

16 July 2019

ASX Announcement

The Data Exchange Network announces new CEO

Pre-fabricated modular data centre specialist, The Data Exchange Network Ltd (ASX: DXN) (**DXN or the Company**) is pleased to announce the appointment of Matthew Madden as Chief Executive Officer.

Douglas Loh, Executive Chairman of DXN, said he was excited to announce this appointment as the company looks towards its future. "After an extensive search, we are pleased to finalise this role and welcome Matthew to the team."

Matthew has solid leadership experience with a highly customer-oriented focus. He has broad experience in B2B telco, data centre and technology companies and joins DXN from Kordia Solutions where he was Head of Sales and Marketing for Australia and New Zealand.

Prior to Kordia, Matthew held a variety of senior executive positions including General Manager Corporate and Enterprise markets at Nextgen Group, and Managing Director, Infoplex. At Nextgen, Matthew was responsible for significant sales into the Metronode data centres for the corporate, enterprise and reseller channels.

"Matthew is a highly experienced data centre and telecommunications executive, with a solid track record of building and leading high performing teams, as well as a strategic focus on world-class customer care. His skills and capabilities in this area are exactly what DXN needs to best leverage the opportunity presented by the data centre services market in both Australia and the Asia Pacific region," said Mr Loh.

-Ends-

About DXN

DXN designs, builds, owns and operates data centres. DXN is building a Tier III data centre in Sydney using our prefabricated modular technology, a second facility is planned for Melbourne. Data centres provide space, power, cooling, and physical security for client to house their computer servers and related storage and networking equipment. Data centres provide a recurring revenue stream and our modular approach allows us to match our capital requirements with capacity sold, thereby reducing our upfront capital requirements. This disruptive model is at the forefront of data centre engineering techniques. Our construction cost (per megawatt) is less than our industry peers.

Our DXN Modules division engineers, constructs and commissions data centre solutions. Our data centre infrastructure has a wide range of applications, these include hyperscale data centres, edge data centres, and telecommunications applications (satellite, radio centres, cable landing stations). Our prefabricated construction method reduces the on-site labour and time to deploy and improves quality. Solutions by DXN Modules are ideal for rapid deployments in both urban and remote locations.

To find out more about DXN's Modular Colocation facilities visit www.dataexchange.io

The Data Exchange Network Limited

ABN: 46 620 888 548
9 Mumford Place, Balcatta, Perth, Western Australia, 6021
T: 1300 328 239 | E: info@dataexchange.io

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For more information please contact:

Mr Douglas Loh

Executive Chairman

T +61 1300 328 239

M +61 409 331 990

E: douglas@dataexchange.io

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Mr Matthew Madden
Summary of Key Terms and Conditions of Employment

Appointment	The appointment is to the position of Chief Executive Officer of The Data Exchange Network Limited
Commencement	19 August 2019
Term	The appointment will be on an ongoing basis with termination provisions summarised below.
Remuneration	<p>There will be three components to Mr Madden’s remuneration:</p> <p>(a) Gross Annual Remuneration Package</p> <p>Mr Madden will be paid a base annual remuneration of \$300,000 plus statutory superannuation contributions, which is capped at \$25,000 per annum. The employer may review the employee’s performance, remuneration and benefits in accordance with the employer policy from time to time.</p> <p>(b) Short Term Incentive Benefits</p> <p>Subject to the Mr Madden’s continued employment by the Company at the relevant Review Date, the Board may, in its absolute discretion, elect to provide the Executive with an annual bonus up to an amount equal to 30% of the Base Salary, plus superannuation, based on the Annual Review (STI Bonus).</p> <p>Mr Madden (in his sole discretion) can elect to have the STI Bonus (in whole or in part) paid in Shares. The value of the Shares shall be the 15-day volume weighted average price (VWAP) of Shares calculated on the day after release of the Company’s full year financial accounts</p> <p>(c) Long Term Incentive Benefits</p> <p>Subject to compliance with the ASX Listing Rules and the Corporations Act, within 30 business days after the Commencement Date, the Company will issue the following Performance Rights to Mr Madden (or his nominee) in accordance with the terms and conditions of the Employee Incentive Plan:</p> <p>6,000,000 Performance Rights subject to the following vesting conditions:</p> <p>Milestone 1: 3,000,000 Performance Rights will vest on or before 30 June 2022, upon the achievement of the Sydney Data Centre owned by the Company achieving either:</p>

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	<p>A. an annual gross revenue equal to or in excess of \$15,000,000; or</p> <p>B. filled capacity of 5 MW; or</p> <p>C. sales equal to or in excess of 500 server racks; and</p> <p>Milestone 2: 3,000,000 Performance Rights will vest upon DXN Modules achieving total sales equal to or in excess of \$50,000,000 or total sales equal to or in excess of \$25,000,000 are achieved over a rolling 12-month period, both on or before 30 June 2022,</p> <p>(together, the Milestones), on the terms and conditions as set out in Schedule 1.</p> <p>Subject to compliance with the ASX Listing Rules and the Corporations Act, within 30 business days after the Commencement Date, the Company will issue the following options to subscribe for shares in the Company:</p> <ul style="list-style-type: none"> • 3,750,000 1-year Options (Tranche 1); • 5,000,000 2-year Options (Tranche 2); and • 7,500,000 3-year Options (Tranche 3), <p>on the terms and conditions as set out in Schedule 2.</p>
Termination	The employment is for a minimum period of one year and thereafter shall continue until terminated in accordance with the provisions for termination, being by either party with 3 months' notice.
Other Benefits	<p>Mr Madden is entitled to:</p> <p>The benefit of a Deed of Indemnity, insurance and access on usual commercial terms.</p>
Other Provisions	The Agreement also contains general provisions in relation to confidential information and non-compete arrangements.

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Schedule 1 – Summary of Terms of Performance Rights

The key terms of the Performance Rights are as follows:

Performance Rights	<p>Upon satisfaction of the Milestones, each Performance Right will convert to a Share on a one-for-one basis (subject to adjustment for reconstructions of the capital of the Company).</p> <p>Performance Rights do not carry any voting rights or dividend</p>
Shares	<p>Shares issued upon vesting of Performance Rights will rank equally with the other issued Shares. Depending on the terms of issue, the Shares may be subject to disposal restrictions, which means that they may not be disposed or dealt with for a period of time.</p> <p>Shares allocated on vesting or exercise of a Performance Right carry the same rights and entitlements as other issued Shares, including dividend and voting rights.</p>
Quotation	<p>Performance Rights will not be quoted on the ASX. If the Shares are officially quoted on the ASX at the time of Performance Rights vesting, the Company will apply for official quotation of such Shares, in accordance with the ASX Listing Rules and having regard to any disposal restrictions in place.</p>
Cessation of employment	<p>If a holder ceases to hold office of, or be employed by, the Company, all unvested Performance Rights automatically lapse. However, the Board may elect to accelerate the vesting of any Performance Rights if a holder has died, suffered total and permanent disablement or been made redundant.</p>
Change of control	<p>The Board has the discretion to accelerate vesting of Performance Rights in the event of certain types of change of control transactions involving the Company. Unless the Board determines to exercise that discretion, any unvested Performance Rights will lapse on a change of control of the Company.</p>
Restrictions	<p>Without the prior approval of the Board, or unless required by law, Performance Rights may not be sold, transferred, encumbered or otherwise dealt with.</p>

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Rights to participate in future issues and reorganisations The Performance Rights do not entitle the holder to participate in new issues of Shares unless those Performance Rights have vested and the underlying Shares issued prior to any relevant record date. If a rights issue or any reorganisation of the Company's issued capital occurs, the number of Shares to which a holder of Performance Rights is entitled will be adjusted as determined by the Board (having regard to the requirements of any applicable ASX Listing Rules) in order to minimise or eliminate any material advantage or disadvantage to that holder resulting from the corporation action.

Amendments To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of Performance Rights, provided that no amendment may reduce the accrued rights of holders unless (1) consented to by holders holding no less than 75% of the total number of Performance Rights issued, (2) required by law or ASX Listing Rules, (3) to correct any manifest error or mistake or (4) for certain tax reasons.

Other terms The Performance Rights contains customary and usual terms having regard to Australian law for dealing with administration, variation, suspension and termination of Performance Rights.

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Schedule 2 – Terms and Conditions of Options

A summary of the terms and conditions of the Options is set out below:

1. Vesting Conditions

The Options shall vest as follows:

- (a) Tranche 1: to vest on achieving a Share price that is at least \$0.15 for 10 consecutive trading days on ASX, calculated on a daily VWAP basis, within 1 year from the Commencement Date or 31 August 2019, whichever is earlier;
- (b) Tranche 2: to vest on achieving a Share price that is at least \$0.25 for 10 consecutive trading days on ASX, calculated on a daily VWAP basis, within 2 years from the Commencement Date or 31 August 2019, whichever is earlier; and
- (c) Tranche 3: to vest on achieving a Share price that is at least \$0.35 for 10 consecutive trading days on ASX, calculated on a daily VWAP basis, within 3 years from the Commencement Date or 31 August 2019, whichever is earlier.

(Vesting Conditions).

The above Vesting Conditions may be waived or varied at the absolute discretion of the Board including in order to comply with the Corporations Act or the ASX listing rules but not in a manner that is to the disadvantage of the Option holder.

2. Lapsing

Any Options which have not vested by the date set out in the Vesting Conditions will immediately lapse and have no further force or effect and will not be exercisable.

3. Vesting

Upon the relevant Vesting Condition being satisfied, the Company shall notify the holder in writing that the relevant Options have vested (**Vested Options**).

4. Entitlement

Once vested in accordance with paragraph 1, each Vested Option entitles the holder to subscribe for one Share upon exercise of the Option.

5. Exercise Price

The exercise price for each Option is \$0.10 per (**Exercise Price**).

6. Expiry Date

Each Option will expire at 5:00 pm (WST) on the date which is 5 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date (including unvested Options) will automatically lapse on the Expiry Date.

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7. Exercise Period

Once vested in accordance with paragraph 1, the Options are exercisable at any time during the period commencing on and from the relevant Vesting Date and ending on the Expiry Date or the day that is 30 days after the employment of the Option holder with the Company ceases for any reason (unless this is waived by the Company) (**Exercise Period**).

8. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

9. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

10. Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph 10(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

11. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

12. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

13. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

14. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

15. Unquoted

The Company will not apply for quotation of the Options on ASX.

16. Transferability

The Options are transferable only with the prior consent of the Company.