tranche 1: A\$4,750,000 Tranche 2: Nil.
Alceon	Tranche 1: 15,384,616 Tranche 2: up to 15,384,616	Tranche 1: A\$2,000,000 Tranche 2: up to A\$2,000,000
Total	Up to 148,076,926	Up to A\$19,250,000

The Company issued the Tranche 1 Preference Shares set out in the table above on or about 16 June 2020. In addition, 40,384,616 Tranche 2 Preference Shares were issued to Eldridge DTS Funding on or about 9 February 2021. Under the Subscription Agreement, Alceon is entitled to, within 12 months from 21 March 2020, in their absolute discretion elect to subscribe for its respective number of Tranche 2 Preference Shares. The Company has received a subscription notice from Alceon advising that they wish to subscribe for their Tranche 2 Preference Shares. As the subscription of the Tranche 2 Preference Shares occurs more than 3 months after the date of the approval obtained at the general meeting held on 28 May 2020, the Company is seeking Shareholder approval prior to such allotment under ASX Listing Rule 7.1.

As at the date of this notice, Alceon holds 100% of the Tranche 1 Preference Shares issued to it.

The Company is seeking Ordinary Shareholder approval for the issue of 15,384,616 Tranche 2 Preference Shares to Alceon.

2.2 Agenda Item 1 – Issue of Tranche 2 Preference Shares to Alceon under the Capital Raising

Resolution 1 seeks the approval of Shareholders for the purposes of ASX Listing Rule 7.1.

If Resolution 1 is passed, then:

- (a) the Company intends to proceed with the issue of 15,384,616 Tranche 2 Preference Shares to Alceon;
- (b) 15,384,616 Tranche 2 Preference Shares will be allotted to Alceon in or about March 2021 and, in any event, no later than 3 months after the date of the Meeting; and
- (c) the allotment of Preference Shares to Alceon will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 1 is not passed, then the Company will not be able to proceed with the issue of the Tranche 2 Preference Shares to Alceon. The Company may explore alternative sources of funding whether from the Subscribers or otherwise.

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Agenda Item:

	Agenda Item 1
Names of the allottees or the basis on which allottees were determined:	Alceon
Maximum number of securities to be issued:	Tranche 2: 15,384,616 Preference Shares
Terms of issue of the securities:	As set out in the Annexure to this Notice of Meeting.
The date by which the entity will issue the securities:	It is anticipated that the Preference Shares will be issued in or about March 2021 and, in any event, no later than 3 months after the date of the Meeting.
Issue price of the securities:	Total subscription price of A\$2,000,000 (approximately A\$0.13 per Preference Share).
Intended use of the funds raised:	<p>The funds raised from the Capital Raising will be used for general corporate purposes.</p> <p>At this stage, assuming all Resolution is passed and the Capital Raising proceeds to completion, the Company intends to apply the funds raised from Alceon as follows:</p> <ul style="list-style-type: none"> • to continue to develop new products and support the planned expansion into the USA and other new markets, including building a dedicated sales and marketing infrastructure, as well as supporting ongoing growth in other markets; and • maintain current operations and pay expenses for ongoing activities (including expenses for the Capital Raising). <p>The current intentions set out above have been formed on the basis of facts and information concerning the Group and the general business environment which are known to the Company at the time of preparation of this Notice of Meeting. Final decisions on the application of funds raised will be made in light of all material facts and circumstances at the relevant time and may differ from the current intentions set out above.</p>
Material terms of agreement under which the securities are issued:	<p>Under the Subscription Agreement, the Company has given warranties to the Subscribers on certain matters (such as the Company's incorporation and standing, title to the Preference Shares and the Company's compliance with applicable laws) (Warranties).</p> <p>Completion of the issue of the Tranche 2 Preference Shares to Alceon is conditional on certain conditions, including the following: (i) the Resolution being passed; (ii) the Warranties being true and correct as at completion; and (iii) no event having arisen or become known which has had, or is reasonably likely to have, a "Material Adverse Effect" (which definition in the Subscription Agreement refers to situations where the Company and its subsidiaries (Group) cease to be or are determined to not be the legal beneficial owners of the Group's core technologies, where a third party registers intellectual property rights in respect of the</p>

	Group's core technologies or where a third party makes claims relating to the Group's core technologies).
Voting exclusion statement:	A voting exclusion statement is set out in Section 1.1.

The Company has determined that Ordinary Shareholder approval pursuant to section 611 item 7 of the Corporations Act is not required in relation to the participation by Alceon, in the Capital Raising as Alceon will have no more than 20% voting power in the Company immediately after their issue and allotment of Tranche 2 Preference Shares (and assuming the conversion of all the Preference Shares).

Directors' recommendation: The Board considers that it is in the best interests of the Company that it completes the issue of the Tranche 2 Preference Shares to Alceon as it will enable the Company to pursue its business plans and have sufficient working capital. The Board accordingly recommends that Ordinary Shareholders vote in favour of Resolution 1. Other than as Ordinary Shareholders, none of the Directors have an interest in the outcome of Resolution 1.

3 Glossary

In this Notice of Meeting, unless the context or subject matter otherwise requires:

Agenda Item	An agenda item set out in Section 1.
Alceon	Alceon Liquid Strategies Pty Ltd (ACN 156 017 659) in its capacity as trustee of the Alceon High Conviction Absolute Return Fund (ABN 70 299 388 630).
ASX	ASX Limited (ABN 98 008 624 691) or the stock exchange which it operates, as the context requires.
ASX Listing Rules	The official listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.
Board	The board of Directors.
Business Day	Has the meaning given to that term in the ASX Listing Rules.
Capital Raising	Has the meaning given to that term in Section 2.1.
Chairperson	The chairperson of the Board.
Company or DTS	Dragontail Systems Limited (ACN 614 800 136).
Company Secretary	The company secretary of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended or replaced from time to time.
Director	A director of the Company.
Eldridge	Eldridge Industries, LLC.
Eldridge DTS Funding	Eldridge DTS Funding, LLC.
GPC	Goudy Park Capital LPng, LLC.
Meeting	The general meeting of the Company to be held at the time and place specified in this Notice of Meeting.
Notice of Meeting	This document, comprising the notice of extraordinary general meeting, the explanatory notes and all appendices.
Ordinary Share	A fully paid ordinary share in the capital of the Company.
Ordinary Shareholder	A person who is registered in the Register as a holder of Ordinary Shares from time to time.
Preference Share	A fully paid convertible preference share in the capital of the Company, the terms of issue of which are set out in the Annexure of this Notice of Meeting.
Preference Shareholder	A person who is registered in the Register as a holder of Preference Shares from time to time.
Proxy Form	The proxy form accompanying this Notice of Meeting.
Register	The register of members of the Company.
Resolutions	The resolutions proposed at the Meeting, as set out in this Notice of Meeting.
Section	A section of this Notice of Meeting.

Subscribers	Eldridge DTS Funding, GPC and Alceon.
Subscription Agreement	The subscription agreement entered between the Company and the Subscribers in relation to the Capital Raising (as amended).
Sydney time	The time in Sydney, Australia.
Tranche 1 Preference Shares	In respect of a Subscriber, the Preference Shares set out under such Subscriber's name under the heading "Tranche 1" in Section 2.1.
Tranche 2 Preference Shares	In respect of a Subscriber, the Preference Shares set out under such Subscriber's name under the heading "Tranche 2" in Section 2.1.

Appendix – Terms of issue of Preference Shares

1 Interpretation

1.1 Definitions

Accounting Standards means:

- (a) the requirements of the Corporations Act about the preparation and contents of financial reports; and
- (b) the accounting standards and any authoritative interpretations issued by the Australian Accounting Standards Board.

Adjustment Event means, in relation to the Company, any of the following:

- (a) any rights issue, bonus issue or other issue of Ordinary Shares at a price lower than 90% of the VWAP during the VWAP Period, or any issue of options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares at a price lower than 90% of the VWAP during the VWAP Period;
- (b) any issue of Ordinary Shares by way of a capitalisation of profits or reserves;
- (c) any issue of Ordinary Shares in lieu of a cash dividend at a price exceeding the dividend amount payable in respect of Ordinary Shares;
- (d) any issue of Ordinary Shares pursuant to a non-cash dividend or distribution to Shareholders; or
- (e) any reconstruction or reorganisation (including any consolidation, division, reclassification, buy-back, reduction or return) of the Company's share capital,

but excludes:

- (f) Ordinary Shares issued on the Conversion of, or pursuant to a dividend or distribution on, CPS;
- (g) Shares, equity or convertible securities issued to the employees, consultants, officers or directors of the Company pursuant to a share purchase or option plan approved by the Board;
- (h) Ordinary Shares issuable upon the exercise or conversion of warrants or other convertible securities outstanding as of the Issue Date;
- (i) Shares issued in connection with any merger, acquisition, strategic transaction, licensing agreement, development agreement, equipment lease, debt financing or similar transaction approved by Eldridge (acting reasonably and without undue delay); or
- (j) Shares issued in connection with the settlement of any claim, action, suit, litigation or other proceeding approved by Eldridge (acting reasonably and without undue delay).

Affiliates means, in respect of a person (the **First Person**), any other person that directly or indirectly through one or more intermediaries:

- (a) Controls the First Person;
- (b) is Controlled by the First Person; or
- (c) is under common Control with the First Person.

ASIC means the Australian Securities and Investments Commission.

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

Board means the board of directors of the Company.

Business Day means day on which banks are open for business in Sydney.

Cleansing Notice has the meaning given in clause 4.4(a).

Company means Dragontail Systems Limited (ACN 614 800 136).

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

Control means, with respect to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of securities or partnership or other ownership interests, by agreement or otherwise, and includes the following:

- (a) direct or indirect ownership of more than 50% of the voting rights of such person; or
- (b) the right to appoint the majority of the members of the board of directors of such person (or similar governing body) or to manage on a discretionary basis the assets of such person,

and, for the avoidance of doubt, a trustee is deemed to Control a trust of which it is the trustee and a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this agreement, a fund or account advised or managed directly or indirectly by a person will also be deemed to be Controlled by such person. The terms **Controlling**, **Controlled by** and similar words shall be construed accordingly.

Conversion has the meaning given in clause 4.1, and **Convert** and **Converted** have corresponding meanings.

Conversion Date means 5 Business Days after the later of:

- (a) the date on which a Conversion Notice is given in accordance with clause 4.3; and
- (b) the date on which all necessary Regulatory Approvals (if any) for the relevant Conversion have been obtained,

or such other date as provided for in clause 4.4(c).

Conversion Notice means a notice in, or substantially in, the form set out in Annexure A to these Terms.

Conversion Ratio means the ratio of CPS to Ordinary Shares on Conversion as referred to in clause 4.1(a) and subject to any adjustments pursuant to clause 4.5.

Convertible Preference Share means a fully paid, cumulative convertible preference share in the capital of the Company having the terms set out in these Terms.

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

CPS has the meaning given in clause 2.1(a).

Deferred Amount has the meaning given in clause 3.6(a).

Deferred Amount Interest has the meaning given in clause 3.6(b).

Dividend has the meaning given in clause 3.1.

Dividend End Date has the meaning given in clause 3.5(a)(ii).

Dividend Payment Date has the meaning given in clause 3.5.

Eldridge means Eldridge DTS Funding, LLC.

Government Agency means any government or any governmental, semi governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

Holder means a person entered on the Register as the holder of one or more CPS.

Initial Eldridge Subscription means 40,384,616 CPS.

Insolvency Event means, in relation to a person, the occurrence of any one or more of the following events:

- (a) an application is made to a court for an order that the person be wound up, declared bankrupt or that a provisional liquidator or receiver or receiver and manager be appointed;
- (b) a liquidator or provisional liquidator is appointed;
- (c) an administrator or a Controller (as defined in the Corporations Act) is appointed to any of the person's assets;
- (d) the person enters into an arrangement or composition with one or more of its creditors, or an assignment for the benefit of one or more of its creditors;
- (e) the person proposes a winding-up or dissolution or reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors;
- (f) the person is insolvent as disclosed in its accounts, or otherwise states that it is insolvent, or it is presumed to be insolvent under law;
- (g) the person becomes an Insolvent under Administration (as defined in the Corporations Act) or action is taken which could result in that event;
- (h) the person is taken to have failed to comply with a statutory demand as a result of section 459F(1) of the Corporations Act;
- (i) a notice is issued under section 601AA or 601AB of the Corporations Act;
- (j) a writ of execution is levied against the person or a material part of its property;
- (k) the person ceases to carry on business or threatens to do so; or

- (l) anything occurs under the law of any jurisdiction which has a substantially similar effect to any of the above clauses of this definition.

Issue Date means, in relation to a CPS, the date of issue of such CPS.

Issue Price has the meaning given in clause 2.2.

Liquidation Event means any one of the following events:

- (a) any Insolvency Event in relation to the Company or any of its Subsidiaries; or
- (b) any person (either alone or together with one or more other persons):
 - (i) acquires all or a majority of the Ordinary Shares or otherwise acquires Control of the Company;
 - (ii) merges with the Company with the result that the Shareholders do not own the majority of the outstanding shares of the acquiring entity or surviving company;
 - (iii) acquires all or substantially all of the property or assets of the Group (other than transfers within the Group); or
 - (iv) acquires, or is granted an exclusive licence in respect of, all or substantially all of the intellectual property of the Group (other than transfers or licensing within the Group),

unless Holders holding at least 75% of the total number of CPS on issue waive such event.

Liquidation Sum means, in relation to a CPS, an amount equal to the greater of:

- (a) the Issue Price of such CPS plus any Deferred Amount and the related Deferred Amount Interest in respect of such CPS; and
- (b) the amount the Holder of such CPS would have received had the Holder Converted such CPS immediately prior to the winding-up of the Company.

Listing Rules means the listing rules of ASX as amended, varied or waived from time to time.

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

Record Date means, in relation to a Dividend, the date which is 10 Business Days before the Dividend Payment Date for that Dividend.

Redemption has the meaning given in clause 5.1, and **Redeem** and **Redeemed** have corresponding meanings.

Redemption Amount has the meaning given in clause 5.1.

Redemption Date means 5 Business Days after the later of:

- (a) the date on which a Redemption Notice is given in accordance with clause 5.2(a); and
- (b) the date on which all necessary Regulatory Approvals (if any) for the relevant Redemption have been obtained,

or such other date as provided for in clause 5.2(c).

Redemption Notice means a notice in, or substantially in, the form set out in Annexure B to these Terms.

Register means the register of CPS maintained by or on behalf of the Company.

Regulatory Approval means any Shareholder approval, the lodgement of any notification and/or the passing of a statutory waiting period under the Corporations Act, the Listing Rules or any other applicable law.

Security Interest means:

- (a) any third party rights or interests including a mortgage, bill of sale, charge, lien, pledge, trust, encumbrance, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements or any arrangement having a similar effect; and
- (b) means a security interest as defined in the *Personal Property Securities Act 2009* (Cth).

Share means a share in the capital of the Company (including an Ordinary Share and a CPS).

Shareholder means a holder of one or more Ordinary Shares.

Subsidiary means any subsidiary of the Company, as that term is defined in Part 1.2 Division 6 of the Corporations Act, and includes any entity Controlled by the Company.

Terms means these terms of issue of CPS.

Transfer Date means the date on which CPS are transferred as contemplated in a Transfer Notice.

Transfer Notice means a notice in, or substantially in, the form set out in Annexure C to these Terms.

VWAP means the average of the daily volume weighted average sale prices (such average being rounded to two decimal places) of Ordinary Shares sold on ASX during the relevant period but does not include any 'Crossing' transacted outside the 'Open Session State' or any 'Special Crossing' transacted at any time, each as defined in the market rules of ASX (as amended, varied or waived from time to time), or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means the 30-day period ending on the trading day immediately prior to the date on which the relevant Adjustment Event occurs.

1.2 Interpretation

In these Terms the following rules of interpretation apply unless the contrary intention appears:

- (a) a term or expression which is defined in the Corporations Act, but not defined in clause 1.1, has the meaning given to it in the Corporations Act;
- (b) headings are for convenience only and do not affect the interpretation of this agreement;
- (c) the singular includes the plural and vice versa;

- (d) words that are gender neutral or gender specific include each gender;
- (e) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (f) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (g) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to these Terms;
 - (vi) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a rule of an applicable financial market and is a reference to that law as amended, consolidated or replaced;
 - (vii) a monetary amount is in Australian dollars;
- (h) an agreement on the part of two or more persons binds them severally and jointly;
- (i) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (j) in determining the time of day, where relevant to these Terms, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under these Terms, the time of day in the place where the party required to perform an obligation is located; and
- (k) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of these Terms or any part of it.

2 Form and Issue Price

2.1 Form

- (a) Convertible Preference Shares are fully paid, cumulative convertible preference shares in the capital of the Company (**CPS**). They are issued, and may be Redeemed or Converted, according to these Terms.
- (b) CPS comprise a separate class of shares in the capital of the Company.

2.2 Issue Price

The issue price of each CPS is \$0.13 (**Issue Price**).

3 Dividends

3.1 Dividends

Subject to these Terms, each CPS entitles the Holder on a Record Date to receive on the relevant Dividend Payment Date a cash dividend (**Dividend**) calculated in accordance with the following formula:

Dividend	=	Dividend Rate x IP x N
		Y

where:

Dividend Rate means 8% per annum;

IP means Issue Price;

N means:

- (a) in respect of the first Dividend Payment Date, the number of days from (but excluding) the Issue Date until (and including) the first Dividend Payment Date; and
- (b) in respect of each subsequent Dividend Payment Date after the first Dividend Payment Date, the number of days from (but excluding) the preceding Dividend Payment Date until (and including) the relevant Dividend Payment Date; and

Y means:

- (a) in respect of a leap year, 366; and
- (b) in respect of any other year, 365.

3.2 Payment of a Dividend

- (a) A Dividend may only be paid on a Dividend Payment Date if:
 - (i) the directors of the Company declare a Dividend to be payable on such Dividend Payment Date; and
 - (ii) payment of the Dividend is permitted at law.
- (b) If all or part of a Dividend is not paid in cash on a Dividend Payment Date (including as contemplated in clause 3.2(a)), clause 3.6 will apply.

3.3 Record Date

A Dividend is only payable on a Dividend Payment Date to those persons registered as Holders on the Record Date for that Dividend.

3.4 Unfranked

Each Dividend will be paid to the Holder with no franking to the extent permitted by law.

3.5 Dividend Payment Dates

Subject to clauses 3.2 and 3.5, a Dividend will be payable on a CPS in arrears on the following dates (each a **Dividend Payment Date**):

- (a) each anniversary of the Issue Date until (but not including):
 - (i) the date on which such CPS is Redeemed or Converted; or
 - (ii) the fifth anniversary of the Issue Date (**Dividend End Date**),whichever occurs first; and
- (b) each date falling before the Dividend End Date which is:
 - (i) a Redemption Date; or
 - (ii) a Conversion Date.

3.6 Cumulative Dividends

- (a) If all or any part of a Dividend payable on a Dividend Payment Date is not paid on such Dividend Payment Date, the Company has a liability to the Holder from time to time of the relevant CPS in respect of that unpaid amount (**Deferred Amount**), and the Deferred Amount will either be deemed to be written off or it will be paid by the Company to the Holder from time to time of the relevant CPS in accordance with clause 3.6(c).
- (b) Interest will accrue at the rate of 8% per annum on the Deferred Amount for the period between the Issue Date and the Dividend End Date (**Deferred Amount Interest**). For the avoidance of any doubt, no interest will accrue on the Deferred Amount after the Dividend End Date, and the Deferred Amount Interest will either be deemed to be written off or it will be paid by the Company to the Holder from time to time of the relevant CPS in accordance with clause 3.6(c).
- (c) Any Deferred Amount and the related Deferred Amount Interest in respect of a CPS will:
 - (i) upon Conversion of the CPS in accordance with clause 4, cease to accrue and be deemed to be written off; or
 - (ii) upon Redemption of the CPS in accordance with clause 5, cease to accrue and form part of the Redemption Amount payable to the Holder of the CPS on the Redemption Date.
- (d) Without limiting any other part of these Terms, for so long as there is a Deferred Amount, the Company must not:
 - (i) declare or pay a dividend on any Shares or make any other distribution to members of the Company; or
 - (ii) buy back, redeem, reduce, cancel, acquire or purchase for any consideration any share capital of the Company (other than CPS in accordance with these Terms).

4 Conversion

4.1 Meaning of Conversion

- (a) Upon Conversion, and subject to clause 4.5, each CPS confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5.00pm on the Conversion Date, at which time:
 - (i) all other rights and restrictions conferred on such CPS under these Terms will no longer have any effect (except for any rights relating to a Dividend payable on or before the Conversion Date, which will subsist); and
 - (ii) such CPS will rank equally with all other Ordinary Shares then on issue.
- (b) The variation of the status of, and the rights attaching to, a CPS under clause 4.1(a) is, for the purposes of these Terms, a "Conversion". Conversion does not constitute redemption, cancellation or buy-back of a CPS or an issue, allotment or creation of a new share.
- (c) If the total number of Ordinary Shares arising from Conversion of a Holder's CPS includes a fraction, that fraction will be disregarded.

4.2 Conversion election

- (a) Subject to the provisions of this clause 4, each Holder may at its sole discretion and at any time Convert all CPS held by such Holder.
- (b) Where the Conversion of all CPS held by a Holder requires Regulatory Approval, then the Holder may Convert:
 - (i) during the period before the Regulatory Approval is obtained, the maximum number of CPS held by the Holder that may be lawfully Converted without obtaining the Regulatory Approval; and
 - (ii) during the period after the Regulatory Approval is obtained, all CPS held by the Holder.
- (c) Where the Conversion of CPS by a Holder requires any Regulatory Approval, if requested by the Holder, the Company must:
 - (i) use its best endeavours to obtain the Regulatory Approval as soon as practicable and in accordance with all applicable laws (including convening a meeting of Shareholders, preparing explanatory materials, obtaining any required expert reports and liaising with Government Agencies as required); and
 - (ii) consult with the Holder in relation to, and promptly notify the Holder of material developments in, the process for obtaining the Regulatory Approval (including giving the Holder a reasonable opportunity to review and comment on all relevant Shareholder materials and all relevant regulatory filings, applications or submissions, and taking into account any reasonable comments provided by or on behalf of the Holder).
- (d) For the avoidance of doubt, a Holder may make a request under clause 4.2(c) whether or not such Holder has elected to Convert CPS as contemplated by clause

4.2(b)(i), provided that such request is made no more than twice every calendar year and at intervals of no less than 6 months between such requests.

4.3 Conversion Notice

- (a) A Holder may Convert CPS under clause 4.2 by delivering a signed and completed Conversion Notice to the Company.
- (b) Where a Holder to whom CPS were transferred following the Issue Date gives a Conversion Notice to the Company, the giving of such Conversion Notice will constitute a representation and warranty by the relevant Holder to the Company that:
 - (i) it is a corporation or limited liability company validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of its jurisdiction of incorporation or organisation;
 - (ii) it has full power and capacity to enter into and perform its obligations under the Conversion Notice;
 - (iii) its execution, delivery and performance of the Conversion Notice does not violate its constitution or equivalent constituent documents or any applicable law;
 - (iv) no Insolvency Event has occurred in relation to it and there are no events which could reasonably be expected to result in an Insolvency Event;
 - (iii) it and its governing body have taken all necessary corporate or limited liability company action to authorise the signing and delivery of this agreement and the performance of its obligations under the Conversion Notice in accordance with its terms;
 - (v) the Conversion Notice constitutes valid and binding obligations of that Holder enforceable in accordance with the terms of the Conversion Notice;
 - (vi) in the case of a Holder in Australia, it is a "sophisticated investor" or a "professional investor" within the meaning of section 708(8) or 708(11) of the Corporations Act (respectively), and will provide written confirmation of such status to the Company's satisfaction upon request;
 - (vii) in the case of a Holder who is a "U.S. person" (as defined in the US Securities Act), it is an "accredited investor" as defined in Rule 501(a) of Regulation D of the US Securities Act; and
 - (viii) in the case of a Holder to whom neither clause 4.3(b)(vi) nor clause 4.3(b)(vii) applies, it may be issued Ordinary Shares by the Company without any prospectus or similar disclosure document being lodged or registered with any Government Agency in any jurisdiction.

4.4 Notice to ASX

- (a) Subject to clause 4.4(b), on each Conversion Date, the Company must provide to ASX a notice complying with sections 708A(5)(e) and 708A(6) of the Corporations Act (**Cleansing Notice**). The giving of a Cleansing Notice to ASX by the Company will constitute a representation and warranty by the Company to the relevant Holder that:

- (i) (**purpose**) the Ordinary Shares resulting from Conversion were not issued for the purpose of the Holder selling or transferring those Ordinary Shares or granting, issuing or transferring an interest in, or options over, them (even if they might otherwise be so dealt with by the Holder and the Company was aware of that possibility);
 - (ii) (**ASIC determination**) ASIC has not made a determination under section 708A(2) of the Corporations Act in respect of the Company or the Ordinary Shares;
 - (iii) (**quoted**) the Ordinary Shares resulting from Conversion were in a class of securities that have been quoted securities (as that term is defined in the Corporations Act) at all times in the 12 months before the Conversion Date;
 - (iv) (**trading**) trading in the Ordinary Shares on ASX was not suspended for more than a total of five days in the 12 months before the Conversion Date;
 - (v) (**exemptions**) no exemption under section 111AS or 111AT of the Corporations Act covered the Company or a person as a director or auditor of the Company at any time in the 12 months before the Conversion Date;
 - (vi) (**orders**) no order under section 340 or 341 of the Corporations Act covered the Company or a person as a director or auditor of the Company at any time in the 12 months before the Conversion Date;
 - (vii) (**Chapter 2M compliance**) as at the date of the Cleansing Notice, the Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company and section 674 of the Corporations Act; and
 - (viii) (**708A compliance**) the Cleansing Notice complies with sections 708(5)(e) and 708(6) of the Corporations Act.
- (b) If the Company is unable to give a Cleansing Notice to ASX in respect of a Conversion because it does not comply with the requirements of sections 708A(5)(e) and 708A(6) of the Corporations Act:
- (i) the Company must immediately notify the relevant Holder; and
 - (ii) the Company must, within 30 days of a request by the relevant Holder, lodge with ASIC a disclosure document (as defined in the Corporations Act) that satisfies the requirements of Part 6D.2 of the Corporations Act (**Cleansing Prospectus**) and that will, on and from the date on which such Cleansing Prospectus is so lodged (**Lodgement Date**), allow the Ordinary Shares arising from Conversion to be quoted on ASX and freely tradeable.
- (c) Where a Holder makes a request under clause 4.4(b)(ii), the Conversion Date will be deemed to be 5 Business Days after the later of:
- (i) the Lodgement Date; and
 - (ii) the date on which any necessary Regulatory Approvals for the relevant Conversion have been obtained.

4.5 Adjustment Events

- (a) If, at any time, an Adjustment Event occurs, the Conversion Ratio will be adjusted by applying the following formula:

$$\frac{RN}{RD}$$

where:

RN means the aggregate number of Ordinary Shares on issue immediately after the Adjustment Event; and

RD means the aggregate number of Ordinary Shares on issue immediately before the Adjustment Event.

- (b) Any adjustment made under clause 4.5 will constitute an alteration to these Terms and will be binding on all Holders and these Terms will be construed accordingly.

4.6 Quotation of Ordinary Shares

- (a) Each Ordinary Share arising from Conversion will rank *pari passu* with all other Ordinary Shares, except Ordinary Shares arising from Conversion will not be entitled to any dividend or distribution having a record date prior to the Conversion Date.
- (b) The Company must take all necessary steps and furnish all such applications, documents, information and undertakings as may be necessary in order to procure that Ordinary Shares arising from Conversion are quoted on ASX on the Conversion Date.

4.7 Statement of holdings

Statements of holdings for Ordinary Shares arising from Conversion will be dispatched by the Company by mail free of charge as soon as practicable (but, in any event, within 5 Business Days) after the relevant Conversion Date.

5 Redemption

5.1 Meaning of Redemption

Redemption, in respect of a CPS, means the CPS is redeemed, bought back or cancelled pursuant to a reduction of capital (or any combination of these) for a cash amount equal to the Issue Price of such CPS plus any Deferred Amount and the related Deferred Amount Interest in respect of such CPS (**Redemption Amount**).

5.2 Liquidation Event

- (a) If a Liquidation Event occurs or if a Liquidation Event is notified by the Company to a Holder, each Holder may, at its sole discretion, require the Company to Redeem each CPS held by such Holder for the Redemption Amount by delivering a Redemption Notice to the Company.
- (b) Where a Holder delivers a Redemption Notice under clause 5.2(a), the Company must Redeem all CPS held by such Holder on the Redemption Date.
- (c) Where the Redemption of CPS requires any Regulatory Approval, the Company must:

- (i) use its best endeavours to obtain the Regulatory Approval as soon as practicable and in accordance with all applicable laws (including convening a meeting of Shareholders, preparing explanatory materials, obtaining any required expert reports and liaising with Government Agencies as required); and
- (ii) consult with the Holder in relation to, and promptly notify the Holder of material developments in, the process for obtaining the Regulatory Approval (including giving the Holder a reasonable opportunity to review and comment on all relevant Shareholder materials and all relevant regulatory filings, applications or submissions, and taking into account any reasonable comments provided by or on behalf of the Holder).

For the avoidance of doubt, any failure by the Company to obtain any Regulatory Approval does not limit or derogate from the Company's obligation to Redeem the CPS under this clause 5.

5.3 Effect of Redemption

Upon payment of the Redemption Amount in respect of a CPS, all other rights conferred, or restrictions imposed, by such CPS under these Terms will no longer have effect.

5.4 Buy-back

If the Redemption of a CPS involves a buy-back of that CPS, the Holder of such CPS must accept the buy-back offer for that CPS and will be deemed to have sold that CPS to the Company on the Redemption Date. In respect of each CPS bought back, the Company must debit its share capital account for the Issue Price.

5.5 Voting

If, under applicable law, Holders are entitled to vote on a resolution to approve a Redemption, each Holder must vote in favour of that resolution.

5.6 Manner of Redemption

Where a CPS is Redeemed, the Company must effect the Redemption in the following order to the extent permissible at law:

- (a) buy back, with as much of the Issue Price of the CPS debited to the Company's share capital account as possible;
- (b) capital reduction or share cancellation, with as much of the Issue Price of the CPS debited to the Company's share capital account as possible;
- (c) redemption out of the proceeds of a new issue of Shares; and/or
- (d) redemption out of profits.

5.7 Notices

The Company must provide the Holder of each CPS that is Redeemed with the appropriate tax-related notices within the time prescribed by applicable tax law.

6 Title and transferability

6.1 Title

Title to a CPS (including the Deferred Amount and the Deferred Amount Interest in respect of that CPS) passes when details of the transfer are entered in the Register.

6.2 Register

- (a) The Company must ensure that the Register is maintained and that it records the names of Holders, the number of CPS and any additional information required by the Corporations Act or the Listing Rules.
- (b) Entries in the Register in relation to a CPS constitute conclusive evidence that the person so entered is the absolute owner of the CPS subject to correction for fraud or error.

6.3 Non-recognition of interests

- (a) Except as required by law and as provided in these Terms, the Company must treat the person whose name is entered in the Register as the holder of a CPS as the absolute owner of that CPS.
- (b) No notice of any trust, encumbrance or other interest in, or claim to, any CPS will be entered in the Register.
- (c) The Company is not required to take notice of any trust, encumbrance or other interest in, or claim to, any CPS, except as ordered by a court of competent jurisdiction or required by law, and no trust, encumbrance or other interest in, or claim to, any CPS will in any way affect any provision of these Terms (including any transfer of CPS permitted or contemplated by this clause 6). This clause 6.3(c) applies whether or not a payment has been made when scheduled on a CPS and despite any notice of ownership, trust or interest in the CPS.

6.4 Permitted Transfers

- (a) A Holder may, at its sole discretion, transfer CPS to:
 - (i) any of its Affiliates; or
 - (ii) another Holder or an Affiliate of a Holder,subject to the CPS having an aggregate Issue Price of at least \$2,000,000.
- (b) To effect a transfer of CPS, a Holder must deliver a signed and completed Transfer Notice to the Company at least 10 Business Days before the Transfer Date.
- (c) After a Holder gives a Transfer Notice in accordance with clause 6.4(b), such Holder may not Convert any CPS the subject of such Transfer Notice.
- (d) Promptly following receipt of duly executed instrument of transfer in respect of the transfer of CPS contemplated in a Transfer Notice, the Company must do all things necessary to reflect that the transferee named in such instrument of transfer became the Holder of such CPS on the date specified in such instrument of transfer, including by updating the Register, cancelling holding statements in the name of the Holder and issuing a holding statement in the name of the transferee.

7 Reserved matters

The consent of Holders holding no less than two-thirds of the then outstanding CPS shall be required for any action by the Company or any of its Subsidiaries, whether directly or indirectly or by amendment, merger, consolidation or otherwise, that would:

- (a) alter, change or repeal any of the Terms or rights, preferences or privileges of CPS;
- (b) decrease the number of CPS that the Company is permitted to have on issue;
- (c) issue or create (by reclassification or otherwise) any new class or series of share capital of the Company or securities which may be converted into any class or series of shares having any rights, preferences or privileges senior to, or of equal rank with, CPS;
- (d) reclassify, alter or amend any securities in the Company which on such reclassification, alteration or amendment will result in such securities having rights, preferences or privileges senior to, or of equal rank with, CPS;
- (e) result in the buy-back, redemption or cancellation of any Ordinary Shares;
- (f) amend any provision of the Constitution in a manner adverse to the Holders or that adversely affects the rights, preferences or privileges of CPS; or
- (g) result in the issue or creation of any debt security or Security Interest (other than any Security Interest arising out of standard trading terms in the ordinary and usual course of business with trade creditors), or result in the incurrence of indebtedness including contingent liabilities under guarantees or other indebtedness (other than trade creditors in the ordinary and usual course of business),

or agree to do any of the above, provided that such consent will only be required in respect of the matters referred to in clauses 7(e) or 7(g) for so long as Eldridge (together with its Affiliates) holds at least 25% of the Initial Eldridge Subscription.

8 Information and access rights

8.1 Information

The Company must provide each Holder with the information specified in column 1 below as soon as possible and in any event by the date specified in column 2 below:

Information	Due date
Annual financial statements comprising: 1 balance sheet; 2 statement of cash flows and statement of profit or loss and other comprehensive income, with a comparison between (a) the actual amounts as of and for such financial year and (b) the comparable amounts for the prior year and as included in the Budget (defined below), with an	Within three months of the end of the financial year to which such information relates

Information	Due date
<p>explanation of any material differences between such amounts and a schedule as to the sources and applications of funds for such year; and</p> <p>3 statement of changes in equity, <u>and audited</u> and certified by independent public accountants of nationally recognised standing selected by the Company.</p>	
<p>1 Unaudited quarterly financial statements comprising balance sheet, statement of cash flows, statement of profit or loss and other comprehensive income, and statement of equity, prepared in accordance with the Accounting Standards.</p> <p>2 Statement, certified by the chief financial officer or chief executive officer of the Company as being true, complete and correct, showing as at the end of such quarter:</p> <ul style="list-style-type: none"> - the number of issued Shares in each class; and - the number of issued convertible securities (including any options) and number of Shares issuable on conversion of such convertible securities, and applicable exchange ratio or exercise price, <p>in sufficient detail to enable the Subscribers to calculate their respective percentage holding of Shares assuming the Conversion of the CPS takes place at the end of such quarter.</p>	<p>Within 45 days of the end of the quarter to which such information relates</p>
<p>Unaudited monthly financial statements comprising statement of cash flows, statement of profit or loss and other comprehensive income, as of the end of such month, prepared in accordance with the Accounting Standards.</p>	<p>Within 30 days of the end of the month to which such information relates</p>
<p>Annual operating plan and budget (Budget) prepared on a monthly basis (including balance sheets, income statements and statements of cash flows for such months), and any other</p>	<p>No later than 30 days before the end of the preceding year</p>

Information	Due date
budgets or revised budgets, each as approved by the Board.	

The quarterly and monthly financial statements will each be accompanied by a certificate signed by the chief financial officer and chief executive officer of the Company, certifying that such financial statements fairly present the financial condition of the Company and its results of operation for the periods specified therein.

8.2 Access rights

The Company must procure that each Holder and its representatives has reasonable access to the premises, records and senior management personnel of the Group during normal business hours on business days (**Access Right**), provided that all of the following conditions are satisfied:

- (a) any Holder granted such access must comply, and must ensure that its representatives comply, with any reasonable directions given by the Company in relation to such access;
- (b) each Holder may exercise its Access Right no more than 5 times during each calendar year;
- (c) if a Holder wishes to exercise the Access Right to attend the Group's premises, it may nominate no more than 2 representatives to attend on its behalf;
- (d) each Holder must give the Company no less than 5 Business Days' prior written notice of each exercise of its Access Right;
- (e) the access granted following each exercise of an Access Right is for a duration of no more than 5 Business Days; and
- (f) all exercise of Access Rights is at the Holder's own cost.

9 General rights

9.1 Ranking with respect to dividends

In respect of payment of dividends, CPS rank:

- (a) equally among themselves; and
- (b) senior and in priority to Ordinary Shares and other instruments or securities or the Company that rank or are expressed to rank junior to CPS.

9.2 Ranking in a winding-up

- (a) In a winding-up of the Company, a CPS confers upon the Holder the right to payment in cash of the Liquidation Sum out of the surplus (if any) available for distribution to Shareholders.
- (b) CPS will rank for payment of the Liquidation Sum in a winding-up of the Company:
 - (i) equally among themselves;

- (ii) senior and in priority to Ordinary Shares and other instruments or securities or the Company that rank or are expressed to rank junior to CPS; and
 - (iii) junior to all other creditors.
- (c) For the avoidance of doubt, nothing in this clause 9.2 in any way, or to any extent, limits or derogates from the rights of Holders under clause 5.

9.3 Shortfall on winding-up

If, upon a return of capital on a winding-up of the Company, there are insufficient funds to pay in full the Liquidation Sum to the Holders, Holders will share in any distribution of assets of the Company in proportion to the amounts to which they are respectively entitled.

9.4 Meetings

A Holder will have the same rights as the holders of Ordinary Shares with respect to receiving notices of general meetings and financial reports, and attending and speaking at general meetings of the Company.

9.5 Voting

A CPS does not entitle its Holder to vote at any general meeting of the Company except in the following circumstances:

- (a) on any proposal:
 - (i) to reduce the share capital of the Company;
 - (ii) that affect rights attached to CPS;
 - (iii) to wind up the Company; or
 - (iv) for the disposal of the whole of the Company's property, business and undertaking;
- (b) on a resolution to approve the terms of a buy-back agreement;
- (c) on any matter during a period in which a Dividend (or part of a Dividend) is in arrears; or
- (d) on any matter during the winding-up of the Company.

9.6 Voting on a show of hands and on a poll

The voting power of a Holder in the circumstances described under clause 9.5 is to be equal to the maximum number of Ordinary Shares into which the CPS held by such Holder may Convert under these Terms and on such a resolution or proposal the Holder has:

- (a) on a show of hands, one vote; and
- (b) on a poll, one vote for each Ordinary Share into which the CPS held by such Holder may Convert under these Terms.

9.7 Not a "voting share"

Each Holder acknowledges and agrees that a CPS will not constitute a "voting share" for the purposes of the Corporations Act.

9.8 No security

CPS are unsecured.

10 Payments

- (a) Any Dividend or other money payable on or in respect of CPS must be paid:
 - (i) in Australian dollars; and
 - (ii) free of any set off, deduction or counter claim (except as required by law).
 - (b) Unless otherwise specified in these Terms:
 - (i) all calculations of amounts payable in respect of a CPS will be rounded to two decimal places; and
 - (ii) for the purposes of making payment to a Holder in respect of the Holder's aggregate holding of CPS, any fraction of a cent will be disregarded.
 - (c) If the date scheduled for any payment under these Terms is not a Business Day, then the payment will be made on the next Business Day.
 - (d) The Company may pay a Holder entitled to any Dividend or other amount payable in respect of a CPS by:
 - (i) crediting an account nominated in writing by the Holder; or
 - (ii) such other means as agreed with the Holder.
 - (e) If an account is not nominated by a Holder (pursuant to clause 10(d)(i)), and alternative means of payment are not agreed with such Holder (pursuant to clause 10(d)(ii)), the Company must hold the amount payable in a separate account of the Company until the Holder nominates an account, at which time the Company must effect an electronic transfer of the relevant amount to the nominated account.
-

11 Notices

11.1 Notices to Holder

In addition to any other mode of service permitted under the Constitution or the Corporations Act, all notices and other communications to a Holder must be in writing and sent by prepaid post (or, if to an overseas address, airmail) to or left at the address of the Holder (as shown in the Register).

11.2 Notices to the Company

All notices and other communications to the Company must be in writing and may be sent by prepaid post (or, if from an overseas address, airmail) to or left at the registered office of the Company.

11.3 Deemed receipt

- (a) If the notice is a notice of the Company's general meeting, then clause 19.1(b) to 19.1(e) of the Constitution applies as if set out in full except that each reference to "Constitution" is deemed to be a reference to these Terms.

- (b) If the notice is not a notice of the Company's general meeting, then subject to clause 11.3(c):
 - (i) if sent by post, notices or other communications are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia); and
 - (ii) if left at the address of the Holder or the registered office of the Company (as applicable), notices or other communications are taken to be received when they are so left.
- (c) If clause 11.3(b) applies and the notices or other communications are received after 5.00pm in the place of receipt or on a day that is not a business day in the place of receipt, they are taken to be received at 9.00am on the next business day in the place of receipt.

11.4 Copies of notices

If these Terms require a notice or other communication to be copied to another person, a failure to so deliver the copy will not invalidate the notice or other communication.

12 Amendments of Terms

These Terms may only be amended with the consent of Holders as required under clause 7.

13 Governing law

The CPS and these Terms are governed by and will be construed in accordance with the laws of New South Wales, Australia.

14 ASX and ASIC conditions

The Company must do all things necessary to satisfy any conditions imposed by ASIC or ASX in respect of the issue of CPS or these Terms.

Annexure A – Conversion Notice

To: Dragontail Systems Limited (**Company**)
Level 24, 44 St Georges Terrace
Perth WA 6000

**Conversion Notice
Convertible Preference Shares (CPS)**

We refer to the Subscription Agreement between the Company, Eldridge DTS Funding, LLC, Alceon Liquid Strategies Pty Ltd in its capacity as trustee of the Alceon High Conviction Absolute Return Fund and Goudy Park Capital LPng, LLC dated [**date**] (**Agreement**). Unless otherwise defined, capitalised terms in this notice have the meaning given to them in the CPS terms set out in Schedule 3 of the Agreement (**Terms**).

Pursuant to clause 4.3 of the Terms, we hereby give notice of the Conversion of [**number**] CPS in accordance with the Terms.

We agree to accept Shares issued on such Conversion on and subject to the provisions of the Company's Constitution. We authorise and request the Company to record our details in the register of members of the Company as the holder of the Ordinary Shares issued to us on such Conversion.

Executed for and on behalf of [**name of Holder**]

Name of authorised representative:
Date:

Annexure B – Redemption Notice

To: Dragontail Systems Limited (**Company**)
Level 24, 44 St Georges Terrace
Perth WA 6000

**Redemption Notice
Convertible Preference Shares (CPS)**

We refer to the Subscription Agreement between the Company, Eldridge DTS Funding, LLC, Alceon Liquid Strategies Pty Ltd in its capacity as trustee of the Alceon High Conviction Absolute Return Fund and Goudy Park Capital LPng, LLC dated [**date**] (**Agreement**). Unless otherwise defined, capitalised terms in this notice have the meaning given to them in the CPS terms set out in Schedule 3 of the Agreement (**Terms**).

Pursuant to clause 5.2(a) of the Terms, we hereby require the Company to Redeem all of our CPS in accordance with the Terms.

Executed for and on behalf of [***name of Holder***]

Name of authorised representative:
Date:

Annexure C – Transfer Notice

To: Dragontail Systems Limited (**Company**)
Level 24, 44 St Georges Terrace
Perth WA 6000

**Transfer Notice
Convertible Preference Shares (CPS)**

We refer to the Subscription Agreement between the Company, Eldridge DTS Funding, LLC, Alceon Liquid Strategies Pty Ltd in its capacity as trustee of the Alceon High Conviction Absolute Return Fund and Goudy Park Capital LPng, LLC dated [**date**] (**Agreement**). Unless otherwise defined, capitalised terms in this notice have the meaning given to them in the CPS terms set out in Schedule 3 of the Agreement (**Terms**).

Pursuant to clause 6.4(b) of the Terms, we hereby notify the Company that we intend to transfer [**number**] CPS to [**transferee**] on [**date**], subject to the Terms.

Executed for and on behalf of [**name of Holder**]

Name of authorised representative:
Date:

LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

2021 EXTRAORDINARY GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Dragontail Systems Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chairperson
of the Meeting

OR



PLEASE NOTE: If you leave the section blank, the Chairperson of the Meeting will be your proxy.

STEP 1

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are named, the Chairperson of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held at **Level 9, 40 St Georges Terrace, Perth, Western Australia 6000 on 17 March 2021 at 3.00pm (WST)** and at any adjournment or postponement of that Meeting.

CHAIRPERSON'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:

The Chairperson intends to vote undirected proxies in favour of the Resolution. In exceptional circumstances the Chairperson may change his/her voting intention on the Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING DIRECTIONS

Resolution

For Against Abstain*

1 Allotment of Preference Shares to Alceon

STEP 2



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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

STEP 3

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chairperson as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairperson, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIRPERSON OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chairperson of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PLEASE NOTE: If you appoint the Chairperson as your proxy (or if he is appointed by default) but do not direct him how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chairperson may vote as he sees fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 3.00pm (WST) on 15 March 2021, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033