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TERM SHEET – CONVERTIBLE LOAN AGREEMENT

[Full Names (and ACNs/ABNs) of Lead Investors]
as Lead Investors

[Full Names (and ACNs/ABNs) of Minority Investors]
as Minority Investors

and

[Company Name] Pty Ltd ACN [Company ACN]
as the Company

The following is a summary of the principal terms regarding the proposed convertible loan facility to be provided by the Investors in favour of the Company. Except for the terms labelled "Binding", the terms set out in this document do not constitute legally binding obligations upon the parties. Any other legally binding obligations will only be created following a definitive agreement executed by the parties.

MAJOR TERMS

Investors	[Full names (and ACNs/ABNs) of Lead Investors] as Lead Investors (**Lead Investors**); and [Full names (and ACNs/ABNs of Minority Investors] as Minority Investors (**Minority Investors**), (together the **Investors**)
Company	[Company Name] Pty Ltd ACN [Company ACN].
Principal	AUD$[insert loan amount].
Drawdown Date	The Principal must be advanced by the Investors to the Company on or prior to [insert drawdown date].
OPTIONAL: Interest	The Company must pay interest on any outstanding amounts at the Interest Rate on [insert interest payment date].
OPTIONAL: Interest Rate	[insert interest rate]% per annum.
Maturity Date	[insert maturity date].
Conversion	The Principal [plus all accrued Interest] will automatically convert into equity securities on the occurrence of one of the following events: • a stock equity investment from an investor or a group of investors of at least AUD$[X] prior to the Maturity Date (**Equity Financing**); or • sale or disposal of more than [50]% of all of the outstanding shares in the issued share capital of the Company to a third party buyer(s) for cash, securities, or both prior to the Maturity Date (**Trade Sale**)[OPTIONAL (FOR AUTOMATIC CONVERSION AT MATURITY):; • on the Maturity Date]. [OPTIONAL ALTERNATIVE (DISCRETIONARY CONVERSION AT MATURITY):The Investors may, at their discretion and with [X] business days written notice, convert the Principal [plus all accrued Interest] into equity securities on the Maturity Date. If the Investors do not exercise their discretion, the Company must repay the Principal [plus all accrued Interest] in full on the Maturity Date.]

	[OPTIONAL ALTERNATIVE (REPAYMENT AT MATURITY):If no Equity Financing or Trade Sale has occurred by the Maturity Date, the Company must prepay the Principal [plus all accrued Interest] in full on the Maturity Date.]
Conversion Price	• In respect of an Equity Financing means the lowest price per share the equity securities are issued at in the Equity Financing, multiplied by (1 – Discount Rate); • In respect of a Trade Sale means the lowest price per share calculated based on the offer price per share at which a Trade Sale is to be completed, multiplied by (1 – Discount Rate); and • On the Maturity Date means [insert].
Type of shares to be issued	• In respect of an Equity Financing, shares with identical rights as the shares issued in the Equity Financing; • In respect of a Trade Sale, ordinary shares; and • On the Maturity Date, [preference/ordinary] shares.
OPTIONAL: Discount Rate	In respect of Minority Investors: [insert minority investors' discount rate]% ; and In respect of Lead Investors: [insert lead investors' discount rate]%.
OPTIONAL: Valuation Cap	AUD$[insert valuation cap] pre-money valuation
Representations and Warranties	The Company will provide such representations and warranties as are reasonable for a transaction of this nature including, but not limited to: • due capacity; • enforceability; and • valid and binding obligations.
Events of Default	Events of Default will include events of default (including grace periods, where applicable) as are reasonable for transactions of this nature including, but not limited to: • non-compliance with obligations; and • insolvency event.
Expiration of Term Sheet	This Term Sheet shall automatically expire at 5pm AEST on [date] if the Company has not received a signed copy of this Term Sheet from the Investors.
Confidentiality	The contents of this Term Sheet are strictly confidential to the Company and the Investors. No party may disclose the contents to any third party unless required by law.

Governing Law	The Binding provisions of this term Sheet are governed by the laws of [insert relevant state] and each party submits to the exclusive jurisdiction of the courts of that jurisdiction.
Binding	Except for the sections on expiration of term sheet, confidentiality, governing law, binding and expenses, which are legally binding on the parties, the terms in this term Sheet express current intentions only, are not intended to be legally binding or to give rise to legal rights or obligations and are subject to the negotiation and execution of definitive transaction documents, including a convertible loan agreement.

MINOR TERMS

Documentation	Definitive agreements shall be drafted by counsel to the Investors and shall reflect the provisions set forth herein and other provisions typical to convertible loan facilities of this nature including, without limitation, gross up, set-off and assignment.
Legal Advice	Each party will seek its own legal advice.
Expenses	The Company shall pay the Investors' fees and expenses (including legal fees) in respect of the transaction.

EXECUTED AS AN AGREEMENT

BY THE COMPANY

Executed as an agreement in accordance with section 127 of the Corporations Act by **[Company Name] Pty Ltd ACN [#]**

Signature of [director / sole director & secretary – SELECT as applicable]	Signature of [director / secretary – DELETE IF SOLE DIRECTOR]
Name (PRINT)	Name (PRINT)
Date	[Date – DELETE IF SOLE DIRECTOR]

[**Note: appropriate execution clause to be inserted for each Investor**]

BY AN INDIVIDUAL/SOLE TRADER

Executed as an agreement by **[Individual's Name]** [trading as **[Business Name]] ABN [#]**

in the presence of:

Signature of witness	Signature
Name of witness (PRINT)	Date

BY A COMPANY

Executed as an agreement in accordance with section 127 of the Corporations Act by **[Company Name] Pty Ltd ACN [#]**

Signature of [director / sole director & secretary – SELECT as applicable]	Signature of [director / secretary – DELETE IF SOLE DIRECTOR]
Name (PRINT)	Name (PRINT)

Date	[Date – DELETE IF SOLE DIRECTOR]

BY INDIVIDUAL TRUSTEE ATF A TRUST

Executed as an agreement by **[Individual Name]** ATF the **[Trust Name] ABN [#]**

in the presence of:

Signature of witness	Signature
Name of witness (PRINT)	Date

BY CORPORATE TRUSTEE ATF A TRUST

Executed as an agreement in accordance with section 127 of the Corporations Act by **[Company Name] Pty Ltd (ACN #)** ATF the **[Trust Name] ABN [#]**

Signature of [director / sole director & secretary – SELECT as applicable]	Signature of [director / secretary – DELETE IF SOLE DIRECTOR]
Name (PRINT)	Name (PRINT)
Date	[Date – DELETE IF SOLE DIRECTOR]

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