Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## **Appendix 3B**

## New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

ABN				
91 09	14 508 166			
We (	We (the entity) give ASX the following information.			
Part 1 - All issues  You must complete the relevant sections (attach sheets if there is not enough space).				
1	*Class of *securities issued or to be issued	Ordinary		
2	Number of *securities issued or to be issued (if known) or maximum number which may be issued	187,942		
3	Principal terms of the *securities (eg, if options, exercise price and expiry date; if partly paid *securities, the amount outstanding and due dates for payment; if *convertible securities, the conversion price and dates for conversion)	Fully paid ordinary shares		

Name of entity

1300SMILES LIMITED

<sup>+</sup> See chapter 19 for defined terms.

4 Do the \*securities rank equally in all respects from the date of allotment with an existing \*class of quoted \*securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Shares escrowed from disposal or being the subject of any security interest (other than a lien):

- [i] as to 20,000 shares: 8 March 2011
- [ii] as to 5,000 shares: 1 November 2011
- [iii] as to 20,000 shares: 8 March 2012
- [iv] as to 5,000 shares: 1 November 2012
- [v] as to 20,000 shares: 8 March 2013
- [vi] as to 10,667 shares: 30 March 2013
- [vii] as to 6,000 shares: 30 September 2013
- [viii] as to 20,000 shares: 8 March 2014
- [ix] as to 16,667 shares: 31 March 2014
- [x] as to 16,666 shares: 30 September 2014
- [xi] as to 20,000 shares: 8 March 2015
- 5 Issue price or consideration

50,000 @ 2.50 100,000 @ 2.70 27,942 @ 2.90

10,000 @ 3.23

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<sup>+</sup> See chapter 19 for defined terms.

6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)

[a] On 30 June 2008 1300SMILES Ltd acquired dental practices located in Bundaberg. As disclosed at the time of acquisition the purchase consideration was contingent in part on future revenue and earnings targets ("earn out").

1300SMILES advises that the earn out payment will be paid to the vendors no later than 1 October 2010 under the Bundaberg acquisition agreement.

The consideration comprises:

[1] 27,942 ONT shares, issued at \$2.90, with no shares held in escrow; and

[2] 50,000 ONT shares, issued at \$2.50, with those shares to be held in voluntary escrow for 3 years, but with one-third of those shares being released from escrow annually; and

[3] cash of \$125,000.

The consideration has been recorded against goodwill associated with this acquisition.

[b] The issue of 110,000 securities is designed to provide incentives to key senior management staff to drive performance of the organisation.

7 Dates of entering \*securities into uncertificated holdings or despatch of certificates

1 October 2010

8 Number and \*class of all \*securities quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
21,307,550	Ordinary

<sup>+</sup> See chapter 19 for defined terms.

		Number	+Class
	N1 +-1	NT:1	
9	Number and +class of all +securities not quoted on ASX	Nil	
	(including the securities in		
	clause 2 if applicable)		
			I
10	Dividend policy (in the case of a	Allotted shares will participate equally with other shareholders for dividends.	
	trust, distribution policy) on the increased capital (interests)	other shareho	olders for dividends.
Dort	2 Panua igalia ar nra r	eta igaya	
rait	2 - Bonus issue or pro r	ala issue	
11	Is security holder approval		
	required?		
12	Is the issue renounceable or non-		
	renounceable?		
13	Ratio in which the *securities will be offered		
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates		
	<sup>+</sup> Record date to determine		
15	entitlements		
16	Will holdings on different registers (or subregisters) be		
	aggregated for calculating		
	entitlements?		
17	Policy for deciding entitlements		
-	in relation to fractions		
18	Names of countries in which the		
	entity has *security holders who will not be sent new issue		
	documents		
	Note: Security holders must be told how their entitlements are to be dealt with.		
	Cross reference: rule 7.7.		

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<sup>+</sup> See chapter 19 for defined terms.

19	Closing date for receipt of
	acceptances or renunciations
20	Names of any underwriters
21	Amount of any underwriting fee
	or commission
22	Names of any brokers to the
	issue
23	Fee or commission payable to the
<del>-</del> 5	broker to the issue
24	Amount of any handling fee
-4	payable to brokers who lodge
	acceptances or renunciations on behalf of +security holders
25	If the issue is contingent on
25	If the issue is contingent on  +security holders' approval, the
	date of the meeting
26	Date entitlement and acceptance
	form and prospectus or Product Disclosure Statement will be sent
	to persons entitled
27	If the entity has issued options,
	and the terms entitle option holders to participate on
	exercise, the date on which
	notices will be sent to option holders
2 Q	Date rights trading will begin (if
28	Date rights trading will begin (if applicable)
29	Date rights trading will end (if
29	applicable)
	Ham de tecemite helders out
30	How do *security holders sell their entitlements <i>in full</i> through
	a broker?
31	How do *security holders sell
	part of their entitlements

<sup>+</sup> See chapter 19 for defined terms.

## Appendix 3B New issue announcement

through a broker and accept for	
the balance?	

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<sup>+</sup> See chapter 19 for defined terms.

32	of the	do <sup>+</sup> security holders dispose eir entitlements (except by hrough a broker)?
33	+Desp	patch date
	-	complete this section if you are applying for quotation of securities
34	Type (tick o	of securities one)
(a)		Securities described in Part 1
(b)		All other securities  Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities
Entiti	es tha	t have ticked box 34(a)
Addi	tional	securities forming a new class of securities
Tick to docum		e you are providing the information or
35		If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders
36		If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories 1 - 1,000 1,001 - 5,000 5,001 - 10,000 10,001 - 100,000 100,001 and over
37		A copy of any trust deed for the additional *securities

<sup>+</sup> See chapter 19 for defined terms.

Number of securities for which  †quotation is sought  20 Class of *securities for which quotation is sought  40 Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities?  If the additional securities do not rank equally, please state:  • the date from which they do  • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment  • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment  41 Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another security, clearly identify that other security)  Number    *Class  *Vumber and *class of all *securities quoted on ASX (including the securities in clause 38)	Entitie	Entities that have ticked box 34(b)			
quotation is sought  40 Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities?  If the additional securities do not rank equally, please state:  • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment  • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment  41 Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another security, clearly identify that other security)  Number *Class*  Number *Class*	38				
all respects from the date of allotment with an existing *class of quoted *securities?  If the additional securities do not rank equally, please state:  • the date from which they do  • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment  • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment  41 Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another security, clearly identify that other security)  Number	39				
now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another security, clearly identify that other security)  Number  Number  +Class  Number and +class of all +securities quoted on ASX (including the securities in clause	40	all respects from the date of allotment with an existing *class of quoted *securities?  If the additional securities do not rank equally, please state:  the date from which they do  the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment  the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest			
42 Number and +class of all +securities quoted on ASX (including the securities in clause	41	now  Example: In the case of restricted securities, end of restriction period  (if issued upon conversion of another security, clearly identify			
	42	*securities quoted on ASX (including the securities in clause	Number	+Class	

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<sup>+</sup> See chapter 19 for defined terms.

## **Quotation agreement**

- <sup>†</sup>Quotation of our additional <sup>†</sup>securities is in ASX's absolute discretion. ASX may quote the <sup>†</sup>securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the \*securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those \*securities should not be granted \*quotation.
  - An offer of the \*securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any \*securities to be quoted and that no-one has any right to return any \*securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the \*securities be quoted.
- If we are a trust, we warrant that no person has the right to return the 
  +securities to be quoted under section 1019B of the Corporations Act at 
  the time that we request that the +securities be quoted.
- We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before †quotation of the †securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: William Bass Date: 1 October 2010

(Director/Company Secretary)

Print name: William Bass

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<sup>+</sup> See chapter 19 for defined terms.