ASX Announcement (445)
10 January 2012

Announcements Officer
Company Announcements Office
ASX Limited

Supplemental Convertible Note Trust Deed – 6 January 2012
Amendment to Terms of Convertible Notes
Maturity Date – 31 March 2012
Conversion Date – 31 March 2012

On 30 December 2011, Virax Holdings Limited (ASX:VHL) announced that the Convertible Noteholders of the Company had resolved to amend the terms of the Company's Convertible Notes. In accordance with ASX Listing Rule 15.4.2, Virax attaches a copy of the Supplemental Convertible Note Trust Deed dated 6 January 2012 which gives effect to the Noteholders resolution.

The Convertible Notes were issued in February 2008 in accordance with the Convertible Noteholder Trust Deed dated 19 December 2007.

The Terms of the Convertible Notes were amended through a Supplemental Convertible Noteholder Trust Deed of 3 December 2009 – reflecting the Noteholder approval of 6 November 2009. These amendments amongst other matters, extended the maturity date and conversion period from 31 December 2009 to 31 December 2011.

The Terms of the Convertible Notes were further amended through a Supplemental Convertible Noteholder Trust Deed of 6 January 2012 – reflecting the Noteholder approval of 30 December 2011 to extend the maturity date and the conversion period from 31 December 2011 to 31 March 2012.

The following documents are attached:

- Supplemental Convertible Noteholder Trust Deed of 6 January 2012;
- Convertible Noteholder Trust Deed of 19 December 2007; and
- Supplemental Convertible Noteholder Deed of 3 December 2009.

Yours sincerely

John Morrison
Virax Holdings Limited
Company Secretary

DATED: 6 January 2012.

Supplemental convertible note trust deed

Parties

VIRAX HOLDINGS LIMITED
ABN 56 006 569 106

AUSTRALIAN EXECUTOR TRUSTEES LIMITED

ACN 007 869 794

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Deed dated: 6 January 2012

Parties **VIRAX HOLDINGS LIMITED ABN 56 006 569 106**
of Suite 220, 89 High Street, Kew, Victoria, 3101
(**Company**)

AUSTRALIAN EXECUTOR TRUSTEES LIMITED ACN 007 869 794 of Level 22, 207 Kent Street, Sydney, NSW, 2000

(**Trustee**)

Background

(A) On 17 December 2007, the Company and the Trustee entered into a Convertible Note Trust Deed (**Convertible Note Trust Deed**) under which the Trustee agreed to act as trustee for the holders of Convertibles Notes issued by the Company.

(B) Clause 43.4 of the Convertible Note Trust Deed provides that a meeting of Noteholders has the power, by ordinary resolution:

(1) to sanction or assent to any amendments to the Convertible Note Trust Deed proposed by the Company; and

(2) to authorise the Trustee to concur in and execute any supplemental deed embodying that amendment.

(C) On 6 November 2009, the Company convened a General Meeting of Noteholders to consider and, if thought fit, pass an ordinary resolution sanctioning amendments to the Convertible Note Trust Deed proposed by the Company and authorising the Trustee to execute a supplemental deed embodying such amendments.

(D) The Noteholders passed a resolution proposed by the Company at a General Meeting of Noteholders held on 6 November 2009 and the Convertible Note Trust Deed was amended in the manner set out in the supplemental trust deed dated 3 December 2009.

(E) On 30 December 2011, the Company convened a General Meeting of Noteholders to consider and, if thought fit, pass an ordinary resolution sanctioning further amendments to the Convertible Note Trust Deed proposed by the Company and authorising the Trustee to execute a supplemental deed embodying such amendments.

(F) The parties wish to amend the Convertible Note Trust Deed in accordance with the resolution passed by Noteholders on 30 December 2011 in the manner set out in this supplemental deed (**Supplemental Deed**).

It is agreed:

1 Definitions and interpretation

1.1 Terms which are defined in the Convertible Note Trust Deed have the same meaning in this Supplemental Deed unless the context otherwise requires.

1.2 Clauses 1.2 of the Convertible Note Trust Deed applies to this Supplemental Deed as if set out in full in this Supplemental Deed and as if references in that clause to 'this Deed' or 'this document' were to 'this Supplemental Deed'.

2 Amendment of Convertible Note Trust Deed

With effect as and from 30 December 2011 (Effective Date), Annexure Part A and Annexure Part B of the Convertible Note Trust Deed is varied in the manner set out in Annexure A

3 Variations not to affect accrued rights and obligations

3.1 The amendments to the Convertible Note Trust Deed do not affect the validity or enforceability of the Convertible Note Trust Deed as amended.

3.2 Nothing in this Supplemental Deed:

(1) prejudices or adversely affects any right, power, authority, discretion or remedy arising under the Convertible Note Trust Deed before the Effective Date; or

(2) discharges, releases or otherwise affects any liability or obligation arising under the Convertible Note Trust Deed before the Effective Date.

3.3 Each party is bound by the Convertible Note Trust Deed as amended by this Supplemental Deed.

4 General provisions

4.1 Each party must promptly do all things (including executing and if necessary delivering all documents) necessary or desirable to give full effect to this Supplemental Deed.

4.2 Clauses 17, 18, 44, 45, 46, 47, 48 and 49 of the Convertible Note Trust Deed apply to this Supplemental Deed as if set out in full in this Supplemental Deed and as if references in those clauses to 'this Deed' or 'this document' were to 'this Supplemental Deed'.

EXECUTED AS A DEED

EXECUTED by Virax Holdings Limited in accordance with section 127(1) of the Corporations Act 2001)
)
)

Signature of Director	Signature of Director / Company Secretary (delete as applicable)
MICHAEL HUMPHRIS	JOHN MORRISON
Name of Director (Please print)	Name of Director / Company Secretary (Please print)

The common seal of Australian Executor Trustees Limited was affixed in accordance with its constitution in the presence of:

COMMON SEAL
AUSTRALIAN EXECUTOR TRUSTEES LIMITED
A.C.N. 007 869 794

Signature of ~~Director~~ Authorised Officer

Glenn White

Name of ~~Director~~ Authorised Officer
(Please print)

Signature of ~~Director / Company Secretary~~ Authorised Officer
(delete as applicable)

KERRY NGAI

Name of ~~Director / Company Secretary~~ Authorised Officer
(Please print)

Annexure A Amendments to Convertible Note Trust Deed

Annexure A Part A
Conditions of Issue of Convertible Notes

1. Definitions and interpretation

1.1 In these conditions:

(1) **ASX** means ASX Limited trading as Australian Securities Exchange;

(2) **Bonus Conversion Period** means , in relation to a Convertible Note, the period 6 November 2009 to 18 December 2009;

(3) **Company** means Virax Holdings Limited ABN 56 006 569 106 of Suite 220, 89 High Street, Kew, Victoria, 3010;

(4) **Conversion Date** has the meaning given in clause 6.2;

(5) **Conversion Notice** has the meaning given in clause 6.1;

(6) **Conversion Period** means, in relation to a Convertible Note, the period 1 January 2009 to 31 March 2012 or upon receipt of a redemption notice from the Company.

(7) **Dividend Period** has the meaning given in clause 6.6;

(8) **Issue Price** means the issue price of a Convertible Note being $0.10 per Convertible Note;

(9) **Record Date** means 31 December 2007;

(10) **Redemption Price** means the redemption price specified in the Summary;

(11) **Share Issue Price** means 5 cents per Share upon conversion;

(12) **Summary means** the Summary in Part B of these Conditions;

(13) **Trust Deed** means the Convertible Note Trust Deed between the Company and the Trustee dated on or about 17 December 2007;

(14) **Trustee** means Australian Executor Trustees Limited ACN 007 869 794; and

(15) **VWASP** means Volume Weighted Average Share Price.

1.2 Expressions defined in the Trust Deed have the same meaning when used in these conditions.

1.3 These conditions must be interpreted in the manner specified in the Trust Deed.

2. Terms and conditions of Convertible Notes

2.1 Each Noteholder is bound by:

(1) the Trust Deed; and

(2) these conditions.

3. Applications

Applications for Convertible Notes must be made in accordance with the terms of the Disclosure Document and these Conditions. Applications must be for a minimum amount of Convertible Notes in accordance with Minimum Application requirements in the Summary.

4. Interest and Security

4.1 The Noteholder acknowledges that:

(1) the Company will not be required to pay interest on each Convertible Note; and

(2) the Convertible Notes will be unsecured.

5. Redemption Rights

(a) The Company reserves the right at any time upon 30 days written notice to pay to the Noteholder the Redemption Price in respect of each Convertible Note that has not been converted. If an Event of Default occurs, and despite clause 28.1 of the Trust Deed, the Noteholder may demand repayment of the Issue Price and the Company must pay that amount to the Noteholder within 5 Business Days of receipt of the demand; and

(b) In no other circumstance will the Noteholder have a right to redemption of the Convertible Notes.

(c) All Convertible Notes on issue after 5.00pm on 31 March 2012 will automatically be redeemed by the Company.

6. Conversion

6.1 A Noteholder may at any time during the Conversion Period give a notice (**Conversion Notice**) to the Company requiring the Company to convert a Convertible Note. A Conversion Notice must be in the form of Schedule 3 of the Trust Deed and must be delivered to the Company together with the Holding Statement comprising or including the Convertible Note to be converted.

6.2 On conversion of a Convertible Note, the Company must issue to the Noteholder the number of Shares calculated in accordance with clause 6.3. The Company must issue the Shares within 10 Business Days of receipt of the Conversion Notice, and the Shares will be treated as issued on the date of conversion of the Convertible Note (**Conversion Date**).

6.3 Subject to these conditions,

(1) where a Noteholder gives a Conversion Notice to the Company during the Bonus Conversion Period:

(a) if the VWASP for the 30 days up to and including the date on which the Conversion Notice is submitted to the Company is equal to or greater than \$0.06, the Company must issue 5 Shares for every 2 Convertible Notes converted; or

(b) if the VWASP for the 30 days up to and including the date on which the Conversion Notice is submitted to the Company is less than \$0.06, the Company must issue a number of Shares equal to \$0.15 / VWASP, rounded up, per Convertible Note.

(2) where a Noteholder gives a Conversion Notice to the Company outside the Bonus Conversion Period, 1 Convertible Note entitles the Noteholder to be issued with 2 Shares for the Share Issue Price.

6.4 The Company must not later than 28 days after the Conversion Date send to the Noteholder of Convertible Notes converted on that date:

(1) an uncertificated holding statement for the Shares issued on conversion of the Convertible Notes; and

(2) a holding statement in respect of any Convertible Notes remaining unconverted held in the Noteholder's name.

The Company may arrange to have sent the holding statements for shares by prepaid post addressed to the address of the Noteholder appearing in the Register.

6.5 Subject to clause 6.6, Shares allotted upon conversion of Convertible Notes will rank pari passu with all other Shares from and including the Conversion Date.

6.6 The following provisions apply in relation to dividends in respect of each Share issued on conversion of a Convertible Note:

(1) the Share will not rank for the whole or any part of a dividend declared after the Conversion Date which relates to any period ending on or prior to the last to occur of 30 June or 31 December which immediately precedes that Date; and

7. Adjustment of number of Shares issued on conversion

7.1 If the Company offers Shares by way of a pro rata rights issue to its shareholders (whether renounceable or not renounceable), the Share Redemption Price will be adjusted according to the formula:

$NSIP = OSIP - E [P - (S + D)] / N + 1$
where:

$NSIP$ = the new Redemption Price;

$OSIP$ = the original Redemption Price;

E	=	the number of Shares into which 1 Convertible Note would be converted assuming the original Redemption Price;
P	=	the average market price for Shares (weighted by reference to volume) during the 5 trading days ending on the day before the ex-rights date for the rights issue;
S	=	the subscription price for a Share under the rights issue;
D	=	the dividend due but not yet paid on the Shares except those to be issued under the pro rata issue; and
N	=	the number of Shares that must be held to receive 1 new Share under the rights issue.

7.2 If between the date of issue and the date of exercise of a Convertible Note, the Company makes 1 or more Bonus Issues of Shares to the Noteholders then upon the exercise of the Convertible Note, the Noteholder is entitled to have issued to it:

(1) the number of Shares to which it is entitled upon such exercise disregarding such Bonus Issue or Issues; and

(2) the number of Shares which would have been issued to it as Bonus Shares if it had been registered as the Noteholder of the number of Shares referred to in clause 7.2(1) on the record date for the Bonus Issue.

7.3 The Bonus Shares so issued to the Noteholder will be paid up by the Company in the same manner as was applied in relation to the Bonus Issue. If a Convertible Note is not exercised, these additional entitlements lapse. Any entitlement to a fraction of a Share remaining following exercise of a Convertible Note will be disregarded.

7.4 In a consolidation of capital the number of Convertible Notes must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

7.5 In a subdivision of capital the number of Convertible Notes must be subdivided in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

7.6 In a return of capital the number of Convertible Notes must remain the same, and the exercise price of each Convertible Note must be reduced by the same amount as the reduction of the capital backing of each Ordinary Share.

7.7 In a cancellation of capital that is lost or not represented by available assets, the number of Convertible Notes and the exercise price of each Convertible Note must remain unaltered.

7.8 In a pro rata cancellation of capital, the number of Convertible Notes must be reduced in the same ratio as the ordinary capital and the exercise price of each Convertible Note must be amended in the inverse proportion to that ratio.

7.9 In the case of any other form of reduction of capital, the number of Convertible Notes or the exercise price, or both, must be reorganised so that the Noteholder of the Convertible Note will not receive a benefit that holders of Ordinary Shares do not receive. This clause does not prevent a rounding up of the number of Ordinary Shares to be received on exercise if the rounding up is approved at the meeting of the holders of Ordinary Shares which approves the reorganisation.

8. Listing

8.1 The Company in its absolute discretion may apply to have the Convertible Notes listed for quotation on any stock exchange. If the Company is listed on ASX at the time Shares are issued on conversion of Convertible Notes, the Company will apply for official quotation by ASX of the Shares issued within 10 Business Days of the date of issue.

9. Miscellaneous

9.1 If a provision of these conditions or its application to any person or circumstance is or becomes invalid, illegal or unenforceable then the provision must, as far as possible, be interpreted as narrowly as possible to ensure that it is not illegal, invalid or unenforceable. If any provision or part of it cannot be so interpreted, then the provision or its part is taken to be void and severable. The remaining provisions of these conditions are not affected or impaired in any way.

9.2 A modification, alteration, change or variation of a term or condition of these conditions must be in writing and executed by all parties.

9.3 The Company may set off an amount it owes to the Noteholder under a Convertible Note against any payment it must make to the Noteholder.

9.4 The law of Victorian governs these conditions. Each of the Company and the Noteholder submits to the exclusive jurisdiction of the courts of Victoria and of the Commonwealth of Australia and agrees that any lawsuit must be heard in those courts.

Annexure A Part B

SUMMARY OF THE OFFER AND CONDITION OF ISSUE

Issue price	$0.10 (10 cents) per Convertible Note
Shareholders pro rata entitlement	One Convertible Note for every four Shares held on the Record Date
Record Date	31 December 2007
Number offered	Up to 27,000,000 Convertible Notes
Amount to be raised	Up to $2,700,000 (before expenses)
Minimum Application	Applications must be for a minimum of 5,000 Convertible Notes at $0.10 each ($500) and a multiple of 1,000 Convertible Notes ($100) thereafter
Interest (coupon)	No interest is payable on Convertible Notes
Noteholder Conversion Rights	Noteholders may convert all or part of their holding of Convertible Notes into fully paid ordinary Shares on the basis of 1 Note for 2 Shares on or at any time between 1 January 2009 and 31 March 2012 (subject to the Bonus Conversion Rights set out below)
Noteholder Bonus Conversion Rights	Noteholders may convert all or part of their holding of Convertible Notes into fully paid ordinary Shares between 6 November 2009 and 18 December 2009 on the basis of: (a) if the VWASP for the 30 days up to and including the date on which a valid Conversion Notice is submitted to the Company in accordance with clause 6.1 is equal to or greater than $0.06, 5 Shares for every 2 Notes converted; or (b) if the VWASP for the 30 days up to and including the date on which a valid Conversion Notice is submitted to the Company in accordance with clause 6.1 is less than $0.06, a number of Shares equal to $0.15 / VWASP, rounded up, per Note.
Company Conversion Rights	The Company has no right to convert or require Noteholders to convert Convertible Notes
Noteholder Redemption Rights	Noteholders may redeem Convertible Notes on the occurrence of an Event of Default but not otherwise.

Company Redemption Rights	The Company may redeem the Convertible Notes at a premium to face value of 40% ($0.14 per Convertible Note) **Redemption Price** on or at any time provided it first gives Noteholders 30 days written notice of intention to do so. During that notice period the Noteholder may convert their holding of Convertible Notes.
Security	Convertible Notes are unsecured
No voting rights	Noteholders have no right to vote at general meetings of Virax
Listing of Convertible Notes	The Company intends to apply to ASX for listing of the Convertible Notes. However, Applicants should not assume that ASX will grant listing

Dated 19 December 2007

Convertible note trust deed

Parties

VIRAX HOLDINGS LIMITED
ABN 56 006 569 106

AUSTRALIAN EXECUTOR TRUSTEES LIMITED
ACN 007 869 794

Contact

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Our ref: 2639509

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Deed dated

Parties **VIRAX HOLDINGS LIMITED** ABN 56 006 569 106 of Suite 220, 89 High Street, Kew, Victoria, 3101 **(Company)**

AUSTRALIAN EXECUTOR TRUSTEES LIMITED ACN 007 869 794 of Level 22, 207 Kent Street, Sydney, NSW, 2000 **(Trustee)**

Introduction

A. The Company wishes to raise funds through the issue of unsecured redeemable convertible notes.

B. The Trustee has agreed to act as trustee for the holders of the Convertible Notes on the terms and conditions contained in this Deed.

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this Deed:

(1) **ASIC** means Australian Securities and Investments Commission;

(2) **Auditor** means the auditor or auditors for the time being of the Company;

(3) **Board** means the board of Directors of the Company;

(4) **Borrowings** means borrowings, raisings and all other forms of financial accommodation (whether actual, prospective or contingent);

(5) **Business Day** means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;

(6) **Charges** means any charges, imposts, taxes or duties payable by the Company to any person by virtue of or by reason of the payment or receipt of any Principal Money or the Money Owing;

(7) **Conditions of Issue** means the terms and conditions applicable to the Convertible Notes, as set out in the Annexure and as amended from time to time in accordance with this Deed;

(8) **Convertible Note** means an unsecured redeemable convertible note issued by the Company pursuant to this Deed;

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

(10) **Covenants** means the covenants given by the Company in this Deed;

(11) **Deed** means this trust deed, including any schedule or annexure to it, as amended from time to time;

(12) **Director** means a director of the Company;

(13) **Disclosure Document** means the Prospectus issued by the Company with respect to the application for and issue of Convertible Notes dated on or about the date of this Deed;

(14) **Encumbrance** means an interest or power:

  (a) reserved in or over an interest in any asset including, but not limited to, 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;

(15) **Event of Default** means one of the events specified in clause 26.2;

(16) **Governmental Agency** means a government or a governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity;

(17) **Group** means the Company and each Related Body Corporate;

(18) **Income Tax** means any tax which is assessed, levied, imposed or collected on income or capital gains by or on behalf of any Governmental Agency and includes any interest, fine, penalty, charge, fee or other amount imposed in respect of the tax;

(19) **Money Owing** means:

(a) the Principal Money; and

(b) any other money payable to the Trustee or any Noteholder under this Deed;

(20) **Noteholder** means a person entered on the Register as the holder of a Convertible Note;

(21) **Principal Money** means the money payable by a Noteholder on subscription for Convertible Notes;

(22) **Quarter** has the meaning given in clause 13.3;

(23) **Quarterly Report** means a report containing information prescribed by and prepared and authorised in accordance with section 283BF of the *Corporations Act 2001;*

(24) **Register** means the register of Noteholders to be established and maintained pursuant to this Deed;

(25) **Related Body Corporate** has the meaning given in section 9 of the *Corporations Act 2001;*

(26) **Share** means a fully paid ordinary share in the capital of the Company;

(27) **Subsidiary** has the meaning given in section 9 of the *Corporations Act 2001;*

(28) **Trust** means the trust constituted by this Deed; and

(29) **Trustee** means the Trustee or any replacement trustee appointed under this Deed.

1.2 Interpretation

(1) Reference to:

(a) one gender includes the other genders;

(b) the singular includes the plural and the plural includes the singular;

(c) a person includes a body corporate;

(d) a party includes the party's executors, administrators, successors and permitted assigns;

(e) a statute, regulation or provision of a statute or regulation (**Statutory Provision**) includes:

(i) that Statutory Provision as amended or re-enacted;

(ii) a statute, regulation or provision enacted in replacement of that Statutory Provision; and

(iii) another regulation or other statutory instrument made or issued under that Statutory Provision;

(f) money is to Australian dollars, unless otherwise stated;

(g) **liquidation** means receivership or other appointment of a controller, deregistration, administration, deed of arrangement, winding up, dissolution or assignment for the benefit of creditors; and

(h) **month** means a calendar month.

(2) "Including" and similar expressions are not words of limitation.

(3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.

(4) Headings and any table of contents or index are for convenience only and do not form part of this Deed or affect its interpretation.

(5) A provision of this Deed must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of the Deed or the inclusion of the provision in the Deed.

(6) If an act must be done on a specified day that is not a Business Day, it must be done instead on the next Business Day.

(7) Where a term is not defined in this Deed but is defined in the *Corporations Act 2001*, that term has the meaning ascribed to it by the *Corporations Act 2001* unless the context otherwise requires.

2. Appointment of Trustee and declaration of trust

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

2.2 The Trustee holds the following rights on trust for Noteholders:

(1) the right to enforce the Company's duty to repay the Money Owing under the Convertible Notes; and

(2) the right to enforce any other duties that the Company has under this Deed, the Convertible Notes and the *Corporations Act 2001*.

2.3 The Trustee declares that it holds all money received by it in accordance with this Deed on trust for itself and for the Noteholders to be distributed in accordance with the terms of this Deed.

2.4 Subject to the approval of a majority of the Noteholders, the Company may appoint a new trustee under this Deed to fill any vacancy arising from the retirement of the Trustee under clause 37.1 or the removal of the Trustee under clause 37.2.

2.5 This Deed and the Conditions of Issue are binding on the Company, the Trustee, the Noteholders and all persons claiming through them.

3. Issue of Convertible Notes

3.1 Applications for Convertible Notes may be in the form of Schedule 1 or such other form as the Board determines. The Company is not bound to accept any application.

3.2 The Company may issue Convertible Notes prorata to the shareholders of the Company in accordance with the Conditions of Issue, provided that the Company has complied with clause 3.4.

3.3 Each Convertible Note:

(1) ranks equally with all other Convertible Notes; and

(2) is held subject to and with the benefit of this Deed and the Conditions of Issue.

3.4 Before issuing Convertible Notes the Company must inform the Trustee in writing of the amount payable on subscription for the Convertible Notes it proposes to issue, the terms and conditions on which the Convertible Notes may be repaid at the option of the Company (if any), and any other material terms and conditions of issue.

3.5 The Company may pay a commission, procuration fee or brokerage to any person for subscribing for, underwriting the subscription of or obtaining subscriptions for Convertible Notes.

4. Register

4.1 The Company must establish and maintain, or cause to be established and maintained, an up-to-date Register of Noteholders.

4.2 The Register must record:

(1) the names and addresses of all Noteholders;

(2) the number of Convertible Notes held by each Noteholder;

(3) the Principal Money subscribed for each Convertible Note; and

(4) the date of issue of each Convertible Note.

4.3 A Noteholder must immediately give the Company notice in writing of any change of name or address. Notice of change of name or address must be accompanied by such evidence as the Company reasonably requires. On receipt of the notice, the Company must alter the Register accordingly.

4.4 The Company must ensure that the Register is open on each Business Day during normal business hours for inspection free of charge by the Trustee, a Noteholder or any person authorised in writing by a Noteholder or the Trustee.

4.5 The Company must provide a copy of the Register or any part of it to the Trustee within 2 Business Days of a request from the Trustee. The Trustee may rely on and treat as genuine the document provided by the Company in accordance with the request and purporting to be a copy.

5. Transfers

5.1 A Noteholder may transfer any of its Convertible Notes by lodging with the Company an instrument of transfer (duly stamped if necessary) in a form acceptable to the Company generally or in a particular case.

5.2 The instrument of transfer must be executed by the Noteholder as transferor and by the transferee, except where execution by the transferee is rendered unnecessary by Statutory Provision.

5.3 No fee may be charged for the registration of a transfer.

5.4 Subject to any applicable law, an executed instrument of transfer must be forwarded for registration to the registered address of the Company accompanied by:

(1) the holding statement for the Convertible Notes to be transferred; or

(2) other evidence the Company may reasonably require to prove the title or right of the transferor to transfer the Convertible Notes.

5.5 If the Company is satisfied with the documents provided and subject to this Deed and the provisions of any law relating to stamp duty being complied with, the Company must register the transfer as soon as practicable by entering the name of the transferee in the Register as the Noteholder referred to in the transfer.

5.6 The transferor must be treated as the owner of the Convertible Notes until the name of the transferee is entered in the Register.

5.7 All instruments of transfer which are registered must be retained by the Company for the lesser of 7 years or for such other minimum period as may be required by law. Any instrument of transfer which the Company declines to register must (except in the case of fraud or suspected fraud) be returned on demand to the person lodging it.

5.8 Subject to clause 5.9, the Company may retain the Money Owing on any Convertible Notes to which a person is entitled as transferee until the transferee is registered as the Noteholder.

5.9 Where a proposed transfer is not registered within 3 months after the Company receives notification of the proposed transfer, the Company must pay the former Noteholder the Money Owing on the Convertible Notes and any accrued interest.

6. Title to Convertible Notes, non-recognition of equities

6.1 The Company must recognise only the Noteholder whose name appears in the Register as the absolute owner of the Convertible Note in respect of which it is entered in the Register.

6.2 The Company is not, except as ordered by a court of competent jurisdiction or as required by statute, bound to take notice of any trust or equity to which a Convertible Note may be subject or otherwise affecting the ownership of a Convertible Note or incidental rights.

6.3 The receipt by the Noteholder of money payable on the redemption of a Convertible Note will have the effect of discharging the obligations of the Company in respect of the amount payable on redemption despite any notice the Company may have of the right, title or interest of any person to, or in, that Convertible Note or money.

6.4 No details of any equity or trust contemplated by clause 6.2 may be entered in the Register.

7. Joint Noteholders

7.1 Convertible Notes may be held jointly by a maximum of 4 persons.

7.2 If several persons are entered in the Register as joint Noteholders of a Note, the receipt by any 1 of them of any Money Owing from time to time due to joint Noteholders is as effective as a discharge to the Company in respect of all the joint Noteholders as if the person signing the receipt was the sole Noteholder of that Note.

7.3 Subject to clause 8.1, in the case of death of any 1 of joint Noteholders, the survivor or survivors are the only persons recognised by the Company as having any title to or interest in the Convertible Note registered in their names jointly.

8. Death, bankruptcy or liquidation of Noteholder

8.1 The legal personal representative of a deceased Noteholder (not being 1 of the joint Noteholders) is the only person recognised by the Company as having any title to that deceased Noteholders' Convertible Notes.

8.2 Any person becoming entitled to Convertible Notes as a consequence of the liquidation, death, insolvency or other demise of a Noteholder may:

(1) on producing such evidence of that person's title as the Company considers sufficient; and

(2) subject to the provisions in this Deed as to transfer;

be registered as the Noteholder or as a joint Noteholder.

8.3 The Company need not register any transfer or transmission under this clause unless the transferee provides an indemnity in favour of the Company in a form determined by or satisfactory to the Company in respect of any consequence arising from the transfer or transmission.

9. Intentionally Left Blank

10. Payment Covenants

10.1 The Company acknowledges that it is indebted to the Trustee and to the Noteholders in respect of the Money Owing.

10.2 The Company must subject to and in accordance with this Deed and the Conditions of Issue:

(1) comply with the Conditions of Issue;

(2) as and when Convertible Notes are to be redeemed, redeem them and pay the Money Owing in respect of them; and

(3) as and when Convertible Notes are converted, convert them and apply the funds as consideration for the issue of Shares.

11. General Covenants

11.1 So long as any Convertible Notes are outstanding, the Company must:

(1) execute and do all things necessary to give effect to this Deed, the Convertible Notes and the Conditions of Issue and to confer the full benefit of them on the Noteholders;

(2) carry on and conduct its business in a proper and efficient manner;

(3) keep, or cause to be kept, proper books of account and enter in them full particulars of all dealings and transactions in relation to its business and on the occurrence of an Event of Default, make available for inspection by the Trustee (or an auditor appointed by the Trustee) the whole of the accounting and other records of the Company;

(4) give to the Trustee such information as the Trustee requires with respect to all matters relating to the accounting or other records of the Company;

(5) duly comply with all statutory requirements with respect to the lodging of reports, accounts and statement, and the furnishing of reports, accounts and statements to the Trustee;

(6) give to the Trustee any information which it may reasonably require for the purposes of this Deed;

(7) promptly notify the Trustee of the occurrence of an Event of Default and any other information necessary to enable the Trustee to exercise any of its powers on default;

(8) provide a copy of this Deed and the Conditions of Issue to a Noteholder on request and free of charge;

(9) duly pay:

(a) all Charges, rents, rates, outgoings and other liabilities assessed against or charged on the properties, assets or income of the Company; and

(b) all debts incurred in the ordinary course of its business;

before the date when penalties become attached to them, unless and to the extent that the solicitors for the Company certify to the Trustee that the Company has reasonable grounds for contesting the assessment, charge or debt;

(10) notify the Trustee immediately if any Director is aware that the Company has breached or is not able to comply with any of its obligations under this Deed or the law;

(11) advise the Trustee if the Company or a Subsidiary becomes unable to pay all its debts as and when they become due and payable;

(12) where required by law, furnish to the Trustee information required by the Trustee:

(a) to complete properly any stamp duty or similar return required to be lodged in relation to this Deed or any of the Convertible Notes; and

(b) to place the Trustee in a position to comply with its obligations under any legislation with respect to stamp duty;

(13) give to the Trustee a copy of all notices and accompanying material given to Noteholders or to shareholders from time to time;

(14) maintain:

(a) its registration in its place of registration as a company; and

(b) its good standing;

and ensure that it remains entitled to carry on business and own property in all applicable jurisdictions;

(15) effect and maintain in full force and effect all policies of insurance appropriate to its business, assets and operations;

(16) maintain, preserve and protect in good order all intellectual property held from time to time material to its business in accordance with prudent business practice;

(17) maintain all its physical assets from time to time in a good state of repair, fair wear and tear excepted, and replace the assets whenever necessary for the proper and efficient conduct of its business;

(18) pay when due all taxes assessed, levied or imposed on it or its assets, save when challenged or to be challenged;

(19) comply with all laws and with the mandatory requirements of any public authority;

(20) not engage in any business enterprise except through the Company or its Subsidiaries;

(21) make approvals or decisions that are required in good faith and in the best interests of the Company and its Subsidiaries;

(22) obtain all necessary consents and comply with all laws relating to the carrying on of its business;

(23) maintain in full force and effect all governmental approvals, filings and records necessary or advisable in connection with the Convertible Notes or this Deed and obtain or make any additional governmental approvals, filings or recordings that become necessary or advisable.

11.2 The Company covenants and agrees to provide to the Noteholders promptly on request, subject to stamping and other obligations, the following documents:

(1) certified true copies of the certificate of incorporation and constitution of the Company;

(2) certified true copies of the appropriate resolutions of the Board and shareholders of the Company that are in full force and effect relating to the Convertible Notes; and

(3) any other document containing matters pertinent to the Convertible Notes that the Noteholders may reasonably require.

12. Other obligations of the Company

For so long as any Convertible Note is outstanding, the Company must:

(1) take all reasonable steps to replace the Trustee if required by the *Corporations Act* to do so;

(2) if requested by a Noteholder or the Trustee, provide a copy of this Deed to that Noteholder or the Trustee;

(3) where there exists any recurring obligation on the Company or the Trustee or both to furnish certain information on the basis of which stamp duty will be payable in any state or territory or other place, give to the Trustee such information as is required by the Trustee to properly complete any return required to be lodged under the provisions of any stamp duty legislation which are applicable to this Deed or any of the Notes or otherwise to enable the Trustee to comply with its obligations with respect to any undertaking given

pursuant to any such legislation, such information to be furnished to the Trustee not less than 14 days prior to the time when such information is required to be lodged;

(4) provide all information and explanations reasonably requested by the Trustee to enable the Trustee and any auditor appointed by the Trustee to exercise their rights and to discharge their duties under this Deed, the *Corporations Act*, ASIC policy or any other obligations of a trustee imposed by law;

(5) promptly give the Trustee notice of any appointment, retirement, resignation or removal of an Auditor;

(6) at reasonable times and upon reasonable notice, make all financial and other records of the Company or any of its subsidiaries available for inspection by:

(a) the Trustee;

(b) any registered company auditor appointed by the Trustee for that purpose;

(c) any officer, employee or auditor of the Trustee authorised by the Trustee to carry out the inspection,

and give them any information, explanations or other assistance that they require about matters relating to those records; and

(7) comply with all other material obligations imposed on it under the *Corporations Act* and ASIC policy including, without limitation, all legal requirements relating to the filing of reports and statements, the registration of encumbrances and the keeping open of registers for inspection.

(8) do everything necessary to preserve the corporate existence of itself and each of its subsidiaries, including:

(a) not transferring the jurisdiction of registration;

(b) not making any application or passing any resolution for winding up; and

(c) not entering into or effecting any other scheme under which it ceases to exist or under which its assets and liabilities are vested in or assumed by any other person.

13. Reporting Covenants

13.1 Within 1 month after the end of each Quarter (or such later date as may be permitted by the *Corporations Act 2001)*, the Company must:

(1) give the Trustee a Quarterly Report; and

(2) lodge a copy of the Quarterly Report with the Australian Securities and Investments Commission.

13.2 For the purposes of section 283BF(2) of the *Corporations Act 2001*, the Company by this Deed notifies the Trustee that the 1st Quarter is the period of 3 months ending on 31 March 2008.

13.3 For the purposes of this Deed, **Quarter** means:

(1) the period of 3 months ending on the date specified in clause 13.2; and

(2) each successive period of 3 months except 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.

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

(1) give the Trustee written details of the charge within 21 days after it is created; and

(2) if the total amounts to be advanced on the security of the charge are indeterminate and the advances are not merged in a current account with bankers, trade creditors or any other person, give the Trustee written details of the amount of each advance within 7 days after it is made.

13.5 The Company agrees to provide the Trustee such information as the Trustee reasonably requests about the Company and any of its subsidiaries to enable the Trustee to carry out its duties under this Deed and the *Corporations Act*. Where the information requested pursuant to this clause relates to financial information, the Trustee may request the Company to provide an Auditor's certificate stating that the Auditor has reviewed that financial information and acknowledges that based on the Auditor's reasonable enquiries nothing has come to the Auditor's attention which causes the Auditor to believe that the information provided to the Trustee is incorrect or incomplete.

14. Other Covenants of the Company

Unless the Trustee otherwise agrees in writing while any Convertible Note is outstanding, the Company must, at its own cost:

(1) promptly furnish to the Trustee or any person authorised by the Trustee to receive it, such documents, reports or other information as the Trustee reasonably considers necessary in relation to all matters necessary for the purposes of the exercise of the rights

and the discharge of the duties and trusts vested in the Trustee under this document or imposed upon it by law;

(2) give notice to the Trustee as soon as it become aware of any Event of Default occurring and a description of the nature of the Event of Default.

14.2 The Company need not comply with its reporting obligations under this clause while:

(1) it is under external administration; or

(2) a receiver or a receiver and manager of property of the Company has been appointed and has not ceased to act under that appointment.

15. Representations and warranties

15.1 The Company warrants and represents that:

(1) the Company is duly incorporated in Australia, is a company limited by shares and is validly existing under the laws of Australia;

(2) the certified true copies of the Constitution and resolutions of the Board to be delivered to the Noteholders pursuant to clause 11.2 are true and accurate copies of the originals;

(3) this Deed and the Convertible Notes have been validly authorised by the appropriate corporate actions of the Company;

(4) this Deed when executed and delivered, will constitute a legal, valid and binding obligation on the Company enforceable in accordance with its terms;

(5) the Convertible Notes when issued and delivered to the Noteholders in accordance with this Deed will constitute valid and legally binding obligations of the Company, and each of the Convertible Notes will be convertible for Shares in accordance with the Conditions of Issue and this Deed;

(6) all acts, conditions and things required to be done and performed and to have happened before the execution and delivery of this Deed and for the issue of the Convertible Notes, are legally valid and binding on the Company and enforceable in accordance with their respective terms and have been done and performed in due and strict compliance with the law and this Deed;

(7) the Company has full power and authority to own its assets and carry on the business currently carried on by it, execute and perform this Deed and to issue the Convertible Notes and all other

instruments, documents and agreements incidental to the Deed and the Convertible Notes;

(8) the Company has not committed under any agreement to which it is a party or by which it is bound, a default which might have a material adverse effect on the issue, redemption, or conversion of the Convertible Notes;

(9) no legal proceeding has been commenced nor have any legal proceedings been initiated nor, to the best of the Company's knowledge and belief, threatened for the dissolution, liquidation, winding up, termination or existence or reorganisation of, or for the appointment of a receiver, manager, trustee or similar officer to, the Company or any of its Subsidiaries or any or all of its assets;

(10) none of the execution, issuance and delivery of the Convertible Notes, this Deed, or the performance of any of their terms will:

(a) contravene or constitute a default under any provisions contained in any agreement, instrument, law, judgment, order, licence, permit or consent by which the Company is bound or effected; or

(b) except as set out in clauses 17.3 and 17.4, cause any limitation on the Company or the powers of its Directors whether imposed by or contained in its Constitution;

(11) the Company has filed, and will continue to file, all tax returns which it is required by law to file and, except as disclosed to the Noteholders, has paid all taxes, assessments, fees and other governmental charges assessed against it or upon any of its assets. This clause applies only to tax returns or payment where the failure to file the tax returns or make the payments would, in the opinion of the Noteholders, have a material and adverse effect on the financial condition of the Company;

(12) there is no law binding on the Company and no provision in any existing mortgage, trust deed, contract, licence, concession or agreement binding on the Company which would be contravened by the Company by the execution, issuance, delivery, performance or observance of the Convertible Notes or this Deed;

(13) all consents required (unless consent is waived) or advisable to be obtained by the Company in connection with the execution, delivery, enforceability, admissibility, evidence or priority of the Convertible Notes, this Deed, and the performance of its obligations have been unconditionally obtained and are in full force and effect;

(14) all acts, conditions and things required to be done and performed and to have happened prior to the execution, issuance and

delivery of the Convertible Notes and this Deed for each to create legal, valid and binding obligations enforceable in accordance with their respective terms, have been done and performed and have happened in due and strict compliance with all applicable laws;

(15) the Company has not raised, borrowed, taken, made, issued or given (as the case may be) any Borrowings from or to any persons, except in the ordinary course of its business and on arm's length commercial terms and the Company is not in default in the payment or performance of any of its obligations in relation to those Borrowings;

(16) to the best of its knowledge, no court orders have been issued or are pending against the Company or any of its assets;

(17) to the best of its knowledge, there are no proceedings pending before any court, tribunal, Government Agency or administrative body which, if adversely determined, would materially and adversely affect the financial position, business or operations of the Company or impair the rights of the Company;

(18) to the best of its knowledge, the Company has complied with all applicable laws and with the requirements of all government authorities having jurisdiction which, if not complied with, would materially and adversely affect the financial position of the Company;

(19) the Company is not aware of any material adverse change in the operations or financial condition or business of the Company since its last audited balance sheet date;

(20) no Event of Default (as defined by clause 26.2) has occurred and is continuing, or would result from entry into of this Deed by the Company; and

(21) all representations, warranties and statements contained in this Deed or in any certificate or statement furnished pursuant to any provisions of this Deed are true and correct.

15.2 For the purposes of clauses 15.1(11) and 15.1(19), a material effect on or change in the financial position or condition of the Company is one which whether singly or in aggregate has:

(1) a balance sheet effect of at least A$500,000; or

(2) an effect on the income of the Company in excess of A$500,000.

15.3 Each of the representations and warranties contained in clause 15.1 is made as at the date of this Deed.

15.4 This Deed and the Disclosure Document:

(1) are the entire agreement and understanding between the parties on everything connected with the subject matter of this Deed; and

(2) supersedes any prior agreement or understanding on anything connected with that subject matter.

15.5 Except as set out in this Deed and the Disclosure Document each party has entered into this Deed without relying on any other representation by any other party or any person purporting to represent that party.

15.6 In the event of any inconsistency between the terms of this Deed and the Disclosure Document, the Disclosure Document will prevail to the extent of that inconsistency.

16. Trustee's powers

16.1 Subject to this Deed, the Trustee has all the powers legally possible for a natural person or corporation to have in connection with the exercise of its powers under this Deed.

16.2 In exercising its rights and powers under this Deed, the Trustee may seek and obtain instructions by way of a majority resolution of the Noteholders. In the absence of Noteholders' instructions, Trustee may exercise any of the following powers:

(1) waive any breach by the Company of this Deed on such terms as it thinks fit;

(2) delegate to any competent and qualified person any of the powers or discretions vested in the Trustee under this Deed on such terms (including the giving of power to subdelegate) as the Trustee thinks fit;

(3) act on the advice of any barrister, solicitor, stockbroker, valuer, investment adviser, accountant or other expert whether retained by the Trustee or by the Company or otherwise; and

(4) as between itself and the Noteholders, determine all questions and matters of doubt arising in relation to this Deed, and the determination, whether made on a question actually raised or implied in the acts or proceedings of the Trustee, is conclusive and binding.

16.3 Despite provisions to the contrary in this Deed, the Trustee retains a discretion to take any action required by this Deed, or not to take any action, depending on whether it believes the Company or the Noteholders will comply, or fail to comply, with any of the indemnity provisions in clauses 18 and 22.

17. Limitation of Trustee's liability

17.1 The Trustee is not liable to any person in any capacity other than as trustee of the Trust.

17.2 A liability arising under or in connection with this Deed is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of any property held by the Trustee out of which the Trustee is actually indemnified for the liability. This limitation of the Trustee's liability applies despite any other provision of this Deed and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed.

17.3 Neither the Company nor a Noteholder may sue the Trustee in any capacity other than as trustee of the Trust, including seeking the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator or any other similar person to the Trustee or prove in any liquidation of or affecting the Trustee (except in relation to the property of the Trust).

17.4 The Company and the Noteholders waive their rights and release the Trustee from any personal liability in respect of any loss or damage which any of them may suffer as a consequence of a failure of the Trustee to perform its obligations under this Deed, which cannot be paid or satisfied out of any property held by the Trustee.

17.5 The provisions of this clause will not apply to any obligation or liability of the Trustee to the extent arising as a result of the Trustee's fraud, gross negligence or breach of trust.

17.6 The Company acknowledges that it is responsible under this Deed for performing a variety of obligations under this Deed. No act or omission of the Trustee (including any related failure to satisfy its obligations or breach of representation or warranty under this Deed) will be considered fraud, gross negligence or breach of trust of the Trustee for the purposes of clause 17 to the extent to which the act or omission was caused or contributed to by any failure of the Company or any other person to fulfil its obligations relating to the Trust or by any other act or omission of the Company or any other person.

17.7 No attorney, agent or delegate appointed in accordance with this Deed has authority to act on behalf of the Trustee in any way which exposes the Trustee to any personal liability and no act or omission of any such person will be considered fraud, gross negligence or breach of trust of the Trustee for the purposes of clause 17.

18. Trustee's indemnity

18.1 Without prejudice to any right or indemnity given by the law to trustees, the Company indemnifies the Trustee and every attorney, manager, agent or other person appointed by the Trustee under this Deed in respect of:

(1) all liabilities and expenses incurred by the Trustee or them in the execution or purported execution of the trusts of this Deed except liabilities and expenses incurred as a result of bad faith, fraud, negligence or breach of trust by the Trustee or any officer, employee, servant or agent of the Trustee; and

(2) all claims arising in connection with any of the powers authorities and discretions vested in it or them under this Deed except claims arising out of bad faith, fraud, negligence or for breach of trust (where the Trustee fails to show the degree of care and diligence required of it as Trustee) by the Trustee or any officer or employee of the Trustee.

18.2 The Trustee may retain and pay out of any money in its hands, in priority to any claim by any Noteholder, all sums necessary to effectuate the indemnity contemplated by this clause 18.

19. Trustee acting on instructions

19.1 The Trustee is not responsible for acting on any resolution purporting to have been passed at any meeting of the Noteholders if:

(1) minutes have been made and signed; and

(2) the Trustee was unaware at the relevant time of the defect or invalidity of the resolution;

even though it may subsequently be found that for any reason the resolution was not valid or binding on the Noteholders.

20. Reliance by Trustee on information provided by Company

20.1 The Trustee may accept as correct any information contained in a certificate or report signed by any Director on behalf of the Board. Without limitation, a Director may certify that:

(1) any matter or thing to be done under this Deed or otherwise, has been done; and

(2) any particular dealing or transaction is in the opinion of the Company commercially desirable and not detrimental to the Noteholders.

20.2 The Trustee:

(1) is not required to call for further evidence or to enquire as to the accuracy of the certificate and is not responsible for any loss that may be occasioned by it relying on the certificate;

(2) may accept as conclusive and act on any information, report, balance sheet, account, certificate and statement supplied by the Company or any duly authorised officer of the Company; and

(3) may accept and act on the statements (even where given only to the best of knowledge and belief) contained in any certificate, report, balance sheet or account given by the Company under this Deed as conclusive evidence of the facts stated in the relevant document.

21. Determination by Trustee

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 and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Trustee shall be conclusive unless a court of competent jurisdiction otherwise orders.

22. Discretion of Trustee

The Trustee has, as regards all the powers and authorities and discretions vested in it by this Deed, an absolute and uncontrolled discretion as to the exercise of that discretion in all respects and, in the absence of its fraud, negligence or breach of trust (or the fraud, negligence or breach of trust of any attorney, employee, agent or person (including a Delegate) appointed by it under this Deed), the Trustee will not be in any way responsible for any loss, damage, cost or expense that may result from the exercise or non-exercise of that discretion.

23. Payments by Company or Trustee

23.1 Whenever any law for the time being of the Commonwealth of Australia or any State or Territory or any other country or place imposes or purports to impose any immediate or future or possible liability on the Company or the Trustee to make any payments to any government or taxation authority as a consequence of:

(1) the Noteholder becoming subject to Part 5.3A of the *Corporations Act 2001;*

(2) the death of a Noteholder;

(3) the non-payment of any Income Tax or other tax payable by a Noteholder;

(4) the non-payment of any estate, probate, succession, death, stamp or other duty by the legal representative of the Noteholder by or out of the Noteholder's estate; or

(5) any other act or thing;

then the Noteholder and the legal representative of the Noteholder must indemnify the Company or the Trustee (as the case may be) in respect of the liability, and the Company or the Trustee may:

(6) recover by action from the Noteholder and the legal representative of the Noteholder any money paid by them as a debt due to the Company or the Trustee (as the case may be); and

(7) set off the amount of the liability against any amount due to the Noteholder under this Deed or the Conditions of Issue.

24. Trustee may rely on certificate

The Trustee is:

(1) at liberty to accept and rely on a certificate signed by the chairman or any two directors of the Company as the case may be as to any fact or matter as conclusive evidence thereof 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 certifying commercially desirable and not detrimental to the interests of the Noteholders as conclusive evidence that it is so;

(2) entitled to accept and act on any information, statement, certificate, report, balance sheet or account supplied by the Company or any Related Body Corporate of the Company or any director, secretary, Auditor or duly authorised officer of the Company or of any of the Company's Related Bodies Corporate;

(3) entitled to accept and act upon the statements and opinions contained in any statement, certificate, report, balance sheet or account given under this Deed as conclusive evidence of its contents;

and the Trustee will not be bound:

(4) to call for further evidence other than the certificate, statement, report, balance sheet or account; or

(5) to enquire as to the accuracy or completeness of such a document; and

will not be responsible for any loss, damage, cost, expense or liability that may be occasioned by relying on such a document.

25. Trustee not bound to give notice

The Trustee is not bound to give notice to any person or persons of the execution hereof 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 hereby constituted become immediately payable.

26. Default

26.1 If an Event of Default occurs, the Trustee:

(1) may; and

(2) must, on the instructions of an ordinary resolution of Noteholders;

declare the Money Owing immediately due and payable.

26.2 Each of the following is an Event of Default:

(1) **default in principal:** the Company fails to pay the Money Owing or any other money or any form of Borrowings of not less than A$100,000 owing or payable to third parties when due and the failure continues unremedied for a period of 7 days;

(2) **non-conversion:** subject to the Noteholders compliance with the Conditions of Issue, the Company fails to give effect to a Noteholder's notice to convert a Convertible Note within 3 Business Days of receipt of the notice;

(3) **insolvency event:** the Company suffers any of the following insolvency events:

(a) the Company suspends payment to creditors generally;

(b) the Company fails to comply with a statutory demand served on the Company under section 459E of the *Corporations Act 2001;*

(c) an order is made, petition presented or an effective resolution is passed to wind up the Company;

(d) the Company becomes an externally-administered body corporate within the meaning of the *Corporations Act 2001;*

(e) a receiver, manager, receiver and manager, controller (as defined in section 9 of the *Corporations Act 2001)* or analogous person is appointed to all or any material part of the assets of the Company;

(f) the Company becomes subject to administration under Part 5.3A of the *Corporations Act 2001*, or an analogous event or circumstance occurs under or pursuant to any other law applying in Australia or steps are taken which could reasonably be expected to result in the Company being so subject; or

(g) the Company is or states that it is, or is treated by applicable law as being, unable to pay its debts as they fall due;

(4) **enforcement of security**: the holder of an Encumbrance takes possession of all or any material part of the assets of the Company in the exercise of security over indebtedness exceeding A$500,000;

(5) **judicial process**: the process of any court or authority is invoked against the Company or a material part of its property to enforce any judgment or order for an amount equal to, or in excess of, A$500,000 and this is not stayed or discharged within 30 days;

(6) **default under Deed**: the Company is in breach of this Deed and the breach is not remedied in accordance with clause 26.2(8);

(7) **misrepresentation**: if any representation, warranty or statement made or repeated in or in connection with this Deed is untrue or misleading (whether by omission or otherwise) in any material respect when so made or repeated;

(8) **covenant**: if the Company defaults in the due performance of any undertaking, condition or obligation on its part to be performed in accordance with the Convertible Notes, or this Deed and the default in the opinion of the Trustee is capable of remedy, and is not remedied within 14 days of notification;

(9) **distress or execution**: if a distress or execution is levied or enforced upon or sued against all of any part of the assets of the Company, and is not stayed or discharged within 30 days after being levied or enforced, and the result would, in the opinion of the Trustee, have a material adverse effect on the Company; and

26.3 The Company must notify the Noteholders of the occurrence of an Event of Default and provide the Noteholders with full details of any steps which it is taking in order to remedy or mitigate its effect.

26.4 A Noteholder may at any time after notification in accordance with clause 26.3, by written notice to the Company elect to either:

(1) immediately convert all or any of its Convertible Notes; or

(2) require the Company to immediately redeem any or all of its Convertible Notes.

27. Enforcement proceedings

27.1 If the Money Owing becomes immediately repayable under clause 26.1 the Trustee:

(1) may; and

(2) must if the Noteholders pass an ordinary resolution in favour of the action;

(subject to clause 27.2) institute proceedings to enforce repayment of the Principal Money and all other Money Owing due and payable under this Deed.

27.2 The Trustee may seek an indemnity on a proportional basis from all of the Noteholders against:

(1) all liabilities, proceedings, claims and demands to which the Trustee may become liable; and

(2) all costs, charges and expenses which may be incurred by the Trustee;

(3) its own fees

in connection with any action or proceedings it proposes to take.

27.3 The Trustee:

(1) is not obliged to commence, or take any action or proceeding under or in connection with this Deed unless the indemnity described in clause 27.2 is given in a manner required by the Trustee (including, if the Trustee so requires, by deed of indemnity in a form acceptable to the Trustee);

(2) may suspend or discontinue any action or proceeding taken under or in connection with this Deed if there is a material breach of an indemnity described in clause 27.2 which is not remedied within 14 days of written notice from the Trustee to the indemnifier requiring remedy; and

(3) must use all reasonable endeavours to reinstate any action or proceeding which has been suspended or discontinued in accordance with clause 27.3(2) if the breach referred to in clause 27.3(2) is subsequently rectified.

27.4 The Company must bear the costs of the Trustee in complying with this clause 27.

28. Noteholder not to take proceedings

28.1 A Noteholder may not commence proceedings against the Company or a Subsidiary of the Company, or against a Director or a director of a Subsidiary of the Company, for enforcement of its rights under or in connection with a Convertible Note or this Deed unless the Trustee notifies Noteholders that it has declined to do so, in which case a Noteholder may commence proceedings following 30 days of such notification.

29. Protection of rights of Noteholders by Trustee

29.1 The Trustee holds on trust for the benefit of the Noteholders the right to enforce the Company's duty to repay and the right to enforce the other duties that the Company has under this Deed.

29.2 The Trustee may at any time convene a meeting or meetings of the Noteholders for any purpose which the Trustee considers desirable.

29.3 The Trustee may at any time or times, either pursuant to any directions or in accordance with any policy given and indicated by any meeting of the Noteholders, represent the Noteholders generally:

(1) in the investigation, negotiation, action, transaction or proceeding touching the interests of the Noteholders generally in the affairs of the Company;

(2) in the enforcement of the rights of the Noteholders or the Trustee;

(3) in any investigation as to the liabilities of the Company; or

(4) in enforcing the rights of Noteholders or the Trustee by any demand, action or proceeding.

29.4 The Company must bear the costs of the Trustee in complying with this clause 29.

30. Payments by Trustee

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

(1) first, all costs, charges, expenses and liabilities incurred and payments made in or about the execution, administration or enforcement of the trusts contained in this Deed (including all reasonable remuneration payable to the Trustee and any amount to which the Trustee is entitled by way of indemnity, including any interest payable on any of those amounts);

(2) second, Principal Money due and payable pari passu and without preference or priority; and

(3) third, to the Company without prejudice to the provisions of this clause 30.

31. Execution of documents by Trustee

31.1 Subject to obtaining the prior written instructions of a majority of Noteholders, the Trustee is empowered and authorised to sign and execute any document which may be required under this Deed.

32. Trustee's remuneration

32.1 The Company must pay to the Trustee such remuneration at such times as may be agreed by the Trustee and the Company:

33. Trustee's expenses

33.1 The Company must pay on demand to the Trustee all costs, charges and expenses reasonably incurred or expended by the Trustee (including reasonable legal expenses and remuneration of any experts employed by the Trustee from time to time and any stamp or other duty payable):

(1) in preparing and executing this Deed and in connection with the prospectus under which Convertible Notes were issued;

(2) in exercising in good faith and for a proper purpose any power, authority or discretion conferred on the Trustee under this Deed;

(3) in connection with any breach or default in the observance or performance by the Company of any of the covenants, obligations and conditions of this Deed; or

(4) in convening and holding any meeting of Noteholders or in the carrying out of any directions or resolutions of the meeting.

34. Time in attendance

If the Trustee is required at any time to:

(1) undertake duties which relate to the enforcement of the terms of this Deed (or any document supplemental or collateral to this Deed) by the Trustee upon a default by any other party under the terms of this Deed (or any document supplemental or collateral to this Deed); or

(2) undertake duties which are agreed by the Company to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee,

then the Trustee is entitled to such additional remuneration as may be agreed between the Trustee and the Company or, failing agreement, such amount as is determined by an independent accountant (acting as an expert and not as an arbitrator) selected by the Trustee. The determination of such independent accountant shall be conclusive and binding on the Trustee and the Company so far as allowed by Law.

35. Trustee to have priority over Noteholders

35.1 All payments due to the Trustee under clauses 32, 33 or 34:

(1) must be paid in priority to any claim by any Noteholder; and

(2) continue to be payable until the Trust is finally wound up and whether or not a receiver is appointed or the Trust is placed under administration by or under the order of any court.

35.2 The Trustee may retain and pay to itself in priority to any claim by any Noteholder all payments due to the Trustee out of any money for the time being in its hands under this Deed.

36. Dealings by Trustee

36.1 Subject to the *Corporations Act 2001*, nothing in this Deed must be treated as prohibiting the Trustee or any Related Body Corporate of the Trustee from being:

(1) a shareholder in the Company;

(2) a Noteholder;

(3) a representative of a Noteholder; or

(4) a holder of any other securities in the Company;

and acting in that capacity must not be treated as a breach of any of the obligations arising out of the fiduciary relationship between the Trustee and the Company or the Trustee and the Noteholders established by this Deed or imposed by law.

36.2 The Trustee is not by reason of its fiduciary capacity in any way prejudiced from making any contracts or entering into any transactions with the Company or any Related Body Corporate in the ordinary course of business of the Trustee.

37. Resignation and removal of Trustee

37.1 Subject to clause 37.3, the Trustee may resign at any time without giving any reason on giving not less than 90 days' written notice to the Company.

37.2 Subject to clause 37.3, the Trustee is removed from office if:

(1) the Noteholders, by resolution of not less than 75% by value of Noteholders voting on such resolution so resolve;

(2) the Trustee ceases to carry on business; or

(3) the Trustee suffers any of the following insolvency events:

(a) an order is made or an effective resolution is passed to place the Trustee in liquidation (except for the purpose of amalgamation or reconstruction or some similar purpose);

(b) the Trustee becomes an externally-administered body corporate within the meaning of the *Corporations Act 2001;*

(c) a receiver, manager, receiver and manager, controller (as defined in section 9 of the *Corporations Act 2001)* or analogous person is appointed to all or any material part of the assets of the Trustee and is not removed within 20 Business Days of the appointment; or

(d) the Trustee becomes subject to administration under Part 5.3A of the *Corporations Act 2001,* or steps are taken which could reasonably be expected to result in the Trustee being so subject.

37.3 The Trustee must continue exercise its powers and perform its duties under this Deed until a new trustee is appointed under this Deed or by a court of relevant jurisdiction.

38. Appointment and removal of Trustee

38.1 Subject to clauses 38.2 and 38.3, the power of appointing a replacement trustee for the purposes of this Deed is vested in the Company.

38.2 If the Trustee resigns and the Company has not appointed a replacement trustee at the end of the notice period referred to in clause 37.1, the Trustee may appoint a replacement trustee for the Noteholders and that appointment will be effective without the approval of the Company or the Noteholders.

38.3 If the Trustee is removed from office under clause 37.2, the Noteholders may by ordinary resolution appoint a replacement trustee for the Noteholders.

38.4 Whether the Trustee resigns or is removed from office, it must continue to exercise its powers and perform its duties under this Deed until a new trustee is appointed under this Deed or an equivalent deed to this Deed, or by a court of relevant jurisdiction.

39. Meetings of Noteholders

39.1 As an alternative to holding any meeting required by this Deed, the Noteholders and Trustee may follow the procedure set out in this clause 39.

39.2 The Noteholders may pass a resolution or provide instructions to the Trustee without a meeting being held if a majority of the Noteholders entitled to vote on the resolution or provide the instructions sign a document containing:

(1) a statement that the Noteholder is in favour of the resolution set out in the document; or

(2) the instructions to be given to the Trustee.

Counterparts of a document may be used for signing by Noteholders if the wording of the resolution, instruction or statement is identical in each copy. Each counterpart is an original but the counterparts together are one and the same document.

39.3 The Trustee or the Company may at any time convene a meeting of the Noteholders. Whenever the Company or the Trustee gives notice of a meeting in accordance with this clause, it must at the same time give notice in writing to the other of the place, day and hour of the meeting and of the nature of the business to be transacted.

39.4 The Trustee must convene a meeting of Noteholders upon a written request of Noteholders holding at least 1/5th of the value of issued

Convertible Notes at the date of lodgement with the Trustee of the requisition. A requisition must state the general nature of the business proposed to be dealt with at the meeting and must, subject to the Trustee's discretion, be distributed to the Noteholders prior to the meeting.

39.5 Meetings of Noteholders must be held at the place the Trustee determines or approves.

39.6 At least 10 Business Days' prior written notice must be given to the Noteholders specifying the place day and hour of meeting and the general nature of the business.

39.7 A Noteholder is entitled to notice provided the Noteholder is named in the Register 5 Business Days before the notice is to be sent.

39.8 A meeting of Noteholders may be held at 2 or more venues using any technology that gives the Noteholders as a whole a reasonable opportunity to participate.

39.9 At any meeting of Noteholders, 1 or more Noteholders present in person or by proxy and holding not less than 10% of the total value of the Convertible Notes issued form 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.

39.10 A person nominated by the Trustee takes the chair at every meeting and if no person is nominated or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting the Noteholders present must choose 1 of their number to be chair.

39.11 The Trustee and its solicitors and advisors and the Directors, secretary, solicitor and Auditor of the Company may attend any Noteholders meeting and be heard.

39.12 If within 30 minutes after the time appointed for any meeting of the Noteholders a quorum is not present, the meeting stands adjourned to the same day in the next week at the same time and place and if at the adjourned meeting a quorum is not present the Noteholders present form a quorum and may transact any business which a meeting of Noteholders is competent to transact.

39.13 Every question submitted to a meeting of Noteholders must be decided in the first instance by a show of hands and in case of an equality of votes the chair both on a show of hands and at a poll has a casting vote in addition to the vote or votes (if any) to which he or she may be entitled as a Noteholder.

39.14 At any general meeting of the Noteholders, unless a poll is directed to be taken by the chair or demanded by at least 1 or more Noteholders present in person or by proxy and representing at least 10% of the paid up value of the Convertible Notes, a declaration by the chair that a resolution has been carried by a particular majority or lost or not carried by a particular majority is conclusive evidence of the fact.

39.15 If at any meeting a poll is demanded on any question by or on behalf of a Noteholder or Noteholders holding the number of Convertible Notes referred to in clause 39.14, the question must be decided by a poll and either at once or after an interval or adjournment as the chair directs. An adjournment for this purpose is subject to clause 39.16 and must not be for more than 30 days from the meeting. The result of the poll must be treated as the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not to be taken immediately.

39.16 The chair may with the consent of the meeting adjourn the meeting from time to time and from place to place.

39.17 Any poll demanded at any meeting on the election of a chair or on any question of adjournment must be taken at the meeting without adjournment.

39.18 The registered Noteholder, or in the case of joint holders, that 1 whose name stands first on the Register as 1 of the holders of the Convertible Notes, is entitled to vote in respect of the Convertible Notes either in person or by proxy or attorney.

39.19 Every instrument appointing a proxy must be in writing or in case of a corporation under its common seal or otherwise legally executed.

39.20 A proxy may take the following or a like, form:

Virax Holdings Limited
ACN 006 569 106 (**Company**)

I, of a Noteholder of the Company appoint of or failing him/her of to vote on my behalf at the meeting of the Noteholders of the Company which is to be held on 20 and at any adjournment of the meeting..

Signed on 20 .

39.21 Any person may be appointed a proxy whether or not the person is a Noteholder.

39.22 To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed must be deposited at least 48 hours before the meeting at such place as the Trustee or the Company directs in the notice convening the meeting.

39.23 At any meeting of Noteholders, only persons registered as Noteholders in the Register or their proxies duly appointed and no other persons are entitled to vote (either in person or by proxy or attorney).

39.24 At any meeting of Noteholders, each voter on a show of hands and on a poll is entitled to 1 vote per Convertible Note on the Convertible Notes held by the voter or by the person for whom the voter is the proxy or representative.

39.25 Any Convertible Notes held by the Company or any Related Body Corporate of the Company or by any person on behalf of the Company do not while so held confer any voting power.

40. Powers of general meetings

40.1 Without limiting any of the powers conferred upon the Trustee under this Deed, a general meeting of the Noteholders, in addition to the power of release in favour of the Trustee referred to in section 283DB of the *Corporations Act 2001*, has the following powers exercisable by ordinary resolution:

(1) power to approve any release of the Company;

(2) power to approve any compromise or arrangement proposed to be made between the Company and the Noteholders;

(3) power to approve any alteration, modification or waiver (whether there has been a breach of the provisions of this Deed or not) of the rights of the Noteholders against the Company;

(4) subject to the provisions of the Deed, the power to assent to and to direct the Trustee to consent to any alteration or modification of the provisions of this Deed; and

(5) power to remove the Trustee and to appoint a new Trustee in its place.

40.2 A resolution is duly passed as an ordinary resolution if it is declared or stated to be an ordinary resolution, or if it is approved in any of the following ways:

(1) by a resolution in writing:

(a) as provided for in clause 39.2; and

(b) signed by a majority of the Noteholders entitled to vote within 3 months from the date stated in the copies of the resolution sent for that purpose by the Company to the Noteholders; or

(2) at a meeting of Noteholders by being carried by a simple majority of the votes cast by the Noteholders present in person or by proxy or attorney.

40.3 A resolution passed at a meeting of the Noteholders duly convened and held is binding on all the Noteholders.

41. Minutes

41.1 Minutes of all resolutions and proceedings at every meeting of Noteholders must be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Company.

41.2 Any minutes purporting to be signed by the chair of the meeting is conclusive evidence of the matters contained in them.

41.3 Until the contrary is proved, every meeting in respect of which minutes have been made, must be treated as having been duly held and convened and all resolutions passed or proceedings taken must be treated as having been duly passed and taken.

42. Release of Company's liability and termination of Trust

42.1 If the Trustee is reasonably satisfied that:

(1) the Money Owing has been paid in full or otherwise redeemed or satisfied or provided for; and

(2) the Company has paid all costs, charges and expenses properly incurred by the Trustee;

the Company is discharged and released from its obligations under this Deed and the Trustee must, if required by the Company and at the cost of the Company, execute a release in favour of the Company.

42.2 The term of the Trust ends on the earlier of:

(1) the day before the 80^{th} anniversary of the commencement date of the Trust; or

(2) the date on which the Trust is terminated under this Deed or by law.

43. Amendment of this Deed

43.1 The Trustee and the Company may by supplemental deed amend this Deed to correct any error or to make any other change which the

Company and the Trustee consider is not material and does not prejudice the interests of the Noteholders.

43.2 Subject to any approval required by law and clauses 43.3 and 43.4, the Trustee and the Company may with the approval of an ordinary resolution passed by the Noteholders, by supplemental deed, amend this Deed in such manner and to such extent as the Trustee and the Company agree.

43.3 No amendment may be made to this Deed or to the terms of issue of any Convertible Notes if its effect would be to:

(1) bring forward the date for repayment of the Convertible Notes; or

(2) amend this clause 43.3.

43.4 A meeting of Noteholders has the power, by ordinary resolution:

(1) to sanction or assent to any amendments to this Deed proposed by the Company; and

(2) to authorise the Trustee to concur in and execute any supplemental deed embodying that amendment;

but a meeting of Noteholders does not have the power to direct or instruct the Company or the Trustee to make any amendments to this Deed.

44. Costs and outlays

44.1 The Company must pay the costs and outlays of both parties connected with the negotiation, preparation and execution of this Deed.

44.2 The Company must pay all stamp duty and other government imposts payable in connection with this Deed and all other documents and matters referred to in this Deed when due or earlier if requested in writing by the Trustee.

45. Notices

45.1 A notice or other communication connected with this Deed (**Notice**) has no legal effect unless it is in writing.

45.2 In addition to any other method of service provided by law, the Notice may be:

(1) sent by prepaid post to the address for service of the addressee;

(2) sent by facsimile to the facsimile number of the addressee;

(3) sent by electronic mail to the electronic mail address of the addressee; or

(4) delivered at the address for service of the addressee.

45.3 If the Notice is sent or delivered in a manner provided by clause 45.2, it must be treated as given to and received by the party to which it is addressed:

(1) if sent by post, on the 2nd Business Day (at the address to which it is posted) after posting;

(2) if sent by facsimile or electronic mail before 5pm on a Business Day at the place of receipt, on the day it is sent and otherwise on the next Business Day at the place of receipt; or

(3) if otherwise delivered before 5pm on a Business Day at the place of delivery, upon delivery, and otherwise on the next Business Day at the place of delivery.

45.4 Despite clause 45.3(2):

(1) a facsimile is not treated as given or received unless at the end of the transmission the sender's facsimile machine issues a report confirming the transmission of the number of pages in the Notice;

(2) an electronic mail message is not treated as given or received if the sender's computer reports that the message has not been delivered; and

(3) a facsimile or electronic mail message is not treated as given or received if it is not received in full and in legible form and the addressee notifies the sender of that fact within 3 hours after the transmission ends or by 12 noon on the Business Day on which it would otherwise be treated as given and received, whichever is later.

45.5 If a Notice is served by a method which is provided by law but is not provided by clause 45.2, and the service takes place after 5pm on a Business Day, or on a day which is not a Business Day, it must be treated as taking place on the next Business Day.

45.6 A Notice sent or delivered in a manner provided by clause 45.2 must be treated as validly given to and received by the party to which it is addressed even if:

(1) the addressee has been liquidated or deregistered or is absent from the place at which the Notice is delivered or to which it is sent;

(2) the Notice is returned unclaimed; or

(3) in the case of a Notice sent by electronic mail, the electronic mail message is not delivered or opened (unless the sender's computer reports that it has not been delivered).

45.7 The Company's address for service is:

Name	:	Virax Holdings Limited ACN 006 569 106
Attention	:	Managing Director
Address	:	Suite 220, 89 High Street, Kew, Victoria, 3101
Facsimile no	:	(03) 9853-5134
Electronic mail address	:	virax@virax.com.au

45.8 The Trustee's address for service is:

Name	:	Australian Executor Trustees Limited
Attention	:	CEO Corporate Trust
Address and Mail Address	:	Level 22, 207 Kent Street, Sydney, NSW, 2000
Facsimile no	:	(02) 9028 5942
Electronic mail address	:	aetcorporatetrustnsw@aetlimited.com.au

45.9 A party may change its address for service, facsimile number or electronic mail address by giving Notice of that change to each other party.

45.10 Any Notice by a party may be given and may be signed by its solicitor.

45.11 Any Notice to a party may be given to its solicitor by any of the means listed in clause 45.2 to the solicitor's business address, facsimile number or electronic mail address.

46. Counterparts

46.1 This Deed may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same deed.

46.2 This Deed is binding on the parties on the exchange of counterparts. A copy of a counterpart sent by facsimile machine must be treated as an original counterpart.

47. Miscellaneous

47.1 As soon as practicable after becoming aware of them, the Company must notify the Noteholders of any court orders issued or pending against the Company or any of its Subsidiaries or any of their assets.

47.2 The Company must, at its own expense, execute and do all assurances and other things reasonably required or requested at any time or from time to time by the Noteholders to give them the full benefit of the covenants contained or implied in this Deed in their favour and to protect their rights, powers and remedies under this Deed.

48. Governing law

48.1 The law of Victoria governs this Deed.

48.2 The parties submit to the non-exclusive jurisdiction of the courts of Victoria and of the Commonwealth of Australia.

49. Anti-money laundering

49.1 Each party must:

(1) take all action required by it to comply with AML Laws in connection with the performance of its obligations under this Deed.

(2) promptly provide to any other party any information and documents that are:

(a) in its possession or otherwise readily available to it; and

(b) reasonably required by the other party to facilitate the other party's compliance with AML Laws

except to the extent that to do so is not permitted by law.

49.2 Notwithstanding any other provision of this Agreement, each party consents to any other party disclosing to any third party information or documents provided to it under this clause, to the extent that such disclosure is required to enable the other party to comply with AML Laws.

49.3 For the purposes of this clause AML Laws means:

- the Anti-Money Laundering and Counter Terrorism Finance Act 2006 (Cth);
- any other laws of any Australian jurisdiction dealing with countering money laundering or terrorism financing; and
- any laws of any other place dealing with countering money laundering or terrorism financing applying to any party to this Agreement in respect of any matter required under this Agreement.

Schedule 1
Application for Convertible Notes

To: VIRAX HOLDINGS LIMITED ABN 56 006 569 106
of Suite 220, 89 High Street, Kew, Victoria, 3010
(Company)

Application for Convertible Notes

The undersigned applies for unsecured, redeemable convertible notes in the Company (**Convertible Notes**) in the proposed issue of Convertible Notes to the value of A$[_?__?__?__?_], which are constituted by, issued pursuant to, and subject to the benefit of the Trust Deed dated on or about 18 December 2007 and made between the Company, Australian Executor Trustees Limited and tenders **$[_?__?__?__?_]** in payment of the Principal Money due and payable on this application.

Name(s): ______________________________

____

Address: ______________________________

____

State: ______________ Postcode: ______________

Tax File Number*: ______________________________

Telephone: ( ) ______________ Facsimile: ( ) ______________

*Enter your tax file number or exemption category beside your name. Where applicable, please enter the tax file number for each joint applicant. Collection of tax file numbers is authorised by taxation laws. *Quotation of your tax file number is not compulsory and will not affect your application*

Declaration and acknowledgment

In completing and signing this application form:

1. We apply for issue of the number of Convertible Notes convertible to ordinary shares in **Virax Holdings Limited** ABN 56 006 569 106 (**Company**) specified in this application form (**Convertible Notes**) and undertake to lodge in full our Principal Money for those Convertible Notes (at the subscription price to be determined in accordance with the Trust Deed).

   *Note: Cheques must be drawn in Australian currency on an Australian bank and made payable to "**[insert payee]**" and crossed "Not Negotiable".*

2. We acknowledge that:

   (1) the Company has the sole discretion to accept or reject our application wholly or in part; and

   (2) this application, once made, is not revocable at our option unless it lapses in accordance with clause 1.1(1) .

3. We agree to be bound by the Conditions of Issue of Convertible Notes attached to the Trust Deed and, upon conversion, the provisions of the Company's Constitution (as amended from time to time) and confirm that we are subscribing for the Convertible Notes on the basis that the Convertible Notes are constituted by the Trust Deed and that we are bound by, and are entitled to the benefit of, all the provisions of the Trust Deed.

4. We warrant that the offer and, if successful, issue to us of the Convertible Notes, the subject of this application, falls within the exception in section 713of the *Corporations Act 2001*.

5. We declare that all statements made by us in this application form are complete and accurate.

Dated 20 .

[add execution clause alternatives for individuals and corporations].

Schedule 2
Intentionally Left Blank

Schedule 3
Notice of Election to Convert Convertible Notes

To: The Directors
Virax Holdings Limited ABN 56 006 569 106
(Company)

We whose full name(s) and address(es) appear below give notice of election to convert the Convertible Notes specified below:

Insert number of Convertible Notes to be converted into fully paid ordinary shares in the Company	

We request that the Company redeem the Convertible Notes specified above and apply the Principal Money in consideration for the issue to us of the shares to which we are entitled upon conversion of Convertible Notes in accordance with the Trust Deed dated on or about 18 December 2007 between the Company and Australian Executor Trustees Limited, incorporating the Conditions of Issue. We agree to accept the shares issued to us subject to the constitution of the Company.

- **Individual Noteholder(s)**

Name
(BLOCK LETTERS)

Address

Usual Signature

Dated 20 .

- **Company Noteholder**

Signature of director

Signature of director/secretary

Name of director (BLOCK LETTERS)

Name of director/secretary (BLOCK LETTERS)

Address of company

Dated 20 .

1. This Notice of Election to Convert Convertible Notes must be lodged at the Company's Convertible Note Registry.
2. In case of joint Noteholders, each Noteholder must sign.
3. Where the Noteholder is an incorporated body the Notice must be signed by its authorised signatories.
4. If this form has been signed by an Attorney and the relevant Power of Attorney has not already been produced to the Company, such Power of Attorney must be forwarded with this form for noting and return.

Schedule 4
Redemption Notice

Virax Holdings Limited ABN 56 006 569 106 Suite 220, 89 High Street, Kew, Victoria, 3010 **(Company)**

To: The Noteholder specified below

Pursuant to the Conditions of Issue the Company is entitled to redeem [/all] of your outstanding Convertible Notes specified below:

Insert number and series of Convertible Notes to be redeemed	

- **Details of Noteholder(s)**

Name (BLOCK LETTERS)	
Address	

Dated 20 .

Executed as a deed and delivered on the date shown on the first page.

Executed by **Virax Holdings Limited ABN 56 006 569 106** in accordance with section 127 of the *Corporations Act 2001:*

Thomas. W. Quinto

Director/company secretary

Name of director/company secretary
(BLOCK LETTERS)

Director

DAVID J BEAMES

Name of director
(BLOCK LETTERS)

The Common Seal of Australian Executor Trustees Limited ACN 007 869 794 was hereunto affixed with the authority of:

.... (signed)

Glenn David White
.... (print name)

Authorised ~~Officer~~

.... (signed)

Philip John Walter Joseph
.... (print name)

Authorised Officer

COMMON SEAL
AUSTRALIAN
EXECUTOR
TRUSTEES
LIMITED
A.C.N. 007 869 794

Annexure Part A
Conditions of Issue of Convertible Notes

1. Definitions and interpretation

1.1 In these conditions:

(1) **ASX** means ASX Limited trading as Australian Securities Exchange;

(2) **Company** means Virax Holdings Limited ABN 56 006 569 106 of Suite 220, 89 High Street, Kew, Victoria, 3010;

(3) **Conversion Date** has the meaning given in clause 6.2;

(4) **Conversion Notice** has the meaning given in clause 6.1;

(5) **Conversion Period** means, in relation to a Convertible Note, the period 1 January 2009 to 31 December 2009 or upon receipt of a redemption notice from the Company.

(6) **Dividend Period** has the meaning given in clause 6.6;

(7) **Issue Price** means the issue price of a Convertible Note being $0.10 per Convertible Note;

(8) **Record Date** means 31 December 2007;

(9) **Redemption Price** means the redemption price specified in the Summary;

(10) **Share Issue Price** means 5 cents per Share upon conversion;

(11) **Summary means** the Summary in Part C of these Conditions;

(12) **Trust Deed** means the Convertible Note Trust Deed between the Company and the Trustee dated on or about 18 December 2007; and

(13) **Trustee** means Australian Executor Trustees Limited ACN 007 869 794.

1.2 Expressions defined in the Trust Deed have the same meaning when used in these conditions.

1.3 These conditions must be interpreted in the manner specified in the Trust Deed.

2. Terms and conditions of Convertible Notes

2.1 Each Noteholder is bound by:

(1) the Trust Deed; and

(2) these conditions.

3. Applications

Applications for Convertible Notes must be made in accordance with the terms of the Disclosure Document and these Conditions. Applications must be for a minimum amount of Convertible Notes in accordance with Minimum Application requirements in the Summary.

4. Interest and Security

4.1 The Noteholder acknowledges that:

(a) the Company will not be required to pay interest on each Convertible Note; and

(b) the Convertible Notes will be unsecured.

5. Redemption Rights

(a) The Company reserves the right at any time upon 30 days written notice to pay to the Noteholder the Redemption Price in respect of each Convertible Note that has not been converted. If an Event of Default occurs, and despite **clause 28.1** of the Trust Deed, the Noteholder may demand repayment of the Issue Price. and the Company must pay that amount to the Noteholder within 5 Business Days of receipt of the demand; and

(b) In no other circumstance will the Noteholder have a right to redemption of the Convertible Notes.

(c) All Convertible Notes on issue after 5.00pm on 31 December 2009 will automatically be redeemed by the Company.

6. Conversion

6.1 A Noteholder may at any time during the Conversion Period give a notice (**Conversion Notice**) to the Company requiring the Company to convert a Convertible Note. A Conversion Notice must be in the form of Schedule 3 of the Trust Deed and must be delivered to the Company together with the

Holding Statement comprising or including the Convertible Note to be converted.

6.2 On conversion of a Convertible Note, the Company must issue to the Noteholder the number of Shares calculated in accordance with clause 5.3. The Company must issue the Shares within 10 Business Days of receipt of the Conversion Notice, and the Shares will be treated as issued on the date of conversion of the Convertible Note (**Conversion Date**).

6.3 Subject to these conditions,1 Convertible Note entitles the Noteholder to be issued with 2 Shares for the Share Issue Price.

6.4 The Company must not later than 28 days after the Conversion Date send to the Noteholder of Convertible Notes converted on that date:

(1) an uncertificated holding statement for the Shares issued on conversion of the Convertible Notes; and

(2) a holding statement in respect of any Convertible Notes remaining unconverted held in the Noteholder's name.

The Company may arrange to have sent the holding statements for Shares by prepaid post addressed to the address of the Noteholder appearing in the Register.

6.5 Subject to clause 6.6, Shares allotted upon conversion of Convertible Notes will rank pari passu with all other Shares from and including the Conversion Date.

6.6 The following provisions apply in relation to dividends in respect of each Share issued on conversion of a Convertible Note:

(1) the Share will not rank for the whole or any part of a dividend declared after the Conversion Date which relates to any period ending on or prior to the last to occur of 30 June or 31 December which immediately precedes that Date; and

7. Adjustment of number of Shares Issued on conversion

7.1 If the Company offers Shares by way of a pro rata rights issue to its shareholders (whether renounceable or not renounceable), the Share Redemption Price will be adjusted according to the formula:

$NSIP = OSIP - E\,[P - (S + D)] / N + 1$

where:

$NSIP$ = the new Redemption Price;

OSIP	=	the original Redemption Price;
E	=	the number of Shares into which 1 Convertible Note would be converted assuming the original Redemption Price;
P	=	the average market price for Shares (weighted by reference to volume) during the 5 trading days ending on the day before the ex-rights date for the rights issue;
S	=	the subscription price for a Share under the rights issue;
D	=	the dividend due but not yet paid on the Shares except those to be issued under the pro rata issue; and
N	=	the number of Shares that must be held to receive 1 new Share under the rights issue.

7.2 If between the date of issue and the date of exercise of a Convertible Note, the Company makes 1 or more Bonus Issues of Shares to the Noteholders then upon the exercise of the Convertible Note, the Noteholder is entitled to have issued to it:

(1) the number of Shares to which it is entitled upon such exercise disregarding such Bonus Issue or Issues; and

(2) the number of Shares which would have been issued to it as Bonus Shares if it had been registered as the Noteholder of the number of Shares referred to in clause 7.2(1) on the record date for the Bonus Issue.

7.3 The Bonus Shares so issued to the Noteholder will be paid up by the Company in the same manner as was applied in relation to the Bonus Issue. If a Convertible Note is not exercised, these additional entitlements lapse. Any entitlement to a fraction of a Share remaining following exercise of a Convertible Note will be disregarded.

7.4 In a consolidation of capital the number of Convertible Notes must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

7.5 In a subdivision of capital the number of Convertible Notes must be subdivided in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

7.6 In a return of capital the number of Convertible Notes must remain the same, and the exercise price of each Convertible Note must be reduced by the same amount as the reduction of the capital backing of each Ordinary Share.

7.7 In a cancellation of capital that is lost or not represented by available assets, the number of Convertible Notes and the exercise price of each Convertible Note must remain unaltered.

7.8 In a pro rata cancellation of capital, the number of Convertible Notes must be reduced in the same ratio as the ordinary capital and the exercise price of each Convertible Note must be amended in the inverse proportion to that ratio.

7.9 In the case of any other form of reduction of capital, the number of Convertible Notes or the exercise price, or both, must be reorganised so that the Noteholder of the Convertible Note will not receive a benefit that holders of Ordinary Shares do not receive. This clause does not prevent a rounding up of the number of Ordinary Shares to be received on exercise if the rounding up is approved at the meeting of the holders of Ordinary Shares which approves the reorganisation.

8. Listing

8.1 The Company in its absolute discretion may apply to have the Convertible Notes listed for quotation on any stock exchange. If the Company is listed on ASX at the time Shares are issued on conversion of Convertible Notes, the Company will apply for official quotation by ASX of the Shares issued within 10 Business Days of the date of issue.

9. Miscellaneous

9.1 If a provision of these conditions or its application to any person or circumstance is or becomes invalid, illegal or unenforceable then the provision must, as far as possible, be interpreted as narrowly as possible to ensure that it is not illegal, invalid or unenforceable. If any provision or part of it cannot be so interpreted, then the provision or its part is taken to be void and severable. The remaining provisions of these conditions are not affected or impaired in any way.

9.2 A modification, alteration, change or variation of a term or condition of these conditions must be in writing and executed by all parties.

9.3 The Company may set off an amount it owes to the Noteholder under a Convertible Note against any payment it must make to the Noteholder.

9.4 The law of Victorian governs these conditions. Each of the Company and the Noteholder submits to the exclusive jurisdiction of the courts of Victoria and of the Commonwealth of Australia and agrees that any lawsuit must be heard in those courts.

Annexure Part B

SUMMARY OF THE OFFER AND CONDITION OF ISSUE

Issue price	$0.10 (10 cents) per Convertible Note
Shareholders pro rata entitlement	One Convertible Note for every four Shares held on the Record Date
Record Date	31 December 2007
Number offered	Up to 27,000,000 Convertible Notes
Amount to be raised	Up to $2,700,000 (before expenses)
Minimum Application	Applications must be for a minimum of 5,000 Convertible Notes at $0.10 each ($500) and a multiple of 1,000 Convertible Notes ($100) thereafter
Interest (coupon)	No interest is payable on Convertible Notes
Noteholder Conversion Rights	Noteholders may convert all or part of their holding of Convertible Notes into fully paid ordinary Shares on the basis of 1 Note for 2 Shares on or at any time between 1 January 2009 and 31 December 2009
Company Conversion Rights	The Company has no right to convert or require Noteholders to convert Convertible Notes
Noteholder Redemption Rights	Noteholders may redeem Convertible Notes on the occurrence of an Event of Default but not otherwise.
Company Redemption Rights	The Company may redeem the Convertible Notes at a premium to face value of 20% ($0.12 per Convertible Note) **Redemption Price** on or at any time provided it first gives Noteholders 30 days written notice of intention to do so. During that notice period the Noteholder may convert their holding of Convertible Notes.
Security	Convertible Notes are unsecured
No voting rights	Noteholders have no right to vote at general meetings of Virax

Listing of Convertible Notes

The Company intends to apply to ASX for listing of the Convertible Notes. However, Applicants should not assume that ASX will grant listing

Dated 31 December 2009

Supplemental convertible note trust deed

Parties

VIRAX HOLDINGS LIMITED
ABN 56 006 569 106

AUSTRALIAN EXECUTOR TRUSTEES LIMITED
ACN 007 869 794

Contact

Michael Wilton
Partner
RACV Tower, 485 Bourke Street, Melbourne VIC 3000

Telephone:	+61 (03) 8686 6548
Email:	michael.wilton@deacons.com.au
Website:	www.deacons.com.au
Our ref:	2639509

CONTENTS

Deed dated

Parties **VIRAX HOLDINGS LIMITED** ABN 56 006 569 106 of Suite 220, 89 High Street, Kew, Victoria, 3101 **(Company)**

AUSTRALIAN EXECUTOR TRUSTEES LIMITED ACN 007 869 794 of Level 22, 207 Kent Street, Sydney, NSW, 2000 **(Trustee)**

Introduction

A. On or about 17 December 2007, the Company and the Trustee entered into a Convertible Note Trust Deed (**Convertible Note Trust Deed**) under which the Trustee agreed to act as trustee for the holders of Convertibles Notes issued by the Company.

B. Clause 43.4 of the Convertible Note Trust Deed provides that a meeting of Noteholders has the power, by ordinary resolution:

(1) to sanction or assent to any amendments to the Convertible Note Trust Deed proposed by the Company; and

(2) to authorise the Trustee to concur in and execute any supplemental deed embodying that amendment.

C. On 6 November 2009, the Company convened a General Meeting of Noteholders on to consider and, if thought fit, pass an ordinary resolution sanctioning amendments to the Convertible Note Trust Deed proposed by the Company and authorising the Trustee to execute a supplemental deed embodying such amendments.

D. The Noteholders passed the resolution proposed by the Company at the General Meeting of Noteholders on 6 November 2009.

E. The parties wish to amend the Convertible Note Trust Deed in accordance with the resolution passed by Noteholders in the manner set out in this supplemental deed (**Supplemental Deed**).

It is agreed

1. Definitions and interpretation

1.1 Terms which are defined in the Convertible Note Trust Deed have the same meaning in this Supplemental Deed unless the context otherwise requires.

1.2 Clauses 1.2 of the Convertible Note Trust Deed applies to this Supplemental Deed as if set out in full in this Supplemental Deed and as if references in that clause to 'this Deed' or 'this document' were to 'this Supplemental Deed'.

2. Amendment of Convertible Note Trust Deed

2.1 With effect as and from 6 November 2009 (**Effective Date**):

(1) Schedule 3 of the Convertible Note Trust Deed is replaced with the Schedule 3 contained in Annexure A;

(2) Annexure Part A and Annexure Part B of the Convertible Note Trust Deed is varied in the manner set out in Annexure B .

3. Variations not to affect accrued rights and obligations

3.1 The amendments to the Convertible Note Trust Deed do not affect the validity or enforceability of the Convertible Note Trust Deed as amended.

3.2 Nothing in this Supplemental Deed:

(1) prejudices or adversely affects any right, power, authority, discretion or remedy arising under the Convertible Note Trust Deed before the Effective Date; or

(2) discharges, releases or otherwise affects any liability or obligation arising under the Convertible Note Trust Deed before the Effective Date.

3.3 Each party is bound by the Convertible Note Trust Deed as amended by this Supplemental Deed.

4. General provisions

4.1 Each party must promptly do all things (including executing and if necessary delivering all documents) necessary or desirable to give full effect to this Supplemental Deed.

4.2 Clauses 17, 18, 44, 45, 46, 47, 48 and 49 of the Convertible Note Trust Deed apply to this Supplemental Deed as if set out in full in this Supplemental Deed and as if references in those clauses to 'this Deed' or 'this document' were to 'this Supplemental Deed'.

Executed as a deed and delivered on the date shown on the first page.

Executed by **Virax Holdings Limited ABN 56 006 569 160** in accordance with section 127 of the *Corporations Act 2001*:	
~~Director/company~~ secretary	Director
JOHN MORRISON	MICHAEL HOMPHRIS
~~Name of director~~/company secretary (BLOCK LETTERS)	Name of director (BLOCK LETTERS)
The common seal of **Australian Executor Trustees Limited** ACN 007 869 794 was affixed in accordance with its constitution in the presence of:	
Signature of authorised officer	Signature of authorised officer
JOANNE COCHRANE	Philip John Walter Joseph
Name of authorised officer (BLOCK LETTERS)	Name of authorised officer (BLOCK LETTERS)

Annexure A - Amendments to Schedule of Convertible Note Trust Deed

Schedule 3
Notice of Election to Convert Convertible Notes

To: The Directors
Virax Holdings Limited ABN 56 006 569 106
(Company)

We whose full name(s) and address(es) appear below give notice of election to convert the Convertible Notes specified below:

Insert number of Convertible Notes to be converted into fully paid ordinary shares in the Company	

We request that the Company redeem the Convertible Notes specified above and apply the Principal Money in consideration for the issue to us of the shares to which we are entitled upon conversion of Convertible Notes in accordance with the Trust Deed dated on or about 17 December 2007 and the Supplemental Trust Deed dated on or about 26 November 2009 between the Company and Australian Executor Trustees Limited, incorporating the Conditions of Issue. We agree to accept the shares issued to us subject to the constitution of the Company.

Individual Noteholder(s)

Name
(BLOCK LETTERS)

Address

Usual Signature

Dated ______________ 20__.

Company Noteholder

Signature of director

Signature of director/secretary

Name of director (BLOCK LETTERS)

Name of director/secretary (BLOCK LETTERS)

Address of company

Dated ______________ 20__.

1. This Notice of Election to Convert Convertible Notes must be lodged at the Company's Convertible Note Registry.
2. In case of joint Noteholders, each Noteholder must sign.
3. Where the Noteholder is an incorporated body the Notice must be signed by its authorised signatories.
4. If this form has been signed by an Attorney and the relevant Power of Attorney has not already been produced to the Company, such Power of Attorney must be forwarded with this form for noting and return.

Annexure B - Amendments to Annexure A of Convertible Note Trust Deed

Annexure Part A
Conditions of Issue of Convertible Notes

1. **Definitions and interpretation**

1.1 In these conditions:

(1) **ASX** means ASX Limited trading as Australian Securities Exchange;

(2) **Bonus Conversion Period** means, in relation to a Convertible Note, the period 6 November 2009 to 18 December 2009;

(3) **Company** means Virax Holdings Limited ABN 56 006 569 106 of Suite 220, 89 High Street, Kew, Victoria, 3010;

(4) **Conversion Date** has the meaning given in clause 6.2;

(5) **Conversion Notice** has the meaning given in clause 6.1;

(6) **Conversion Period** means, in relation to a Convertible Note, the period 1 January 2009 to 31 December 2011 or upon receipt of a redemption notice from the Company.

(7) **Dividend Period** has the meaning given in clause 6.6;

(8) **Issue Price** means the issue price of a Convertible Note being $0.10 per Convertible Note;

(9) **Record Date** means 31 December 2007;

(10) **Redemption Price** means the redemption price specified in the Summary;

(11) **Share Issue Price** means 5 cents per Share upon conversion;

(12) **Summary** means the Summary in Part B of these Conditions;

(13) **Trust Deed** means the Convertible Note Trust Deed between the Company and the Trustee dated on or about 17 December 2007;

(14) **Trustee** means Australian Executor Trustees Limited ACN 007 869 794; and

(15) **VWASP** means Volume Weighted Average Share Price.

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1.2 Expressions defined in the Trust Deed have the same meaning when used in these conditions.

1.3 These conditions must be interpreted in the manner specified in the Trust Deed.

2. Terms and conditions of Convertible Notes

2.1 Each Noteholder is bound by:

(1) the Trust Deed; and

(2) these conditions.

3. Applications

Applications for Convertible Notes must be made in accordance with the terms of the Disclosure Document and these Conditions. Applications must be for a minimum amount of Convertible Notes in accordance with Minimum Application requirements in the Summary.

4. Interest and Security

4.1 The Noteholder acknowledges that:

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(1) the Company will not be required to pay interest on each Convertible Note; and

(2) the Convertible Notes will be unsecured.

5. Redemption Rights

(a) The Company reserves the right at any time upon 30 days written notice to pay to the Noteholder the Redemption Price in respect of each Convertible Note that has not been converted. If an Event of Default occurs, and despite clause 28.1 of the Trust Deed, the Noteholder may demand repayment of the Issue Price. and the Company must pay that amount to the Noteholder within 5 Business Days of receipt of the demand; and

(b) In no other circumstance will the Noteholder have a right to redemption of the Convertible Notes.

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(c) All Convertible Notes on issue after 5.00pm on 31 December 2011, will automatically be redeemed by the Company.

6. Conversion

6.1 A Noteholder may at any time during the Conversion Period give a notice (**Conversion Notice**) to the Company requiring the Company to convert a Convertible Note. A Conversion Notice must be in the form of Schedule 3 of the Trust Deed and must be delivered to the Company together with the Holding Statement comprising or including the Convertible Note to be converted.

6.2 On conversion of a Convertible Note, the Company must issue to the Noteholder the number of Shares calculated in accordance with clause 6.3. The Company must issue the Shares within 10 Business Days of receipt of the Conversion Notice, and the Shares will be treated as issued on the date of conversion of the Convertible Note (**Conversion Date**).

6.3 Subject to these conditions,

(1) where a Noteholder gives a Conversion Notice to the Company during the Bonus Conversion Period:

(a) if the VWASP for the 30 days up to and including the date on which the Conversion Notice is submitted to the Company is equal to or greater than $0.06, the Company must issue 5 Shares for every 2 Convertible Notes converted; or

(b) if the VWASP for the 30 days up to and including the date on which the Conversion Notice is submitted to the Company is less than $0.06, the Company must issue a number of Shares equal to $0.15 / VWASP, rounded up, per Convertible Note.

(2) where a Noteholder gives a Conversion Notice to the Company outside the Bonus Conversion Period, 1 Convertible Note entitles the Noteholder to be issued with 2 Shares for the Share Issue Price.

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6.4 The Company must not later than 28 days after the Conversion Date send to the Noteholder of Convertible Notes converted on that date:

(1) an uncertificated holding statement for the Shares issued on conversion of the Convertible Notes; and

(2) a holding statement in respect of any Convertible Notes remaining unconverted held in the Noteholder's name.

The Company may arrange to have sent the holding statements for Shares by prepaid post addressed to the address of the Noteholder appearing in the Register.

6.5 Subject to clause 6.6, Shares allotted upon conversion of Convertible Notes will rank pari passu with all other Shares from and including the Conversion Date.

6.6 The following provisions apply in relation to dividends in respect of each Share issued on conversion of a Convertible Note:

(1) the Share will not rank for the whole or any part of a dividend declared after the Conversion Date which relates to any period ending on or prior to the last to occur of 30 June or 31 December which immediately precedes that Date; and

7. Adjustment of number of Shares issued on conversion

7.1 If the Company offers Shares by way of a pro rata rights issue to its shareholders (whether renounceable or not renounceable), the Share Redemption Price will be adjusted according to the formula:

$NSIP = OSIP - E\,[P - (S + D)] / N + 1$

where:

$NSIP$	=	the new Redemption Price;
$OSIP$	=	the original Redemption Price;
E	=	the number of Shares into which 1 Convertible Note would be converted assuming the original Redemption Price;
P	=	the average market price for Shares (weighted by reference to volume) during the 5 trading days ending on the day before the ex-rights date for the rights issue;
S	=	the subscription price for a Share under the rights issue;
D	=	the dividend due but not yet paid on the Shares except those to be issued under the pro rata issue; and
N	=	the number of Shares that must be held to receive 1 new Share under the rights issue.

7.2 If between the date of issue and the date of exercise of a Convertible Note, the Company makes 1 or more Bonus Issues of Shares to the Noteholders then upon the exercise of the Convertible Note, the Noteholder is entitled to have issued to it:

(1) the number of Shares to which it is entitled upon such exercise disregarding such Bonus Issue or Issues; and

(2) the number of Shares which would have been issued to it as Bonus Shares if it had been registered as the Noteholder of the number of Shares referred to in clause 7.2(1) on the record date for the Bonus Issue.

7.3 The Bonus Shares so issued to the Noteholder will be paid up by the Company in the same manner as was applied in relation to the Bonus Issue. If a Convertible Note is not exercised, these additional entitlements lapse. Any entitlement to a fraction of a Share remaining following exercise of a Convertible Note will be disregarded.

7.4 In a consolidation of capital the number of Convertible Notes must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

7.5 In a subdivision of capital the number of Convertible Notes must be subdivided in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

7.6 In a return of capital the number of Convertible Notes must remain the same, and the exercise price of each Convertible Note must be reduced by the same amount as the reduction of the capital backing of each Ordinary Share.

7.7 In a cancellation of capital that is lost or not represented by available assets, the number of Convertible Notes and the exercise price of each Convertible Note must remain unaltered.

7.8 In a pro rata cancellation of capital, the number of Convertible Notes must be reduced in the same ratio as the ordinary capital and the exercise price of each Convertible Note must be amended in the inverse proportion to that ratio.

7.9 In the case of any other form of reduction of capital, the number of Convertible Notes or the exercise price, or both, must be reorganised so that the Noteholder of the Convertible Note will not receive a benefit that holders of Ordinary Shares do not receive. This clause does not prevent a rounding up of the number of Ordinary Shares to be received on exercise if the rounding up is approved at the meeting of the holders of Ordinary Shares which approves the reorganisation.

8. Listing

8.1 The Company in its absolute discretion may apply to have the Convertible Notes listed for quotation on any stock exchange. If the Company is listed on ASX at the time Shares are issued on conversion of Convertible Notes, the Company will apply for official quotation by ASX of the Shares issued within 10 Business Days of the date of issue.

9. Miscellaneous

9.1 If a provision of these conditions or its application to any person or circumstance is or becomes invalid, illegal or unenforceable then the provision must, as far as possible, be interpreted as narrowly as possible to ensure that it is not illegal, invalid or unenforceable. If any provision or part of it cannot be so interpreted, then the provision or its part is taken to be void and severable. The remaining provisions of these conditions are not affected or impaired in any way.

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9.4 The law of Victorian governs these conditions. Each of the Company and the Noteholder submits to the exclusive jurisdiction of the courts of Victoria and of the Commonwealth of Australia and agrees that any lawsuit must be heard in those courts.

Annexure Part B

SUMMARY OF THE OFFER AND CONDITION OF ISSUE

Issue price	$0.10 (10 cents) per Convertible Note
Shareholders pro rata entitlement	One Convertible Note for every four Shares held on the Record Date
Record Date	31 December 2007
Number offered	Up to 27,000,000 Convertible Notes
Amount to be raised	Up to $2,700,000 (before expenses)
Minimum Application	Applications must be for a minimum of 5,000 Convertible Notes at $0.10 each ($500) and a multiple of 1,000 Convertible Notes ($100) thereafter
Interest (coupon)	No Interest is payable on Convertible Notes
Noteholder Conversion Rights	Noteholders may convert all or part of their holding of Convertible Notes into fully paid ordinary Shares on the basis of 1 Note for 2 Shares on or at any time between 1 January 2009 and 31 December 2011 (subject to the Bonus Conversion Rights set out below)
Noteholder Bonus Conversion Rights	Noteholders may convert all or part of their holding of Convertible Notes into fully paid ordinary Shares between 6 November 2009 and 18 December 2009 on the basis of: (a) if the VWASP for the 30 days up to and including the date on which a valid Conversion Notice is submitted to the Company in accordance with clause 6.1 is equal to or greater than $0.06, 5 Shares for every 2 Notes converted; or (b) if the VWASP for the 30 days up to and including the date on which a valid Conversion Notice is submitted to the Company in accordance with clause 6.1 is less than $0.06, a number of Shares equal to $0.15 / VWASP, rounded up, per Note.

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Company Conversion Rights	The Company has no right to convert or require Noteholders to convert Convertible Notes
Noteholder Redemption Rights	Noteholders may redeem Convertible Notes on the occurrence of an Event of Default but not otherwise.
Company Redemption Rights	The Company may redeem the Convertible Notes at a premium to face value of 40% ($0.14 per Convertible Note) **Redemption Price** on or at any time provided it first gives Noteholders 30 days written notice of intention to do so. During that notice period the Noteholder may convert their holding of Convertible Notes.
Security	Convertible Notes are unsecured
No voting rights	Noteholders have no right to vote at general meetings of Virax
Listing of Convertible Notes	The Company intends to apply to ASX for listing of the Convertible Notes. However, Applicants should not assume that ASX will grant listing

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