28 July 2020

ASX Announcement

NOTICE UNDER SECTION 708A(12C)(e) AND 708A(5) OF THE CORPORATIONS ACT 2001

This cleansing notice (**Cleansing Notice)** is given by Cirralto Limited (ACN 99 084 143) (**Company)** under section 708A(12C)(e) of the Corporations Act 2001 (Cth) (**Corporations Act**) as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Securities) Instrument 2016/82* and section 708A(5).

The Company hereby confirms that:

(a) the Convertible Securities and Collateral Shares described below are being issued without disclosure to an investor under Part 6D.2 of the Corporations Act;

(b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act for the Convertible Securities and section 708A(5) of the Corporations Act for the Collateral Shares; and

(c) as at the date of this notice the Company has complied with:

(i) the provisions of Chapter 2M of the Act as they apply to the Company; and

(ii) section 674 of the Corporations Act; and

(d) as at the date of this notice, there is no information that is "excluded information" within the meaning of Sections 708A(7) and 708A(8) of the Act

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (Shares) issued on the conversion of the Convertible Securities and the Collateral Shares, as referred to further below, to be on-sold to retail investors without further disclosure.

1. BACKGROUND

1.1 Convertible Securities Agreement

As announced on 17 March 2020, the Company has entered into an agreement in relation to a convertible note facility with Obsidian Global GP, LLC (**Noteholder**) with a subscription price of AU$800,000 (**Facility**) dated 17 March 2020 (**Execution Date)** (**Convertible Securities Agreement)**.

1.2 Convertible Securities

Under the Convertible Securities Agreement, the Company is issuing 608,000 convertible securities with a face value (Face **Value)** of US$1 each (**Convertible Securities**) securities raising AU$800,000 before costs.

1.3 Collateral Shares

The Company has also issued 20,000,000 ordinary, fully paid shares (**Collateral Shares**) on the issue of the Convertible Securities, as security for the Company's obligations under the Convertible Securities Agreement, with such Collateral Shares to be credited upon retirement of the Convertible Securities.

The Company gives this cleansing notice in respect of the Convertible Securities and the Collateral Shares.

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2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

(a) in relation to the Convertible Securities:

(i) the effect of the issue on the Company;

(ii) a summary of the rights and liabilities attaching to the Convertible Securities; and

(iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Securities; and

(b) in relation to the Convertible Securities and the Collateral Securities, any information that:

(i) has been excluded from continuous disclosure notices in

accordance with the ASX Listing Rules; and

(ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:

(A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

(B) the rights and liabilities attaching to the Shares; and

(iii) other information relating to the Company's status as a disclosing entity.

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3. THE EFFECT OF THE ISSUE ON THE COMPANY

3.1 Effect of the issue on the Company

The principal effect of the issue of the Convertible Securities on the Company will be to:

(a) increase the Company's cash reserves by AU$800,000 received by the Company pursuant to the issue of the Convertible Securities;

(b) increase the number of unquoted Convertible Securities on issue by 608,000;

(c) give rise to the Company having a liability for the aggregate amount of the Face Value of the Convertible Securities US$608,000; and

(d) if the Convertible Securities are converted, either wholly or in part to Shares, increase the number of Shares on issue as a consequence of the issue of Shares on such conversion.

3.2 Pro Forma Consolidated Statement of Financial Position As at 31 December 2019 taking into account the issue of the Convertible Securities

(a) Set out in Annexure A is a pro forma consolidated Statement of Financial Position as at 31 December 2019 for the Company adjusted to reflect the issue of the Convertible Securities and has been prepared on the basis of the accounting policies normally adopted by the Company.

(b) The pro forma financial information is presented in an abbreviated form in so far as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. The pro forma financial information is not audited. The classification of the allocations between debt and equity for the Convertible Securities may change in the future.

3.3 Potential effect on capital structure

(a) As at the date of this Cleansing Notice, the total number of issued Shares is 1,145,364,698 (including the 20,000,000 Collateral Shares).

(b) The capital structure of the Company will be affected by both the conversion of the Convertible Securities by the Noteholder and by the issue of Shares which will each result in additional Shares being issued.

(c) Subject to limits on the conversion under the Convertible Securities Agreement, the Convertible Securities can be:

(i) converted at any time after their issue and prior to the Maturity Date at the request of the Noteholder;

(ii) redeemed prior to the Maturity Date at the request of the Company or by the Noteholder upon the occurrence of certain events (see Sections 4(j) and (l) below for further details);

(iii) redeemed periodically as required by the Convertible Securities Agreement (see Section 4(k) below for further details); or

(iv) automatically redeemed on the Maturity Date.

(d) If the Noteholder converts all of the Convertible Securities into Shares, then based on various deemed possible conversion prices of AU$0.01 per new Share (being the Fixed Conversion Price under the Convertible Securities Agreement), AU$0.003 per new Share and AU$0.005 per new Share the following number of new shares would be issued based on the following assumed exchange rates.

Exchange rate at time of conversion into shares	A$0.003 Share price	$0.005 Share price	A$0.01 Share price
USD:AUD 1.75 (25% increase in exchange rate at conversion)	354,666,666 shares	212,800,000 shares	106,400,000 shares

Current exchange rate: USD:AUD 1.40	283,733,333 shares	170,240,000 shares	85,120,000 shares
USD:AUD 1.05 (25% decrease in exchange rate at conversion)	212,800,000 shares	127,680,000 shares	63,840,000 shares

The actual effect on the share capital of the Company will depend on what percentage of the Convertible Securities are actually converted, the price at which the conversion occurs, the US$:AU$ exchange rate at the date of conversion and the 10 trading day volume weighted average price of the Shares at the date of conversion.

The effect on the issued share capital of the Company upon the conversion of Convertible Securities is set out in the table below based on the exchange rates and conversion prices set out in the table above. This does not account for any default interest payable under the Convertible Securities Agreement being converted into Shares.

Shares	Number
Shares on issue on the date of this Cleansing Notice	1,145,364,698
Shares issued upon conversion of the Convertible Securities	Between 63,840,000 and 354,666,666
Total Shares on issue following conversion of all Convertible Securities	**Between 1,209,204,698 and 1,500,031,364**

4. RIGHTS AND LIABILITIES ATTACHING TO THE CONVERTIBLE SECURITIES TO BE ISSUED UNDER THE CONVERTIBLE SECURITIES AGREEMENT

The following is a broad summary of the rights, privileges and restrictions attaching to the Convertible Securities. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholder.

(a) Term

The Maturity Date of the Convertible Securities is 16 months after the issue Date.

(b) Face Value

The number of Convertible Securities to be issued is 608,000. Each Convertible Note will be issued with a Face Value of US$1. The Convertible Notes have a combined face value of US$608,000.

(c) Subscription Price

The subscription price paid by the Noteholder is AU$800,000 (**Purchase Price**).

(d) Issue of Convertible Securities

The Convertible Securities are issued on the date of this Cleansing Notice.

(e) Interest

No interest is payable on the Convertible Securities unless an Event of Default occurs, in which case interest is payable on the Convertible Securities at a rate of 10% per annum. Such interest shall accrue daily and shall be compounded monthly, from the date of the Event of Default until the Company remedies the Event of Default or discharges the amount outstanding in full.

(f) Security

The Convertible Securities are secured by a general security agreement over all of the assets of the Company in favour of the Noteholder and the Collateral Shares, which will be credited against subsequent conversions of the Convertible Securities.

(g) Conversion by Investor

Subject to the conversion restrictions noted below, the Noteholder may provide the Company with written notice of its election to convert Convertible Securities into Shares at the conversion price (**Conversion Notice**), being the lesser of:

(i) 90% of the lowest daily volume weighted average price of the

Shares during the 10 trading days prior to the date the Investor provides the Company with a notice of conversion (**Variable Conversion Price**); and

(ii) AU$0.01 (**Fixed Conversion Price**),

The number of Shares issued will be equal to the aggregate US$ Face Value of the Convertible Securities converted into AU$ and divided by the Variable Conversion Price.

(h) Protective Provisions

Upon the occurrence of certain events, including a Share consolidation, subdivision, pro-rata cancellation of the Company's issued share capital, payment of a dividend to shareholders or a distribution of Shares to existing shareholders (other than by way of rights offering or a bonus issue), the Fixed Conversion Price will be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, consolidated, subdivided or cancelled.

If the Company, after the Execution Date:

(i) issues or agrees to issue Shares to any person at a per Share price which is less than the Fixed Conversion Price;

(ii) issues Options to any person with an exercise price which is less than the Fixed Conversion Price; or

(iii) issues any debt, equity or equity-linked securities to any person which are convertible into, exchangeable or exercisable for, or include the right to receive Shares or other securities at a fixed price which is less than the Fixed Conversion Price,

(all of which prices will be a **Lesser Price**) then the Fixed Conversion Price will be reduced to the Lesser Price.

(i) Early Redemption

The Company may at any time prior to the Maturity Date redeem all of the outstanding Convertible Securities by giving notice to the Noteholder (**Early Redemption Notice**). On or before the date which is 10 Business Days after the date of the Early Redemption Notice, the Company must pay the Noteholder (in US$) an amount equal to 105% of the aggregate Face Value of the Convertible Securities being redeemed (the **Redemption Amount**).

(j) Redemption on Maturity Date

Any Convertible Securities outstanding at the Maturity Date must be redeemed on the Maturity Date at 105% of their aggregate Face Value.

(k) Events of Default

The Events of Default are set out in Annexure B to this Cleansing Notice. If an Event of Default occurs and:

(i) either:

(A) it is not capable of being remedied; or

(B) it is capable of being remedied but has not been remedied to the satisfaction of the Noteholder within ten Business Days of the Noteholder notifying the Company of its occurrence; or

(C) there have been two or more previous Events of Default; and

(ii) the Event of Default has not been expressly waived by the Noteholder in writing;

(an **Unremedied Default**)

then the Noteholder may do one or more of the following:

(A) Face Value of all Convertible Securities will (unless converted) automatically increase by 10% in the first instance and afterward by an additional 2% for any further Unremedied Event of Default and the Noteholder may declare, by notice to the Company, the Redemption Amount of the amount outstanding and all other amounts payable by the Company under the Convertible Securities Agreement to be immediately due and payable by the Company to the Noteholder; and / or

(B) terminate the Convertible Securities Agreement, by notice to the Company; and /or

(C) exercise any other right, power or remedy granted to it by the Convertible Securities Agreement and / or otherwise permitted to it by law.

(l) Inability to issue shares

If the Company is unable to issue shares to the Noteholder where it is required to under the Convertible Securities Agreement, then the Noteholder may set and hold over the Variable Conversion Price for a subsequent issue if shares or require the Company to pay the Noteholder such amount in US$ which is determined in accordance with the following formula (**Parity Value**):

PV = P/CP x MV

Where:
PV = the Parity Value;

P = the amount of the payment required to be made under the Convertible Securities Agreement (which has not been paid);
CP = the Variable Conversion Price (in case of a failed Conversion) that applied to the date Conversion, or (in the case of an unpaid payment) 90% of the lowest daily VWAP during the period starting on the date upon which payment was require d to be made was the Conversion Notice Date and ending on the date upon which payment of the Parity Value is made; and
MV = the highest average VWAP of any period of 3 consecutive Trading Days during the period commencing on the date on which the Event of Default occurred or payment was required to be made and ending on the day immediately prior to the date upon which payment of the Parity Value is made.

(m) Transferability

The Convertible Securities are transferable, subject to the transferee executing a deed of covenant in favour of the Company agreeing to be bound by the provisions of the Convertible Securities Agreement and compliance at all times to the Corporations Act and any applicable law.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF THE CONVERTIBLE SECURITIES

The Shares issued to the Noteholder on the conversion of the Convertible Securities under the Convertible Securities Agreement will rank equally in all respects with all of the Company's existing Shares. The rights attaching to the Shares, including new Shares to be issued to the Noteholder on the conversion of the Convertible Securities, are set out in the Company's constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The Company intends to apply to ASX for quotation of the Shares issued on conversion of any Convertible Securities.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Company's constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares to be issued on the conversion of the Convertible Securities will be

fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Future increase in capital

The allotment and issue of any new Shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Company's constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue securities as they shall, in their ab solute discretion, determine.

(h) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) Alteration of constitution

In accordance with the Corporations Act, the Company's constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

(a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

(b) the rights and liabilities attaching to the Convertible Securities under the Facility and the Shares.

Justyn Stedwell

Company Secretary
On behalf of the Board of Directors
Cirralto Limited
28 July 2020

ANNEXURE A – PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE COMPANY AS AT 31 DECEMBER 2019 (AUD)

Assets			
	Dec '19	**Adjustment**	**Adjusted Accounts**
Current Assets			
Cash and Cash Equivalents	599,714	800,000	1,399,714
Trade and other receivables	235,495		235,495
Other Current assets	336,842		336,842
Total Current assets	**1,172,051**	**800,000**	**1,972,051**
Non Current Assets			
Property, Plant and Equipment	9,582		9,582
Right-of-use asset	59,109		59,109
Intangible assets	3,398,617		3,398,617
Total Other Assets	**3,467,308**	**-**	**3,467,308**
TOTAL ASSETS	**4,639,359**	**800,000**	**5,439,359**
LIABILITIES			
Current Liabilities			
Trade & Other payabes	1,049,301		1,049,301
Lease liability	61,302		61,302
Provisions	38,560		38,560

Borrowings	1,627,744	851,200	2,478,944
Total Current liabilities	**2,776,907**	**851,200**	**3,628,107**
TOTAL LIABILITIES	**2,776,907**	**851,200**	**3,628,107**
NET ASSETS	**1,862,452**	**(51,200)**	**1,811,252**
EQUITY			
Contributed equity	60,661,342		60,661,342
Option reserve	2,111,905		2,111,905
Accumulated losses	(60,910,795)	51,200	(60,859,595)
TOTAL EQUITY	**1,862,452**	**51,200**	**1,913,652**

Note: AU$851,200 Borrowings amount is based on the US$608,000 combined face value of the Convertible Securities converted to AUD at exchange rate of 1AUD:0.71USD.

ANNEXURE B – EVENTS OF DEFAULT

Defined terms in this annexure are as used in the Convertible Securities Agreement unless otherwise defined in this Cleansing Notice.

Each of the following constitutes an Event of Default under the Convertible Securities Agreement.

(a) The Company fails to repay the Redemption Amount in respect of the Debt to the Investor on or before the day which is 70 days after the Advance Date

(b) The Company fails to repay the Redemption Amount in respect of the Convertible Securities to the Investor in cash on the Maturity Date.

(c) The Company fails to repay the Redemption Amount in respect of the number of Convertible Securities specified in an Early Redemption Notice on or before the day which is 10 Business Days after the date on which the Company gives the Early Redemption Notice.

(d) The Company breaches or otherwise fails to comply in full with any of its material obligations under any Convertible Security Agreement document (and does not cure that breach or failure within 5 Business Days of notice of it by the Noteholder) or any event of default (however described) occurs under any Convertible Security Agreement.

(e) Any of the materials is inaccurate, false or misleading in any material respect (including by omission), as of the date on which it is made or delivered.

(f) The Company or any subsidiary is, admits that it is, is declared by a court of competent jurisdiction to be, or is deemed under any applicable law to be, insolvent or unable to pay its debt s as and when they become due.

(g) The Company or any subsidiary is served with a statutory demand (in accordance with Division 2 of Part 5.4 of the Corporations Act) or a foreign equivalent that is not set aside within 10 Business Days.

(h) A controller within the meaning of section 9 of the Corporations Act, administrator or similar officer is appointed over all or any of the assets or undertaking of the Company or any subsidiary is or any formal step preliminary to such appointment is taken.

(i) An application or order is made, a proceeding is commenced, a resolution is passed or proposed in a notice of meeting, or an application to a court or other steps are taken, for the winding up or dissolution of the Company or any subsidiary to enter an arrangement, compromise or composition with, or assignment for the benefit of, any of its creditors.

(j) the Company or any subsidiary ceases, suspends, or indicates that it may cease or suspend, the conduct of all or a substantial part of its business; or disposes, or indicates that it may dispose, of a substantial part of its assets.

(k) the Company or any subsidiary takes action to reduce its capital or pass a resolution referred to in section 254N(1) of the Corporations Act.

(l) Any Convertible Securities or Investor's Shares are not issued to the Noteholder within 2 Business Days.

(m) Any Noteholder's Shares are not quoted on ASX by the third Business Day immediately following the date of their issue.

(n) The Company fails to comply with the Listing Rules in any material respect.

(o) A stop order, suspension of trading, cessation of quotation, or removal of the Company or the Shares from the ASX Official List is requested by the Company or requested or imposed by any Governmental Authority, except for a suspension of trading not exceeding 5 Trading Days in a rolling twelve month period or as agreed by the Noteholder.

(p) A transaction document or a contemplated transaction has become, or is claimed (other than in a vexatious or frivolous proceeding) by any person other than the Investor or any of its Affiliates to be, wholly or partly void, voidable or unenforceable.

(q) Any third person commences any action, investigation or proceeding against any person or otherwise asserts any claim which seeks to restrain, challenge, limit, modify or delay the right of the Noteholder or the Company to enter into any transaction documents or to undertake any of the Contemplated Transactions (other than in a vexatious or frivolous proceeding).

(r) A security interest over an asset of the Company or any subsidiary is enforced.

(s) Any present or future liabilities, including contingent liabilities, of any the Company or any subsidiary for an amount or amounts totalling more than A$250,000 are not satisfied on time, or become prematurely payable.

(t) The Company or any subsidiary is in default under a document or agreement (including a Governmental Authorisation) binding on it or its assets which relates to financial indebtedness or is otherwise material.

(u) A material adverse effect occurs.

(v) The Company does not obtain a Shareholder Approval which it is required to seek, or does not obtain a Shareholder Approval to the extent required for the purposes of Listing Rule 7.1 or 7. 4 so that a Contemplated Transaction may proceed without breaching Listing Rule 7.1.

(w) Any Group Company grants any Security Interest over any of its assets, or a Security Interest comes into existence over any assets of any Group Company, without the prior written consent of the Investor, other than the Permitted Security.

(x) Any event of default (however described) occurs under a security document.

(y) The Company does not obtain shareholder approval in respect of the issue of the replacement convertible securities within 60 days of the issue of the Convertible Securities.

(z) The Company does not issue the replacement convertible securities to the within 2 Business Days of obtaining shareholder approval

(aa) The Company does not issue any additional Collateral Shares to the Investor within the timeframes required under clause 6(b).