

16th April 2010

Convertible Notes

We advise that Laserbond has reached agreement for the issue of unsecured convertible notes ("Notes") with a face value of A\$450,000.00 to provide additional working capital. The issue of the Notes shall be to sophisticated or professional investors and will not require disclosure under the Corporations Act.

The principle terms of the Notes are as follows:

- (i) Repayment Date: 30 June 2012;
- (ii) Convertible into ordinary fully paid shares at an issue price determined as the lesser of:
 - a. 15 cents per share; or
 - b. The price that is 85% of the average market price of the company's ordinary fully paid shares calculated over the last 5 days on which sales were recorded before the date of conversion and issue.
- (iii) Subject to the Corporations Act, ASX listing Rules and shareholder approval, if necessary, convertible, in whole or part, by the Noteholder at any time after 4 months from the date of issue and prior to the Repayment Date;
- (iv) Shares issued upon conversion of any Note will carry standard rights applicable to quoted ordinary shares in the Company and will, from the date of issue, rank equally with fully paid ordinary shares currently on issue;
- (v) Interest rate – 9.5% per annum payable quarterly in arrears;
- (vi) The company does not intend to list the Notes for quotation on ASX and it is not obliged to do so;
- (vii) The Notes shall not provide for any voting rights at shareholder meetings of the Company;
- (viii) Unless converted during the term, the Notes will be repaid at the Repayment Date at the face value of the Notes;
- (ix) The Notes will be unsecured and the Noteholder will rank equally with all other unsecured creditors of the Company.

MT Twist

Matthew Twist
Company Secretary

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