

ASX Announcement

13 October 2011

CLEANSING NOTICE

Issued under section 708(12C)(e) of the Corporations Act 2001 (Cth) (as inserted by ASIC Class Order [CO 10/322])

Attached is a Notice issued to ASX under s708(12C)(e) of the Corporations Act in respect of the Funding Agreement with La Jolla Cove Investors Inc.

For further information contact:

Andrew Meehan
Executive Director
(03) 9914 7600

About Intermoco Limited

Intermoco is an Australian public company listed on the Australian Stock Exchange (ASX: INT) based in Melbourne. The company is a leading provider of water, energy voice and data management solutions with a focus on the provision of embedded networks. Intermoco provides a world class end-to-end internet-enabled energy metering and resource management solution to utilities, corporations, local councils and government departments to help them monitor, manage and minimise their consumption of electricity, gas and water.

Intermoco Limited

ABN 15 006 908 701

19 Shierlaw Avenue, Canterbury, VIC 3126

p +61 3 9914 7600 f +61 3 9914 7699

e sales@intermoco.com

w intermoco.com

A large, bold, grey logo consisting of the letters "INT" in a sans-serif font. The letters are blocky and have a slight shadow effect.

CLEANSING NOTICE

Issued under section 708(12C)(e) of the Corporations Act 2001 (Cth) (as inserted by ASIC Class Order [CO 10/322])

11 October 2011

1. Summary

This Cleansing Notice has been prepared for the purposes of section 708(12C)(e) of the *Corporations Act 2001* (as inserted by ASIC Class Order [CO 10/322]) to enable fully paid ordinary shares in the capital of Intermoco Limited (**Intermoco**) to be issued on conversion of a convertible note issued by Intermoco to La Jolla Cove Investors Inc. (**La Jolla**) to be on-sold to retail investors.

This Cleansing Notice is important and should be read in its entirety.

2. The Effect of the Issue of the Note on Intermoco

2.1 Background

On 3 October 2011, Intermoco and La Jolla entered into the Funding Agreement pursuant to which Intermoco agreed to issue, and La Jolla agreed to acquire, up to 4 convertible notes (Notes), each with a purchase price (or face value) of \$1,500,000 (Purchase Price).

This Cleansing Notice relates to the issue of the first Note.

An outline of the rights and liabilities attaching to the Note is provided in section 3 of this Cleansing Notice, whilst a summary of some of the key terms of the Funding Agreement is provided in section 5.

2.2 La Jolla Cove Investors Inc.

La Jolla Cove Investors Inc. has provided the following information.

Founded in 1995, La Jolla Cove Investors, Inc. is a private investment firm that has entered into more than \$400 million in financing agreements with publicly traded companies since its inception. The firm has extensive experience with ASX traded companies, partnering with more than a dozen in the past two and a half years across a wide variety of industries. The professionals at La Jolla Cove seek partnerships with businesses looking for capital to implement their strategic growth initiatives. La Jolla's expertise lies in creating flexible financial structures which enable a company to grow without impacting working capital needs while simultaneously adding value through interaction with management teams. Past collaborative efforts have included development and refinement of strategic plans, recruitment of new Directors with specific skills required to help companies reach the 'next level' of development, M&A consideration and execution, and searches for investor relation firms best suited to reach appropriate U.S. investors.

2.3 Use of proceeds

The Note to be issued by Intermoco will raise \$1,500,000 (less the expenses associated with the issue of the Note). Intermoco will use the net proceeds from the issue of the Note for working capital and business expansion purposes.

2.4 The issue of the Note

Under the Funding Agreement, Intermoco and La Jolla have agreed that the issue of the Notes will be sequential. In each case, the obligation of La Jolla to subscribe for, and Intermoco to issue, a Note will arise only following the satisfaction of certain conditions.

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The issue of the fourth Note will also be at the discretion of Intermoco. If Intermoco does not issue the fourth note, then the Funding Agreement will be terminated and La Jolla will be entitled to force Intermoco to redeem the outstanding principal amount of all other notes still on issue and any interest at a cash price of 110% of the principal amount of the notes or to convert the outstanding principal amount of all other notes still on issue into Shares.

At the date of this Cleansing Notice, Intermoco has satisfied each of the relevant conditions (which are summarised in section 5.1) capable of satisfaction for the issue of the first Note and La Jolla will subscribe for, and Intermoco will issue, the first Note to La Jolla on the date of, or the day following, the date of this Cleansing Notice (Issue Date).

2.5 The payment of the Purchase Price of the Note

The payment of the Purchase Price of the first Note will be made by La Jolla in instalments, in the following manner:

- (a) on the issue date of the Note, La Jolla will pay to Intermoco \$100,000 (Initial Payment); and
- (b) commencing in the month following the Issue Date, La Jolla will pay to Intermoco, on a date in that month and each subsequent month as selected by La Jolla, an amount of not less than \$100,000 (or such lesser amount that equals the remaining amount of the Purchase Price to be paid by La Jolla on a Note) (Monthly Payment).

The Monthly Payment shall increase to \$125,000, so long as the price of Ordinary Shares on the Business Day immediately prior to the Payment Date is between AU\$0.0041 to AU\$0.006; to \$150,000 so long as the price of Ordinary Shares on the Business Day immediately prior to the Payment Date is equal to AU\$0.0061 to AU\$0.008; and to \$200,000 so long as the price of Ordinary Shares on the Business Day immediately prior to the Payment Date is equal to AU\$0.0081 or higher. La Jolla may, in its discretion, pay to Intermoco more than the Monthly Payment in respect of any month.

The obligation on La Jolla to make each Monthly Payment is conditional on the satisfaction of certain conditions at the time payment is required to be made under the Funding Agreement (refer to sections 5.1 and 5.2 of this Cleansing Notice).

2.6 Effect of the issue on Intermoco

The Note issued by Intermoco will raise up to \$100,000 (less the expenses associated with the issue of the Note).

The principal effects of the issue of the Note on Intermoco will be to:

- (a) increase Intermoco's cash reserves by \$100,000 (after deducting Intermoco's expenses associated with the Note issue) immediately upon the Note being issued;
- (b) subject to the terms of the Funding Agreement and satisfaction of the conditions applicable under that agreement with regard to Monthly Payments, increase Intermoco's cash reserves by an additional \$1,400,000 in aggregate by way of Monthly Payments of not less than \$100,000 each;
- (c) give rise to Intermoco assuming a liability for the proceeds received from La Jolla for payment of the Purchase Price of the Note less any amount which has been the subject of a conversion into new Shares, repaid or prepaid (Principal Amount);
- (d) give rise to Intermoco assuming an obligation to pay interest on the Principal Amount to La Jolla at the rate of 4.75% per annum monthly in arrears; and

- (e) if the Note is converted, either in whole or in part, increase the number of Shares as a consequence of the issue of new Shares to La Jolla. The number of new Shares to be issued to La Jolla will depend on whether the Note is converted in whole or in part, the applicable Conversion Price (refer to section 3.8).

2.7 Effect of the issue on share structure

The current issued capital of Intermoco (before the issue of the first Note) is 2,583,343,788 ordinary fully paid shares. There are no options or other type of security on issue. The number of Shares on issue will not change because of the issue of the First Note.

As noted in section 2.6, the number of new Shares to be issued to La Jolla (if any) will depend on whether the Note is converted in whole or in part and the applicable Conversion Price (see clause 3.8).

The actual outcome, if La Jolla elects to convert the Note in whole or in part, will depend on that election and the Conversion Price. It should also be noted that the Funding Agreement imposes an ownership limitation of 19.9% of Shares on La Jolla, please refer to section 3.14 for further details. This means that the maximum interest La Jolla can obtain in the issued capital of the Company is 19.9%.

2.8 Pro forma balance sheet of Intermoco taking into account issue of Note

Set out below are the audited consolidated Statement of Financial Position as at 30 June 2011 and the pro forma consolidated Statement of Financial Position as at 30 June 2011 for Intermoco prepared on the basis of the accounting policies normally adopted by Intermoco.

The audited historical and 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 consolidated Statement of Financial Position as at 30 June 2011 is based on the audited consolidated Statement of Financial Position as at 30 June 2011 and has been adjusted to reflect the issue of the Note.

PROFORMA STATEMENT OF FINANCIAL POSITION

	Audited 30 June 11 Accounts	Pro Forma Adjustment	After Adjustment
ASSETS			
Current Assets			
Cash & Cash Equivalents	812,746	1,500,000	2,312,746
Trade & Other Receivables	768,612	-	768,612
Inventories	253,437	-	253,437
Other Assets	5,380	-	5,380
	<u>1,840,175</u>	<u>1,500,000</u>	<u>3,340,175</u>
Non-Current Assets			
Financial Assets	1,039,706	-	1,039,706
Property Plant & Equipment	532,930	-	532,930
Intangible Assets	2,226,758	-	2,226,758
	<u>3,799,394</u>	<u>-</u>	<u>3,799,394</u>
TOTAL ASSETS	<u>5,639,569</u>	<u>1,500,000</u>	<u>7,139,569</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	1,185,900	-	1,185,900
Short-Term Borrowings	107,313	-	107,313
Other Financial Liabilities	-	-	-
Short-Term Provisions	105,413	-	105,413
	<u>1,398,626</u>	<u>-</u>	<u>1,398,626</u>
Non-Current Liabilities			
Deferred Tax Liabilities	-	-	-
Long-Term Borrowings	436,816	1,500,000	1,936,816
Other Financial Liabilities	-	-	-
Other Long-Term Provisions	6,826	-	6,826
	<u>443,642</u>	<u>1,500,000</u>	<u>1,943,642</u>
TOTAL LIABILITIES	<u>1,842,268</u>	<u>1,500,000</u>	<u>3,342,268</u>
NET ASSETS	<u>3,797,301</u>	<u>-</u>	<u>3,797,301</u>
EQUITY			
Contributed Equity	136,328,127		136,328,127
Reserves	261,706		261,706
Accumulated Losses	(132,792,532)		(132,792,532)
TOTAL EQUITY	<u>3,797,301</u>	<u>-</u>	<u>3,797,301</u>

3. Rights and Liabilities Attached to the Note

A summary of the key terms of the Note are set out below.

3.1 Purchase Price

The Issue Price of the Note is \$1,500,000.

3.2 Payment of the Purchase Price

The payment of the Purchase Price of the Note will be made by La Jolla in instalments in the manner set out in section 2.5.

3.3 Interest

Interest is payable on the Principal Amount at the rate of 4.75% per annum monthly in arrears in cash or, at the option of Intermoco, in new Shares issued at the then applicable Conversion Price.

3.4 Maturity Date

The maturity date of the Note is the date which is 4 years from the Issue Date (Maturity Date).

3.5 Security

The Note is unsecured, and the Principal Amount ranks for repayment behind all secured debts owed by Intermoco and equally with all other unsecured debts owed by Intermoco.

3.6 Conversion

La Jolla may convert the Note, either in whole or in part, by the delivery to Intermoco of a Conversion Notice.

The delivery of a Conversion Notice will constitute a contract between La Jolla and Intermoco, whereby La Jolla will be deemed to have subscribed for the number of new Shares which it will be entitled to receive on conversion of the Note pursuant to the Conversion Notice.

3.7 Intermoco's Prepayment Right

If on the day La Jolla issues a Conversion Notice, the Volume Weighted Average Price is below \$0.002, Intermoco will have the right, by no later than 3.00pm Sydney time on the date that is 2 Business Days after the Company's receipt of the Conversion Notice, to prepay that portion of the Principal Amount of the Note that La Jolla has sought to convert pursuant to the Conversion Notice, plus any accrued and unpaid interest, at 105% of such amount.

3.8 Conversion Price

The number of new Shares into which the Note may be converted is equal to the Principal Amount that is to be converted (as specified in the Conversion Notice) divided by the Conversion Price.

The Conversion Price is equal to the lesser of:

- (a) \$0.03 (as adjusted for any share splits, dividends, combinations, subdivisions, recapitalisations or the like); and
- (b) 85% of the average of the Volume Weighted Average Price on the last 5 Trading Days on which Shares were traded prior to the issue of a Conversion Notice.

3.9 Mandatory conversion in the 3 months prior to the Maturity Date

Intermoco may elect to compel La Jolla to convert the Note into new Shares.

If it does so elect, in each of the 3 months prior to the Maturity Date, provided there has not been an Event of Default (refer to section 5.5), La Jolla must convert one-third of the Principal Amount of the Note remaining as at the date which is 3 months prior to the Maturity Date into

new Shares.

3.10 Redemption

Unless converted, the Note will be automatically redeemed on the Maturity Date. In these circumstances, the redemption money payable in respect of the Note must be paid to La Jolla on the Maturity Date.

3.11 Reorganisation of capital and adjustment for Fundamental Corporate Change

If Intermoco, at any time while any Principal Amount of the Note is outstanding, reorganises its issued share capital in any way, the number of new Shares issued to La Jolla on conversion of the Note will be adjusted so that La Jolla neither receives a benefit that Shareholders do not receive nor suffers a disadvantage that the Shareholders do not suffer.

However, if a "Fundamental Corporate Change" (e.g. a merger of Intermoco, the sale of substantially all of the assets and business of Intermoco, or the transfer of more than 50% of the Shares to a third party) occurs, then Intermoco must prepay the Note for 110% of the Principal Amount, together with all accrued and unpaid interest.

3.12 Entitlements

The Note will not carry any entitlement to attend or vote at a general meeting of Shareholders nor any entitlement to participate in any future issues of securities by Intermoco.

3.13 Transferability

The Note is not transferable unless the transferee is a sophisticated investor and the investor first obtains the written consent of Intermoco.

3.14 Conversion limits

If the conversion of the Note would cause La Jolla's (or anyone else's) voting power in Intermoco to increase to more than 20%, then Intermoco shall have the right to either:

- (a) prepay that portion of the Note that La Jolla elected to convert, plus any accrued and unpaid interest; or
- (b) extend the delivery date for the conversion until such conversion will not cause La Jolla to exceed 20% of the voting power or until such relevant approvals are obtained; or
- (c) extend the Maturity Date for the Note, for a period not to exceed 12 months, in Intermoco's sole and absolute discretion.

3.15 ASX listing

The Note will not be quoted on ASX or any other securities exchange.

Under the Funding Agreement, Intermoco is required to apply to ASX for quotation of any new Shares issued on the conversion of the Note within 2 Trading Days of the issue of those new Shares.

4. Rights and Liabilities Attaching to Shares Issued on Conversion of the Note

The new Shares to be issued to La Jolla on the conversion of the Note will rank equally in all respects with all of the existing Shares. The rights attaching to Shares, including the new Shares to be issued to La Jolla on the conversion of the Note, are set out in the Constitution and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The following is a summary of the principal rights attaching to those Shares.

4.1 Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands and, on a poll, one vote for every Share held by him or her.

4.2 Dividends

The Directors may by resolution either:

- (a) declare a dividend and may fix the amount, the time for and method of payment; or
- (b) determine a dividend is payable and fix the amount and the time for and method of payment.

All fully paid Shares on which any dividend is declared or paid, are entitled to participate in that dividend equally.

4.3 Transfer of shares

Shares may be transferred, and transfers may be registered, in any manner required or permitted by the ASX Listing Rules or the CS Facility Rules (or corresponding laws or securities exchange rules in any other country) applying in relation to the system. Intermoco must comply with and give effect to those rules and it may, in accordance with those rules, decline to issue certificates for holdings of Shares.

4.4 Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings of Intermoco and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

4.5 Issue of further Shares

The Directors may allot, issue or grant options in respect of, further Shares on such terms and conditions as they see fit. However, the Directors must act in accordance with the Corporations Act, the ASX Listing Rules and any rights for the time being attached to the Shares.

4.6 Non marketable parcels

The Constitution contains procedures to enable Intermoco to seek to sell non-marketable parcels of Shares on behalf of Shareholders, unless the Shareholder requests otherwise.

5. Summary of the Key Terms of the Funding Agreement

The terms of issue of the Note (and any subsequent notes which may be issued by Intermoco to La Jolla) are governed by the Funding Agreement.

The key terms of the Funding Agreement are outlined below.

5.1 Conditions precedent to the issue of the Note

Under the Funding Agreement, Intermoco and La Jolla have agreed that, on the satisfaction of certain conditions, Intermoco will issue the Note to La Jolla.

The conditions which are required to be satisfied include:

- (a) the lodgement of this Cleansing Notice with ASX;
- (b) any approvals required for the Note Issue having been obtained, including any approval required under ASX Listing Rule 7.1. In this regard the Company must not issue the Note or accept payment of a Monthly Payment if it would cause the Company to exceed the 15% limit in ASX Listing Rule 7.1. The Company considers that acceptance of the Initial Payment will not cause the Company to exceed the 15% limit in ASX Listing Rule 7.1. The Company may require shareholder approval in accordance with ASX Listing Rule 7.1 to accept other Monthly Payments and therefore the Company will be seeking such shareholder approval at its upcoming Annual General Meeting;
- (c) the representations and warranties made by Intermoco to La Jolla in the Funding Agreement are confirmed by Intermoco as being accurate; and
- (d) there not having occurred:
 - i. any suspension of quotation of the Shares on the ASX for a continuous period of more than 5 trading days; or
 - ii. a material outbreak or escalation of hostilities or other national or international calamity of such magnitude in its effect on, or a material adverse change in, the United States or Australian financial market, as in the reasonable judgement of La Jolla, makes it materially riskier to acquire the Note.

At the date of this Cleansing Notice, Intermoco has satisfied each of the relevant conditions capable of being satisfied and will issue the Note on the date of this Cleansing Notice.

5.2 Conditions precedent to the making of Monthly Payments in respect of the Note

The obligation on La Jolla to make a Monthly Payment in respect of the Note is also subject to the satisfaction of certain conditions on or before the time the Monthly Payment is to be made.

These conditions are basically the same as the conditions that must be satisfied prior to the issue of the Note.

5.3 Representations and warranties made by Intermoco

The representations and warranties made by Intermoco to La Jolla in the Funding Agreement include representations and warranties as to, among other things:

- (a) Intermoco being able to enter into the Funding Agreement and perform all of its obligations under the Funding Agreement including the issue of the Note (and the subsequent notes – refer to section 5.4) to La Jolla and the issue of new Shares to La Jolla on the conversion of the Note (and the Subsequent Notes);
- (b) Intermoco having properly and timely filed with the ASX and ASIC all

reports and other documents required to be filed with the ASX and ASIC;

- (c) Intermoco being solvent and able to pay all of its debts as and when they fall due;
- (d) Intermoco not being the subject of any actual or threatened litigation that might result in any material adverse change in the business, assets or condition of Intermoco and its subsidiaries, taken as a whole or any change in the current equity ownership of the Company or its subsidiaries;
- (e) there being no fact (other than general economic or industry conditions known to the public generally) that has not been fully disclosed by Intermoco to ASIC and ASX that reasonably could be expected to have a material adverse effect on the business, properties, prospects, condition or results of operations of Intermoco or materially and adversely affect the ability of Intermoco to perform its obligations under the Funding Agreement;
- (f) no Event of Default has occurred and is continuing (refer to section 5.5); and
- (g) Intermoco and its subsidiaries have good and marketable title to its assets.

5.4 The issue of subsequent notes

La Jolla must make an offer to purchase up to 3 additional convertible notes, each with an issue price of \$1,500,000 (Subsequent Note). Intermoco must accept the offer and issue the first and second Subsequent Note within 10 business days of receipt of the offer notice from La Jolla. For the third Subsequent Notes, the Company may accept the offer in its absolute discretion.

If the Company does not accept the offer to purchase the third Subsequent Note, then the Funding Agreement will be terminated and La Jolla will be entitled to force Intermoco to redeem the outstanding principal amount of all other notes still on issue and any interest at a cash price of 110% of the principal amount or to convert the outstanding principal amount of all other notes still on issue into ordinary shares.

If a Subsequent Note is purchased by La Jolla, those conditions which must be satisfied before the issue of the Note and the making of the Monthly Payments in respect of the Note also apply in respect of the issue of any Subsequent Note and monthly payments in respect of a Subsequent Note.

5.5 Events of default

If an Event of Default occurs and is continuing, La Jolla may require the immediate repayment of all amounts owing or otherwise outstanding under the Note (and/or any Subsequent Notes) it has purchased.

In these circumstances, Intermoco must pay 110% of the outstanding Principal Amount, together with all accrued and unpaid interest.

Each of the following events constitute an Event of Default if they occur and are not cured by Intermoco within 10 Business Days of becoming aware of the event occurring:

- (a) Intermoco defaults in the payment of principal or interest on the Note (and/or any Subsequent Notes) and such default continues for 5 Business Days;
- (b) Intermoco fails to deliver to La Jolla either the new Shares set out in a Conversion Notice submitted by La Jolla or, if applicable, the amount of cash necessary to redeem the Note (and/or any Subsequent Notes) within 2 Business Days;
- (c) Intermoco breaches the Funding Agreement and such breach continues for a period of 10 Business Days after the delivery to Intermoco of written notice that Intermoco is in breach;

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- (d) any of the representations, warranties or covenants made by Intermoco are false or misleading in a material respect;
 - (e) an insolvency event occurs in respect of Intermoco or any of its subsidiaries;
 - (f) it becomes unlawful for Intermoco to perform or comply with its obligations under a Note or the Funding Agreement;
 - (g) Intermoco fails to issue an applicable Cleansing Notice or disclosure document, such that La Jolla is not able to freely transfer the Shares it is issued on conversion of the Note (and/or any Subsequent Notes) without restriction or limitation on ASX;
 - (h) the average Volume Weighted Average Share Price for any period of 3 consecutive Trading Days is less than \$0.0005;
 - (i) Intermoco ceases to be admitted to the official list of ASX
 - (j) any Shares issued to La Jolla on the conversion of the Note (and/or any Subsequent Notes) are not granted official quotation by ASX;
 - (k) Intermoco fails to timely file all reports required to be filed by it under any applicable law, rule or regulation;
 - (l) Intermoco fails to receive all necessary consents for the issuance of the Note or any Shares issuable upon conversion of the Note;
 - (m) Intermoco defaults in the payment of principal or interest under any indebtedness, individually or in the aggregate, of more than \$50,000; and
 - (n) Intermoco fails to obtain shareholder approval under ASX Listing Rule 7.1 within the time required by the Funding Agreement.

5.6 Indemnity

Intermoco agrees to indemnify La Jolla, its affiliates and their respective officers, directors, employees and agents from and against any and all losses, claims, damages and liabilities, and agrees to reimburse these parties for all reasonable out-of-pocket expenses, incurred by these parties to the extent arising out of or in connection with a breach by Intermoco of:

- (a) any of the representations and warranties made by Intermoco under the Funding Agreement; and
- (b) any of the obligations of Intermoco under the Funding Agreement.

5.7 Governing law

The Funding Agreement is governed by and interpreted in accordance with the laws of the State of Victoria, Australia.

6. Additional Information

6.1 Intermoco is a "disclosing entity"

Intermoco is a "disclosing entity" under the Corporations Act and, accordingly, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require Intermoco to notify ASX of information about specific events and matters as they arise. In particular, Intermoco has an obligation under ASX Listing Rule 3.1 and section 674 of the Corporations Act (subject to certain limited exceptions) to notify ASX immediately once it is or becomes aware of information concerning Intermoco that a reasonable person would expect to have a material effect on the price or value of the Shares.

Intermoco is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to Intermoco may be obtained from, or inspected at, an ASIC office (refer to section 6.2).

6.2 Copies of documents

Intermoco will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by Intermoco with ASIC, being the financial report of Intermoco for the year ended 30 June 2011 (2011 Financial Report);
- (b) any half-year financial report lodged by Intermoco with ASIC after the lodgement of the 2011 Financial Report and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure documents given by Intermoco to ASX after the lodgement of the 2011 Financial Report and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by Intermoco to ASX after the lodgement of the 2011 Financial Report and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Headline
06/10/2011	Trading update
04/10/2011	Secures long term funding
19/09/2011	Appendix 3B
19/09/2011	Intermoco closes SPP
19/09/2011	Change of Director's Interest Notice x 5
06/09/2011	Appoints CFO

6.3 Consent

The following consent has been given in accordance with the Corporations Act (as amended by ASIC Class Order [CO 10/322]) and has not been withdrawn as at the date of this Cleansing Notice:

La Jolla has given their written consent to being named in this Cleansing Notice in the form and context in which they are named.

7. Glossary

2010 Financial Report means the annual financial report lodged by Intermoco with ASIC in respect of the year ended 30 June 2010.

A\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the listing rules of ASX.

Business Day means a day other than a Saturday, Sunday or any other day on which banks located in California, US and Victoria, Australia are authorised or obligated to close.

Cleansing Notice means this Cleansing Notice issued under section 708(12C)(e) of the Corporations Act (as inserted by ASIC Class Order [CO 10/322]).

Constitution means the constitution of Intermoco at the date of this Cleansing Notice.

Conversion Notice means the notice by which La Jolla notifies Intermoco that it wishes to convert the Note, either in whole or in part, into new Shares, as outlined in section 3.6.

Conversion Price means the price at which new Shares are issued on the conversion of the relevant Principal Amount (as specified in the relevant Conversion Notice), in accordance with the formula outlined in section 3.8.

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

Directors means the directors of Intermoco at the date of this Cleansing Notice.

Event of Default means an event outlined in section 5.5.

Fundamental Corporate Change has the meaning given to that term in section 3.11.

Funding Agreement means the funding agreement dated 3 October 2011 between Intermoco and La Jolla (as amended), pursuant to which the Note (and any Subsequent Notes) will be issued to La Jolla, and to which the terms and conditions of the Note (and any Subsequent Notes) are annexed.

Initial Payment means the initial payment of \$100,000 to be made by La Jolla on the Issue Date as part payment of the Purchase Price.

Issue Date means the date of issue of the Note, being the date of, or the day following the date of, this Cleansing Notice.

La Jolla means La Jolla Cove Investors Inc., a corporation registered in California, US of Suite 218, 1150 Silverado Street, La Jolla, California, US.

Maturity Date means the date which is 4 years from the Issue Date.

Intermoco means Intermoco Limited (ACN 006 908 701) of 19 Shierlaw Avenue, Canterbury Victoria 3126.

Monthly Payments means the monthly payments to be made by La Jolla towards the payment of the Purchase Price in the manner outlined in section 2.5.

Note means the convertible note to be issued by Intermoco to La Jolla under the Funding Agreement on the Issue Date.

Note Issue means the issue of the Note to La Jolla pursuant to the Funding Agreement.

Principal Amount means, at any time, the then outstanding principal amount of the Note, but only such amount in respect of which La Jolla has actually advanced and not furnished a Conversion Notice.

Purchase Price means the purchase price (or face value) of the Note, being \$1,500,000.

Share means a fully paid ordinary share in the capital of Intermoco.

Shareholder means a shareholder of Intermoco.

Subsequent Notes means up to 3 additional convertible notes which La Jolla must offer to purchase under the Funding Agreement.

Trading Day means a day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day which ASX declares and publishes is not a trading day.

US means the United States of America.

Volume Weighted Average Share Price means, for any date, the daily volume weighted average sale price of the Shares for such date on ASX.

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