

Appendix 3B

The following Appendix 3B sets out the preliminary number of shares, options and convertible notes which Allied Technologies Group Limited expects to issue under the proposed terms of the Scheme of Arrangement between Allied Technologies Group Limited ("ATZ") and LongReach Group Limited ("LRX") set out in the Explanatory Memorandum dated 4 September 2006. The final number of securities issued under the scheme will be announced on or about 22 November 2006.

Please note that quotation is not being sought for the Options.

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Allied Technologies Group Limited

ABN

57 010 597 672

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | a) Ordinary Shares
b) Options
c) Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum* number which may be issued | a) 58,372,623 ordinary shares
b) 1,150,139 options
c) 15,110,340 convertible notes

* The maximum number of securities issued will be adjusted for fractional entitlements being rounded up pursuant to the terms of the Explanatory Memorandum. |

3 Principal terms of the *securities (eg, if options, exercise price and expiry date; if partly paid *securities, the amount outstanding and due dates for payment; if *convertible securities, the conversion price and dates for conversion)	a) Ordinary Shares - Fully Paid b) Options – each option is convertible into 1 ATZ Option for every 3 LRX Options with a corresponding inverse proportional adjustment to the respective option prices. The exercise dates shall be as set out pursuant to clause 4.4 of Section 4 of the Explanatory Memorandum dated 4 September 2006. c) Convertible Notes – each note is convertible into Allied Shares at the rate of 36 cents per share. The revised conversion rate reflects the 1:3 exchange ratio basis of the Share Scheme Consideration pursuant to the Explanatory Memorandum dated 4 September 2006. The Convertible Notes (“Notes”) are convertible at any time up to 31 October 2008. Every two Notes converted prior to 30 April 2007, entitle the holder thereof to a bonus option convertible at a price of 36 cents per share up until 31 October 2008.
4 Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	a) Ordinary Shares – Yes b) Options – based on varying exercise prices and expiry dates as set out in the Explanatory Memorandum dated 4 September 2006 c) Convertible Notes - Yes
5 Issue price or consideration	Based on a 1:3 exchange ratio and, where appropriate, with a corresponding inverse proportional adjustment to the respective conversion and exercise prices.

+ See chapter 19 for defined terms.

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Ordinary Shares, Options and Convertible Notes are to be issued pursuant to the Scheme of Arrangement between ATZ and LRX as set out in the Explanatory Memorandum dated 4 September 2006.									
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	22 November 2006									
8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>Up to a maximum of 110,607,745 (subject to the maximum being adjusted for fractional entitlements being rounded up)</td><td>Ordinary Shares</td></tr><tr><td>Nil</td><td>Options</td></tr><tr><td>Up to a maximum of 15,110,340 (subject to the maximum being adjusted for fractional entitlements being rounded up)</td><td>Convertible Notes</td></tr></table>	Number	⁺ Class	Up to a maximum of 110,607,745 (subject to the maximum being adjusted for fractional entitlements being rounded up)	Ordinary Shares	Nil	Options	Up to a maximum of 15,110,340 (subject to the maximum being adjusted for fractional entitlements being rounded up)	Convertible Notes	
Number	⁺ Class										
Up to a maximum of 110,607,745 (subject to the maximum being adjusted for fractional entitlements being rounded up)	Ordinary Shares										
Nil	Options										
Up to a maximum of 15,110,340 (subject to the maximum being adjusted for fractional entitlements being rounded up)	Convertible Notes										
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>Up to a maximum of 3,964,689 (subject to the maximum being adjusted for fractional entitlements being rounded up)</td><td>Options</td></tr></table>	Number	⁺ Class	Up to a maximum of 3,964,689 (subject to the maximum being adjusted for fractional entitlements being rounded up)	Options					
Number	⁺ Class										
Up to a maximum of 3,964,689 (subject to the maximum being adjusted for fractional entitlements being rounded up)	Options										
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No change									

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A

+ See chapter 19 for defined terms.

26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do *security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do *security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	*Despatch date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1, except for the Options in respect of which quotation is not being sought.

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders.

Information to be provided as soon as available after the Record Date referred to in the Explanatory Memorandum dated 4 September 2006.

- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
- 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over

Information to be provided as soon as available after the Record Date referred to in the Explanatory Memorandum dated 4 September 2006

- 37 ☒ A copy of any trust deed for the additional ⁺securities

Copy of Convertible Note Trust Deed to be signed once the Court has approved the Scheme of Arrangements pursuant to the Explanatory Memorandum dated 4 September 2006.

Entities that have ticked box 34(b)

- 38 Number of securities for which ⁺quotation is sought

- 39 Class of ⁺securities for which quotation is sought

⁺ See chapter 19 for defined terms.

40	Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A					
42	Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="782 1041 1085 1086">Number</th> <th data-bbox="1085 1041 1372 1086">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="782 1086 1085 1270">N/A</td> <td data-bbox="1085 1086 1372 1270"></td> </tr> </tbody> </table>	Number	⁺ Class	N/A		
Number	⁺ Class						
N/A							

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

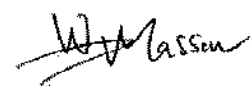
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Director/~~Company secretary~~)

Date: 8 November 2006

Print name:

William Masson

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+ See chapter 19 for defined terms.

Convertible Note Trust Deed

Between:

Allied Technologies Group Limited

(ACN 010 597 672)

and

Sandhurst Trustees Limited

(ACN 004 030 737)

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Convertible Note Trust Deed

Date

2006

BETWEEN: Allied Technologies Group Limited (ACN 010 597 672) of Level 8, 60 Pitt Street, Sydney NSW 2000 (*Issuer*)

AND Sandhurst Trustees Limited (ACN 004 030 737) of Suite 2, Level 4, 99 Elizabeth Street, Sydney NSW 2000 (*Trustee*).

Background

- A. The Issuer wishes to issue unsecured redeemable convertible notes under this Deed.
- B. The Trustee has agreed, on the terms and conditions contained in this Deed, to act as trustee of this Deed for the benefit of holders of the unsecured redeemable convertible notes created and issued under this Deed.

Operative Provisions

1. Definitions and interpretation

1.1 Definitions

In this Deed unless the context otherwise requires:

Aggregate Face Value means at any time the aggregate face value of all the Convertible Notes issued by the Issuer and which have not been redeemed, repaid, repurchased or otherwise cancelled;

ASIC means Australian Securities and Investments Commission;

ASTC Settlement Rules means the ASTC Settlement Rules of the ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532);

ASX means Australian Stock Exchange Limited;

Auditor means a person or firm qualified to act as an auditor under the Corporations Act and appointed for the time being to perform the duties of an auditor to the Issuer;

Board means the board of directors for the time being of the Issuer;

Business Day means a day which is a business day under the Listing Rules and on which banks are open for general banking business in Sydney, New South Wales;

Convertible Notes means unsecured redeemable convertible notes issued pursuant to this Deed, but excluding any such notes which at the relevant time have been redeemed, repaid, repurchased, converted or otherwise cancelled in accordance with this Deed and under the Terms;

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

Directors means the directors for the time being of the Issuer;

Event of Default has the meaning set out in **clause 9.1**;

Extraordinary Resolution has the meaning set out in **clause 20.2**;

Face Value means the face value of any Convertible Note issued by the Issuer and which has not been redeemed, repaid, repurchased or otherwise cancelled;

Group means the Issuer and all of its Subsidiaries;

Group Member means each of the Issuer and its Subsidiaries;

GST Law has the meaning given by the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

Insolvency Event means in relation to any member of the Group:

- (a) an order is made or an application is made for its winding up and that order or application is not withdrawn or set aside within 10 Business Days;
- (b) a liquidator or provisional liquidator is appointed to it or an application is made for the appointment of a liquidator or provisional liquidator to it and that application is not withdrawn or set aside within 10 Business Days;
- (c) an effective resolution is passed for its winding up;
- (d) it is placed under any formal insolvency administration or the administration of any external consultant at the direction of a creditor so as to render it subject to an informal insolvency administration;
- (e) a receiver, manager, receiver and manager or controller of its main undertaking, property or material asset is appointed;
- (f) it stops payment, or in the case of the Issuer only, the Issuer ceases to carry on its business;
- (g) it becomes insolvent or unable to pay its debts;
- (h) a compromise becomes effective in relation to its creditors or any class of its creditors or it proposes a moratorium involving its creditors or any class of its creditors; or
- (i) a controller (as defined in the Corporations Act) is appointed over its undertaking;

Interest has the meaning given in the Terms;

Listing Rules means the official listing rules of ASX for the time being, subject to any modification or waivers in their application which may be granted by ASX to the Issuer;

Majority of Noteholders means Noteholders holding Convertible Notes representing more than 50% in value of the Aggregate Face Value;

Moneys Owning means the Aggregate Face Value, any interest payable on the Convertible Notes and any other moneys payable to the Trustee or the Noteholders under or pursuant to this Deed and, in relation to a Noteholder, means that portion of those moneys which is owing to that Noteholder;

Noteholder means a person whose name is entered in the Register as holders of Convertible Notes;

Ordinary Resolution means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the provisions contained in **clause 19** and carried by a majority consisting of more than 50% of the persons voting at the meeting on a show of hands or if a poll is duly demanded, then by a majority consisting of the holders of Convertible Notes representing more than 50% in value of the Aggregate Face Value held by the holders of Convertible Notes who are present at the meeting in person, by attorney, by proxy or by representatives and voting on the resolution;

Potential Event of Default means any event or circumstance which with the giving of notice, lapse of time or fulfilment of any condition would become an Event of Default.

Principal Sum has the meaning given in the Terms.

Quarter has the meaning given in the Terms;

Quarterly Report means a report containing information prescribed by and prepared and authorised in accordance with section 283BF of the Corporations Act;

Register means the register of persons who hold Convertible Notes as described in **clause 18** and the Terms;

Registry means any entity appointed to maintain the Register on behalf of the Issuer, or the Issuer itself;

Secretary means the secretary for the time being of the Issuer;

Security Interest means an interest or power:

- (a) reserved in or over an interest in any asset including any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes any agreement to grant any of the above;

Subsidiary has the meaning set out in the Corporations Act;

Tax means all federal and state taxes from time to time including income tax (including any tax on gains arising from the disposal of assets), withholding tax, sales tax, value added or goods and services tax, fringe benefits tax, stamp duty, payroll tax, land tax, financial institutions duties, registration and other duties, bank accounts debits tax and other levies, imposts, deductions and charges together with interest on those amounts and penalties with respect to them and charges, fees or other amounts made on or in respect of them;

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

Terms means the terms and conditions of the Convertible Notes as set out in Schedule A as amended from time to time in accordance with this Deed;

1.2 Additional Definitions

Unless expressly defined in this Deed, the terms defined in the Terms have the same meaning in this Deed.

1.3 Headings

Headings in this Deed are for convenience only and do not affect its interpretation or construction.

1.4 Interpretation

In this Deed unless the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) each gender includes the other two genders;
- (c) the word "person" means a natural person and any association, body or entity whether incorporated or not;
- (d) the word "month" means each calendar month and the word "year" means 12 calendar months;
- (e) a reference to writing includes any communication sent by post or facsimile transmission;
- (f) where any word or phrase is defined, any other part of speech or other grammatical form of that word or phrase has a cognate meaning;
- (g) references to Clauses, Parts, Annexures or Schedules are references to clauses, parts, annexures and schedules of or to this Deed;
- (h) a reference to any statute, proclamation, rule, code, regulation or ordinance includes any amendment, consolidation, modification, re-enactment or reprint of it or any statute, proclamation, rule, code, regulation or ordinance replacing it;
- (i) a reference to any government department, instrumentality, authority, board, statutory body or agency of ASX includes any successor body;
- (j) all monetary amounts are in Australian currency;
- (k) a reference to time refers to time in Sydney, Australia;
- (l) "including" when introducing an example or list of things does not limit the example or the meaning of the words to which the list relates to that example or those words only or to examples and words of a similar kind only;
- (m) a reference to any thing is a reference to the whole and each part of it;
- (n) a reference to a group of persons is a reference to all of them collectively and to each of them individually; and

- (o) a reference to the "Corporations Act" means the Corporations Act as modified in its application to the Issuer, or the Trustee in accordance with Sections 283GA or 741 of the Corporations Act.

1.5 Corporations Act compliance

- (a) The Issuer and the Trustee covenant with each other and with each Noteholder, subject to the Corporations Act and to any declarations made and exemptions granted by ASIC at any time and which are continuing in force and applicable (**Relief**), in terms of and to comply with:
 - (i) Chapter 2L of the Corporations Act; and
 - (ii) any conditions of, and any covenants required to be contained in this Deed as a condition of, the Relief;
- (b) This **clause 1.5** prevails over all other provisions of this Deed (including any which purport to prevail).

1.6 Inconsistency with Listing Rules

This Deed is to be interpreted subject to the Listing Rules and the SCH business rules and the following clauses apply:

- (a) notwithstanding anything contained in this Deed, if the Listing Rules prohibit an act being done, the act shall not be done;
- (b) nothing contained in this Deed prevents an act being done that the Listing Rules require to be done;
- (c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (d) if the Listing Rules require this Deed to contain a provision and it does not contain such a provision, this Deed is deemed to contain that provision;
- (e) if the Listing Rules require this Deed not to contain a provision and it contains such a provision, this Deed is deemed not to contain that provision;
- (f) if any provision of this Deed is or becomes inconsistent with the Listing Rules, this Deed is deemed not to contain that provision to the extent of the inconsistency.

The obligations imposed by this clause are additional to those imposed by any other clause of this Deed.

1.7 Avoidance of Doubt

For the avoidance of doubt the Terms form part of this Deed. In the event of any inconsistency between the terms of this Deed and the Terms, this Deed will prevail.

2. Appointment of Trustee

2.1 Appointment

The Trustee is appointed as trustee for the Noteholders on the terms contained in this Deed. The Trustee accepts that appointment.

2.2 Benefit of Covenants

Without limiting any rights a Noteholder may have to take action against the Issuer, the Trustee holds the following in trust for the benefit of Noteholders:

- (a) the right to enforce the Issuer's duty to repay the Moneys Owing under the Convertible Notes; and
- (b) the right to enforce any other duties that the Issuer has under:
 - (i) the terms of the Convertible Notes; and
 - (ii) the provisions of this Deed or Chapter 2L of the Corporations Act.

3. Issue of Convertible Notes

3.1 Issue

- (a) The Issuer may issue Convertible Notes from time to time to such persons on such terms as the Issuer determines, provided that:
 - (i) the Issuer has complied with **clause 3.3**; and
 - (ii) the offer and issue of the Convertible Notes complies with the applicable requirements of the Corporations Act.
- (b) The Issuer must issue the Convertible Notes by registering or causing the Registry to register a person as the holder of Convertible Notes and by issuing a statement of Noteholding in favour of the Noteholder.

3.2 Terms

- (a) Each Convertible Note ranks equally and forms one series with all other Convertible Notes.
- (b) Each Note is held subject to and with the benefit of this Deed and the Terms.
- (c) The Terms are binding on the Issuer, the Trustee and the Noteholders and all persons claiming through or under them respectively.

3.3 Report to Trustee

Before issuing Convertible Notes the Issuer must inform the Trustee in writing of the Face Value of Convertible Notes it proposes to issue, the due date for repayment of those Convertible Notes, the rate of Interest payable on those Convertible Notes, the terms and conditions on which the Convertible Notes may be repaid at the option of the Issuer (if any), the terms and conditions upon which the Convertible Notes will convert to ordinary shares in the capital of the Issuer and any other material terms and conditions (the **Issue Report**).

4. Indebtedness of Issuer

4.1 Acknowledgement by Issuer

The Issuer acknowledges that it is indebted to the Trustee in respect of the Moneys Owning from time to time.

4.2 Repayment of Principal Moneys and Payment of Interest

The Issuer must pay to the Trustee's nominated bank account or such other account as agreed by the Trustee and the Issuer from time to time:

- (a) the Aggregate Face Value of the Convertible Notes as and when it is obliged to do so pursuant to the Terms; and
- (b) interest on the Convertible Notes as and when it is obliged to do so pursuant to the Terms until all Convertible Notes have been redeemed, converted or otherwise cancelled.

4.3 Payments to Noteholders

- (a) Despite **clause 4.2**, the Aggregate Face Value and Interest in respect of Convertible Notes must be paid by the Issuer to Noteholders unless and until the Trustee otherwise directs the Issuer.
- (b) Every payment to Noteholders under **clause 4.3(a)** satisfies the Issuers' obligations under **clause 4.2** to the extent of the relevant payment.

5. Commission and Brokerage

5.1 Commission and Brokerage

Subject to **clause 5.2**, the Issuer may pay a commission, procuration fee or brokerage (**Fee**) to any entity permitted from time to time under the Corporations Act for subscribing for, underwriting the subscription of or obtaining subscriptions for Convertible Notes.

5.2 Disclosure

The Issuer must disclose the Fee to the Noteholders and the Trustee.

6. Reports

6.1 Reports required by law

The Issuer must, within any relevant specified time limit, provide or cause to be provided to the Trustee and ASIC all accounts, reports and documents required by Sections 283BF, 313 and 318 of the Corporations Act.

6.2 Notification of Charges by Issuer

If the Issuer creates a charge over any of its assets the Issuer must:

- (a) give the Trustee a copy of the charge within 21 days after it is created; and
- (b) if the total amounts to be advanced on the security of the charge is indeterminate and the advances are not merged in a current account with

bankers, trade creditors or anyone else, give the Trustee written details of the amount of each advance within 7 days after it is made.

6.3 Exceptions to Reporting

The Issuer need not comply with **clauses 6.2** while:

- (a) it is under external administration; or
- (b) a receiver or a receiver and manager of property of the Issuer has been appointed and has not ceased to act under that appointment.

6.4 Additional information

Notwithstanding anything else in this **clause 6**, the Issuer must, if requested by the Trustee, provide such additional information to the Trustee that the Trustee may reasonably request from time to time.

7. Covenants

7.1 Issuer Covenants

The Issuer must:

- (a) carry on and conduct its business in a proper and efficient manner and procure that those other Group Members that carry on and conduct business that is material to the Group also do so in a proper and efficient manner;
- (b) make available to the Trustee, its officers, employees and advisers (including registered company auditor) authorised by the Trustee to carry out any inspection and any registered company auditor appointed by the Trustee the whole of its financial and other records and will give to them such information, explanations and other assistance that they require with respect to all matters relating to those financial and other records;
- (c) on any application delivered to the Issuer's registered office by Noteholders holding not less than 10% in nominal value of the issued Convertible Notes, by giving notice to each Noteholder at the Noteholders address specified in the Register and sending a copy of such notice to the Trustee, convene a meeting of Noteholders:
 - (i) to consider the financial statements that were laid before the last preceding annual general meeting of the Issuer, and
 - (ii) to give to the Trustee directions in relation to the exercise of the Trustee's powers,

such meeting to be held at a time during normal business hours and place specified in the notice under the chairmanship of a person nominated by the Trustee at the meeting or if the Trustee does not so nominate a person, another person appointed as chairman by the Noteholders present at the meeting;

- (d) while any Convertible Notes remain outstanding, procure its Directors to notify the Trustee immediately they are aware that any provision of this Deed (including the Terms) cannot be fulfilled;

- (e) provide a copy of this Deed to the Trustee or any Noteholder upon written request within 21 days (or any longer period which ASIC may approve) at the cost of the Issuer;
- (f) keep proper books of account and enter in those books of account full particulars of all dealings and transactions in relation to its business;
- (g) at all times comply with and observe the provisions of this Deed (including the Convertible Notes and Terms) on its part to be observed and performed;
- (h) do everything reasonably necessary (including, but not limited to, the execution of documents) to enable the full benefit of this Deed, the Convertible Notes and the Terms to be enjoyed by the persons contemplated by this Deed;
- (i) give to the Trustee, promptly, any information which it may reasonably require for the purpose of this Deed;
- (j) comply with all legal requirements including, without limitation, those relating to the filing of reports and statements, the registration of Security Interests and the keeping open of Registers for inspection;
- (k) pay all rents, rates, taxes, duties, assessments, liabilities, outgoings or other financial imposts assessed or levied against the Issuer on or before the due date for payment unless the legal advisers of the Issuer certify to the Trustee that the Issuer has reasonable grounds for disputing in good faith that such assessment or levy is due and payable;
- (l) maintain with a reputable insurer such insurances as would be effected by a prudent company engaged in a similar business;
- (m) not do or permit to be done any act or thing which may prejudice any insurance referred to in **clause 7.1(l)**;
- (n) not, without an Ordinary Resolution of Noteholders, create any Security Interest over its assets or the assets of any Group Member, ranking in priority to the interests of the Noteholders other than in favour of:
 - (i) the Group's bankers;
 - (ii) providers to the Group of lease finance for the purposes of the Group's business; or
 - (iii) the vendors to the Issuer (or any member of the Group) of any business, company or other business entity as security for deferred consideration payable to such vendors;
- (o) comply with its obligations under any Security Interests over its assets;
- (p) if the Issuer grants any new Security Interests over its assets provide the Trustee with written details of the charge within 21 days after it is created;
- (q) at the same time it (or any third party on its behalf) sends any reports, accounts, notices and circulars to any of its members, the Noteholders, ASIC or ASX, send a copy of those reports, accounts, notices and circulars to the Trustee;

- (r) promptly give the Trustee notice of any appointment, retirement, resignation or removal of an Auditor and notice of any change in the director or officers of the Issuer;
- (s) give the Trustee prompt notice of any meeting of the Board where the Board intends to consider a resolution that a liquidator, administrator or other form of external controller is appointed to the Issuer in accordance with the Corporations Act;
- (t) if either or both of the Issuer and the Trustee have a recurring obligation to provide to a Commissioner of State Revenue or other relevant authority information on the basis of which any Taxes will be payable in any State or Territory or other place;
 - (i) provide the Trustee with the information required by the Trustee to properly complete any return required to be lodged under the provisions of the relevant Tax legislation; or
 - (ii) otherwise place the Trustee in a position to comply with its obligations in respect of any undertaking given by the Trustee under the Tax legislation;
- (u) promptly give the Trustee notice of the occurrence of any Event of Default or Potential Event of Default and any other information necessary to enable the Trustee to exercise any of its powers under **clause 9.2**.

8. Evidence of Convertible Notes

8.1 Statement of Noteholding

The Issuer must issue or cause to be issued to each person who is registered as a Noteholder, a statement of Noteholding as soon as practicable after acceptance of an application for Convertible Notes and in any event within 60 days from the date when the cleared funds representing the Face Value of a Note are received by the Issuer.

8.2 Acknowledgement

Each statement of Noteholding constitutes acknowledgement of:

- (a) receipt from the person specified in the statement of Noteholding by the Issuer, and
- (b) indebtedness of the Issuer to the Noteholder,

in the amount of the moneys subscribed by the Noteholder for the Convertible Notes specified in the statement of Noteholding which are recorded in the Register established pursuant to this Deed.

8.3 Evidence of Convertible Notes

Subject to the requirements of the Corporations Act, statements of Noteholding or other evidence of title to the Convertible Notes must be issued in the form prescribed from time to time by the Directors.

8.4 Validity of Convertible Notes issued

Despite any breach or non-compliance by the Issuer with any of the provisions of this Deed all Convertible Notes in respect of which a statement of Noteholding has been issued under **clause 8.1** as between:

- (a) the relevant Noteholder and the Issuer;
- (b) the relevant Noteholder and the Trustee;
- (c) the relevant Noteholder and any liquidator of the Issuer;
- (d) the relevant Noteholder and all other Noteholders; and
- (e) the Trustee and the Issuer,

are taken to have been validly issued under this Deed.

9. Default

9.1 Events of Default

Each of the following events is an Event of Default:

- (a) the Issuer fails to duly and punctually pay any interest owing on any Convertible Note or defaults in the repayment of any part of the Face Value in respect of any Convertible Note and the failure continues unremedied by the Issuer for a period of 14 days. Following the expiry of the said 14 day period time shall be of the essence with respect to this obligation;
- (b) an Insolvency Event occurs with respect to the Issuer, or with respect to any Group Member where such Insolvency Event of the other Group Member has a material adverse effect on the Issuer. For the avoidance of any doubt, and recognising the continuously changing nature of the Group, it shall not be an Event of Default for any Group Member to cease trading, be liquidated, dispose of all or part of its assets, or suffer any other Insolvency Event or other event, where such event would not have a material adverse effect on the Issuer;
- (c) the Issuer makes default in the performance or observance of any applicable law or a material covenant, condition or agreement binding upon it under this Deed or the Terms or with respect to any other Group Member where such default of the other Group Member has a material adverse effect on the Issuer and that default is not remedied to the satisfaction of the Trustee, not to be unreasonably withheld, or waived by the Trustee in writing within 14 days after receipt of notice from any Noteholder or the Trustee specifying and requiring the Issuer to remedy that default; or
- (d) the Issuer ceases to carry on business.

9.2 Action upon Event of Default

- (a) Upon the occurrence of an Event of Default, the Trustee may, by written notice to the Issuer (**Default Redemption Offer**), require the Issuer to offer to redeem all Convertible Notes at which time all Moneys Outstanding become immediately due and payable. Unless within 14 days of the date of a Default

Redemption Offer a Noteholder by writing to the Trustee elects to continue to hold the Notes, the Noteholder will be deemed to have accepted the Default Redemption Offer and the Issuer will notify the Noteholder of the redemption and must redeem the relevant Notes within 30 days of the date of the Default Redemption Offer.

- (b) At any time after the occurrence of an Event of Default the Trustee may at its discretion and without further notice institute such proceedings as it may think fit to recover the Moneys Owing.
- (c) Nothing in this **clause 9.2** prevents the Trustee bringing proceedings to recover Moneys Owing to it other than in its capacity as a Noteholder or acting on behalf of Noteholders.

9.3 **Reliance on Issuer notifying default**

The Trustee is entitled to assume that no Event of Default has occurred unless it has been notified in writing of the occurrence of an Event of Default (other than an Event of Default which has been remedied or waived in accordance with this Deed) by the Issuer.

9.4 **Proof on Winding Up**

Should the Trustee in accordance with this Deed or the Terms take any proceedings for the winding-up of the Issuer:

- (a) proof therein that, as regards any specified Convertible Note, default has been made in paying any principal due and payable in accordance with the Terms to the relevant Noteholder (unless the contrary be proved) is sufficient evidence that default has been made as regards all other Convertible Notes in respect of which a corresponding payment is then due; and
- (b) proof therein that, as regards any specified Convertible Note, default has been made in paying any interest due and payable in accordance with the Terms to the relevant Noteholder (unless the contrary be proved) is sufficient evidence that default has been made as regards all other Convertible Notes in respect of which a corresponding payment is then due.

10. **Payments by Trustee**

All moneys received by the Trustee in respect of amounts payable under this Deed must be held by the Trustee (subject to the payment of any moneys to a person whose debt has priority to the Moneys Owing) on trust to be applied for the following purposes in the following order of priority:

- (a) first, all amounts due to, or recoverable by, the Trustee in connection with this Deed;
- (b) second, interest due and payable on the Convertible Notes *pari passu* and without preference or priority;
- (c) third, principal moneys due and payable *pari passu* and without preference or priority; and
- (d) fourth, to the Issuer without prejudice to the provisions of this **clause 10**;

however, if the Trustee so decides, payment may be made on account of the whole or part of the principal moneys before being made on account of the whole or part of any interest payable on the Convertible Notes.

10.1 Term and termination of trust

(a) Term

The trusts created by this Deed will end on the 80th anniversary of the date of issue of the first of the Convertible Notes under this Deed or at such earlier time as determined in accordance with this Deed.

(b) Termination

Notwithstanding **clause 10.1(a)**, the terms of this Deed will terminate on the earliest to occur of the following:

- (i) the date (to be determined by the Trustee in its absolute discretion) notified by the Trustee to the Issuer which is after the last of the following to occur:
 - (A) the redemption or conversion of all of the Convertible Notes;
 - (B) payment of the Principal Sum, Interest and all other amounts (if any) and due in respect of the Convertible Notes;
 - (C) payment of all costs, charges and expenses properly incurred by the Trustee; and
 - (D) the satisfaction or waiver of all obligations or liabilities of the Issuer to the Noteholders and the Trustee under this Deed and the Terms; or
- (ii) the date on which the Noteholders determine that the trust is to be wound up.

10.2 Disposal and distribution of trust property on termination

If the trust is terminated in accordance with **clause 10.1(a)** or **10.1(b)**, the Trustee must distribute the balance of the capital and income of the trust (including cash) in accordance with **clause 10**.

11. Remuneration and Costs of Trustee

11.1 Fees

The Issuer must pay to the Trustee the following fees:

- (a) an amount per annum (to be agreed by the parties in writing) payable quarterly within 21 days of the expiry of the relevant Quarter for each year of the term of this Deed, the first payment of which is payable with respect to the Quarter ending 31 December 2006;
- (b) an amount per annum (to be agreed by the parties in writing) payable quarterly within 21 days of the expiry of the relevant Quarter for the balance of the term of this Deed; and

- (c) any other fees agreed in writing by the Issuer and the Trustee.

11.2 Payment of Trustee's costs

The Issuer must on demand by the Trustee pay all costs, charges and expenses, including remuneration and fees of any experts or advisers engaged by the Trustee in connection with this Deed from time to time (including legal costs) on a full indemnity basis (but not including remuneration payable to the Trustee's employees and other costs, charges and expenses incurred in the internal administration of its business all of which must be borne by the Trustee) and any stamp or other duty reasonably and properly payable in or in connection with:

- (a) the preparation and execution of this Deed or any document amending or supplemental to or associated with this Deed;
- (b) the carrying out by the Trustee of any right, power, privilege, authority or discretion conferred on the Trustee or any Noteholder by this Deed or by law, whether express or implied;
- (c) any breach or default in the observance or performance by the Issuer of any of the covenants, obligations and conditions of this Deed;
- (d) the enforcement of or recovery of moneys under this Deed or the Terms;
- (e) the convening and holding of any meeting of Noteholders or the carrying out of any directions or resolutions of any meeting of Noteholders;
- (f) dealing with any disputes which arise in connection with this Deed and any associated documents, including those disputes where it is alleged that the Trustee is in default;
- (g) any other matter relating to this Deed in which the Trustee reasonably considers it is necessary to obtain advice from solicitors, accountants, auditors or other professional advisers; and
- (h) the carrying out of its obligations under this Deed or the Terms or under any statute relevant to its role as trustee for the Noteholders whether incidental or otherwise.

11.3 Priority of payments

- (a) The Trustee will consult with the Issuer prior to incurring costs, fees and charges of any material amount in excess of \$5,000 (excluding GST).
- (b) All amounts payable to the Trustee under this **clause 11** must be paid in priority to any claim by any Noteholder and will continue to be payable until the trusts of this Deed finally terminate, and all remuneration payable to the Trustee under this Deed is paid, and whether or not the trusts of this Deed are in the course of administration by or under the order of any court.
- (c) The Trustee may retain and pay to itself in priority to any claim by any Noteholder all such amounts of any moneys which may for the time being be in its hands upon the trusts of this Deed.

12. Trustee's Powers

12.1 Determination of questions

- (a) The Trustee may as between itself and the Noteholders determine all questions and matters of doubt arising in relation to any of the provisions of this Deed.
- (b) Every determination made under **clause 12.1(a)** whether made on a question actually raised or implied in the acts or proceedings of the Trustee, is conclusive and binding upon the Noteholders and the Issuer.

12.2 Trustee's discretionary powers

The Trustee may whenever it thinks fit and without limiting any other powers of the Trustee contained in this Deed exercise any of the following powers:

- (a) delegate from time to time and at any time and to any person or persons and whether by means of a power or powers of attorney or otherwise any of the trusts, powers or discretions vested in the Trustee under this Deed on such terms and conditions and under such regulations (including a power to sub-delegate) as the Trustee may think fit;
- (b) waive from time to time and at any time and on any terms or conditions any breach by the Issuer of any of the covenants or obligations binding on the Issuer under this Deed or the Terms; and
- (c) instead of acting through its permanent employees, employ in the conduct of its trust business an agent to transact all business and do all acts required to be done by it pursuant to this Deed including the receipt and payment of money provided always that such expenses payable by the Issuer do not exceed those ordinarily payable under **clause 11**.

12.3 Legal proceedings

The Trustee may apply to any court for directions in relation to any question and assent to and approve or oppose any application to any court made by or at the instance of any Noteholder.

12.4 Reliance on advisers

The Trustee may act on the advice or opinion of or any information obtained from any barrister, solicitor, accountant, valuer, surveyor, broker, auctioneer or other expert whether obtained by the Issuer or by the Trustee or otherwise and the Trustee is not responsible for any loss occasioned by its acting on any such advice, opinion or information.

12.5 Discretionary amendment of Trust Deed

The Issuer and the Trustee are entitled without any authority or assent on the part of the Noteholders to amend or to add to this Deed (including the schedules to this Deed and the Terms) if in the opinion of the Trustee the amendment or addition:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error;

- (c) is necessary or appropriate to enable the Convertible Notes to be listed for quotation on ASX (if the Issuer determines to list the Convertible Notes for quotation) or to be offered for subscription or sale under the laws for the time being in force in Australia;
- (d) is necessary or expedient to comply with, or is in consequence of or consistent with any law, the Listing Rules or the ASTC Settlement Rules; or
- (e) is not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with the amendment or addition) to be materially prejudicial to the interests of the Noteholders and two Directors on behalf of the Board have so certified to the Trustee. In determining whether or not an amendment or addition is materially prejudicial to the interests of the Noteholders, the Trustee may act upon the advice or the opinion of or any information obtained from an expert (at the expense of the Issuer) and will not be responsible for any loss occasioned by its acting on or failing to act on such advice, opinion or information.

12.6 Amendment by Extraordinary Resolution of Noteholders

The Issuer and the Trustee are entitled with the authority of an Extraordinary Resolution of the Noteholders to make any amendment or addition to this Deed.

12.7 Noteholders Resolution

If the Trustee acts in accordance with an Ordinary Resolution or an Extraordinary Resolution the Trustee will be taken to have acted properly even if it is subsequently found that:

- (a) there was a defect in the constitution of the meeting;
- (b) there was a defect in the passing of the resolution; or
- (c) for any reason, the resolution was not valid or binding upon the Noteholders.

12.8 No responsibility for money subscribed

The Trustee is not responsible for any money subscribed by applicants for the Convertible Notes or the due application of those moneys.

13. General Discretion of Trustee

13.1 General Discretion

The Trustee as regards all the powers and authorities and discretions vested in it has absolute and uncontrolled discretion as to the exercise of them under this Deed in all respects and in the absence of fraud the Trustee is not in any way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise of them.

13.2 Discretion on Enforcement

The Trustee is not obliged to institute proceedings for the winding up of the Issuer or otherwise to seek to recover Moneys Owing following the occurrence of an Event of Default unless:

- (a) it has been so requested by an Ordinary Resolution or in writing by the holders of at least 20% of the Aggregate Face Value then outstanding; and
- (b) it has been indemnified to its satisfaction against all liabilities, proceedings, claims and demands to which the Trustee may thereby become liable and all costs, charges and expenses which may be incurred by the Trustee in connection with those proceedings.

14. Indemnity of Trustee

14.1 Indemnity by Issuer

- (a) Subject to section 283DB of the Corporations Act and without prejudice to the right of indemnity by law given to trustees, the Trustee and every attorney, agent or other person appointed by it under this Deed is indemnified by the Issuer in respect of all liabilities and expenses including internal costs incurred by any of them in the execution or purported execution of the trusts of this Deed or any of the powers, authorities or discretions vested in any of them pursuant to this Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to this Deed, other than a claim arising from fraud, wilful default or material breach of trust by that person.
- (b) The Trustee may retain and pay out of any moneys in its hands arising from this Deed all sums necessary to give effect to the indemnity contained in this **clause 14.1**.

14.2 Advances by Issuer

- (a) Without limiting the generality of **clause 14.1**, the Trustee and every attorney, agent or other person appointed by it under this Deed may, in any case where any of them would be entitled pursuant to **clause 14.1** to be indemnified by the Issuer if it incurred a liability or expense, require the Issuer to advance to it before that liability or expense is incurred a sum sufficient to cover that liability or expense.
- (b) A certificate signed by an authorised officer of the Trustee stating the amount of any advance requested pursuant to this **clause 14.2** is, in the absence of manifest error, conclusive and binding on the parties to this Deed.

14.3 No Noteholder liability

Notwithstanding any rule of law or equity to the contrary, no Noteholder (solely by virtue of being a Noteholder) will be personally liable to indemnify, contribute to or reimburse the Trustee or any creditor of the Trustee or other person claiming against or through the Trustee.

15. Liability of Trustee

15.1 Limit of liability

The Trustee will not:

- (a) be liable to the Noteholders to any greater extent than the moneys actually received by the Trustee in accordance with this Deed and payable to such Noteholders except in the case of fraud, negligence, wilful default or material

breach of trust by the Trustee or any of its directors, officers, employees, agents, delegates, attorneys or Related Bodies Corporate;

- (b) be responsible for acting upon any resolution purporting to have been passed at any meeting of Noteholders at which minutes the Trustee reasonably believes to have been validly passed were made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any other reason the resolution was not valid or binding upon the Trustee or any of the Noteholders it purports to bind;
- (c) incur any responsibility in respect of moneys subscribed by any holder of or any application for Convertible Notes or be bound or concerned to see to the due application of such moneys;
- (d) be obliged to notify the Noteholders of the happening of any of the events referred to in **clause 9.1** or of any breach of this Deed; or
- (e) to the extent permitted by the Corporations Act, be liable under this Deed except in respect of fraud, its own negligence, wilful default or material breach of trust.

15.2 No liability to Noteholders

Subject to **clause 15.1(e)**, neither the Trustee nor any of its directors, officers, employees, agents, delegates, attorneys, Related Bodies Corporate or successors has any liability or obligation to a Noteholder or the Issuer:

- (a) for any failure or delay by the Issuer or any other party in performing its respective obligations under this Deed;
- (b) for the completeness or accuracy of any recital, representation, warranty or statement made in or in connection with this Deed by the Issuer or any certificate or other document by the Issuer referred to, provided for in or received by it under this Deed;
- (c) for the accuracy or completeness of any information supplied by any person (other than the Trustee, its directors, officers, employees, agents, delegates, attorneys or Related Bodies Corporate), whether or not that information is circulated by the Trustee; or
- (d) for acting or refraining from acting in accordance with the instructions of the Noteholders under or in connection with this Deed.

15.3 No claims

The Noteholders and the Issuer each release the Trustee and any director, officer, employee, agent, delegate, attorney, Related Body Corporate or successor of the Trustee from any claim it may have against any of them for any matter referred to in **clause 15.1** or **clause 15.2**.

15.4 Compliance with law

Notwithstanding any other provision of this Deed, the Trustee must comply with all duties imposed on it by law and must exercise reasonable diligence to ascertain from the Directors' certificates, Auditor's reports and the accounts made available to it

under this Deed whether the Issuer has breached provisions of the Notes or of this Deed.

15.5 Professional Indemnity Insurance

The Trustee warrants that it has professional indemnity insurance with a reputable insurer in an amount as would be maintained by a prudent company engaged in a business similar in nature to that of the Trustee.

15.6 Trustee indemnified from trust fund

- (a) The Trustee is entitled to be indemnified out of all moneys and other property received by it as trustee under this Deed for all liabilities properly incurred by it as trustee under this Deed and all fees and other amounts payable to it in accordance with this Deed.
- (b) The Trustee's right of indemnity under this **clause 15.6** does not apply to any claim that results from the Trustee's fraud, negligence, wilful default or material breach of trust.

15.7 Acknowledgement by Noteholders

Each Noteholder is taken to confirm for the benefit of the Trustee that:

- (a) it has been, is and will continue to be solely responsible for:
 - (i) making its own analysis of and investigations into the creditworthiness, status, prospects, business, operations, assets and condition of the Issuer and any other person referred to in this Deed; and
 - (ii) making its own decisions to subscribe for Convertible Notes;
- (b) it has made its own assessment and approval of the return to be obtained by it under any Convertible Notes; and
- (c) it has not relied on any representation or statement made by the Trustee as an inducement.

15.8 No obligation to keep informed

Subject to **clause 15.4**, the Trustee has no obligation, either initially or on a continuing basis:

- (a) to determine whether an event under **clause 9.1** has occurred or any party is in breach of its obligations under this Deed; or
- (b) to keep itself informed about the performance by the Issuer of its obligations under this Deed; or
- (c) to provide any Noteholder with any information it has or which comes into its possession concerning the Issuer except as expressly provided for in this Deed; or
- (d) to determine whether any representation made by the Issuer in, or in connection with, this Deed is true.

15.9 **Provision of information**

The Issuer authorises the Trustee to provide to any Noteholder any information about the Issuer which it has or which comes into the possession of the Trustee, but the Trustee is not required to do so.

15.10 **No obligation to disclose**

The Trustee is not under any obligation to disclose information concerning the Issuer or any other person if the disclosure would or, in the opinion of the Trustee, could constitute a breach of law or of a duty of secrecy or confidentiality.

15.11 **No right to sue**

Only the Trustee may enforce the terms of this Deed or the Convertible Notes. A Noteholder is not entitled to institute proceedings against the Issuer to enforce the performance of this Deed or the Convertible Notes or to prove in a winding up unless:

- (a) the Noteholders have, by Ordinary Resolution, directed the Trustee to institute proceedings or prove in a winding up; and
- (b) the Trustee has failed to do so within 28 days after the passing of the Extraordinary Resolution.

15.12 **Payments by the Issuer or the Trustee**

(a) **Indemnity where law imposes liability to make a payment**

If, as a result of:

- (i) the death of a Noteholder;
- (ii) the non-payment of any Tax payable by a Noteholder;
- (iii) the non-payment of any estate, probate, succession, death, stamp or other duty by the legal representative of the Noteholder; or
- (iv) any other act or thing,

any applicable law imposes or purports to impose any liability on the Issuer or the Trustee to make any payment to any government or taxation authority, the Noteholder must indemnify the Issuer or the Trustee (as the case may be) in respect of that liability.

(b) **Recovery of Indemnified amount**

The Issuer or the Trustee (as the case may be) may:

- (i) recover any amount for which it is entitled to be indemnified under **clause 15.12(a)** from the Noteholder (or the Noteholder's estate) as a debt to it; and
- (ii) set off the amount of that liability against any amount due to the Noteholder under this Deed.

16. Retirement and Appointment of Trustee

16.1 Notice requirement

Subject to any statutory provisions for the time being relating to the retirement of trustees, the Trustee may retire at any time (with or without giving any reason for its retirement) after the expiration of not less than 90 days' notice in writing to the Issuer (or such shorter notice as the Issuer agrees to) of its intention to do so. However, the retirement does not take effect until a new trustee willing to act has been appointed in accordance with the provisions of this **clause 16**.

16.2 Failure to make appointment

If a new trustee has not been appointed within the 90 day period referred to in **clause 16.1**, the Trustee may:

- (a) appoint a trustee company as that term is defined in Section 283AC of the Corporations Act as the new trustee of this Deed by memorandum under its seal, and any such appointment will be effective without the need for approval of the Issuer or the Noteholders; or
- (b) in lieu of exercising the power conferred by **clause 16.2(a)**, convene a meeting of the Noteholders for the purpose of appointing a person nominated by the Trustee or any Noteholders as the Trustee.

16.3 Effect of new appointment

Notwithstanding anything contained in this **clause 16**, the Trustee's retirement will not take effect until a new trustee of this Deed has been appointed and the Trustee declares that this covenant is for the benefit of the Issuer and the Noteholders.

16.4 Vesting of property, etc. in new trustee

- (a) On the retirement, death or removal of the Trustee, the retiring Trustee must at the cost of the Issuer do everything reasonably necessary (including but not limited to the execution of documents) to vest in the new trustee or new trustees all money, property, rights, powers, authorities and discretions vested in the Trustee under this Deed.
- (b) Any new trustee must undertake by deed to be bound by the provisions of this Deed.

16.5 Qualified trustee

- (a) The Trustee must at all times be a corporation qualified to act pursuant to section 283AC of the Corporations Act and must hold all necessary licences and authorisations to act as trustee under the Deed.
- (b) The Trustee covenants for the benefit of the Noteholders that thereafter it will not cease to be the Trustee until a corporation qualified to act pursuant to section 283AC of the Corporations Act, who holds all necessary licences and authorisations to act as trustee under the Deed, has been appointed as trustee in its stead.
- (c) Should at any time the Trustee not be a corporation qualified to act pursuant to Section 283AC of the Corporations Act, or not hold all necessary licences

and authorisations to act as trustee under the Deed, it must retire upon the appointment by the Issuer of a new trustee under **clause 16.2**.

16.6 Issuer duty to replace

The Issuer must take all reasonable steps to replace the Trustee as trustee as soon as practicable after the Issuer becomes aware that the Trustee:

- (a) has ceased to exist;
- (b) has not been validly appointed;
- (c) cannot be a trustee under Section 283AC of the Corporations Act; or
- (d) has failed or refused to act as trustee.

17. Further Powers of Trustee

17.1 Trustee maybe Noteholder

- (a) Subject to section 283AC of the Corporations Act, nothing in this Deed will be deemed to prohibit any Trustee or, where the Trustee is a corporation, any Related Body Corporate or any associated company or director of the Trustee (all are included in the expression the "Trustee" in this **clause 17** where the context permits) from being a Noteholder or shareholder in any Group Member or from acting in any representative capacity for a Noteholder or shareholder and in particular and without prejudice to the generality of the foregoing it is expressly declared that the Trustee may so act on its own account or as executor, administrator, trustee, receiver, committee, guardian, attorney or agent or in any other fiduciary vicarious or professional capacity nor will the acting in any such capacity be deemed a breach of the obligations arising out of the fiduciary relationship between the Trustee on the one hand and any Group Member on the other or the Trustee and the Noteholders hereby established or otherwise imposed or implied by law.
- (b) The Trustee will not by reason of its fiduciary capacity be precluded from making any contracts or entering into any transactions with the Issuer or any Related Body Corporate or with itself as Trustee and without prejudice to the generality of these provisions it is expressly declared that such contracts and transactions include any contract or transaction in relation to the subscription or placing of or any dealing with any stocks, shares, debenture stock, debenture notes or other security of the Issuer or any Related Body Corporate and the acceptance of any office of profit from any of them or any contract, loan or deposit or other contract or transaction which any person or corporation not being a trustee of this Deed could or might have entered into with the Issuer or any Related Body Corporate or any such other corporation or with itself as Trustee including the customary share of brokerage and usual banker's profit and the Trustee will not be accountable to the Issuer or any Related Body Corporate or any such other corporation or the Noteholders for any profits arising from any such contracts, transactions or offices.

17.2 Trustee reliance on Issuer officers

The Trustee is:

- (a) entitled to accept a certificate signed by any two Directors or a resolution of the board of directors of the Issuer as to any fact or matter as conclusive evidence of it and a like certificate to the effect that any particular dealing or transaction or step or thing is in the opinion of the person so providing the certificate commercially desirable and not detrimental to the interests of the Noteholders as conclusive evidence that it is commercially desirable and not detrimental to the interests of the Noteholders;
- (b) entitled to accept and act upon any information, statement, certificate, report, balance sheet, statement of financial position or account supplied by the Issuer or any Director, Secretary, Auditor or duly authorised officer of the Issuer; and
- (c) entitled to accept and act upon the statements and opinions contained in any statement, certificate, report, balance sheet and statement of financial position or account given pursuant to the provisions of this Deed as conclusive evidence of the contents of it.

The Trustee is not bound to call for further evidence other than such certificate, statement, report, balance sheet and statement of financial position or account or to enquire as to the accuracy thereof and is not responsible for any loss or damage that may be occasioned by its relying thereon.

17.3 No obligation to notify or investigate

The Trustee is not bound to give notice to any person or persons of the execution of this Deed and the Trustee is not bound to take any steps to ascertain whether any event has happened upon the happening of which the Convertible Notes become immediately payable.

17.4 Proceedings against Issuer

- (a) Notwithstanding any provision of this Deed and knowledge by or notice to the Trustee of any anticipatory or actual breach or default by the Issuer under any of the covenants, conditions or provisions contained in this Deed, referred to or implied and on its part to be observed and performed it will be in the discretion of the Trustee whether to take any action or proceeding against the Issuer or to enforce the observance or performance of any such covenant condition or provision unless in any case the Trustee is requested to do so in writing by a Majority of the Noteholders or by an Ordinary Resolution of the Noteholders and then only if the Trustee is indemnified to its satisfaction against all actions, proceedings, claims and demands to which the Trustee may render itself liable and all costs, charges and expenses which the Trustee may thereby incur.
- (b) The Trustee is not bound to give notice to the Noteholders of any breaches by the Issuer of the terms of this Deed or the occurrence of any Event of Default.

17.5 Enforcement

The Trustee is not bound to interfere with the conduct of the business of the Issuer unless and until this Deed has become enforceable and the Trustee has determined or has been directed to enforce it.

18. Register of Noteholders

18.1 Maintenance of Register

The Issuer must at all times cause to be maintained by the Registry a Register in the manner provided in the Terms.

18.2 Inspection

- (a) Each Register will be open at all reasonable times during normal business hours for inspection:
 - (i) by the Trustee, the Noteholders or shareholders of the Issuer - without charge; and
 - (ii) by any other person - on payment for each inspection of such amount (if any), not exceeding the amount prescribed from time to time pursuant to the Corporations Act, as the Issuer may require.
- (b) The Issuer will cause the Registry to provide a copy of all or any part of the Register to Noteholders and to shareholders of the Issuer:
 - (i) within 21 days after payment to the Registry of an amount (if any), not exceeding the amount prescribed from time to time pursuant to the Corporations Act, as the Registry may require; or
 - (ii) within such longer period as ASIC may approve.
- (c) The Issuer will cause the Registry to provide a copy of all or any part of the Register to the Trustee in electronic machine readable form within 3 Business Days after the Trustee so requests.

18.3 Delegation

The Issuer may delegate any of its powers and obligations in respect of the Register.

19. Meetings of Noteholders

19.1 Convening of meetings

The Trustee or the Issuer may at any time, and the Issuer must at the request in writing of persons holding Convertible Notes representing not less than 10% of the Aggregate Face Value, convene a meeting of Noteholders at a time and place determined or approved by the Trustee.

19.2 Notice period

At least 21 days notice (in each case, excluding the day on which the notice is served or deemed to be served and the day on which the meeting is to be held) of every Noteholders' meeting must be given to Noteholders by the party convening the meeting under **clause 19.1** in the manner provided by this Deed.

19.3 Content of notice

The notice must specify the place, day and time of the meeting and the general nature of the business to be transacted but it is not necessary to specify in the notice the precise terms of the resolutions to be proposed. A copy of the notice must be

sent by post to the Trustee unless the meeting is convened by the Trustee and to the Issuer unless the meeting is convened by the Issuer and to the Auditor.

19.4 Effect of accidental omission to give notice

The accidental omission to give notice to or the non-receipt of notice by any of the Noteholders does not invalidate the proceedings at any meeting but where notice of a meeting convened by the Issuer or the Trustee is not received by the other of them all business transacted and all resolutions passed at the meeting are void and of no effect unless notice of the meeting is waived by the other of them.

19.5 Quorum

At any meeting, 3 Noteholders present in person or by proxy or being a corporation by proxy or duly authorised representative holding Convertible Notes representing 10% of the Aggregate Face Value forms a quorum for the transaction of business. No business may be transacted at any meeting unless the requisite quorum is present at the commencement of business. The first item of business at any meeting of Noteholders will be the election of the Chairman.

19.6 Adjournment for lack of quorum

- (a) If within half an hour from the time appointed for a meeting a quorum is not present, the meeting if convened on the requisition of Noteholders will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter or in the case of an adjourned meeting of Noteholders at which an Extraordinary Resolution is to be submitted 21 days thereafter and to such place as may be appointed by the Chairman.
- (b) At an adjourned meeting, 2 or more Noteholders present in person or by proxy or being a corporation by proxy or duly authorised representative and entitled to vote, whatever the value of the Convertible Notes held by them, will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- (c) Notice of any adjourned meeting of Noteholders at which an Extraordinary Resolution is to be submitted must be given as in the case of an original meeting. Otherwise, it is not necessary to give any notice of an adjournment of a Noteholders meeting or of the business to be transacted at an adjourned meeting.

19.7 Voting at meetings of Noteholders

Except where this Deed requires an Extraordinary Resolution, proposed resolutions and questions arising at meetings of Noteholders must be decided by an Ordinary Resolution and such decision is for all purposes a decision of the Noteholders.

19.8 Polls

- (a) At any meeting a resolution put to the vote of the meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or in writing by one or more Noteholders present in person or by proxy and holding or representing 10% of the Aggregate Face Value. Unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously or by

a particular majority or lost will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

- (b) If a poll is duly demanded it will be taken in such manner as the Chairman may direct and the result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- (c) A poll demanded on the election of a Chairman other than the nominee of the Trustee or on a question of adjournment will be taken immediately. A poll demanded on any other question may be taken either immediately or after an interval or adjournment (not exceeding 30 days) as the Chairman directs.
- (d) On a poll votes may be given either personally or by proxy and a Noteholder entitled to more than 1 vote need not use all the Noteholders' votes or cast all the votes used by the Noteholder in the same way.
- (e) The demand for a poll does not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll is demanded.
- (f) On a poll, every Noteholder has in the case of a Convertible Note, 1 vote for each \$0.36 of the paid up Face Value of the Convertible Note.

19.9 Chairman

In the case of an equality of votes whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded will (if he is a Noteholder or attorney, proxy or representative of a Noteholder, or the nominee of the Trustee) be entitled to a casting vote in addition to the votes (if any) to which he may be entitled as a Noteholder or attorney, proxy or representative of a Noteholder.

19.10 Joint Noteholders

In the case of joint registered holders of Convertible Notes the vote of the first holder named in the Register whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders.

19.11 Proxies

- (a) The instrument appointing a proxy must be in writing under the hand of the appointor or of the appointing attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.
- (b) A person appointed to act as a proxy need not be a Noteholder.
- (c) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at such place as the Trustee or the Issuer with the approval of the Trustee may in the notice convening the meeting direct or if no such place is appointed then at the registered office of the Issuer not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of the poll before the time appointed for taking the poll) at which the person named in the instrument proposes to vote and in default

the instrument of proxy will not be treated as valid after the expiration of 12 months from the date named in it as the date of its execution.

- (d) An instrument of proxy may be in the usual common form or in such other form as the Issuer and the Trustee approve. The proxy will be deemed to include the right to demand or join in demanding a poll. A proxy whether in the usual or common form or not will unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
- (e) A vote given in accordance with the terms of an instrument of proxy will be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the Convertible Notes in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer has been received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

19.12 Powers of meeting of Noteholders

Subject to the other provisions of this Deed, a meeting of Noteholders will in addition to all other powers have the following power exercisable by Extraordinary Resolution only:

- (a) power to sanction the release of the Issuer from all or part of its liability to pay the principal moneys and interest owing on any Convertible Notes;
- (b) power to sanction any modification or compromise or any arrangement in respect of the rights of the Noteholders against the Issuer whether the rights arise under this Deed or otherwise;
- (c) power to assent to any modification of the provisions contained in this Deed or the Terms applying to the Noteholders proposed or agreed to by the Issuer and to authorise the Trustee to concur in and execute any supplemental deed embodying any such modification;
- (d) power to give any sanction, direction or request which under any of the provisions of this Deed is required to be given by an Extraordinary Resolution of the Noteholders;
- (e) power to give any release in respect of anything done or omitted by the Trustee; and
- (f) subject to **clause 16**, power to remove a Trustee.

Nothing in this **clause 19.12** derogates from the Trustee's powers under this Deed, except to the extent to which any Extraordinary Resolution directs the Trustee to take or refrain from taking any action under those powers.

20. Effect of Extraordinary Resolution

20.1 Binds all Noteholders

An Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held in accordance with this Deed binds all Noteholders whether or not present at

the meeting and each Noteholder is bound to give effect to such an Extraordinary Resolution accordingly.

20.2 **Meaning of "Extraordinary Resolution"**

In this Deed "Extraordinary Resolution" means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of this Deed and carried by a majority consisting of not less than 75% of the persons voting at the meeting on a show of hands or if a poll is duly demanded then by Noteholders representing not less than 75% in value of the total Face Value held by the Noteholders who are present at the meeting in person, by proxy or representative, provided always that if an Extraordinary Resolution considered by a meeting of Noteholders is not carried by the required majority, then if the Issuer or the Trustee or any Noteholder obtains within 60 days after the meeting a resolution in writing in the same terms signed by Noteholders representing not less than 75% in value of the Aggregate Face Value, the resolution will for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting duly convened and held in accordance with this Deed. Such a resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Noteholders.

20.3 **Minutes of meetings**

Minutes of all resolutions and proceedings at every meeting must be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any such minute if purporting to be signed by the Chairman of the meeting at which any resolutions were passed or proceedings taken or by the Chairman of the next succeeding meeting of Noteholders will be conclusive evidence of the matters therein stated and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made will be deemed to have been duly held and all resolutions passed or proceedings taken at the meeting to have been duly passed and transacted.

20.4 **Additional powers of chairman**

In addition to any other powers held by the Chairman, whether conferred by law or under this Deed, the Chairman has the power to forbid placards, signs, television or other cameras, recording or other amplifying devices and to prohibit from attending or to remove from the meeting persons:

- (a) who are not Noteholders, or proxies, attorneys or authorised representatives of Noteholders; or
- (b) who are determined, at the sole discretion of the Chairman, to be disruptive (whether or not they are Noteholders or proxies, attorneys or authorised representatives of Noteholders).

21. **Representations and Warranties**

21.1 **By the Issuer**

The Issuer represents and warrants to the Trustee that:

- (a) **status:** it is duly incorporated in its place of incorporation and is validly existing under the laws of that jurisdiction with power to own its assets and carry on its business.

- (b) **corporate authority:** it has taken all necessary action to authorise the execution, delivery and performance of this Deed.
- (c) **documents binding:** this Deed constitutes legal, valid and binding obligations enforceable against it in accordance with its terms.
- (d) **transactions permitted:** the execution, delivery and performance of this Deed did not and will not:
 - (i) contravene its constitution, any law, authorisation, agreement or obligation binding upon it or applicable to its assets or revenues;
 - (ii) cause any limitation on its powers or the powers of its directors to be exceeded;
 - (iii) result in the creation of any security interest over any of its assets or revenues;
 - (iv) result in the acceleration or cancellation of any agreement or obligation in respect of its indebtedness;
 - (v) involve any act, matter or thing which constitutes (or which would, with the giving of notice, the passage of time or the fulfilment of any other condition, constitute) an event of default or prepayment, cancellation or similar event under any agreement or obligation relating to its indebtedness;
- (e) **Authorisations:** all authorisations necessary or advisable from any person for or in connection with the execution, delivery and performance by it and the validity and enforceability against it of this Deed have been obtained and are in full force and effect and it is not necessary in order to ensure the validity, enforceability or admissibility in evidence of this Deed to which it is a party in any relevant jurisdiction that this Deed or any other document be filed or registered with any person or stamped with Ad Valorem Duty;
- (f) **accuracy of Information:** all information given to the Trustee by or with its authority in connection with this Deed and the Convertible Notes, at the time it was given, was true and correct in all material respects and if the information was given prior to the date of this Deed, at the date of this Deed, or, if the information was given later, when provided, in the light of the circumstances subsisting at the time and all expressions of expectation, intention, belief and opinion contained in that information were given honestly and on reasonable grounds after due and careful enquiry;
- (g) **no litigation:** no proceeding or other procedure for the resolution of disputes is currently taking place, pending or, to the best of the Issuer's knowledge, threatened against the Issuer or any other member of the Group or the business, assets or revenues of any member of the Group;
- (h) **Accounts:** the most recent financial statements of the Group for the time being were prepared in accordance with applicable accounting standards and show a true and fair view of the financial position of the Group as at the end of, and the results of its operations for, the financial period to which they relate and the Group has no indebtedness or other liabilities which have not been disclosed in those financial statements;

- (i) **no adverse change:** except as disclosed in writing by the Issuer to the Trustee prior to the date of this Deed, since the date of the financial statements referred to in paragraph (h) of this clause, there has been no material change in the financial or business affairs of the Issuer, or in the financial or business affairs of any member of the Group which has had a material adverse effect on the Issuer;
- (j) **no immunity:** no member of the Group or any of their assets or revenues have any immunity from jurisdiction, suit, execution, attachment or other legal process in any Jurisdiction in which its assets are located or business is carried;
- (k) **completeness:** there is no fact known to it which has not been disclosed in writing by it to the Trustee which materially and adversely affects any member of the Group;
- (l) **Event of Default:** no Event of Default or Potential Event of Default has occurred which has not been remedied or waived in writing.

21.2 By the Trustee

The Trustee represents and warrants to the Issuer that:

- (a) **status:** it is duly incorporated in its place of incorporation and is validly existing under the laws of that jurisdiction with power to own its assets and carry on its business;
- (b) **corporate authority:** it has taken all necessary action to authorise the execution, delivery and performance of this Deed;
- (c) **documents binding:** this Deed constitutes legal, valid and binding obligations enforceable against it in accordance with its terms;
- (d) **transactions permitted:** the execution, delivery and performance of this Deed did not and will not:
 - (i) contravene its constitution, any law, authorisation, agreement or obligation binding upon it or applicable to its assets or revenues;
 - (ii) cause any limitation on its powers or the powers of its directors to be exceeded;
 - (iii) result in the creation of any security interest over any of its assets or revenues;
 - (iv) result in the acceleration or cancellation of any agreement or obligation in respect of its indebtedness; or
 - (v) involve any act, matter or thing which constitutes (or which would, with the giving of notice, the passage of time or the fulfilment of any other condition, constitute) an event of default or prepayment, cancellation or similar event under any agreement or obligation relating to its indebtedness;
- (e) **Authorisations:** all authorisations necessary or advisable from any person for or in connection with the execution, delivery and performance by it and the

validity and enforceability against it of this Deed have been obtained and are in full force and effect and it is not necessary in order to ensure the validity, enforceability or admissibility in evidence of this Deed to which it is a party in any relevant jurisdiction that this Deed or any other document be filed or registered with any person or stamped with Ad Valorem Duty.

21.3 Continuing representations and warranties

The representations and warranties in this Deed, including those in this **clause 21**, survive the execution of this Deed and are repeated on the date each application for Convertible Notes is accepted and on each Interest Payment Date.

21.4 Acknowledgment of reliance

- (a) The Issuer acknowledges that the Trustee has entered into this Deed and each Noteholder applies for Convertible Notes, in reliance on the representations and warranties contained in this Deed.
- (b) The Trustee acknowledges that the Issuer has entered into this Deed on reliance on the representations and warranties contained in this Deed.

22. Notices

22.1 Service of Notices

Any notice or other communication including, but not limited to, any request, demand, consent or approval in connection with this Deed (Notice) must be in writing and may be served in the following manner:

- (a) serving it on the addressee personally;
- (b) sending it by post to the address of the addressee;
- (c) sending it by facsimile to the facsimile number of the addressee supplied by the addressee for the purpose of receiving notices and communications; and
- (d) except in the case of notices to the Trustee, sending it by email to the email address supplied by the addressee for the purpose of receiving notices and communications.

22.2 Communication details

The communication details of the parties and Noteholders for the purposes of receiving Notices are as shown below.

- (a) Issuer. Allied Technologies Group Limited

Address: Level 8, 60 Pitt Street, Sydney, NSW 2000

Attention: Michael Addison

Facsimile: 02 8259 4151

or any other address of the Issuer notified by it from time to time.

- (b) Trustee: Sandhurst Trustees Limited

Address: Suite 2, Level 4, Elizabeth Street, Sydney. 2000

Attention: Ken McCaul

Facsimile: (02) 9232 0509

or any other address of the Trustee notified by it from time to time.

(c) Noteholders:

The address (including facsimile number and email address, if any) of a Noteholder appearing in the Register at the close of business on the last Business Day prior to the date of dispatch of the Notice.

22.3 Disentitlement to Notices

Any Noteholder who has not left at or sent to the Registry his address for inclusion in the Register as the place at which Notices may be given to the Noteholder will not be entitled to receive any Notice.

22.4 Notices outside Australia

Any Notice to a Noteholder whose address for notices is outside Australia will be sent by airmail or facsimile or email.

22.5 Notice by post

Where a Notice is sent by post, service of the Notice will be taken to be effected by properly addressing prepaying and posting a letter containing the Notice and will be taken to have been effected on the third day after the date of posting. Service of a Notice to a Noteholder outside Australia will be deemed to have been made on the seventh day after the date of posting.

22.6 Notice by facsimile or email

Where a Notice is sent by facsimile or email, service of the notice will be taken to be effected by properly addressing and sending the Notice and in such case will be taken to have been effected on the day it is sent, provided the transmission report by the machine from which the facsimile was sent or the receipt code in the case of an email indicates that the Notice was sent in its entirety to the facsimile number or email address of the addressee.

22.7 Notice to other persons entitled

A Notice may be given by the Issuer or the Trustee to the persons entitled to a Convertible Note in consequence of the death, lunacy, liquidation or bankruptcy of a Noteholder by giving the Notice in any manner in which the same might have been given if the death, lunacy, liquidation or bankruptcy had not occurred.

22.8 Notices to joint holders

A Notice may be given by the Issuer or the Trustee to the joint holders of a Convertible Note by giving the Notice to the joint holder first named in the Register in respect of the Convertible Note and such service will be taken to be service on all joint holders.

23. General

23.1 Governing law and jurisdiction

- (a) This Deed is governed by the laws of the State of New South Wales.
- (b) Each party irrevocably submits to the exclusive jurisdiction of the courts of the State of New South Wales.

23.2 Prohibition and enforceability

- (a) Any provision of, or the application of any provision of, this Deed or any right, power, authority, discretion or remedy of a party under this Deed which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.
- (b) Any provision of, or the application of any provision of, this Deed which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.
- (c) The application of this **clause 23.2** is not limited by any other provision of this Deed in relation to severability, prohibition or enforceability.

23.3 Variation

A variation of any term of this Deed must be in writing and signed by the Parties.

23.4 Cumulative rights

The rights, powers, authorities, discretions and remedies of a Party under this Deed do not exclude any other right, power, authority, discretion or remedy.

23.5 Further assurances

Each Party must do all things necessary to give full effect to this Deed and the transactions contemplated by this Deed.

23.6 Entire Agreement

This Deed supersedes all previous agreements in respect of its subject matter and embodies the entire agreement between the Parties.

23.7 Counterparts

This Deed may be executed in any number of counterparts each of which, when executed, is deemed to be an original and the counterparts will constitute one and the same instrument.

23.8 Effect of Deed

To the extent necessary to give effect to the intention that a nominee of the Noteholder may enforce this Deed as if it were named as a Party to it and received the benefit of the undertakings expressed to be given to it by the Issuer, this Deed operates as a deed poll.

23.9 Assignment

The Issuer may only assign or transfer any of its rights or obligations under this Deed, the Terms and the Convertible Notes, with the prior written consent of the Trustee.

24. GST

- (a) Unless expressly included, the amounts payable for any supply under or in connection with this Deed does not include amounts to compensate the supplier for GST.
- (b) To the extent that any supply made under or in connection with this Deed is a taxable supply, the supplier may increase the amounts payable for that supply provided for elsewhere in this Deed by an amount not exceeding those amounts payable multiplied by the rate at which GST is imposed in respect of the supply.
- (c) If either Party is entitled under this Deed to be reimbursed or indemnified by the other Party for a cost or expense incurred in connection with this Deed, the reimbursement or indemnity payment must not include any GST component of the cost or expense to the extent that the cost or expense is for an acquisition for a credible purpose incurred by the Party being reimbursed or indemnified or by its representative member.
- (d) Words used in this **clause 24** which have a defined meaning in the GST Law have the same meaning as in the GST Law.
- (e) A Party need not make a payment for a taxable supply made under or in connection with this Deed in respect of the tax or supply until the supplier has given the recipient a tax invoice for the supply to which the payment relates.
- (f) Each Party must do all things necessary or reasonably desirable to ensure that the other Party may claim input tax credits or refunds in respect of payments or set-offs pursuant to this Deed.

25. Stamp duty

The Issuer covenants with the Trustee that it will indemnify the Trustee and the Noteholders against any stamp duty (including penalties) in respect of:

- (a) the execution of this Deed;
- (b) the original issue and delivery of the Convertible Notes; and
- (c) the redemption of the Convertible Notes,

and agrees that payment of any stamp duty by the Trustee or a Noteholder is not a precondition to the enforcement of this indemnity.

EXECUTED AS A DEED

Signed by Allied Technologies Group)
Limited (ACN 010 597 596) in accordance)
with section 127(1) of the Corporations Act)
2001 (Cth):)

Signature of Director

Signature of Director/Secretary

Print name of Director

Print name of Director/Secretary

The common seal of Sandhurst)
Trustees Limited (ACN 004 030 737) was)
affixed in accordance with its Constitution)
in the presence of:

Signature of Director

Signature of Director/Secretary

Print name of Director

Print name of Director/Secretary

Schedule A – Convertible Note Terms And Conditions

1. Interpretation

1.1 Definitions

In these Terms:

Associate has the same meaning as in Part 1.2 Division 2 of the Corporations Act.

ASX means the Australian Stock Exchange Limited.

Business Day means a day which is a business day under the Listing Rules.

Calculation Date means the last day of a Quarter.

Cash means the cash as shown on the Issuer's balance sheet and statement of financial position as at the Calculation Date.

Conversion Date means the date 2 Business Days after the date on which a Noteholder delivers a Conversion Notice to the Issuer in accordance with **clause 7.3**.

Conversion Notice means a notice in the form set out in **Schedule 1**.

Convertible Note means an unsecured redeemable convertible note issued by the Issuer on terms and conditions identical to these Terms.

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

Default Interest has the meaning given in **clause 5.2(a)**.

Default Interest Rate has the meaning given to that term in **clause 5.2(b)**.

Early Conversion Date means 30 April 2007.

EBIT means gross income less expenses (other than interest charges and tax expense).

Event of Default has the meaning given in the Trust Deed.

FATA means the *Foreign Acquisitions and Takeovers Act* 1975 (Cth).

Foreign person has the same meaning as in the FATA.

Insolvency Event means:

- (a) an order is made or an application is made for the winding up of the Issuer and that order or application is not withdrawn or set aside within 10 Business Days;
- (b) a liquidator or provisional liquidator of the Issuer is appointed or an application is made for the appointment of a liquidator or provisional liquidator and that application is not withdrawn or set aside within 10 Business Days;

- (c) an effective resolution is passed for the winding up the Issuer;
- (d) the Issuer is placed under any formal insolvency administration or the administration of any external consultant at the direction of a creditor so as to render it subject to an informal insolvency administration;
- (e) a receiver, manager, receiver and manager or controller of the main undertaking, property or material assets of the Issuer is appointed,
- (f) the Issuer stops payment or ceases to carry on its business;
- (g) the Issuer becomes insolvent or unable to pay its debts;
- (h) a compromise becomes effective in relation to the creditors or any class of creditors of the Issuer or the Issuer proposes a moratorium involving its creditors or any class of its creditors; or
- (i) a controller (as defined in the Corporations Act) is appointed over the undertaking of the Issuer.

Interest means the interest payable to a Noteholder under **clause 5.3**.

Interest Payment Date in respect of a Convertible Note means 5 January and 5 July of each calendar year until and including the Maturity Date for any Convertible Notes that have not been previously converted or redeemed, or if these dates do not fall on a Business Day, the next day that is a Business Day.

Interest Period means a period referred to in **clause 5.3**.

Interest Rate means 10% per annum.

Issue Date means the date of issue of each Convertible Note.

Issue Price means \$0.36 per Ordinary Share, subject to adjustment in accordance with **clause 9**.

Issuer means Allied Technologies Group Limited (ACN 010 597 672).

Law means the FATA, the Corporations Act and any other applicable law.

Listing Rules means the Listing Rules of the ASX.

Maturity Date means 31 October 2008.

Noteholder means a person entered on the Register as the holder of a Convertible Note.

Option means an option to acquire one Ordinary Share.

Option Certificate means a certificate in the form set out in Schedule 2 issued by the Issuer in accordance with these Terms and the Option Terms evidencing that a person named in it is the holder of the number of Options shown in it.

Option Terms means the option terms and conditions set out in Schedule 3.

Ordinary Share means an ordinary share in the capital of the Issuer.

Potential Event of Default has the meaning given in the Trust Deed.

Principal Sum means the total amount paid upon the issue of each Convertible Note, being the face value of each Convertible Note.

Quarter means:

- (a) the period of 3 months ending on 31 December 2006; and
- (b) each successive period of 3 months provided that the Trustee may, if satisfied that special circumstances justify doing so, allow a particular Quarter to be a period of less than 3 months.

Record Date means the date that is 8 calendar Days before the Interest Payment Date.

Redemption means redemption of a Convertible Note in accordance with **clause 6**.

Register means the register of persons who hold Convertible Notes kept in accordance with **clause 12**.

Registry means any entity appointed to maintain the Register on behalf of the Issuer, or the Issuer itself.

Related Body Corporate has the meaning given in the Corporations Act.

Shareholder Equity means the shareholder equity as shown on the Issuer's consolidated statement of financial position and balance sheet as at the Calculation Date.

Subsidiary has the meaning given in section 46 of the Corporations Act.

Terms means these terms and conditions.

Trustee means the trustee of the trust established by the Trust Deed from time to time being initially [Sandhurst Trustees Limited (ABN 16 004 030 737)].

Trust Deed means the Convertible Note Trust Deed between the Issuer and Sandhurst Trustees Limited dated the date the Convertible Note Trust Deed is executed by the Issuer and Sandhurst Trustees Limited.

1.2 Interpretation

- (a) A reference to a Clause, Part or Schedule is a reference to a clause, part or schedule of these Terms unless the contrary intention is indicated.
- (b) If any action falls due for performance on a day other than a Business Day, it need not be done until the next Business Day.
- (c) A reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute.

1.3 Additional Definitions

Unless expressly defined in these Terms, the terms defined in the Trust Deed have the same meaning in these Terms.

2. Acknowledgment

2.1 Acknowledgment

The Issuer acknowledges that it is indebted to the Noteholder to the extent of the Principal Sum.

2.2 No Dividends

The Issuer must not declare nor pay any dividends to holders of ordinary shares while Interest or Default Interest on any Convertible Note is outstanding except where at a meeting of Noteholders convened in accordance with the Trust Deed the Issuer has obtained prior approval by those Noteholders holding a majority of the Notes then on issue.

3. Title

3.1 Title

Title to any Convertible Note passes when it is registered in the name of the transferee in the Register.

3.2 Recognition

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer:

- (a) may treat the registered holder of any Convertible Note as the absolute owner (notwithstanding any notice of ownership or writing on the Convertible Note or any notice of previous loss or theft or of any trust or any other interest) and is not bound to take notice of or to admit the execution of any trust, whether express, implied or constructive or any other right, title or interest of any other person, to which any Convertible Note may be subject;
- (b) is not required to obtain any proof of ownership and is not required to verify the identity of the registered holder; and
- (c) is not required to recognise or give effect to any legal or equitable interest in any Convertible Note not entered on the Register notwithstanding that the Issuer may have actual or constructive notice thereof.

4. Status as Creditors

4.1 Status

- (a) A Convertible Note confers rights in the Noteholder as a creditor of the Issuer and does not confer on a Noteholder any right to attend or vote at general meetings of the Issuer.
- (b) Each Noteholder by accepting an issue or transfer of a Convertible Note:

- (i) agrees to be bound by these Terms; and
- (ii) acknowledges that it is a creditor of the Issuer but that the Convertible Notes do not confer rights as a member of the Issuer.

4.2 **No Variation**

These Terms may only be varied with the consent of all Noteholders and the Issuer.

4.3 **Situs**

- (a) The debt created by these Terms is and will be regarded for all purposes as a specialty debt.
- (b) The property in the Convertible Notes will for all purposes be regarded as situated at the place where the Register on which such Convertible Notes are for the time being entered is situate and not elsewhere.

5. **Interest**

5.1 **Interest**

- (a) Subject to **clause 5.2**, the Issuer must pay to a Noteholder Interest at the Interest Rate on the Principal Sum from the Issue Date to Redemption or conversion of that Convertible Note in accordance with **clause 7**.
- (b) Interest is to be calculated from and including the first day of each Interest Period to and including the last day of that Interest Period.
- (c) Interest accrues from day to day, is payable to those Noteholders holding Convertible Notes on each Record Date, and is to be calculated on actual days elapsed on a 365 day year. Interest is payable on the applicable Interest Payment Date.
- (d) Interest paid under this **clause 5.1** is an unsecured debt obligation of the Issuer (whether or not paid out of profits of the Issuer).

5.2 **Default Interest**

- (a) The Issuer must pay to a Noteholder interest on any Interest due and payable, but unpaid (**Default Interest**).
- (b) The rate of Default Interest under this **clause 5.2** is 12% per annum.
- (c) The Default Interest accrues from day to day from and including the due date for payment of the Interest up to the actual date of payment.
- (d) Default Interest paid under this **clause 5.2** is an unsecured debt obligation of the Issuer (whether or not paid out of profits of the Issuer).

5.3 **Interest Period**

- (a) Notwithstanding any other provision of the Deed and these Terms, the first Interest Period commences on each Issue Date and ends on the next following 31 December or 30 June, whichever is the earlier following the Issue Date. The second Interest Period commences from the end of the first Interest

Period and ends on the next following 31 December or 30 June, whichever is the earlier following the end of the first Interest Period.

- (b) Each successive Interest Period commences on the day following the expiry of the previous Interest Period and, subject to **clause 5.3(c)**, ends on the day 6 months from that date.
- (c) The final Interest Period in respect of a Convertible Note ends on Redemption or conversion of that Convertible Note in accordance with **clause 7**.

5.4 Withholdings

Interest must be paid without deduction or withholding for or on account of Australian taxes unless that withholding or deduction is required by law. For the avoidance of doubt, Interest paid to foreign Noteholders will be paid after deduction of Australian withholding tax in accordance with the Income Tax Assessment Acts of 1936 and 1997.

6. Redemption

6.1 Redemption by Issuer

The Issuer must redeem all Convertible Notes and must pay to the Noteholder the Principal Sum together with all accrued but unpaid Interest on that Convertible Note on the Maturity Date.

6.2 Redemption on Default

On the occurrence of an Event of Default, if required by the Trustee by written notice in accordance with the Trust Deed, the Issuer must redeem all Convertible Notes then on issue and must pay to the Noteholder the Principal Sum together with all accrued but unpaid Interest on those Convertible Notes on the date of redemption.

6.3 No set-off

All amounts payable on redemption of the Convertible Notes must be made without set-off or counterclaim and without withholding or reduction except any compulsory withholding or reduction required by law. If any compulsory withholding or reduction is required by law, the Issuer must pay such additional amount on redemption of the Convertible Notes as will result in the Noteholders receiving the full amount of the Principal Sum and accrued Interest thereon.

7. Conversion

7.1 Conversion Date

A Noteholder may convert any Convertible Notes to Ordinary Shares at any time up to and including the Maturity Date if such conversion would not be in breach of **clause 7.2**.

7.2 Restrictions on conversion

- (a) A Noteholder must not convert any Convertible Note and no purported conversion has any effect if doing so would be in breach of or would cause the Issuer, the Noteholder or any shareholder of the Issuer to be in breach of the Law or the Listing Rules.

- (b) Each Noteholder acknowledges that no conversion rights in respect of a Convertible Note held by that Noteholder come into being prior to satisfaction of the condition precedent set out in **clause 7.2(a)**.

7.3 Notice of conversion

A Noteholder may only require the Issuer to convert a Convertible Note in accordance with **clause 7.1** by delivering to the Issuer a properly executed irrevocable Conversion Notice.

7.4 Conversion

- (a) On the Conversion Date, the Issuer must in relation to a validly given or required conversion:
 - (i) redeem for the Principal Sum the Convertible Notes referred to in the Conversion Notice;
 - (ii) subject to **clause 7.4(c)** and **clauses 9** and **10** issue to a Noteholder the number of fully paid Ordinary Shares determined by the following formula:

$$S = \frac{PS}{IP}$$

Where:

“S” is the number of Ordinary Shares to be issued to that Noteholder, and

“PS” is the Principal Sum paid upon the Convertible Notes held by that Noteholder plus any accrued but Unpaid Interest and Default Interest on the Convertible Notes; and

“IP” is the Issue Price; and

- (iii) on behalf of the Noteholder apply the proceeds of redemption as follows:
 - (A) first, in payment of the Issue Price; and
 - (B) payment of the balance in cash to the Noteholder (if any).
 - (iv) subject to the Conversion Date occurring before the Early Conversion Date, issue 1 Option for every 2 Convertible Notes converted by a Noteholder to that Noteholder.
- (b) On the Conversion Date the Noteholder must notify the Issuer as to whom:
 - (i) statements of shareholding for the Ordinary Shares to be issued on conversion; and
 - (ii) Option Certificates to be issued on conversion,are to be sent.

- (c) If on conversion the aggregate number of Ordinary Shares to which a Noteholder is entitled includes a fraction of an Ordinary Share or an Option, that fraction must be rounded up to 1 whole Ordinary Share or 1 whole Option, as the case may be.
- (d) Subject to the Issuer's constitution, the Law and the Listing Rules, the Issuer must within 15 Business Days of the relevant Conversion Date dispatch, free of charge, to the person nominated under **clause 7.4(b)** or, if no person is so nominated, the Noteholder, a statement of shareholding for the Ordinary Shares issued on conversion of the Convertible Notes.
- (e) Ordinary Shares issued under this **clause 7** rank equally and form one class with the Ordinary Shares on issue on the Conversion Date.
- (f) The Issuer must apply for official quotation on the ASX of Ordinary Shares issued under this **clause 7** as soon as practicable after issue of those Ordinary Shares and in any event in accordance with the Listing Rules.

7.5 Release of Issuer

If the Issuer complies with **clause 7.4**, then its obligation to repay the Principal Sum and any accrued but unpaid Interest or Default Interest on the converted Convertible Notes ceases as from the Conversion Date.

8. Cancellation

On redemption or conversion of any Convertible Notes the Register must be amended accordingly.

9. Reconstructions and Alterations of Capital

9.1 Consolidation

Subject to **clause 9.6**, in a consolidation of capital of the Issuer, the number of Ordinary Shares and Options to be issued on conversion under **clause 7.4** must be consolidated in the same ratio as the ordinary capital and the Issue Price must be amended in inverse proportion to that ratio.

9.2 Subdivision

Subject to **clause 9.6**, in a subdivision of capital of the Issuer, the number of Ordinary Shares and Options to be issued on conversion under **clause 7.4** must be subdivided in the same ratio as the ordinary capital and the Issue Price must be amended in inverse proportion to that ratio.

9.3 Return of Capital

Subject to **clause 9.6**, in a return of capital by payment or other distribution to holders of Ordinary Shares, the number of Ordinary Shares to be issued on conversion under **clause 7.4** must remain the same and the Issue Price must be reduced by the same amount as the amount returned in relation to each Ordinary Share.

9.4 **Cancellation of Capital**

Subject to **clause 9.6**, in a reduction of capital by a cancellation of capital that is lost or not represented by available assets, the number of Ordinary Shares to be issued on conversion under **clause 7.4** and the Issue Price must remain unaltered.

9.5 **Pro Rata Cancellation**

Subject to **clause 9.6**, in a pro rata cancellation of capital of the Issuer, the number of Ordinary Shares and Options to be issued on conversion under **clause 7.4** must be reduced in the same ratio as the ordinary capital of the Issuer and the Issue Price for each Ordinary Share must be amended in inverse proportion to that ratio.

9.6 **Other Reconstruction or Alteration**

- (a) Notwithstanding the express provisions of **clauses 9.1 to 9.5**, in any reconstruction or alteration of capital, the number of Ordinary Shares and Options to be issued on conversion under **clause 7.4** or the Issue Price or both must be reorganised so that a Noteholder will not receive a benefit that holders of Ordinary Shares do not receive. This **clause 9.6** does not prevent a rounding up of the number of Ordinary Shares and Options to be received on conversion if the rounding up is approved at a meeting of holders of Ordinary Shares which approves the reorganisation.
- (b) If these Terms do not allow Convertible Notes to be treated in accordance with the Listing Rules on a reorganisation of the capital of the Issuer, the Terms are deemed to be amended so that the Convertible Notes can be treated in accordance with the Listing Rules.

10. **New Issues and Reconstructions**

10.1 **Options and Rights**

If the Issuer grants any options, rights or placements to all holders of Ordinary Shares entitling them to subscribe for or purchase any securities (Rights Issue), a Noteholder is entitled to participate in that Rights Issue in respect of a Convertible Note if it has exercised its conversion rights under **clause 7** in respect of that Convertible Note. The Issuer must give the Noteholder 21 days written notice of any such Rights Issue prior to the record date for determining entitlements to participate in that Rights Issue to enable the Noteholder to convert any Convertible Notes.

10.2 **Participation in Bonus Issues**

If the Issuer undertakes a pro rata issue of Ordinary Shares to holders of Ordinary Shares for which no consideration is payable by the Shareholder, the total number of Ordinary Shares to be issued to a Noteholder on conversion under **clause 7.4** will be increased by the number of Ordinary Shares which the Noteholder would have received if the Noteholder had exercised its conversion rights under **clause 7** prior to the date for determination of the entitlements of holders of Ordinary Shares to that bonus issue and the aggregate Issue Price for all the Ordinary Shares to which the Noteholder is entitled will remain the same.

11. Transfer

11.1 Transfer

The Noteholder may transfer all or any of its Convertible Notes to any person if the Noteholder has lodged with the Issuer a duly signed, stamped and completed transfer.

11.2 Registration

Where the Issuer receives an instrument of transfer in accordance with **clause 11.1**, the Issuer must enter the named transferee into the Register of Noteholders.

11.3 Owner

The transferor remains the owner of such Convertible Notes until the name of the transferee is entered into the Register.

12. Registration

12.1 Issuer to maintain a Register

The Issuer must procure that the Registry establish and maintain a register of Noteholders. The Registry may establish and maintain a branch register of Noteholders at such places as the Issuer may determine.

12.2 Issuer to update Register

The Registry must enter on the Register the names and addresses of each Noteholder, the number of Convertible Notes held by each Noteholder, the corresponding Issue Date and the date of transfer (if any) of the Convertible Notes to or from each Noteholder.

12.3 Noteholders to notify Issuer of changes in details

A Noteholder must promptly notify the Registry of any change of its name or registered address accompanied by such evidence as the Registry may reasonably require.

12.4 Joint holders

The Registry's obligations to register joint holders of any Convertible Notes may be effectively discharged by performance in favour of any one or more of those registered joint holders.

12.5 Transmission

Any person becoming entitled to Convertible Notes on the death or bankruptcy of any Noteholder may upon producing evidence of entitlement to the Convertible Notes to the satisfaction of the Issuer be registered as the Noteholder in respect of such Convertible Notes, including, without limitation, where a person becomes entitled to Convertible Notes as a survivor of persons registered as joint Noteholders.

13. Requirements of Other Laws

Subject to the proviso to **clause 7.2(a)** but otherwise notwithstanding any other Term, if any Convertible Notes are held by or on behalf of any Foreign Person the right to

receive any payment or to be issued any Ordinary Shares or to receive any other benefit in accordance with these Terms is subject to that Foreign Person obtaining all necessary approvals under any statutory requirements then in existence.

14. Notices

- (a) Any notice or other communication including, but not limited to, any request, demand, consent or approval, to or by a party:
 - (i) must be in legible writing and in English addressed to the recipient at the address specified by them from time to time;
 - (ii) where the sender is a company, must be signed by a director or otherwise in accordance with the Corporations Act;
 - (iii) is regarded as being given by the sender and received by the addressee:
 - (A) if by delivery in person, when delivered to the addressee;
 - (B) If by post, 3 Business Days from and including the date of postage; or
 - (C) if by fax, whether or not legibly received, when transmitted to the addressee confirmed by a transmission report from the sender's fax machine indicating the fax was sent in its entirety to the addressee;
 - (iv) can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.
- (b) A fax is regarded as legible unless the addressee telephones the sender within 2 hours after the transmission is received or regarded as received under **clause 14(a)(iii)** and informs the sender that it is not legible, but if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00am on the following Business Day.

15. Governing Law

These Terms are governed by the laws of New South Wales and the Commonwealth of Australia. The Issuer and the Noteholder submit to the non-exclusive jurisdiction of courts exercising jurisdiction there.

16. Duties and Taxes

The Issuer must bear any stamp duty payable on or in connection with the issue of the Convertible Notes or the provisions of **clause 4** but the Issuer is not responsible for any duties or taxes which may subsequently become payable in connection with the transfer, conversion, redemption or any other dealing with the Convertible Notes.

17. Time of the Essence

In these Terms, time is of the essence.

Schedule 1 – Convertible Note Terms and Conditions - Conversion Notice

To: The Directors

Allied Technologies Group Limited (ACN 010 597 672) (the **Issuer**)

I/we [name of Noteholder] of [address of Noteholder] registered as the holder of [number] Convertible Notes give notice that I/we wish to convert [number] Convertible Notes to Ordinary Shares in accordance with the terms of their issue.

I/we agree to accept the Ordinary Shares to be issued on the conversion of these Convertible Notes and the entry of my/our name in the register of members of the Issuer.

I/we agree to be bound by the constitution of the Issuer.

Dated:

Signed for and on behalf of [Noteholder])
in the presence of:)
)

Signature of witness

Signature of Representative

Print name of witness

Print name of Representative

Schedule 2 – Convertible Note Terms and Conditions – Form of Option Certificate

Allied Technologies Group Limited (ACN 010 597 672)

Registered Office Level 8, 60 Pitt Street, Sydney, NSW 2000

Incorporated in Queensland under the Corporations Act

Number of Options	[number]
Grant Date	[date]
Terms	Attached
Exercise Period	Grant Date to the Expiry Date (both inclusive)
Exercise Parcels	Whole or Part
Exercise Price	\$0.36
Exercise Rights	Each option entitles the holder to acquire 1 Ordinary Share in the capital of Allied Technologies Group Limited on payment of the Exercise Price.
Expiry Date	[date]
Restrictions	

This is to certify that [name] of [address] is the registered holder of [number] options numbered as shown above, in Allied Technologies Group Limited, subject to the Constitution of Allied Technologies Group Limited and the Option Terms.

Signed for and on behalf of **Allied**)
Technologies Group Limited ACN 010)
597 672)

Signature of director

Signature of director or company secretary

Print name of director

Print name of director of company secretary

Schedule 3 – Convertible Note Terms and Conditions – Option Terms

1. Register

The Company will maintain a register of holders of Options in accordance with Section 168(1)(b) of the Corporations Act.

2. Non-transferable

An Option may be transferred or transmitted in any manner approved by ASX.

3. Exercise

An Option may be exercised by delivery to the Company of a duly completed Exercise Notice, signed by the registered holder of the Option, together with payment to the Company of \$0.36 per Option being exercised and the relevant Option certificate.

An Option may be exercised on any business day from the date of grant to the Expiry Date (inclusive) but not after that date.

An Exercise Notice is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

4. Dividend Entitlement

Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Options rank equally with other issued Shares from their date of issue and are entitled to dividends declared on and from that date.

5. Participating rights

- (a) The Optionholder may only participate in new issues of securities to holders of Shares if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue.
- (b) The Company must give notice to Optionholders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- (c) If between the date of issue and the date of exercise of an Option the Company makes 1 or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue), the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E[P - (S+D)]}{(N + 1)}$$

where:

NE is the new exercise price of the Option;

OE is the old exercise price of the Option;

E is the number of underlying Shares into which 1 Option is exercisable:

P is the average closing sale price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

6. Reconstructions and Alteration of Capital

Any adjustment to the number of outstanding Options and the Exercise Price under a re-organisation of the Company's share capital must be made in accordance with the Listing Rules.

7. ASX Listing

The Company must make application for quotation of Shares issued on exercise of the Options on the ASX in accordance with the Listing Rules. Shares so issued will rank equally with other issued Shares of the Company.

8. Definitions

In these Rules, unless the context otherwise requires:

ASX means Australian Stock Exchange Limited.

Board means the board of directors of the Company.

Business Day means a day which is a business day under the Listing Rules.

Company means Allied Technologies Group Limited (ACN 010 597 672).

Convertible Note means an unsecured redeemable convertible note issued by the Company pursuant to the terms and conditions of the Trust Deed.

Convertible Note Redemption Date means 31 October 2008,

Corporations Act means the Corporations Act 2001 (Cth).

Exercise Date means the date on which an Optionholder exercises some or all Options.

Exercise Notice means a notice from the Optionholder to the Company exercising a specified number of Options in substantially the form of the Schedule.

Exercise Period means a period during which an Option is exercisable.

Exercise Price means the price shown as the exercise price on the face of the Option Certificate.

Expiry Date means the date shown as the expiry date on the face of the Option

Certificate being the Convertible Note Redemption Date.

Grant Date means the date the Options were allotted to Optionholders as shown on the face of the Option Certificate,

Group means the Company and its Subsidiaries.

Listing Rules means the listing rules of the ASX.

Options means the options referred to in the Option Certificate.

Optionholder means the person registered in the Company's option register as the holder of the Options.

Outstanding Options means the Options not yet exercised from time to time.

Shareholder means a shareholder of the Company.

Shares means fully paid ordinary shares in the capital of the Company.

Subsidiary has the meaning given to it in the Corporations Act,

Trust Deed means the Convertible Note Trust Deed between the Company and Sandhurst Trustees Limited dated the date the Convertible Note Trust Deed is executed by the Company and Sandhurst Trustees Limited.

Schedule – Exercise Notice

Exercise Notice

To: Allied Technologies Group Limited (ACN 010 597 672) (Company)

I/We:

.....

Of:

.....

SRN/HIN:.....

being the registered holder/s of(number) Options each to acquire a Share in the Company at a price of \$0.36 per Share payable in full on the Exercise Date, HEREBY GIVE NOTICE OF THE EXERCISE of(number) Options and attach my/our cheque in the sum of \$.....

I/We authorise you to register me/us as the holders of the Shares to be allotted to me/us and agree to be bound by the Constitution of the Company.

Dated:

Signed:

.....

This notice may be signed as follows:

- If the holding is held in the name of one person (Individual holding), that person must sign.
- If the holding is held by more than one person (jointly) each joint holder must sign.
- If you are signing as an Attorney, then the Power of Attorney must have either been noted by the registry or be duly stamped and accompany this form.
- If the holding is held by a company, please sign in the authorised manner, stating the office held by the signatory/signatories.

THIS NOTICE OF EXERCISE OF OPTIONS, WITH THE APPROPRIATE REMITTANCE, SHOULD BE LODGED AT THE COMPANY'S SHARE REGISTRY