

## CROWD-SOURCED FUNDING OFFER DOCUMENT

TWMT Pty Ltd trading as Coinstash AU

**Offer of fully-paid ordinary shares in TWMT Pty Ltd at 15 cents per share to raise a maximum of \$2,800,000**

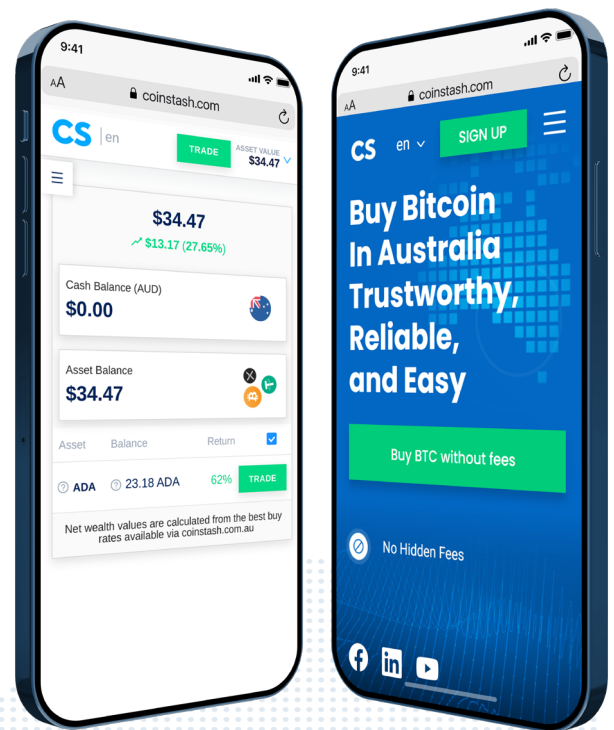
This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in TWMT PTY LTD trading as Coinstash AU (ACN 621 581 584). This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001* (Corporations Act).

**Issuer:**

TWMT PTY LTD trading as Coinstash AU, ACN 621 581 584

**Intermediary:**

Birchal Financial Services Pty Ltd AFSL 502618



Dated 30 March 2021



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## SECTION 1: RISK WARNING

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.



## SECTION 2: INFORMATION ABOUT THE COMPANY





## SECTION 2: INFORMATION ABOUT THE COMPANY

### *Letter from the founders*

Dear Investors,

We are delighted to present our Offer Document, detailing Coinstash's<sup>1</sup> equity crowdfunding round. This crowdfunding round is an investment opportunity for those looking to gain exposure into the Australian cryptocurrency industry, which has been rapidly growing over the past 12 months.

We started TWMT Pty Ltd in September 2017. Initially we exchanged cryptocurrencies on third-party peer-to-peer platforms. We registered with AUSTRAC as a digital currency exchange in April 2018, when the relevant laws came into effect. We began operating the Coinstash platform in July 2019. Since then, we have built it from the ground up, into one of Australia's highest rated cryptocurrency exchange platforms,<sup>2</sup> with more than 2,000 customers. Our commitment and focus on building the platform with security and trust is at the heart of our vision. Our core value proposition is customer satisfaction and we have gathered numerous positive reviews and feedback from our customers on platforms such as Trustpilot.<sup>2</sup> To date, we have achieved significant milestones for the business operating as a place to buy and sell cryptocurrency. We are experiencing growth and Coinstash is becoming more well-known in the crypto industry.<sup>3</sup> The next phase for Coinstash is to work towards attempting to offer cryptocurrency products to Australian customers that are currently, as we are aware, only offered by overseas companies and set out a roadmap to offer the Coinstash cryptocurrency exchange platform in Singapore in the near future.

Our vision has always been much more than just operating a cryptocurrency exchange. Using the funds raised under this offer, we will begin development of three new products, Coinstash Earn, Coinstash Borrow and Coinstash Spend and will seek the relevant regulatory approvals required to bring these products to the Australian market. Having already become very familiar with the cryptocurrency industry, we have created a solid foundational platform to build future products and services on. Currently, Coinstash is a gateway for Australians looking to invest in cryptocurrencies. By spending the time to plan, develop, and apply for the necessary regulatory licensing approvals, Coinstash's future ambition is to become a more advanced solution that allows users to earn, borrow and spend their cryptocurrency, in addition to our current exchange.<sup>4</sup> We are offering you the opportunity to join us as an early investor so you can be one of the first Australians to hold shares in an Australian cryptocurrency platform via an equity crowdfunding campaign.

<sup>1</sup> The term 'Coinstash' in this document refers to TWMT Pty Ltd trading as Coinstash AU

<sup>2</sup> <https://au.trustpilot.com/review/www.coinstash.com.au>

<sup>3</sup> <https://cryptonews.com.au/coinstash-the-bitcoin-trading-platform-designed-for-everyday-australians>

<sup>4</sup> Subject to licensing requirements such as AFSL and ACL

2021 will be a pivotal year for Coinstash to grow and expand. In the past 12 months, the progress in the cryptocurrency industry has been significant. Bitcoin, among other cryptocurrency assets, is making headlines and attracting mainstream attention like never before. We have seen large financial services companies such as MicroStrategy<sup>5</sup> and Square<sup>6</sup> buying significant amounts of cryptocurrencies. We are also seeing investment managers overseas, such as Fidelity Group<sup>7</sup> and Greyscale,<sup>8</sup> allocating their client's wealth into cryptocurrencies as well. We have reasons to believe that this institutional involvement will likely continue in 2021. In recent months, we have seen an explosion in the cryptocurrency industry with prices breaking through their previous all-time highs. We believe that now is the time to work towards offering new products and expand into another jurisdiction.

We have faith in our team here at Coinstash, and our current financials show our expertise in running a cryptocurrency exchange business. We are seeking funds to expand beyond that. We aim to deliver success for both the company and its shareholders and we look forward to welcoming you as a shareholder to be a part of this exciting journey.

Kind Regards,

*Mena Theodorou*

Mena James Theodorou  
Director & Co-Founder

*Ting Wang*

Ting Wang  
Director & Co-Founder



<sup>5</sup> <https://www.microstrategy.com/en/company/company-videos/microstrategy-announces-over-1b-in-total-bitcoin-purchases-in-2020>

<sup>6</sup> <https://squareup.com/us/en/press/2020-bitcoin-investment>

<sup>7</sup> <https://www.bloomberg.com/news/articles/2020-08-26/fidelity-launches-inaugural-bitcoin-fund-for-wealthy-investors>

<sup>8</sup> <https://grayscale.co/bitcoin-trust/>



# coinstash

CRYPTO FOR AUSTRALIANS  
BUY | SELL | TRADE

## 2.1 COMPANY DETAILS

This offer of shares is made by TWMT Pty Ltd ACN 621 581 584 (the Company).

The Company was incorporated on the 8th of September 2017.

Item	Detail
<b>Company Name</b>	TWMT Pty Ltd trading as Coinstash AU (ABN 76 621 581 584)
<b>ACN</b>	621 581 584
<b>Offer Type</b>	Crowd-sourced Funding
<b>Offer Date</b>	30 March 2021
<b>Offer Details</b>	Offer of fully-paid ordinary shares in TWMT Pty Ltd at 15 cents per share to raise a maximum of \$2,800,000
<b>Registered office and contact details</b>	Level 2, 351 Oran Park Dr, Oran Park NSW 2570
<b>Principal place of Business</b>	Level 3, 149 Wickham Terrace, Spring Hill 4000
<b>Related Companies</b>	TWMT Operations Pty Ltd ACN 630 687 213 (100% wholly-owned subsidiary)

## 2.2 DESCRIPTION OF THE BUSINESS

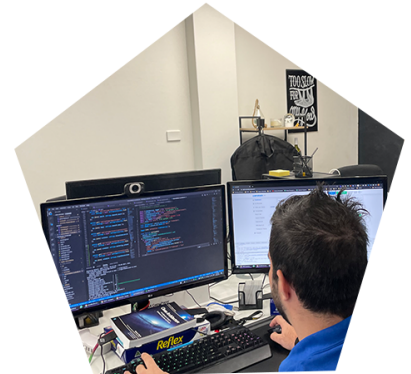
### 2.2.1 About the Company

TWMT Pty Ltd wholly owns and operates Coinstash.com.au (“Coinstash”). Coinstash is one of Australia’s AUSTRAC registered cryptocurrency exchanges and currently provides a platform allowing investment into cryptocurrency for Australians. Coinstash, from the start, has been built with the goal of having an easy-to-use interface, coupled with excellent and responsive customer support. As such, Coinstash currently operates a ‘broker’ platform to offer single buy and sell prices for our customers, without taking them through complex features, such as order books.

Coinstash currently has live customer support from 9am to 11pm AEST daily. The platform offers multilingual services, making it a popular choice for a diverse Australian audience, including the Chinese–Australian community.

The strong focus on customer service and user experience means Coinstash is one of the most user-friendly solutions for Australians looking to trade cryptocurrency. Coinstash’s compliance-driven approach means it aims to grow and operate a sustainable business.

Coinstash is in the process of planning and developing innovative products and services to release to the Australian market, before applying for the necessary licenses. These products are referred to below as Coinstash Earn, Coinstash Borrow and Coinstash Spend. Coinstash is also looking to expand to Singapore, a key strategic location in the Asia-Pacific region.

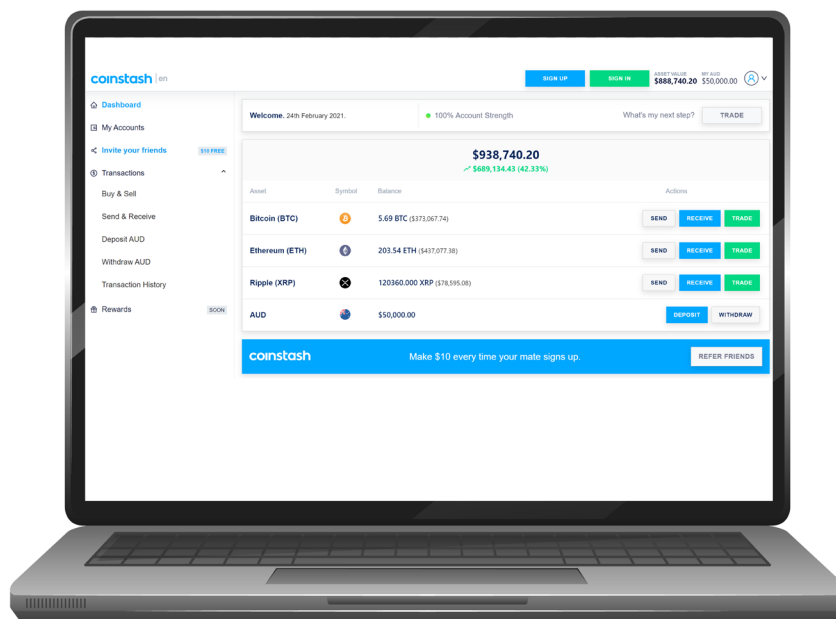




## 2.2.2 PRODUCTS / SERVICES

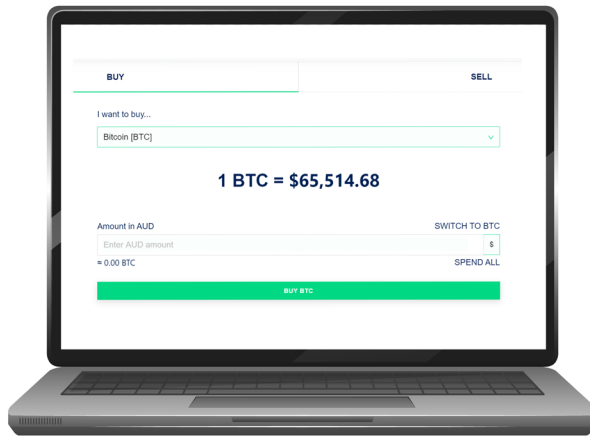
### 2.2.2.1 Our current product

As noted above, Coinstash currently operates as an AUSTRAC registered Australian digital currency exchange provider, which allows our customers to buy, sell, send, and receive cryptocurrencies supported by the Coinstash platform. Coinstash offers a 'broker' model where customers see single buy and sell prices for each cryptocurrency, without having to go through the complex process of looking into an order book. Below is a detailed explanation of the current Coinstash product and its key features.



**Figure 1 - Example Coinstash customer dashboard**

As illustrated in *Figure 1*, the Coinstash dashboard is a simple and intuitive design that allows customers to view their crypto holdings and their investment value within their dashboard. Customers can view the list of their holdings denominated in the cryptocurrency, as well as the market value of their cryptocurrency in AUD. The valuations will move in real time as the market fluctuates. Customers can also see their overall net wealth in the top section of the dashboard with either a net profit or loss shown in green or red, respectively. The overall net wealth comprises the purchase price of all cryptocurrencies, combined with the AUD that a customer currently holds on the Coinstash platform.

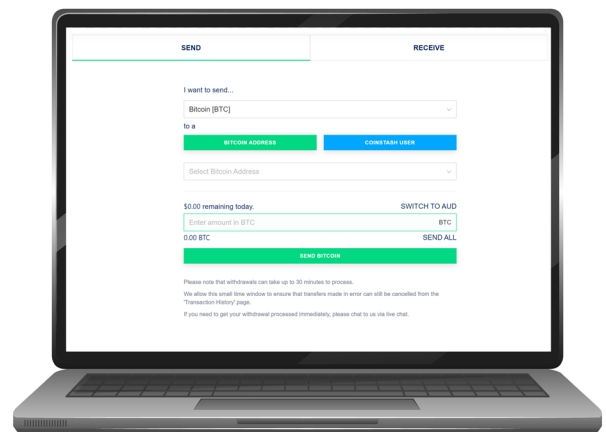


**EASY TO  
BUY & SELL!**

**Figure 2 - How customers Buy & Sell cryptocurrencies on Coinstash**

Buying and selling cryptocurrencies on the Coinstash platform is as simple as a few clicks, with no unnecessarily complicated features, to ensure Coinstash customers have a quick and easy experience. Customers can buy and sell their cryptocurrency using cryptocurrency or AUD values as well as being able to buy or sell their maximum available cryptocurrency or AUD balance with the click of a button.

**EASY TO  
SEND & RECEIVE!**

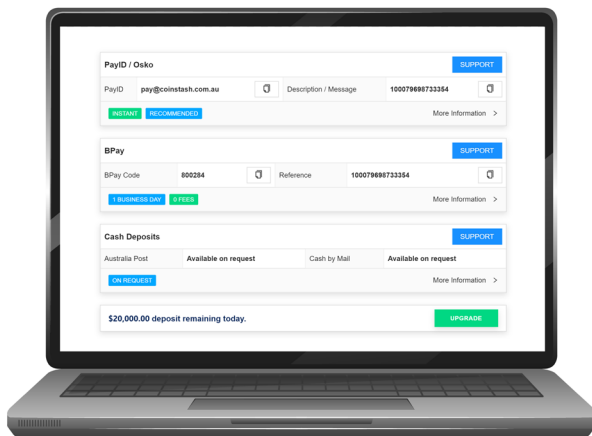


**Figure 3 - How customers Send & Receive cryptocurrencies with Coinstash**

Coinstash allows its customers to send and receive supported cryptocurrencies to and from their Coinstash account to an external wallet. To send, customers will need to add and confirm a cryptocurrency address. Coinstash admin will then process the orders from the back-end systems, typically within a 30-minute period.

With a focus on customer support and fast service, customers are able to communicate with live support from 9am to 11pm AEST with a Coinstash customer service representative in either English or Chinese.





## DEPOSIT MONEY INSTANTLY!

***Figure 4 – How customers fund their Coinstash account***

Customers have three deposit options available for funding their Coinstash account. The most commonly used option is Osko / PayID, which typically arrives instantly into the customer's Coinstash account. We also offer BPay and cash deposit options for customers who have satisfied certain conditions.

## 2.2.2.2 OUR PROPOSED FUTURE PRODUCTS

### 2.2.2.2.1 Coinstash Earn

#### *Current summary of the Future Product*

Coinstash Earn is a new product that we are proposing to offer to Coinstash customers. Coinstash Earn is currently still in the planning and development phase. It will also be subject to regulatory approval. Coinstash is yet to prepare or lodge a license application to provide such a product. Further details in relation to how Coinstash is intending to bring this product to the Australian market are set out below.

The description of Coinstash Earn below is how we currently envisage the product will operate, however, this may be subject to change as we continue to develop the offering. Coinstash Earn will allow customers to earn a rate of return on their cryptocurrency holdings (for example, Bitcoin). If a customer has Bitcoin<sup>9</sup> in their Coinstash account, Coinstash will pay them additional Bitcoin units, provided they maintain the Bitcoin balance in their Coinstash account. For example, if a customer has one Bitcoin with Coinstash and maintains that balance for one year, they may earn as an example, an additional 0.03 Bitcoin over this time. This return will be credited to their account, spread over a specific time period, yet to be determined, for example weekly or monthly.

This allows Coinstash customers to earn a rate of return on their cryptocurrency holdings similar to earning interest on AUD in a savings account. They will not be locked into holding their cryptocurrency on the platform for a certain time period and can request to withdraw their holdings at any time. The return will be denominated in the deposited cryptocurrency unless chosen otherwise by the customer. Customers will be required to nominate if they wish to participate in this offering. Just holding cryptocurrency in an account on Coinstash's Platform will not automatically entitle a customer to this rate of return.

#### *Why we intend to introduce*

Currently, based on similar products provided by overseas competitors, many cryptocurrencies are capable of earning a return greater than the interest that can be earned on AUD kept in a savings account. Coinstash Earn extends Coinstash's product offering and intends to allow Coinstash customers to hold their cryptocurrency and earn returns for doing so.

#### *How we are planning to implement this product*

As mentioned above, we are still in the planning and development phase for Coinstash Earn. To ensure we implement and launch this future product successfully, we acknowledge the essentials of planning, software development, regulatory approval, marketing efforts, and having a sophisticated Treasury Function within the company.

<sup>9</sup> The customer does not need to hold at least 1 Bitcoin, they can hold any unit of Bitcoin.



Additional legal analysis is required for the license needed and its particular authorisations. It is highly likely the Company will require an AFSL. We are yet to begin the license application process and have created a breakdown of potential costs for the process in section 3.2 below. We are also aware that we may need to contract with additional persons with the requisite experience to satisfy to ASIC (as part of the application process) that Coinstash has the competence to provide this product and services to customers.

Coinstash Earn is a future product that will generate returns for Coinstash customers through strategic and innovative methods. It is not currently available on the Coinstash platform.

Some of the terms that are mentioned below are highly popular in the cryptocurrency space but less known and understood outside that by the general public. Coinstash looks to bridge this gap by offering Coinstash Earn and simplifying the language to just “Earning”.

Outlined below are the current strategic core methods which we intend to use in order to provide our Coinstash Earn customers with returns:

## Primary

**1. Internal settling** – The interest premium Coinstash charges to Coinstash Borrow will be higher than the return offered to customers for Coinstash Earn. The difference between the interest earned on Coinstash Borrow and paid to Coinstash Earn customers will be Coinstash profits.

**2. Staking** – Cryptocurrency coins and tokens sometimes offer staking returns to those who hold coins or tokens inside a wallet for a period of time. Coinstash plans to maintain such wallets with a percentage of customer balances to generate those returns. These returns can be used to fund Coinstash Earn returns. Any remaining percentage difference retained by Coinstash will be considered a profit for offering the Coinstash Earn product.

**3. Coinstash Proprietary Software** – Coinstash has developed profitable arbitrage applications that currently operate across multiple global cryptocurrency exchange platforms, with which Coinstash holds a corporate account.<sup>10</sup> The arbitrage application will generate profits with a proportion of the available liquidity provided by customers participating in the Coinstash Earn future product. Please be aware that this method will be subject to third party risk as some customer funds will be held on Coinstash’s counterparty’s platform (outside Coinstash). Coinstash has strong corporate relationships with the exchange platforms with which it holds corporate accounts. Coinstash undertakes due diligence on counterparties when establishing relationships and monitors them on an ongoing basis.<sup>11</sup>

<sup>10</sup> These global cryptocurrency exchange platforms (with which Coinstash holds a corporate account) currently include Binance, Bitfinex, Kraken, BTCMarkets, Liquid, and Celsius.

<sup>11</sup> Coinstash has not entered into relationships with some liquidity providers based on due diligence findings.

## Secondary

**1. Margin Lending** – Coinstash Earn will utilise the global exchange platforms which provide margin lending products, with which it has corporate accounts, and utilise their interest generating products to earn returns for our customers. This is considered a fallback option, only to be used in the event that the amount of deposits exceeds the capacity of the primary funding methods.

Although global competitors utilise these methods, Coinstash endeavours to be the first local company to offer an Australian regulatory approved product with Coinstash Earn.

From a software development perspective, time and money will need to be spent on developers to ensure there is seamless integration with the platform and security is upheld to the highest possible standard. We do not consider that it will take longer than the time required for regulatory approval and we anticipate these two streams of work can be undertaken somewhat simultaneously. However, we recognise that in the current market, finding additional software developers with the right skill set is sometimes challenging and expensive.

In the future, we plan to spend within predetermined budgets to market this product. Based on our experience, the cost of acquisition via social media channels ranges between \$20 to \$50 per active customer. After the launch of Coinstash Earn, we will actively market, with the goal to acquire at least 5,000 additional customers within the first 6 months. These costs are outlined within the project expenses in section 3 of this offer document.

Having a sophisticated Treasury Function within the company is important, both pre- and post- product release. This is because we will need to ensure there is sufficient income to offset expenses, liquidity, manage any maturity mismatch, scrutinise any counterparty risks, among other things. The cost of this Treasury Function includes primarily employment costs associated with hiring an experienced manager with experience in the banking industry. This cost forms part of our raise and is detailed in the 'use of funds' section below. This Treasury Function is also a requirement for our launch of the 'Coinstash Borrow' future product.

### ***Anticipated key features of Coinstash Earn***

Subject to regulatory approval and market demand, the current plan is for Coinstash Earn to have the following key features:

1. Available in relation to multiple cryptocurrencies.
2. Return is calculated daily and paid out over a certain time period to be determined, for example, weekly or monthly.
3. Mobile and desktop compatibility.
4. Unique wallet addresses for customers to deposit funds.
5. Flexible withdrawals, with no locked-in deposit terms.

### ***Customer acquisition strategy***

The customer acquisition strategy for this product is in line with the broader marketing strategy of the business, which consists of social media advertising, retargeting campaigns and search engine optimisation (SEO).

It is also probable, based on user feedback, that existing Coinstash customers will use the Coinstash Earn product and that there may be synergies between Coinstash Earn and the current Coinstash broker platform offerings.

### ***Timeline to launch***

Once we have applied for the appropriate license, ASIC's Service Charter states that ASIC aims to make a decision in relation to 70% of AFSL applications within 150 days of receiving a complete application and 90% within 240 days. However, ASIC discloses that applications will take longer if they raise complex or new policy issues or ASIC does not receive all of the information they need.<sup>12</sup> As we are not aware of similar companies in Australia having applied for a license for a similar product to Crypto Earn, it is possible that a license application we make may fall outside the 150 to 240 day decision making time frame. Subject to additional planning, development and regulatory approval, Coinstash anticipates it may be in a position to launch this product in Q2 2022.

## **2.2.2.2 Coinstash Borrow**

### ***Current summary of the future product***

Coinstash Borrow is a future product we are proposing to offer, focused at becoming a modern lending solution for Coinstash customers. Coinstash Borrow is still in the planning and development phase. It is also subject to regulatory approval. Coinstash is yet to prepare or lodge a license application to provide such a product. Further details in relation to how Coinstash is intending to bring this product to the Australian market are set out below.

The description of the product below is how we currently envisage Coinstash Borrow will operate. Coinstash Borrow will allow customers to use their cryptocurrency holdings as collateral and borrow fiat or another cryptocurrency of their choice. When customers borrow another cryptocurrency, this will typically be in the form of a Stablecoin. We have not yet determined the list of cryptocurrencies which we will allow customers to use as collateral. Further details are included in the "anticipated key features" section below.

<sup>12</sup> <https://asic.gov.au/about-asic/what-we-do/how-we-operate/performance-and-review/asic-service-charter/asic-service-charter/>

### ***Anticipated source of funding***

Subject to further analysis, the anticipated source of funding may come from the following:

1. The primary source is the deposits held by Coinstash from its customers utilising Coinstash Earn;
2. The secondary source is from global cryptocurrency platforms offering similar business models to Coinstash; and
3. The final source is by going to the market for external funding. This may include financial institutions and private wealth groups.

Please be aware that the secondary source mentioned above will be subject to third party risk as funds will be held on Coinstash's counterparty's platform (outside Coinstash). Coinstash has strong corporate relationships with the exchange platforms with which it holds corporate accounts. Coinstash undertakes due diligence on counterparties when establishing relationships and monitors them on an ongoing basis.<sup>13</sup>

Coinstash may, at its own discretion, limit or stop the lending activities, should one or more sources of funding become unavailable.

### ***Why we intend to introduce it***

If we can offer Coinstash Borrow to Australian customers as we envisage, we anticipate that this future product will have multiple benefits for our customers. For example:

1. Customers will not be forced to liquidate their cryptocurrency. Liquidating cryptocurrencies has accounting and taxation implications that may not be desired by every holder.
2. Customers can maintain their investment exposure to the cryptocurrencies. This product will hopefully help them to maintain the exposure as well as accessing liquidity on their wealth.
3. Customers will have the ability to leverage their current holdings and increase their purchasing power to take additional cryptocurrency positions.

### ***How we are planning to implement this product***

Additional legal analysis is required for the specific license and relevant authorisations needed, however, it is highly likely the Company will require an AFSL or ACL in order to be able to offer this product. We are yet to begin the license application process and have created a breakdown of potential costs for the process in section 3.2 below. We are also aware that we may need to contract with additional persons with the requisite experience to satisfy to ASIC (as part of the application process) that Coinstash has the competence to provide this product and services to customers.

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<sup>13</sup> Coinstash has not entered into relationships with some liquidity providers based on due diligence findings.



As Coinstash plans to offer a lending service with Coinstash Borrow, it is important that we manage our risk and ensure both the company and customers are protected. Customer accounts with Coinstash Borrow will not be allowed to have an LVR over a certain threshold, for example, 50%. As the value of the customer's cryptocurrency holding decreases and approaches the maximum LVR, the customer will be contacted periodically via email to ensure they are aware that they are at the risk of a Margin Call. A margin call is essentially when the loan to value ratio is beyond its limit and the customer will need to deposit additional funds to bring the ratio back down to the original percentage. They will also be contacted in the event of the margin call.

For example, if a customer's LVR percentage upon taking out a loan was 30% and they have been asked to deposit funds as the loan amount is now at 65%, the deposited funds will need to bring the total LVR to 50% to ensure their funds are not liquidated. This ensures that Coinstash maintains a strong balance sheet to withstand any financial risk when or if the value of the cryptocurrency collateral fluctuates.

From a software development perspective, time and money will need to be spent on developers to ensure there is seamless integration with the platform and security is upheld to the highest possible standards. We do not consider that it will take longer than the time required for regulatory approval and we anticipate these two streams of work can be undertaken somewhat simultaneously. However, we recognise that in the current market, finding additional software developers with the right skill set may be challenging and expensive.

Having a sophisticated Treasury Function within the company is also important, both pre- and post-product release. This is because that the company will need to ensure there is sufficient income to offset its expenses, manage any maturity mismatch, scrutinise any counterparty risks, among other things. This Treasury Function is also used for our 'Coinstash Earn' product.

### ***Anticipated key features of Coinstash Borrow***

Subject to change, based on further planning and development of the product and regulatory approval, we currently anticipate that Coinstash Borrow will have features as explained below.

#### **1) LVR (Loan to Value ratio)**

An LVR is a percentage which represents the ratio of customer deposits as collateral against the loan taken out. For example, a customer who deposits \$1,000 worth of Bitcoin to borrow \$250 would have an LVR of 25% as \$250 is 25% of \$1,000.

Subject to discussions with regulators, Coinstash's plan is that customers will be required to hold at most 50% LVR against their holdings with the option to have lower LVRs. This will allow our customers to change the amount of risk they are taking on and therefore our ambition is to also be able to offer them more competitive interest rates for borrowing at a lower LVR.

As stated above, if the LVR increases above the maximum approved, the customer will be notified and will be required to pay additional funds to bring the LVR down to the approved ratio.

## 2) Loan Term

Loan term refers to the amount of time the customer will be borrowing the funds for.

Subject to regulatory approval and discussions with advisors, we currently intend that our customers may be able to take out loans with options of 6, 12, 24 and 36 month terms. As the length of the term is increased, customers will pay more interest in total, but we anticipate we will be able to offer them the same annual interest rate across each term.

## 3) Choice of Collateral

Customers will be able to choose the cryptocurrency from our selection to be held as collateral against their loan. We intend to begin our offering with major cryptocurrencies, such as Bitcoin, Ethereum and Ripple, however, we have not yet finalised this list.

### *Customer acquisition strategy*

The customer acquisition strategy for this product is in line with the broader marketing strategy of the business, which consists of social media advertising, retargeting campaigns and search engine optimisation.

It is also probable, based on user feedback, existing Coinstash customers may use the Coinstash Borrow future product and that there will be synergies between Coinstash Borrow and the current Coinstash broker platform offerings.

### *Timeline to launch*

Coinstash will begin detailed planning and development for Coinstash Borrow shortly after the conclusion of the current raise. We will start the appropriate license application process shortly thereafter. ASIC's Service Charter states that ASIC aims to make a decision in relation to 70% of AFSL applications within 150 days of receiving a complete application and 90% within 240 days. However, ASIC discloses that applications will take longer if they raise complex or new policy issues or if ASIC does not receive all of the information they need.<sup>14</sup> As we are not aware of similar companies in Australia having applied for a license for a similar product to Crypto Borrow, it is possible that a license application we make may fall outside the 150 to 240 day decision making time frame. Subject to additional planning, development, and regulatory approval, Coinstash anticipates it may be in a position to launch this product in Q2 2022.

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<sup>14</sup> <https://asic.gov.au/about-asic/what-we-do/how-we-operate/performance-and-review/asic-service-charter/asic-service-charter/>

### 2.2.2.2.3 Coinstash Spend

#### ***Current summary of the future product:***

Coinstash Spend is still in the planning and development phase, subject to regulatory approval and subject to having appropriate relationships in place with payment systems providers. Coinstash's ambition for Coinstash Spend is to be a credit card product. Our vision is that once the Coinstash Spend product is launched, we anticipate that customers will be able to use their Coinstash credit card to spend their money anywhere in the world, using their cryptocurrency as a line of credit.

Our ambition is to allow customers to draw on the value of their cryptocurrency assets, giving them financial freedom without the need of having a traditional bank account.

#### ***Why we intend to introduce it***

If we are able to execute offering the Coinstash Spend product as we currently envisage, we anticipate that this product will have multiple benefits for our customers, for example:

- 1) Customers will not be forced to liquidate their cryptocurrency. This is similar to the Borrow product, however customers will not take out a larger loan, but instead can spend on a line of credit when they need to.
- 2) Customers will not be bound by an individual bank account which means they can spend anywhere in the world.

#### ***How we are planning to implement this product***

We understand that a significant amount of planning, development, and relationship building is required before we can apply for the appropriate license to bring this product to the Australian market. Subject to having appropriate relationships in place, such as partnering with an existing payment system provider, Coinstash may require an AFSL to offer this product. The licensing and legal fees around this product will be significant and have been included in the "3.2 use of funds" section further below. If we are unable to secure such a relationship, it is likely that Coinstash would need to apply to APRA to be authorised.

Following the raise, after we have further developed and mapped out our Coinstash Spend product, we plan to begin discussions third-party payment providers in Australia and companies providing payment systems.

We will also require a credit line to fund this product. Once we have these relationships in place, we will be able to begin the licensing process and required software development.

From a software development perspective, implementation of this product will require an extensive back-end system which will work in conjunction with the payment provider.

#### ***Anticipated key features of Coinstash Spend***

Subject to change, as Coinstash undertakes additional planning and development of the product seeks to form relationships with existing payment system providers, seeks regulatory approval and based on market demand, we anticipate that Coinstash Spend may have the following key features:

1. A credit card that is integrated with one of the major card schemes;
2. Return systems to incentivise spending;
3. The option to repay the balance of the card by either traditional payment methods or by liquidating cryptocurrency assets; and
4. Different card tiers (i.e. black, platinum, gold) depending on customer value and loyalty. We anticipate that each tier may have a different fee and/or interest free period.

### ***Customer acquisition strategy***

The customer acquisition strategy for this product is in line with the broader marketing strategy of the business, which consists of social media advertising, retargeting campaigns and search engine optimisation.

It is also probable that existing Coinstash exchange users will use this new product. There can be synergies between Coinstash Spend and the current Coinstash exchange platform.

### ***Timeline to launch***

Coinstash Spend is a planned future product and has a number of complexities, including additional planning, development and securing a relationships (such as with a payment system and card scheme sponsor), integrating with a card scheme and designing a market strategy. Subject to all of the above, Coinstash anticipates it may be in a position to launch this product in Q3 2023.

## **2.2.2.2.4 Singapore Expansion**

The final allocation for our use of funds is our expansion into the Singapore market. This will be our first business venture outside of Australia. As we are an online business, we believe we can leverage our current infrastructure and utilise the majority of the funds to be spent on implementation and legal requirements for offering a digital exchange service in Singapore. To date we have had some initial conversations with professionals who have expertise in Singaporean cryptocurrency regulations. However, we are still to finalise a roadmap outlining the steps we must undertake to offer this product in Singapore. At this stage, we anticipate we will only offer our exchange product in Singapore, and not our proposed products of Coinstash Earn, Borrow and Spend.

### ***Why Singapore?***

There are four key reasons beyond increasing our potential market for why we consider that Singapore is the right market for Coinstash to expand into. These are:

#### **1) Landing Pad Program**

Coinstash has participated in Austrade's Landing Pad Program in Singapore. Landing Pads are part of Austrade's global service offer for Australian scale-ups. The program provides market-ready scaleups with an operational base and customised support for their overseas expansion goals.



Participating in the Singapore Landing Pad provided Coinstash with the following:<sup>15</sup>

- Dedicated Landing Pad manager
- Co-working space for the first 90 days
- Access to in-market Entrepreneurs in Residence
- Connections to local founder communities
- Introductions to Austrade customer networks, partners and contacts

## **2) Coinstash's Multilingual platform and support capabilities**

Coinstash is strongly positioned for operating in South East Asian (**SEA**) countries, such as Singapore, because of its bilingual support function. Chinese and English are some of the most popular languages in SEA. This means we can offer strong customer support and services which will be instrumental in getting new customers in this market engaged.

## **3) Multicurrency capabilities & banking relationships**

Moving into Singapore, one of the largest financial hubs in SEA gives us the opportunity to not only grow our customer base but also increase our capabilities as a business. This is because we are looking to be moving to a multicurrency platform once we are set up in Singapore. Singapore dollars will hopefully be the first of many new fiat currencies which are looking to be adding to our platform.

## **4) Larger Venture Capital and investment space**

The VC and investment space in Australia is developing but is dwarfed by the size of investment in financial hubs such as Singapore. For example, in the global space there are a variety of investment managers who focus solely on the blockchain and cryptocurrency sectors.<sup>16</sup> Being an active participant in these sectors may forge the relationships moving forward for getting the Coinstash brand noticed. This could be instrumental in our future funding rounds.

### **Implementing the expansion on our current platform:**

The MAS (Monetary Authority of Singapore) Payment Services Act 2019 (PS Act), commenced 28 January 2020, outlines the regulatory environment and requirements we will be required to cover before entering the Singapore market as a digital exchange.<sup>17</sup>

By combining our Landing Pad program with the Singaporean regulatory regime as well as the potential market growth available by entering a new geographical market is why we have chosen Singapore for our first international expansion.

We believe we are uniquely positioned to take advantage of our participation in Austrade's Singapore Landing Pad Program and internal capabilities to expand into this market. In addition, the regulatory space is a two-fold benefit for us. First, being that the guidance provided by the MAS gives us confidence in the longevity of a favourable legal landscape to operate in. Furthermore, Coinstash will then become a multi-fiat currency platform with an increased market share potential in a growing market.

### **Timeframe:**

Although we are still to document and formalise a roadmap outlining the steps we must undertake to offer a Coinstash trading platform in Singapore, our initial conversations with Singaporean cryptocurrency experts suggest that it may be possible to launch such a product to the market within 12 months.

<sup>15</sup> <https://www.austrade.gov.au/LandingPads/about-landing-pads>

<sup>16</sup> <https://www.panteracapital.com/>

<sup>17</sup> MAS Payment Services Act: <https://sso.agc.gov.sg/Acts-Supp/2-2019/Published/20190220?DocDate=20190220#pr6->

## 2.2.3 Marketing and distribution

### Overview of marketing strategy – existing and anticipated future products

Coinstash's go-to-market strategy follows a three-stage plan, which are further detailed below. This approach allows the business to maintain an appropriate amount of advertising expenditure that is proportionate to its growth, retained profits, and other metrics. At Coinstash, we are very proud of how well our platform has grown organically; moreover, we expect that our growth can continue with new products. Furthermore, we should see our brand awareness and perception continue to strengthen as we take the forward step into innovative new products and services for both current and future customers.

#### Stage 1

##### *Standard marketing*

Standard marketing activity refers to our current primary marketing strategy, which has allowed us to build to more than 2,000 customers from referrals, word of mouth marketing, and online & offline seminars. We believe our seminars have been very well received and this is why we have continued to offer them. The combination of strategies for marketing means the Coinstash has grown without spending large budgets on online advertising and marketing material. We believe this is a testament to our quality of services; however, we understand that we need to invest in the brand and its awareness to reach our target levels. Even though we are confident in our product, the financial technology market is a very competitive arena. We need to ensure that our product reaches the masses; thus, continuous marketing support is essential.

#### Stage 2

##### *Growth Marketing*

Our growth marketing strategy is all about scaling what works. At this point, we have a clear idea of what channels work best for us and where we can grow our client base for the existing exchange product. All marketing activities will be data-driven and will always keep a close eye on client acquisition and essential conversion costs. At this phase, we will consider optimising our site's SEO and ensure that our rank in domain authority for keywords and searches is within the top 10 in Australia. We plan to work with a top-tier agency specialising in content marketing, which will ensure that our narrative is relevant to top website searches. We believe that the best way to gain customer loyalty is by educating them; experience shows that those customers will turn to clients in the long-run and later to advocates of the brand. Finally, to further drive interest in using our services, our ambition is to build strategic partnerships and offer exciting referral programs, which we hope will provide our most loyal customers the ability to gain more value from their experience with Coinstash.

## Stage 3

### *Optimisation*

The third stage is when we will, in addition to customer acquisition, focus on retention of our client base. Our aim will be to extend the Life-Time-Value of our existing client base. For us, it is essential that our client stays within the Coinstash platform as long as possible. This requires launching exciting and valuable incentives like promotions, enhanced loyalty programs, and most importantly, value from our services. Our marketing efforts will focus on retargeting campaigns in paid advertising and social media campaigns. Clients who have already interacted with the site have higher conversion rates and lower costs in customer acquisition.

As we progress through each stage based on our market data, we are continually optimising our expenses towards growth. Each stage also provides value to the next and comes full circle towards our growth.

## 2.2.4 MARKET AND COMPETITORS

### Competition – current product

Other cryptocurrency exchanges we are competing with include the following. These exchanges are either Australian exchanges or global exchanges with an Australian presence.

- Swyftx
- Coinspot
- Coinjar
- Independent Reserve
- Binance Australia
- Digital Surge
- Coinbase
- Hardblock
- BTCMarkets
- Cointree
- Bitcoin.com.au

### Competition – future product

There are a number of competitors to Coinstash's future products. They include BlockFi, Nexo.io and Celcius Network. These competitors are based outside of Australia.

Coinstash aims to differentiate itself from the competition by providing a local, compliance-driven solution. Coinstash aims to be one of the first, if not the first Australian cryptocurrency company to offer the future products. This will allow customers to have a local point of contact and management team, as well as a company that operates within the Australian regulatory framework.

## Cryptocurrency Market

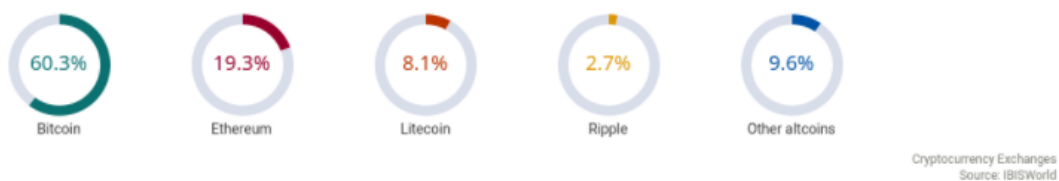
### The Global Market:

Trading View reported that over US\$1.2 trillion worth of cryptocurrency market capitalisation existed as of 31 January 2021.<sup>18</sup> Since February this year, Bitcoin alone accounts for over US\$1 trillion in total market capitalisation and has been averaging around 60% of the total cryptocurrency market value.<sup>19</sup> As reported by Coinmarketcap, the cryptocurrency market currently trades over a hundred billion USD over a 24-hour period.<sup>20</sup> For context, as reported by NASDAQ in 2019, the global Foreign Exchange market (FX) averages more than US\$5 trillion over a 24-hour period.<sup>21</sup>

### The Australian Market

IBISWorld, in its Cryptocurrency Exchange industry report stated that the Australian cryptocurrency exchange market size in terms of annual revenue was \$36.6 million in the 2019 financial year, with an average industry growth of 88.2% from 2015 to 2020 as of 9 December 2020.<sup>22</sup>

IBISWorld's October 2019 Cryptocurrency Exchanges in Australia Industry report found the breakdown for each digital asset's demand for Australian exchanges. It also reported a total of 246 cryptocurrency businesses in Australia employing around 583 people.



## 2.2.5 KEY DIFFERENTIATORS

Coinstash allows for customers to buy and sell their cryptocurrency of choice with ease and simplicity. Coinstash differentiates itself from its competitors by:

1. Offering customer support and service from 9am until 11pm AEST.
2. Adopting facial recognition technology when onboarding its customers.
3. Offering multilingual capabilities in the platform.
4. Its platform's easy to use interface.
5. Its vision to improve the usability of cryptocurrency.

<sup>18</sup> <https://www.tradingview.com/markets/cryptocurrencies/global-charts/>

<sup>19</sup> <https://coinmarketcap.com/currencies/bitcoin/historical-data/>

<sup>20</sup> As at 23 March 2021, the cryptocurrency market traded over USD 126 billion in the prior 24 hour period. [www.coinmarketcap.com](https://www.coinmarketcap.com)

<sup>21</sup> <https://www.nasdaq.com/articles/forex-market-overview-2019-06-07>

<sup>22</sup> <https://www.ibisworld.com/au/industry/cryptocurrency-exchanges/5539/>



## 2.3 BUSINESS AND REVENUE MODEL

Coinstash is a cryptocurrency trading platform, operating under a broker model, based and operating out of Brisbane, Australia. Our business currently operates as an exchange platform that specialises in providing high quality customer support and cryptocurrency exchange services as well as in-house market making expertise.

Coinstash makes its profits by charging a margin/spread on transactions which go through the Coinstash website. Coinstash's sources some of the best available prices available from global exchanges, such that it is able to provide competitive prices to our customers, with a margin imposed.

### Target Consumers

We believe our platform design and customer support focus makes us one of the easiest places for people to purchase cryptocurrencies. Our bilingual Chinese support allows us to provide a high amount of value and support to Chinese Australians. That being said, our customers first focus means we have our finger on the pulse and understand our customer base. As we grow, our customer base is becoming increasingly diverse.

The key consumer profiles are as follows:

- Long term investors
- Short term price speculators
- Customers who exchange AUD for cryptocurrencies for ad hoc use cases such as to use their cryptocurrencies as a medium of exchange

Our ideal customer is an affluent, long-term believer in cryptocurrency who trades with a diversified portfolio. Over time, our ideal customer will also include someone who leaves their holdings on Coinstash's platform to receive the benefits we plan to offer.

## 2.4 BUSINESS STRATEGY

We currently operate as a cryptocurrency exchange with aspirations to increase our products and services, as detailed in the 'Our Future Products' section above.

The following provides further details of our business strategy, which includes a breakdown of our strategy before and after our raise.

### ***Breakdown of our business strategy:***

#### 1) Our current operations strategy:

Coinstash aims to be one of Australia's easiest to use and highest rated cryptocurrency platform. Our current operations bring revenue into the business via our exchange platform where customers can log on and transact from.

- We have a strong focus on customer support and provide bilingual online chat support in both English and Chinese.
- We believe in operating on a compliance-based approach and holds this value at the heart of the business. Coinstash aims to maintain a strong relationship with regulators and aim to bring innovative solutions to customers.
- Our focused customer service ensures we are creating value and keeping our customers feeling satisfied and happy to continue doing business with us.

#### 2) Post-raise operations:

We will continue to operate the Coinstash platform with the same strategy as outlined above.

In addition, after the raise, we aim to develop our three proposed product offerings and expand our platform into the Singaporean market, as set out in the 'Our Future Products' section above. Therefore, our business model and strategy is to take steps to progress from a purely brokerage model to the addition of financial products and services.

We plan to be Australia's first mover, to have a range of regulated products as outlined in the 'Our Future Products' section. We have the benefit of seeing a few global players having successfully implemented similar solutions, meaning it is probable that these are commercially viable cryptocurrency solutions in Australia.

## 2.5 ORGANISATIONAL & CORPORATE STRUCTURE

### 2.5.1 ORGANISATIONAL STRUCTURE

Our current team consists of the following team members. The key management team is Ting Wang and Mena James Theodorou. Additional details about Ting and Mena's experience and roles are set out at Section 2.7 of this offer document.

Our product and technology team (Arthur, Felipe, Cameron and David) report to both Mena and Ting.

As head of growth, Felipe is a key manager responsible for all areas pertaining to the growing Coinstash's reach and customer base. This includes managing the marketing and branding vision for the company. Felipe manages the social media, customer engagement, brand management and many other integral aspects of the company such as our events and awareness campaigns. Felipe is an veteran at implementing data-driven marketing decisions to achieve results. His roles and responsibilities also include managing product delivery and user experience.

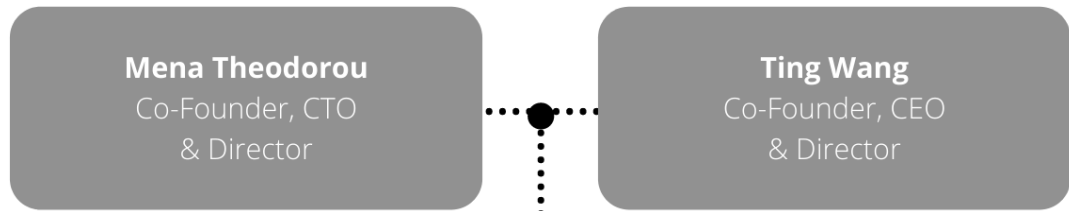
As technical lead, Arthur is an integral part of the Coinstash team. He supports the CTO (Mena) in making high-level technical decisions as well as building and maintaining the platform. As a Full-Stack developer, Arthur is able to work on all areas of the exchange platform from backend development to implementation of UI & UX updates.

As a digital marketer, Cameron is a contractor that is instrumental in assisting Coinstash with hands-on digital marketing services, including but not limited to Facebook and other social media posts, content design and blog article creation.

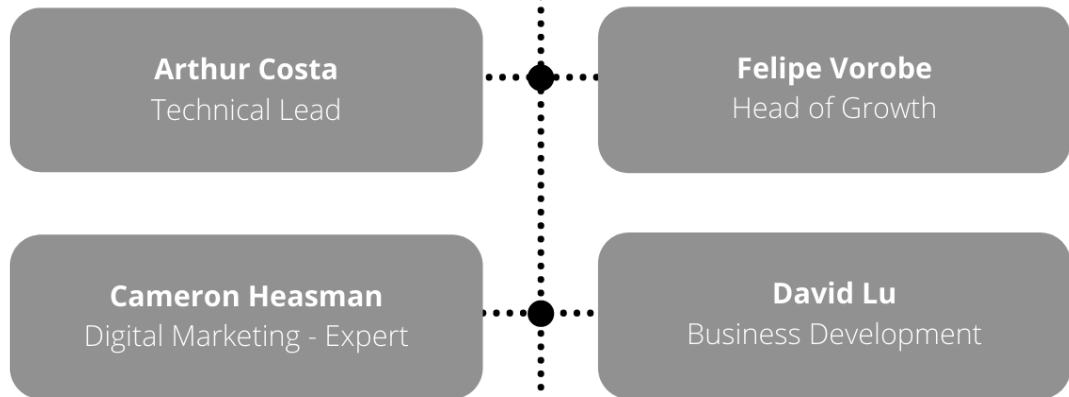
As a business development manager, David is a contractor, whose role is to grow the Coinstash customer base within the Chinese-Australian community. David is responsible for running advertisements in Chinese-Australian media channels and hosting events, both online and offline.

Our strategic advisory team (Sarmaad, Duncan, Emmanuel and Lisa) are engaged on an ad hoc basis in accordance with their technical specialties, as required by Coinstash from time to time.

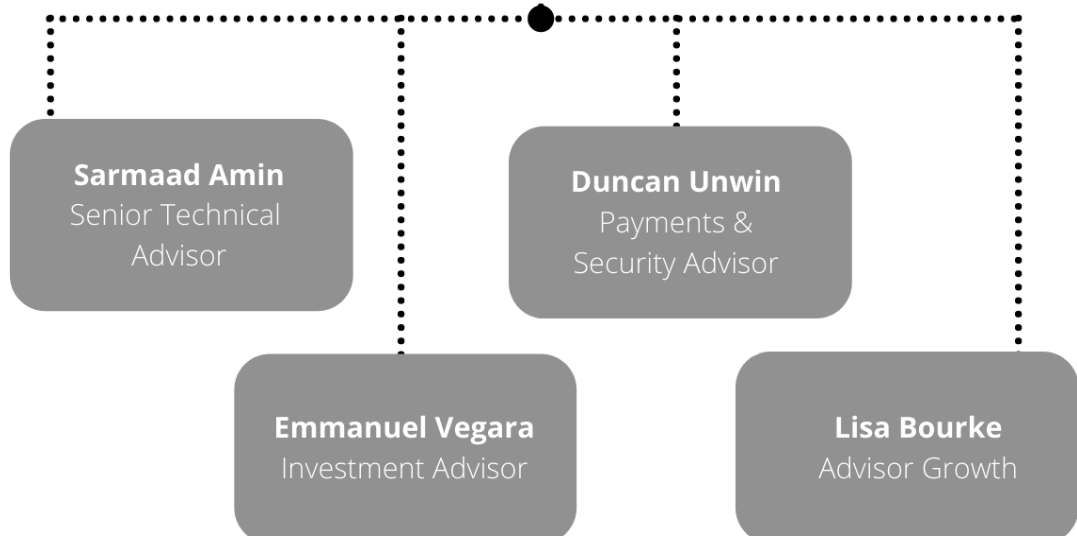
## Our Directors:



## Our Product & Technology team:



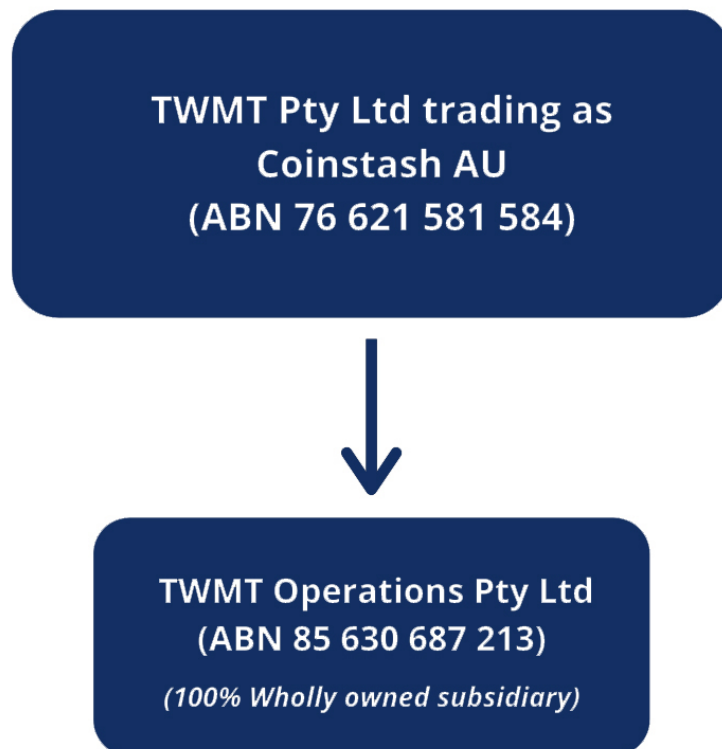
### Strategic advisory team:





## 2.5.2 CORPORATE STRUCTURE

All of the customers, technology, IP and other business assets are held by TWMT Pty Ltd. TWMT Pty Ltd holds trademarks over the word Coinstash and the Coinstash logo. TWMT Operations Pty Ltd is currently a dormant entity.



## 2.6 CAPITAL STRUCTURE

TWMT Pty Ltd, trading as Coinstash AU, currently finances its business operations through a combination of business profits, government grants and debt financing.

Business profits comprises profits from the company's core business model, which is as a broker to facilitate the buying and selling of cryptocurrencies. As at the time of this offer, the average margin that the company earns on transactions is typically 2-4%. In February 2021, with a monthly trading volume of approximately \$3.7 million, this equated to a monthly revenue of approximately \$70,000.

Government grants include JobKeeper payments and research and development tax incentives. The company has been receiving both payments from the Australian Taxation Office. The JobKeeper payments will not continue in the future. We do not anticipate the cease of JobKeeper payments having a material impact on the business.

Debt financing consists of a revolving loan agreement with a related party and SAFE notes.

The balance of the revolving loan has been reduced to zero prior to the launch of the equity crowdfunding campaign. The total value of the SAFE notes is \$154,400. This will convert into ordinary shares in the company at a price of \$0.12 per share (which represents a 20% discount). Further details of the SAFE notes are provided in section 2.6.4 of this offer document.

### 2.6.1 ISSUED CAPITAL

**Table 1: Issued capital of the Company – Before the Offer**

As at 18 March 2021, the company has passed a resolution and lodged a notification with ASIC to effect a share split, such that the company has 120,000,000 ordinary shares on issue and maintaining the same share structure.

The below table sets out the issued capital of the Company before the Offer.

Shareholder	Shares	Share Type	Percentage Fully Diluted	Options
Mena James Theodorou	60,000,000	Ordinary Shares	50%	Nil
Mena James Theodorou as trustee for Ting Wang	60,000,000	Ordinary Shares	50%	Nil
<b>Total shares on issue</b>	<b>120,000,000</b>		<b>100%</b>	<b>Nil</b>

## Table 2: Issued capital of the Company – After the Offer

Following the raise, new shareholders will receive shares in the company at 15 cents per share.

Share	Minimum Subscription \$700,000	Maximum Subscription \$2,800,000
Existing Shares	120,000,000 (95.27%)	120,000,000 (85.74%)
New Shares	4,666,667 (3.71%)	18,666,667 (13.34%)
Pre-Seed Investors (SAFE)*	1,286,667 (1.02%)	1,286,667 (0.92%)
Total shares on issue (fully diluted)	125,953,334 (100%)	139,953,334 (100%)

\*Pre-seed investors who invested a total of \$154,400 in the company in the form of SAFE notes will also receive shares at 12 cents per share, totalling 1,286,667 additional shares.

### 2.6.3 RIGHTS AND LIABILITIES ASSOCIATED WITH SECURITIES

As at the date of this Offer, the only class of shares on issue are ordinary shares. There is no shareholders agreement between the existing shareholders and as such, the rights and liabilities associated with the shares are as set out in the Company's constitution.

A more detailed description of the rights and liabilities associated with the shares is set out in Section 3.3 below. A copy of the Company's Constitution is annexed to this Offer Document.

The company also has SAFE Notes on issue. Details of the SAFE Notes are set out in Section 2.6.4 below.

#### Voting and dividend rights

Shares offered under this Offer Document will be fully paid ordinary shares which will have the same voting rights and the same rights to receive dividends as other ordinary shares.

#### Special rights held by majority of shareholders

Founding Members have special rights under the Constitution. Founding Members have certain pre-emptive rights as set out below. They also have additional rights in relation to appointing and removing Directors as set out at 3.3.4 of this offer document.

#### General Meetings

Any director when he/she sees fit may convene a meeting of the company's members however a notification period of 21 days as per the company constitution sections 14.1 and 14.5 respectively. See also section 3.3.3 of this offer document.

#### Transfer rights of shareholders

If a member wants to sell their shares, the Founding Members have a right to purchase these shares before they are offered to another person. Any remaining shares that the Founding Members do not

intend to purchase can be transferred to any other party within 90 days after providing the offer to the Founding Members at terms no more favourable to the buyer than those offered to the Founding Members.

Tag-along rights: where a majority shareholder/s (70%) intend to sell their shares to a party not a Founding Member, minority shareholders will have the right to participate in the sale.

Drag-along rights: where an offer has been made to purchase shares, majority shareholder/s (70%) can force minority shareholders to participate in the sale, however, prior to this occurring, the Founding Members have a right to purchase the majority shares.

Under the Constitution, the Directors may, at their discretion refuse to register any transfer of shares without assigning any reason.

## 2.6.4 DEBT FUNDING AND OTHER SOURCES OF FUNDING

### SAFE (Simple Agreement for Future Equity) Note

The company holds a SAFE note agreement with various pre-seed investors. These SAFE notes are a relatively new type of funding agreement which are becoming popular for early-stage funding as it allows for the company to secure funding without having to agree on as many details as often would be required for other methods such as convertible notes. An oversimplification of the notes would be that the company has secured funding now, and the next applicable funding round will convert the noteholders investment into equity at the new funding rounds price with a discount as per the note's terms. Key terms of the note which are of interest to investors are as follows:

SAFE Note Item	Term	Further Description
Face Value	\$154,400	This is the value at which the interest rates and the conversion will be applicable to.
Valuation	N/A	Undefined: The valuation of the note will be the valuation at the next applicable funding round which meets the conversion criteria
Discount Rate	20% for the first year, 30% after 12 months.	The discount rate refers to the percentage amount that the shares will be discounted for the noteholder to buy into the applicable funding round upon conversion.
Conversion to equity	The conversion to equity will therefore follow the following formula: Face Value of the Safe note / (Share price x (1 – Discount Rate))	This SAFE agreement will be using Post-Money valuation, this means that we will be using the valuation given in the next equity round. Holders will receive ordinary shares upon conversion.



SAFE Note Item	Term	Further Description
Payback Clause	This note is payable by cash to the sum of its face value + 10% per annum in interest starting from the date of signing. This will be subject to a minimum interest amount of 3 Months. (i.e. if the contract is paid out 1 month after signing then 3 months of interest at 10% will be required/due).	This means that if our company decided to prefer to buy out the noteholder, an interest rate of 10% per annum will be charged.
Minimum Trigger Clause	There is a minimum trigger amount of \$100,000 for an equity conversion	For the SAFE note to convert into equity, the funding round must be over the \$100,000. This allows the company to raise a small amount through equity without triggering a full funding round.
Use of Monies	The monies given in acceptance of this contract must be used to facilitate an equity crowdfunding campaign.	This is to ensure the use of funds is spent on the agreed items.

*If you require any further details on the SAFE notes, please contact us.*

## Director and related party loans

There are no director loans or start-up capital invested into the business that is owed to the directors. The loans shown on the FY20 balance sheet have been paid back by the directors prior to the Offer Date.

The revolving loan facility with a related party, although has a balance of nil, is still in place and the Company can access debt funding, should it need to. This facility is not secured against the assets of the company, has a credit limit of \$600,000 and is on arm's length terms.

## Government grants/financial assistance

### Research and Development:

The Company receives funding for Research and Development activities by the Australian Government. This research and development (R&D) tax incentive encourages companies to engage in R&D benefiting Australia, by providing a tax offset for eligible R&D activities.

### JobKeeper Scheme:

The Australian Government has been providing JobKeeper relief through the COVID-19 period to assist Australian Businesses through the challenging period. Our Company has received money from the JobKeeper scheme and is continuing to do so at this time. The Australian Government has announced that JobKeeper relief will end on 28 March 2021. The company does not anticipate that the end of the JobKeeper scheme will have a material impact on the business.

## 2.7 DIRECTORS AND SENIOR MANAGERS

### 2.7.1 OUR DIRECTORS AND MANAGEMENT

#### Description of duties – Ting Wang

- Ting Wang is one of the directors and co-founders of the company, he holds key responsibilities for the organisation and management of the company's employees.
- As an admitted lawyer in the Supreme Court of New South Wales, Ting is instrumental in managing the legal and compliance side of the business, from employee training to dealing with regulatory bodies. Ting also works closely with the legal advisory teams.
- Ting works closely with the other co-founder Mena Theodorou, to ensure that the product roadmap meets the overall business objectives.

#### Summary of skills and experience – Ting Wang

Ting is a finance professional and accomplished digital currency investor. Coming from a top tier accounting firm and an admitted lawyer, Ting is well conversed in financial analysis, taxation and compliance (key to a successful digital currency business), financial markets and wealth management. Ting has a track record of generating returns on investment, especially in the digital currency space.

#### Description of duties – Mena Theodorou

- As co-founder and CTO, Mena is the key technical manager for the company and directly handles all technical aspects of the business from software development to systems security and networks.
- Mena is responsible for allocating the technical workload to ensure the team is operating cohesively and efficiently.
- Mena works closely with the co-founder Ting to ensure that the technical side of the business is working cohesively with all other areas of the business. This also includes the two working together to manage both suppliers and customers as well as other external parties related to the business.

#### Summary of skills and experience – Mena Theodorou

Mena is a digital currency veteran and accomplished IT professional. Having a background in computer networks, Mena has successfully managed a number of software-based businesses and has built a number of web and mobile applications. Mena has been involved in digital currency since 2013 and was part of a team that developed its own digital currency called PayCoin.

## 2.8 RISKS FACING THE BUSINESS

An investment in TWMT Pty Ltd should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Type of risk	Description of risk
Cryptocurrency custody risk	The nature of cryptocurrency is that they are easily transferrable and highly irreversible once a transaction has occurred. As such, the inherent risk to any cryptocurrency-related business is the custody risk in holding customers' funds. This includes the Coinstash platform and any other counterparties it deals with, and even the counterparties of these counterparties. In spite of the fact that most major cryptocurrency platforms, including Coinstash, adopt safety measures including hot and cold wallet system, this only mitigates but does not remove the cryptocurrency custody risk.
The Company may not obtain the regulatory approvals required to launch the proposed new products, regulatory approvals may be delayed or offering of the products may be restricted	Coinstash operates in a highly regulated environment. While Coinstash has notified ASIC of its intentions to offer the proposed products, it has not yet applied for, or received, regulatory approval for its new products in Australia. Coinstash's growth strategy depends on obtaining such approvals. Prior to the application process, we will seek legal advice to ensure we apply for the appropriate license and authorisations. There is no guarantee that we will receive all necessary regulatory approvals to provide the proposed products. We can also not predict with certainty the timelines for such approvals if they are granted. ASIC also has an ongoing power to restrict the offering of financial products which it considers will result (or is likely to result) in significant customer detriment.
The Company's future products may be delayed by technological development issues	As disclosed in earlier sections of the offer document, the new, proposed, products and services still need to be developed, tested and implemented by the Company.  There is a risk that the development may in some way be less successful or delayed in comparison to what is currently expected.

Type of risk	Description of risk
Governments and regulators may impose new laws which impact the cryptocurrency industry in Australia	<p>Cryptocurrency is part of a new and emerging global market and therefore has an evolving regulatory framework. Governments and regulators may change the laws specific to cryptocurrency businesses such as Coinstash.</p> <p>In operating our current Coinstash platform and proposed products (Coinstash Earn, Borrow and Spend), we refer to the applicable regulatory bodies such as ASIC, AUSTRAC, APRA and the ATO.</p> <p>By expanding into Singapore, we must comply with the Singaporean regulators.</p> <p>We may also be impacted by other overseas regulators, for example if we source our liquidity from a provider in another jurisdiction.</p> <p>In addition to the possibility of new laws, regulators may expect regulatory uplift as the industry matures.</p> <p>These risks will have the impact of increasing our costs of compliance.</p>
Risk from competitors	<p>Coinstash operates in a highly competitive market. As such, there is no certainty that the Company will maintain its current growth outlook. This is the case for both current and future products.</p> <p>In relation to continuing to operate Coinstash's existing platform, there are currently relatively low barriers to entry for new competitors to enter into the Australian market. In addition, increased competition may result in lower spreads.</p> <p>Increased competition in the Singaporean market may also result in lower spreads available.</p> <p>In relation to the new products we propose to offer, Coinstash Earn, Borrow and Spend, there is the possibility that international players will formalise their offerings in Australia, seeking registration and Australian competitors may also seek to offer similar regulated products. Although we note, the barriers to entry in providing these products are much higher than operating a digital currency exchange in Australia.</p>
Key person risk	<p>Coinstash is highly reliant on the key management team, which consists of Ting Wang and Mena Theodorou. This poses a key person risk to the Company.</p>

Type of risk	Description of risk
Technology risk	<p>Developing and operating a cryptocurrency platform is technologically challenging. Although we have already developed our Coinstash Platform in Australia, which has been in operation since 2019, there are still technology risks. We consider that these include scalability problems and continuing offering the same customer experience that we are currently able to provide.</p> <p>In addition to these risks, which will also be applicable to providing a cryptocurrency exchange platform in Singapore, we also anticipate potential technology risks to integrating the new system within our current platform.</p> <p>In relation to providing the new products, Coinstash Earn, Borrow and Spend, there is a high technology risk. This is because of the infancy of our product roadmaps and the fact that there are no existing, white-labelled solutions (to the Company's knowledge), to assist in providing these products to market. Instead, we will need to develop in-house proprietary software. To date, Coinstash has developed some proprietary software to assist it in providing its services, however, significant development will be required before the products can be offered to the market.</p>
Human resources risk	<p>Coinstash operates in a niche industry, meaning that finding the suitable candidates to expand the team is difficult. This is especially so for the future anticipated products that Coinstash plans to develop and in relation to the expansion to Singapore.</p> <p>Inability to source the appropriate resources may delay our license application processes. We may also be reliant upon external providers, at least initially, until our current team gains the relevant expertise.</p> <p>We also anticipate that we will need to source additional staff as our business grows.</p>
Cybersecurity risk	<p>As Coinstash deals with cryptocurrency, cybersecurity risk is a very real risk for Coinstash. Cybersecurity risk is significant in the cryptocurrency space and one can point to international examples where cybersecurity breaches have occurred in relation to cryptocurrency exchanges.</p> <p>As with all cryptocurrency exchanges, the Coinstash systems, and the systems of liquidity providers, may be subject to cyber-attack, and an attack may result in losses to Coinstash and its customers.</p> <p>The risk of a cyber-breach to a counterparty is of particular note where Coinstash is placing funds with a counterparty or in a counterparty's product.</p>



Type of risk	Description of risk
Industry reputation / public perception risk	<p>The cryptocurrency industry is an industry that has reputation risk. If a major cyber-attack succeeds in the industry, if there are concerns around the safety of customers' funds, or if there are fraudulent players in the industry, this may impact the industry as a whole, including Coinstash and its reputation. Furthermore, the public perception of cryptocurrency may also be a risk to Coinstash. If the public perception of cryptocurrency drops significantly, this may affect the overall trade volume of cryptocurrency, and therefore affect the trading volume on Coinstash. This risk also applies to future products that Coinstash are aiming to release.</p>
Counterparty Risk	<p>In providing cryptocurrency exchange services, Coinstash relies on a number of counterparties to execute trades, accept payments and source liquidity.</p> <p>In the event that one or more counterparties cease their relationship with Coinstash or are unable to fulfil their obligations under a relationship with Coinstash, this will likely impose significant disruption and economic loss to the Company.</p> <p>Coinstash will also rely on counterparties to offer its proposed products and services. Accordingly, the above risks will also be relevant.</p> <p>There is also a risk that appropriate counterparties may not be available.</p>
The Company will need additional funding to implement its business strategy	<p>The Company's current cash reserves, plus the net proceeds of the Offer is likely to be adequate for its cash flow requirements over the next 12 to 18 months.</p> <p>The Company may need to obtain additional funding in the future to continue operations and execute its business strategy. It cannot guarantee the availability of funds in the future, or that the funds will be available on favourable terms. If the Company is unable to raise these funds, it can adversely impact the Company's business and prospects.</p> <p>In the event that we are unable to source required additional funding, we may not be able to deliver on our proposed business strategy and offer all of the products and services as intended under this offer document.</p>

Type of risk	Description of risk
Operational risks for future products of Coinstash	<p>If regulatory permissions are obtained, Coinstash's future products will create new operational risks which require new procedures to control these risks.</p> <p>There is a risk that this will create problems regarding Coinstash's ability to offer the product to the full capacity expected and/or the costs involved with offering the product.</p> <p>There is also a risk that the operations required to facilitate the Earn product will not be possible for the company to continue carrying out and we will be unable to offer this product to customers. In particular, this relates to possibility of liquidity mismatch and an increased need for security infrastructure to process deposits and withdrawals.</p>
Payments relationship risk for the current Coinstash exchange	<p>Maintaining a steady banking and payment processing relationship is challenging in the cryptocurrency industry. In particular, should Coinstash fail to demonstrate it has sufficient compliance procedures and internal controls, it may risk losing its banking and / or payment processing relationships. This can cause interruption to the Coinstash business or even a complete halt to the Coinstash trading activities.</p>
Liquidity Risk for the current Coinstash exchange	<p>Sourcing liquidity to meet the customers' orders is a key component in Coinstash's current exchange business. Should Coinstash cease to have a steady liquidity provider, especially one that has AUD – USD conversion capabilities, Coinstash will have increased cost of goods and therefore reduced margins.</p>
Payments relationship risks for Coinstash Spend product	<p>Subject forming the necessary relationships with payment systems operators, card issuers and other payment providers, it may not be commercially viable to offer this product to the market.</p> <p>The support of and relationships with such entities will play a part in determining the relevant regulatory requirements and authorisations Coinstash must comply with.</p> <p>There is a risk that these entities may refuse to service Coinstash. This may mean that instead of requiring an AFSL from ASIC, Coinstash may require approval by APRA and it is possible no regulatory approval may be granted. In which case, we may not be able to offer the Spend product.</p>
Operational risks for Singapore expansion upon approval	<p>Upon regulatory approval, Coinstash's Singapore expansion will create the need for new operational procedures to facilitate the geographic expansion. There is a risk that this will create problems regarding Coinstash's ability to operate the exchange to the full capacity expected and/or the costs involved with operating in Singapore may be higher than expected. There is also a risk that the operations required to facilitate conducting business in Singapore will not be possible and it may not be feasible to expand to this jurisdiction.</p>

## 2.9 FINANCIAL STATEMENTS

Below are the financial statements of the Company for the financial year ended 30 June 2020, which have been prepared in accordance with the Accounting Standards.

### Income Statement

#### TWMT Pty Ltd

#### For the year ended 30 June 2020

	NOTES	2020	2019
<b>Income</b>			
Sales		2,219,270	4,180,858
Cost of Sales		(2,201,892)	(4,062,961)
<b>Total Income</b>		<b>17,379</b>	<b>117,897</b>
<b>Other Income</b>			
Consulting Services		74,556	3,131
Federal Government Cash Boost		12,500	-
Foreign Currency Gains and Losses		7,693	-
Interest Income		309	1,234
Other Revenue		71	972
Foreign Currency Gains and Losses		-	13,712
<b>Total Other Income</b>		<b>95,129</b>	<b>19,050</b>
<b>Total Income</b>		<b>112,508</b>	<b>136,947</b>
<b>Expenses</b>			
Advertising		11,538	6,197
Amortisation		352	352
Bank Fees		614	295
BTC Transaction Fees		2,056	-
Cleaning		3	-
Consulting & Accounting		47,122	2,550
Disbursements		972	-
Discount Expense		-	(310)
Entertainment		753	1,193
Equipment under \$1000		2,441	-
General Expenses		44	3,256
Interest Expense		14,721	19,013
IT Services		10,408	2,179
Legal expenses		5,043	656
Office Expenses		-	2,495
Parking Rental		-	3,653
Printing & Stationery		198	-
Rent		5,810	1,636
Software Development Consulting		-	91,654

	NOTES	2020	2019
Staff Recruitment		-	690
Subscriptions		3,195	863
Superannuation		8,867	5,163
Telephone & Internet		100	31
Travel and Accommodation		4,322	6,620
Wages and Salaries		93,333	54,349
<b>Total Expenses</b>		<b>211,893</b>	<b>202,532</b>
<b>Profit/(Loss) before Taxation</b>		<b>(99,385)</b>	<b>(65,585)</b>
<b>Income Tax Expense</b>			
Income Tax Expense		(45,113)	(44,260)
<b>Total Income Tax Expense</b>		<b>(45,113)</b>	<b>(44,260)</b>
<b>Net Profit After Tax</b>		<b>(54,273)</b>	<b>(21,325)</b>
<b>Net Profit After Dividends Paid</b>		<b>(54,273)</b>	<b>(21,325)</b>

# Balance Sheet

## TWMT Pty Ltd As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	2	55,125	208,357
Accounts Receivable		1,185	972
GST		5,132	2,400
Bitcoin (at hand)		49,851	61,493
Taxation		47,259	-
<b>Total Current Assets</b>		<b>158,552</b>	<b>273,223</b>
<b>Non-Current Assets</b>			
Loans to Related Parties	3	109,438	109,028
Intangibles	4	15,647	15,999
<b>Total Non-Current Assets</b>		<b>125,085</b>	<b>125,027</b>
<b>Total Assets</b>		<b>283,638</b>	<b>398,250</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Taxation		-	4,704
Payables	5	115,881	84,797
Aust. Tax Office - Integrated Client Account		2,040	(884)
<b>Total Current Liabilities</b>		<b>117,921</b>	<b>88,617</b>
<b>Non-Current Liabilities</b>			
Loan - Dangsheng Wang		100,000	202,629
Loans from related parties	6	12,985	-
<b>Total Non-Current Liabilities</b>		<b>112,985</b>	<b>202,629</b>
<b>Total Liabilities</b>		<b>230,906</b>	<b>291,246</b>
<b>Net Assets</b>		<b>52,732</b>	<b>107,004</b>
<b>Equity</b>			
<b>Retained Earnings</b>			
Current Year Earnings		(54,273)	(21,325)
Retained Earnings		106,944	128,269
<b>Total Retained Earnings</b>		<b>52,672</b>	<b>106,944</b>
Share Capital		60	60
<b>Total Equity</b>		<b>52,732</b>	<b>107,004</b>



# Statement of Cash Flows

**TWMT Pty Ltd**

**For the year ended 30 June 2020**

	2020	2019
<b>Operating Activities</b>		
Receipts from government agencies	12,500	-
Receipts from customers	2,229,731	4,183,748
Payments to suppliers and employees	(2,266,397)	(4,065,067)
Interest received	309	1,234
Finance costs	(17,391)	(19,308)
Income tax refunded/(paid)	(6,850)	(9,726)
GST	4,082	5,112
Cash receipts from other operating activities	74,965	3,132
Cash payments from other operating activities	(86,416)	(129,082)
<b>Net Cash Flows from Operating Activities</b>	<b>(55,467)</b>	<b>(29,957)</b>
<b>Investing Activities</b>		
Payment for property, plant and equipment	(2,685)	-
<b>Net Cash Flows from Investing Activities</b>	<b>(2,685)</b>	<b>-</b>
<b>Financing Activities</b>		
Proceeds from borrowings	532,032	431,419
Repayment of borrowings	(634,661)	(458,424)
Loans from related parties	14,293	(36,060)
<b>Net Cash Flows from Financing Activities</b>	<b>(88,337)</b>	<b>(63,065)</b>
<b>Other Activities</b>		
Other activities	78	972
<b>Net Cash Flows from Other Activities</b>	<b>78</b>	<b>972</b>
<b>Net Cash Flows</b>	<b>(146,411)</b>	<b>(92,050)</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents at beginning of period	163,417	241,565
Effect of exchange rate changes on cash	3,640	13,903
Cash at Bank	(146,411)	(78,137)
Other Cash Items	-	(13,913)
Cash and cash equivalents at end of period	20,647	163,417

## Movements in Equity

**TWMT Pty Ltd**

**For the year ended 30 June 2020**

	2020	2019
<b>Equity</b>		
Opening Balance	107,004	128,329
<b>Increases</b>		
<b>Profit for the Period</b>		
Current Year Earnings	(54,273)	(21,325)
<b>Total Profit for the Period</b>	<b>(54,273)</b>	<b>(21,325)</b>
<b>Total Increases</b>	<b>(54,273)</b>	<b>(21,325)</b>
<b>Total Equity</b>	<b>52,732</b>	<b>107,004</b>

# Notes to the Financial Statements

**TWMT Pty Ltd**

**For the year ended 30 June 2020**

## **1. Statement of Significant Accounting Policies**

The directors have determined that the company is not a reporting entity and accordingly, this financial report is a special purpose report prepared for the sole purpose of distributing a financial report to members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared on an accrual basis and under the historical cost convention, except for certain assets, which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The accounting policies that have been adopted in the preparation of the statements are as follows:

### **Income Tax**

The income tax expense for the year comprises current income tax expense. The company does not apply deferred tax. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at 30 June 2020. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

### **Intangibles**

Goodwill is recognised as the excess of the purchase price for a business acquired over the fair value of the net assets at the date of acquisition. Goodwill is assessed for impairment annually and is carried at cost less accumulated impairment losses.

### **Trade and Other Receivables**

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful debt has been created.

### **Financial Assets**

Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

### **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2020. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **Revenue Recognition**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.  
Revenue from the rendering of services is recognised upon the delivery of the services to customers.  
Revenue from commissions is recognised upon delivery of services to customers.  
Revenue from interest is recognised using the effective interest rate method.

Revenue from dividends is recognised when the entity has a right to receive the dividend.

All revenue is stated net of the amount of goods and services tax (GST).

## Goods and Services Tax

Transactions are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

	2020	2019
<b>2. Cash and Cash Equivalents</b>		
<b>Bank Accounts</b>		
American Express	(1,497)	-
Chinese Yuan	-	103,692
eSaver	3	-
Goldfields Money	20,826	-
Macquarie Cash Management	-	58,440
Savings Accelerator	-	-
<b>Total Bank Accounts</b>	<b>19,332</b>	<b>162,132</b>
<b>Other Cash Items</b>		
Cash on Hand	60	60
Funds held in Exchange	34,479	44,940
Treasury Account	1,254	1,225
<b>Total Other Cash Items</b>	<b>35,793</b>	<b>46,225</b>
<b>Total Cash and Cash Equivalents</b>	<b>55,125</b>	<b>208,357</b>
	2020	2019

## 3. Financial Assets

<b>Non Current</b>		
<b>Loans to related parties</b>		
Mena Theodorou	16,506	15,000
Ting Wang	15,000	15,000
Pocket Health Pty Limited	78,012	79,028
PStar Investments No.2 Pty Limited	(80)	-
<b>Total Loans to related parties</b>	<b>109,438</b>	<b>109,028</b>
<b>Total Non Current</b>	<b>109,438</b>	<b>109,028</b>
<b>Total Financial Assets</b>	<b>109,438</b>	<b>109,028</b>
	2020	2019

## 4. Intangibles

<b>Other Intangible Assets</b>		
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Platform Development	14,943	14,943
Formation costs	704	1,056
<b>Total Other Intangible Assets</b>	<b>15,647</b>	<b>15,999</b>
<b>Total Intangibles</b>	<b>15,647</b>	<b>15,999</b>
	<b>2020</b>	<b>2019</b>

## 5. Payables

<b>Current</b>		
Accounts Payable	27,830	2,865
Customer Refunds Owing	79,335	79,335
PAYG Withholdings Payable	1,816	712
Superannuation Payable	6,900	1,885
<b>Total Current</b>	<b>115,881</b>	<b>84,797</b>
<b>Total Payables</b>	<b>115,881</b>	<b>84,797</b>
	<b>2020</b>	<b>2019</b>

## 6. Financial Liabilities

<b>Non Current</b>		
<b>Unsecured</b>		
<b>Loans to related parties</b>		
Loan - Pocket Apps	12,985	-
<b>Total Loans to related parties</b>	<b>12,985</b>	<b>-</b>
Loan - Dangsheng Wang	100,000	202,629
<b>Total Unsecured</b>	<b>112,985</b>	<b>202,629</b>
<b>Total Non Current</b>	<b>112,985</b>	<b>202,629</b>
<b>Total Financial Liabilities</b>	<b>112,985</b>	<b>202,629</b>



## 2.9.1 Management comments on historical performance and outlook

### Management Comments to FY20 Financials

1. In the Income Statement for the year ended 30 June 2020, “Sales” refers to total revenue collected by Coinstash from its customers for the sale of cryptocurrency. “Cost of Sales” refers to the total cost to purchase the corresponding cryptocurrency from either customers or liquidity providers (e.g. another exchange). “Total Income” represents the spread that TWMT Pty Ltd was able to generate on its trading volume for that financial year. Please note that “Total Income”, rather than “Sales”, represents the true reflection of the revenue of the Company. This is because the digital currency exchange business is, by nature, a high volume and low margin business.
2. In the Balance Sheet for the year ended 30 June 2020, there were loans advanced by the Company to Mena Theodorou, Ting Wang, Pocket Health Pty Ltd and Pstar Investments No.2 Pty Ltd. These were related party loans that were aimed at providing liquidity / working capital to these parties. These loans have been fully repaid as at the date of this Offer Document.
3. In the Balance Sheet for the year ended 30 June 2020, there were loans payable by the Company to Pocket Apps Pty Ltd and Dangsheng Wang (now fully repaid). These were related party loans that were taken to help providing working capital for the Company. Any outstanding loans will not be repaid from the proceeds of the CSF raise.

### Historical Performance – FY20

FY20 was a challenging year for us at Coinstash, while managing our way through COVID-19 we also had the following challenges to overcome:

1. We didn’t have a reliable payment processor;
2. Our banking relationships were constantly being challenged, which is a common challenge in the cryptocurrency industry;
3. We didn’t have a reliable liquidity provider. It was especially challenging to find a USD denominated liquidity provider we could rely on, this meant our cost of brokering was higher; and
4. FY20 marked the first full financial year that the Coinstash platform was in operation.

### Current Year Performance – FY21 to date

Coinstash has observed growth in all metrics in FY21 to date, including customer acquisition, volume traded, and revenue earned, comparing February 2021 to July 2020. We attribute this growth to:

1. The cryptocurrency industry is in a bull run.
2. Coinstash established relationships with a payment processor, which reduced our user friction.
3. Coinstash established a banking relationship with an Australian digital bank.
4. Coinstash secured relationships with liquidity providers that provide access to the USD denominated order book. This reduced the cost of brokerage and increased market depth.
5. The marketing function within Coinstash has been allocated more resources, including paid advertising, search engine optimisation, digital marketing and key hires including a Head of Growth.

## Outlook

As we move forward from a challenging but exciting year, there has been a bull run in the cryptocurrency market, which we have been waiting for.<sup>23</sup> We believe there are multiple reasons/catalysts pushing the market and awareness higher as it has been recently. The increased institutional involvement<sup>24</sup> combined with the monetary easing policies adopted by central banks all over the world<sup>25</sup> while interest rates are at zero<sup>26</sup> makes a potential 'store of value' asset such as Bitcoin<sup>27</sup> much more attractive. We are looking forward to what the future holds for Coinstash and the community as a whole.

Coinstash aims to maintain its growth whilst managing its challenges, by having the following key strategic focuses for the remainder of FY21:

In relation to Coinstash's existing Platform, irrespective of the outcome of our CSF offer:

1. Allocate greater resources towards marketing, especially social media and search engine optimisation.
2. Improve the technical design of its referral program and implement an affiliate program.<sup>28</sup>
3. Reduce its spread on a number of cryptocurrencies to become more competitive on price and attract more users.
4. Increase the live support hours.

In relation to Coinstash's proposed products and services, Coinstash will, subject to funding:

1. Begin work on the design, specification, relationships required, and regulatory applications required to facilitate the future release of the Coinstash Earn, Borrow and Spend products.
2. Begin work to determine its Singapore expansion roadmap.

## 2.10 LEGAL OR DISCIPLINARY ACTIONS AGAINST THE COMPANY

None to declare.

<sup>23</sup> <https://coinmarketcap.com/>

<sup>24</sup> <https://decrypt.co/47061/public-companies-biggest-bitcoin-portfolios>

<sup>25</sup> <https://www.washingtonpost.com/world/2021/03/10/coronavirus-stimulus-international-comparison/>

<sup>26</sup> <https://www.bloomberg.com/news/articles/2021-02-24/central-banks-in-stimulus-dilemma-as-reflation-bets-lift-yields>

<sup>27</sup> <https://www.forbes.com/sites/forbesfinancecouncil/2019/12/10/is-bitcoin-a-better-store-of-value-than-gold/?sh=404cd1b34939>

<sup>28</sup> See Figure 1 of this offer document that includes a reference to "Rewards" coming "soon".

## SECTION 3 INFORMATION ABOUT THE OFFER

### 3.1 TERMS OF THE OFFER

TWMT Pty Ltd is offering up to 18,666,667 shares at an issue price of 15 cents per share to raise up to \$2,800,000. The key terms and conditions of the Offer are set out in the table below.

A description of the rights associated with the shares is set out in Section 3 below. To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at [www.birchal.com](http://www.birchal.com).

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

**Table 3: Terms of the Offer**

Terms of the Offer	Details
<b>Shares</b>	Fully-paid ordinary shares
<b>Price</b>	\$0.15 per share
<b>Minimum Subscription</b>	\$700,000
<b>Maximum Subscription</b>	\$2,800,000
<b>Opening Date</b>	30 March 2021
<b>Closing Date</b>	22 April 2021

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten.

## 3.2 USE OF FUNDS

### The Purpose of the Capital Raise

We are currently earning a steadily growing revenue from our existing operations, namely our Australian cryptocurrency exchange business.<sup>29</sup> However, being a start-up has its limitations. The current revenue does not allow for significant expenditure towards high growth strategic expansion. We believe it is important for us to move quickly as a business and release new products as soon as possible, in order to further differentiate ourselves from the immediate competition as well as expand into the broader Asia-Pacific market, starting with Singapore.

### Use of Funds

There are four key areas in which the funds raised will be used for, three of which are new product releases, and the remaining capital will be used for our strategic geographical expansion of our existing cryptocurrency exchange services.

For implementing each of our new areas of growth, we hope to continue to uphold our strict commitment to a compliance-driven approach. We have informed ASIC of our intention to apply for the appropriate licenses to release Coinstash Earn, Coinstash Borrow and Coinstash Spend and are in discussion with industry experts to understand what is required, to be able to achieve our goals once we have raised the funds. In relation to our proposed Singapore expansion, we also intend to continue our discussion with Singaporean cryptocurrency industry experts in the view to operating a compliant platform in that jurisdiction with the features we currently offer to the Australian market.

Below is the breakdown of the use of funds for each individual product. We have also provided further details of why we are introducing these features and what will be required for implementation.

The final total amount raised may affect whether work will begin on each future product. Table 4 provides guidance on the capital required for Coinstash to start the process on each product, depending on the final subscription amount.

For example, if only \$700,000 is raised, only development on the Earn product will begin. If more than \$700,000 but less than \$1,400,000 is raised, then the management team reserves the right to

- 1) only begin development on the Earn project, and allocate any excess capital to its current products and features; or
- 2) seek additional funding to begin development on both the Earn and Borrow projects.

The capital we raise will be allocated as follows.

**Table 4: Total Project Cost table (using average estimates)**

No. of Products	One Product	Two Products	Three Products	Three+ Singapore
<b>Earn</b>	\$662,000	\$662,000	\$662,000	\$662,000
<b>Borrow</b>		\$652,000	\$652,000	\$652,000
<b>Spend</b>			\$742,000	\$742,000
<b>Singapore Expansion</b>				\$639,000

<sup>29</sup> See action 2.9 – Financial Information for FY20

No. of Products	One Product	Two Products	Three Products	Three+ Singapore
Estimated Birchal Fees (\$2,800 + 6%)	\$44,800	\$86,800	\$134,800	\$170,800
Estimated Total Expenses	<b>\$706,800</b>	<b>\$1,400,800</b>	<b>\$2,190,800</b>	<b>\$2,865,800</b>

*The Offer is not underwritten and there is no guarantee that these funds will be raised.*

*The Offer costs includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchal Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs.*

*Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.*

We expect that the Maximum Subscription amount will be sufficient to meet the Company's stated goals and immediate plans following the offer. If the minimum subscription amount is not raised, all funds will then be returned to investors and the company will reconsider its options at such time.

It is possible that work on some of the future products will not begin, if the final subscription amount is not deemed sufficient by the Company.

**The following is a further breakdown of the details for the individual projects outlined in the use of funds**

## Coinstash Earn

### Breakdown of the use of funds for Earn (estimate only)

**Table 5:**

Key Items	Low Estimate	High Estimate	Average
License application fees (exclude legal cost)	\$25,000	\$25,000	\$25,000
Responsible Manager (AFSL)	\$96,000	\$178,000	\$137,000
Software Development	\$115,000	\$215,000	\$165,000
Legal Cost	\$90,000	\$170,000	\$130,000
Marketing Cost	\$60,000	\$100,000	\$80,000
Risk Management / Treasury Function	\$57,000	\$107,000	\$82,000
Overheads	\$30,000	\$56,000	\$43,000
<b>Total Project Expense</b>	<b>\$473,000</b>	<b>\$851,000</b>	<b>\$662,000</b>

## Coinstash Borrow

### Breakdown of the use of funds for Borrow (estimate only)

Table 6:

Key Items	Low Estimate	High Estimate	Average
License application fees (exclude legal cost)	\$5,000	\$25,000	\$15,000
Responsible Manager (ACL)	\$96,000	\$178,000	\$137,000
Software Development	\$115,000	\$215,000	\$165,000
Legal Cost	\$90,000	\$170,000	\$130,000
Marketing Cost	\$60,000	\$100,000	\$80,000
Risk Management / Treasury Function	\$57,000	\$107,000	\$82,000
Overheads	\$30,000	\$56,000	\$43,000
<b>Total Project Expense</b>	<b>\$454,000</b>	<b>\$850,000</b>	<b>\$652,000</b>

## Coinstash Spend

### Breakdown of the use of funds for Spend (estimate only)

Table 7:

Key Items	Low Estimate	High Estimate	Average
License application fees (exclude legal cost)	\$25,000	\$25,000	\$25,000
Responsible Manager (AFSL)	\$96,000	\$178,000	\$137,000
Software Development	\$115,000	\$215,000	\$165,000
Legal Cost	\$90,000	\$170,000	\$130,000
Marketing Cost	\$60,000	\$100,000	\$80,000
Payment Service Cost	\$56,000	\$104,000	\$80,000
Risk Management / Treasury Function	\$57,000	\$107,000	\$82,000
Overheads	\$30,000	\$56,000	\$43,000
<b>Total Project Expense</b>	<b>\$530,000</b>	<b>\$954,000</b>	<b>\$742,000</b>



## Singapore Expansion

### Breakdown of the use of funds for Singapore (estimate only)

*Table 8:*

Key Items	Low Estimate	High Estimate	Average
MAS digital payment services application (including legal costs)	\$300,000	\$500,000	\$400,000
Software Development	\$57,000	\$107,000	\$82,000
Marketing Cost	\$63,000	\$117,000	\$90,000
Overheads	\$47,000	\$87,000	\$67,000
<b>Total Project Expense</b>	<b>\$467,000</b>	<b>\$811,000</b>	<b>\$639,000</b>

## 3.3 RIGHTS ASSOCIATED WITH THE SHARES

Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. A summary of these rights is set out below. A copy of the constitution is attached in the Annexure to this CSF offer document and is available on the Intermediary's platform.

### **3.3.1 Voting rights**

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

### **3.3.2 Dividends**

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

### **3.3.3 General meetings and notices**

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting. A general meeting can only be held with a quorum of members holding one-third of issued shares.

### **3.3.4 Election and removal of directors**

The Board may at any time appoint a person to be a Director. Founding Members holding more than 15% of shares may appoint and remove directors by giving notice to the Company and all other Shareholders. The Board must comprise a minimum of 2 and maximum of 10 members.

### **3.3.5 Winding-up**

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the Company. Holders of fully-paid ordinary voting shares rank ahead of other classes of shares (if any).

### 3.3.6 RESTRICTIONS ON SALE AND TRANSFER

The shares in the Company are transferable in accordance with the provisions of the company constitution. The Founding Members have pre-emptive rights, as set out above at section 2.6.3. There are also drag-along and tag-along rights as mentioned in section 2.6.3 before.

### 3.3.7 WHAT CAN I DO WITH MY SHARES?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit the business. These include, but are not limited to:

- A trade purchase of the Company
- A listing on a registered stock exchange (e.g. the ASX)
- A private equity investment in the Company
- A share buy-back by the Company

There is no guarantee that any of the exit options will eventuate.

## 3.4 INVESTOR REWARDS

Invest a minimum of	Any	\$500	\$1,000	\$2,000	\$5,000	\$10,000	\$20,000
Silver Founder's Perks (e.g. a Founder's Styled Card when the future product becomes available)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Online Investor Hub (e.g. exclusive invite to Coinstash Investors Facebook group)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bitcoin Reward based on Coinstash trading volume (for investor and 3 additional), valid for 6 months		0.5% credit on volume traded on Coinstash (rewarded in Bitcoin), up to \$50	0.5% credit on volume traded on Coinstash (rewarded in Bitcoin), up to \$100	0.5% credit on volume traded on Coinstash (rewarded in Bitcoin), up to \$200	0.5% credit on volume traded on Coinstash (rewarded in Bitcoin), up to \$500	0.5% credit on volume traded on Coinstash (rewarded in Bitcoin), up to \$1000	0.5% credit on volume traded on Coinstash (rewarded in Bitcoin), up to \$2000
A personal thank-you letter from the Founders with a complimentary bottle of wine			Yes	Yes	Yes	Yes	Yes
Coinstash T-shirt & Cap				Yes	Yes	Yes	Yes
Diamond Founder's Perks (extra benefits in addition to Silver Founder's Perks)					Yes	Yes	Yes
Hardware wallet						Ledger Nano S	Ledger Nano X
Exclusive Invite to Dinner with the Founders in Brisbane							Yes

## 4. INFORMATION ABOUT INVESTOR RIGHTS

### 4.1 COOLING-OFF RIGHTS

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within **five business days** of making your application (the Cooling-off Period).

You must withdraw your application via the Intermediary's platform as follows: by following the link and instructions on the CSF Offer page on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

### 4.2 COMMUNICATION FACILITY FOR THE OFFER

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

## 4.3 PROPRIETARY COMPANY CORPORATE GOVERNANCE OBLIGATIONS

### 4.3.1 ANNUAL REPORT

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will likely be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight, and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance, and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers), or, otherwise, become a large proprietary company.

### **4.3.2 DISTRIBUTION OF ANNUAL REPORT**

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's website at the following address [www.coinstash.com.au](http://www.coinstash.com.au) (free of charge) or can contact the company directly and we can hopefully provide assistance.

## **4.4 RELATED PARTY TRANSACTIONS**

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

## **4.5 TAKEOVERS**

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means that a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.



## GLOSSARY

**ACL** means Australian Credit License

**AML/CTF** means anti-money laundering and counter terrorism financing

**AUD, \$** means Australian dollars

**Back-end system** means software development that is not seen by the end user

**Bitcoin** is a type of cryptocurrency

**Blockchain** means a system of database structuring that is secure and decentralised

**Company** means TWMT PTY LTD trading as Coinstash AU (ABN 76 621 581 584)

**Cooling-off Period** means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money

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

**Counterparty** means the opposite party in a contract or financial transaction  
**Maturity Mismatch** means a difference in short-term assets and short-term liabilities  
**Fiat** means a government issued currency that is not backed by commodities

**Collateral** means an asset that is to be forfeited in the event a loan can't be repaid

**Cryptocurrency** means a digital currency asset

**CSF** means crowd-sourced funding under Part 6D.3A of the Corporations Act

**Credit Checks** means assessing your previous financial transactions to gauge the ability to pay back debt

**Distributed ledger technology** means a shared and distributed digital database with no central administrator

**Digital Currency Exchange** means a business that allows buys and sells cryptocurrency

**Founders or Founding Members** means Ting Wang and Mena James Theodorou

**Foreign Exchange** means the exchange of different fiat currency

**Gross Domestic Product (GDP)** means the total monetary value of all finished goods and services

**Intermediary** means Birchall Financial Services Pty Ltd AFSL 502 618

**In-house solution** means a problem or task is done by an employee of the company

**Liquidating** means selling assets to pay liabilities

**Leverage** means using debt OR means utilising something to maximise an advantage or strength

**Loan to Value ratio (LVR)** is the ratio of loans compared to the collateral the loan is borrowed against

**Market Capitalisation** means the total value of a business as per the current market rate

**Maximum Subscription** means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer

**Minimum Subscription** means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer

**Offer** means an offer of fully-paid ordinary shares by the Company under this CSF offer document

**PayID** means a method of depositing money through Australian Banks. BPAY means a method of depositing money through Australian Banks. Bilingual means fluency in two different languages  
Peer-to-peer means person to person with no intermediary

**Payment processing** means the handling of the movement of currency to facilitate a transaction

**Pre-Seed** means is a pre-institutional funding that either has no institutional investors or is a low amount

**Reconciliation** means checking financial accounts/data is accurate and consistent

**Remittance** means sending money as a payment or gift

**SAFE Note** means Simple Agreement for Future Equity notes, which is a type of funding agreement, commonly used in early-stage companies

**SEO, Search engine optimisation** means optimising a website to be found easier through a search engine

**Stablecoins** are cryptocurrencies designed to minimise the volatility of the price of the stablecoin, relative to some “stable” asset or basket of assets, typically pegged to a fiat currency such as the USD or AUD.

**Treasury Function** means the function within the company that manages the operations and risk around liquidity of the company.

**USD** means United States of America dollars.

**Venture Capital** means a type of financing that investors provide to start-up companies and small businesses that are believe to have long-term growth potential.

**TWMT PTY LTD**  
(ACN 621 581 584)

**Proprietary Company Limited by Shares**

**Replacement Constitution**

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**Corporations Act**  
**A Company Limited by Shares**  
**Replacement Constitution of**  
**TWMT Pty Ltd**  
(ACN 621 581 584)

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Constitution:

**"Board"** means the board of Directors of the Company.

**"Company"** means the company named above governed by the terms of this constitution.

**"CSF Offer"** has the same meaning as in the Law.

**"CSF Shareholder"** has the same meaning as in the Law.

**"Directors"** means in the case of there being a single director, that director, and in the case of there being 2 or more directors, those directors.

**"Directors' Special Resolution"** means a resolution of the Board having, in aggregate, at least 75% of all votes capable of being cast at a Board meeting if all Directors are present.

**"Drag-Along Completion Date"** means the date and time of completion of the sale of the Majority Shares by each Drag Holder to the New Member (being a date which is not less than 5 Business Days after the expiry of the period referred to in Clause 8.8(a)).

**"Drag-Along Notice"** means a notice to be given by a Drag Holder to each Dragged-Along Holder under Clause 8.1

**"Drag-Along Sale Price"** means a cash price per share specified in a Drag-Along Notice that is not less than the Market Value of the shares.

**"Drag Holder"** means a Seller or Sellers whose shares are Majority Shares.

**"Dragged-Along Holder"** means a Member that is not a Drag Holder.

**"Drag Specified Proportion"** means the proportion that the number of shares that are to be sold by a Drag Holder to a New Member represents of all the shares held by that Drag Holder.

**"Founding Members"** means:

- (a) Ting Wang; and

(b) Mena James Theodorou.

and Founding Member means any one of them.

"**Law**" means the *Corporations Act 2001* (C'th).

"**Majority Shares**" means shares which represent, in aggregate, 70% or more in number of all of the issued shares.

"**Market Value**" of a share shall be deemed to be either:

- (a) the value as agreed to unanimously in writing by the Members; or
- (b) in default of agreement under paragraph (a), as determined by an accountant (that has expertise in valuing similar businesses) as agreed by the Members or, failing agreement, as appointed by the President for the time being of the Institute of Chartered Accountants Australia and New Zealand, whose decision will be that of an expert and binding on the Members.

"**Members**" means in the case of there being a single member, that member, and in the case of there being 2 or more members, those members.

"**Members' Special Resolution**" means a resolution of the Members which is approved by Members having, in aggregate, at least 75% of all votes capable of being cast at a Members' meeting by persons present and entitled to vote.

"**New Member**" means either:

- (a) the nominated purchaser of shares under Clause 8.1; or
- (b) the nominated purchaser of shares under Clause 9.1.

"**Related Body Corporate**" has the meaning given to it by Section 50 of the Law.

"**Representative**" means a person appointed as a representative of a body corporate pursuant to Section 250D of the Law.

"**Seal**" means the common seal of the Company (if any).

"**Secretary**" means any person appointed to perform the duties of a secretary of the Company.

"**Seller**" means, in relation to a transfer of shares, a Member that is the transferor of those shares.

"**Share Plan**" means a formal written share plan established by the Board to issue shares or options to acquire shares to employees, officers, directors, contractors, consultants or advisers to the Company or any subsidiary of the Company that result in the issue of that number of shares of an amount up to 30% of the fully diluted share capital as at the date of establishment.

"**Specified Price**" means the price of Transfer Securities specified by a Seller under a Transfer Notice.



**"Tag-Along Exercise Notice"** means a notice given by a Tagged Holder under Clause 9.3.

**"Tag-Along Option"** means an option granted to each Tagged Holder to require a Tag Holder to cause a New Member to buy the Tag Specified Proportion of the shares held by that Tagged Holder.

**"Tag-Along Shares"** means the Tag Specified Proportion of each Tagged Holder's Shares.

**"Tag-Along Terms"** means a price per share and terms and conditions no less favourable to each Tagged Holder who exercises their Tag-Along Option, than are being received, or are proposed to be received, by each Tag Holder from a New Member.

**"Tag Holder"** means a Seller or Sellers whose Shares are Majority Shares.

**"Tagged Holder"** means a Shareholder that is not a Tag Holder.

**"Tag Specified Proportion"** means the same proportion of shares held by a Tagged Holder as the proportion that the number of shares that are to be sold by a Tag Holder to a New Member represents of all the shares held by that Tag Holder.

**"Transfer Notice"** means a notice setting out the matters referred to in Clause 7.2.

**Transfer Securities** means the shares of a Seller which are the subject of a Transfer Notice.

## **1.2 Interpretation**

Except so far as the contrary intention appears in this Constitution, an expression has, in a provision of this Constitution that deals with a matter dealt with by a particular provision of the Law, the same meaning as in that provision of the Law.

## **2. PRELIMINARY**

### **2.1 Company legal capacity and powers**

Subject to the Law, the Company has the legal capacity and powers of an individual, and also all the powers of a body corporate, including the power to:

- (a) issue and cancel shares in the Company, including bonus shares, preference shares and partly paid shares;
- (b) issue debentures of the Company;
- (c) grant options over unissued shares in the Company;
- (d) distribute any of the property of the Company among the Members, in kind or otherwise;
- (e) give security by charging uncalled capital;
- (f) grant a floating charge over the property of the Company;

- (g) arrange for the Company to be registered or recognised as a body corporate in any place
- (h) outside its jurisdiction of registration; and
- (i) do anything that it is authorised to do by any other law (including the law of a foreign country).

## **2.2 Relevant provisions**

Each of the provisions of the sections or sub-sections of the Law which would but for this clause apply to the Company as a replaceable rule within the meaning of the Law are displaced and do not apply to the Company.

## **2.3 Type of company**

The Company is a proprietary company.

## **2.4 Shareholders**

- (a) The number of Members for the time being of the Company exclusive of:
  - (1) any person who is an employee of the Company or of any subsidiary of the Company and any shareholder who was an employee of the Company or of any subsidiary of the Company, when that person became a shareholder;
  - (2) subject to the Law, any CSF Shareholder or any Member who holds a share originally issued under a CSF Offer,
 is not to exceed fifty.
- (b) Where two or more persons hold one or more shares in the company jointly, they will for the purposes of paragraph (a) be treated as a single Member.
- (c) The Company must not engage in any activity that would require the lodgement with the Australian Securities and Investment Commission of a prospectus under Chapter 6D of the Law except for:
  - (1) an offer of shares to existing shareholders of the Company or employees of the Company or a subsidiary of the Company; or
  - (2) a CSF Offer.

## **3. CLASSES OF SHARES**

Shares issued must be in a class described in the Third Schedule or any other class permitted by this Constitution.

## **4. ISSUE OF SHARES AND VARIATION OF RIGHTS**

### **4.1 Issue of shares**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Law, shares in the Company may be issued by the Directors and any such share may be issued with such preferred,

deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors, subject to any resolution, determine.

## **4.2 Issue of preference shares**

Subject to the Law, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed and such power may be exercised by the Directors.

## **4.3 Share capital structure**

- (a) 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 may be varied or cancelled with the consent in writing of the holders of the issued shares who are entitled to at least 75% of the votes that may be cast in respect of shares of that class, or by a special resolution passed at a separate meeting of the holders of the shares of that class.
- (b) The provisions of this Constitution relating to meetings of the Company's Members apply so far as they are capable of application to every such separate meeting of the Member(s) of a class of shares except that:
  - (1) where there is more than one member of a class, a quorum is constituted by two persons, each being a Member or a proxy or Representative of a Member, who between them hold or represent one-third of the issued shares of the class; or
  - (2) where there is one member of a class, a quorum is constituted by that Member or a proxy or Representative of that Member; and
  - (3) any holder of shares of the class, present in person or by proxy or by Representative, may demand a poll.
- (c) The rights attached to an existing class of preference shares will be taken to be varied by the issue of new preference shares that rank equally with those existing preference shares unless the new issue is authorised by:
  - (1) the terms of issue of the existing preference shares; or
  - (2) the Company's constitution (if any) as in force when the existing preference shares were issued.

## **4.4 Brokerage or commission payments**

- (a) The Company may pay brokerage or commission to a person in respect of that person or another person agreeing to take up shares in the Company.
- (b) Payments by way of brokerage or commission may be satisfied by the payment of cash by the allotment of fully or partly paid shares or partly by the payment of cash and partly by the allotment of fully or partly paid shares.

#### **4.5 Share recognition**

- (a) Except as required by law, the Company will not recognise a person holding a share upon any trust.
- (b) Except as otherwise provided by this Constitution or by law, the Company is not bound by or compelled in any way to recognise (whether or not it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any share or unit of a share or any other right in respect of a share except an absolute right of ownership in the registered holder.

#### **4.6 Share certificate**

- (a) A person whose name is entered as a Member in the register of Members is entitled without payment to receive a certificate in respect of the share issued in accordance with the Law under the Seal or in such other manner permitted under the Law as the Directors determine but, in respect of a share or shares held jointly by several persons, the Company is not bound to issue more than one certificate.
- (b) Delivery of a certificate for a share to one of several joint holders is sufficient delivery to all such holders.

### **5. LIEN**

#### **5.1 Lien on shares**

- (a) The Company has a first and paramount lien on every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share.
- (b) The Company has a first and paramount lien on all shares (other than fully paid shares) registered in the name of a sole holder for all money presently payable by him or his estate to the Company.
- (c) The Directors may at any time exempt a share wholly or in part from the provisions of this clause.
- (d) The Company's lien (if any) on a share extends to all dividends payable in respect of the share.

#### **5.2 Sale of shares**

- (a) Subject to Clause 5.2(b) the Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien.
- (b) A share on which the Company has a lien will not be sold unless:
  - (1) a sum in respect of which the lien exists is presently payable; and
  - (2) the Company has, not less than 14 days before the date of the sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder a notice in writing setting out, and demanding payment of, such part of the amount in respect of which the lien

exists as is presently payable.

### **5.3 Transfer of shares**

- (a) For the purpose of giving effect to a sale mentioned in Clause 5.2, the Directors may authorise a person to transfer the shares sold to the purchaser of the shares.
- (b) The Company must register the purchaser as the holder of the shares comprised in any such transfer and he is not bound to see to the application of the purchase money.
- (c) The title of the purchaser to the shares is not affected by any irregularity or invalidity in connection with the sale.

### **5.4 Proceeds of sale**

The proceeds of a sale mentioned in Clause 5.2 will be applied by the Company in payment first of the expenses of the sale, then of such part of the amount in respect of which the lien exists as is presently payable, and the residue (if any) will (subject to any like lien for sums not presently payable, that existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

## **6. CALLS ON SHARES**

### **6.1 Calls on shares**

- (a) The Directors may make calls upon the Members in respect of any money unpaid on the shares of the Members and not by the terms of issue of those shares made payable at fixed times.
- (b) Each Member must, upon receiving at least 14 days' notice specifying the time or times and place of payment, pay to the Company at the time or times and place so specified the amount called on his shares.
- (c) The Directors may revoke or postpone a call.

### **6.2 Call authorisation**

A call will be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments.

### **6.3 Calls on joint shareholders**

The joint holders of a share are jointly and severally liable to pay all calls in respect of the share.

### **6.4 Interest on calls**

If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due must pay interest on the sum from the day appointed for payment of the sum to the time of actual payment at such rate as the Directors determine, but the Directors may waive payment of that interest wholly or in part.

## **6.5 Payment of calls**

Any sum that, by the terms of issue of a share, becomes payable on allotment or at a fixed date will for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable, and, in case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.

## **6.6 Directors' discretion on calls**

The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

## **6.7 Payment on shares**

- (a) The Directors may accept from a Member the whole or a part of the amount unpaid on a share although no part of that amount has been called up.
- (b) The Directors may authorise payment by the Company of interest upon the whole or any part of an amount so accepted, until the amount becomes payable, at such rate, not exceeding the prescribed rate, as is agreed upon between the Directors and the Member paying the sum.
- (c) For the purpose of Clause 6.7(b), the prescribed rate of interest is:
  - (1) if the Company has, by resolution, fixed a rate - the rate so fixed; and
  - (2) in any other case - 8% per annum.

# **7. PRE-EMPTIVE RIGHTS OF FOUNDING MEMBERS**

## **7.1 General restrictions**

A Member must not transfer any of their shares, except in accordance with this Clause 7, without the prior approval of a Members' Special Resolution.

## **7.2 Transfer Notice**

A Seller must give to each Founding Member a Transfer Notice setting out:

- (a) that the Seller wants to transfer a specified number (which may be all or some only of its total holding) of shares;
- (b) the class or classes of Transfer Securities;
- (c) the cash price per Transfer Security;
- (d) the name of the proposed transferee (if known); and
- (e) any other terms of sale of the Transfer Securities,

and attaching a copy of the offer (if any) from the proposed transferee.

### **7.3 Entitlement of Founding Members to the Transfer Securities**

The Transfer Notice is an offer by the Seller to each Founding Member to sell on the terms set out in the Transfer Notice, conditional on the Seller receiving acceptances from one or more of the Founding Members for the transfer of all of the Transfer Securities. Each Founding Member may buy the number of Transfer Securities calculated in accordance with the following formula:

$$N = A \times \frac{B}{C - D}$$

where:

- N = the number of Transfer Securities the Founding Member may buy.
- A = the total number of Transfer Securities.
- B = the number of shares held by the Founding Member on the date of the Transfer Notice.
- C = the total number of shares held by all Members on the date of the Transfer Notice.
- D = the number of shares held by the Seller on the date of the Transfer Notice, including the Transfer Securities.

### **7.4 Response by Founding Members**

Within 10 Business Days after receiving a Transfer Notice, each Founding Member must give the Seller an unconditional notice (with a copy to the Board) stating:

- (a) whether it accepts its allocation determined under Clause 7.3 or a specified lesser number of Transfer Securities, or rejects in full the offer made to it in the Transfer Notice; and
- (b) if it wants to buy more than its allocation determined under Clause 7.3, that it offers to buy an additional specified number of Transfer Securities (not exceeding the total number of Transfer Securities minus the number of Transfer Securities accepted by it under Clause 7.4(a)) if the other Founding Members do not accept in full their allocations,

otherwise that Founding Member is taken to have rejected the offer.

### **7.5 Entitlement of Founding Members to Transfer Securities above their allocations**

If the total number of Transfer Securities offered to be purchased under Clause 7.4(b) exceeds the number of Transfer Securities for which acceptances have not been received under Clause 7.4(a), then the Transfer Securities available must be allocated between all accepting Founding Members who have given notice under Clause 7.4(b) in their respective proportions, until all of the Transfer Securities for which acceptances have not been received under Clause 7.4(a) are allocated, or until all offers under Clause 7.4(b) have been satisfied.



## **7.6 Where Founding Members agree to buy all Transfer Securities**

If the Founding Members agree to buy all Transfer Securities then, on the third Business Day after accepting the offer, each Founding Member must buy from the Seller and the Seller must sell to the Founding Members the Transfer Securities:

- (a) at the Specified Price; and
- (b) (unless otherwise agreed between the Founding Members) in the proportions calculated under Clause 7.3 adjusted, as applicable, under Clause 7.4.

## **7.7 Where Founding Members do not agree to buy all Transfer Securities**

If the Founding Members do not agree to buy all Transfer Securities, the Seller must within five Business Days after the end of the period under Clause 7.4 give notice to the Founding Members (with a copy to the Board):

- (a) withdrawing all offers contained in the Transfer Notice and advising whether or not it wishes to sell the Transfer Securities to another person under Clause 7.9; or
- (b) advising that it wants to proceed with the sale:
  - (1) to accepting Founding Members of that number of Transfer Securities for which acceptances have been received; and
  - (2) to another person of those Transfer Securities for which there are no accepting Founding Members.

## **7.8 Sale to accepting Founding Members.**

If the Seller gives a notice under Clause 7.7(b), each accepting Founding Member must buy from the Seller and the Seller must sell to the accepting Founding Member the number of Transfer Securities the accepting Founding Member agreed to buy under Clause 7.4(a) plus the number of Transfer Securities the accepting Founding Member agreed to, and is entitled to, buy under Clause 7.5:

- (a) within 5 Business Days after the Founding Members receive the notice; and
- (b) at the Specified Price.

## **7.9 Sale to another person**

If the Seller gives a notice under Clause 7.7(a) advising that it wishes to sell the Transfer Securities to another person or under Clause 7.7(b)(ii), the Seller may sell those Transfer Securities that are not transferred to accepting Founding Members under Clause 7.7(b)(ii) to another person:

- (a) at any time within 90 Business Days after giving the Transfer Notice;
- (b) at a price per Transfer Security not less than the Specified Price; and
- (c) on terms no more favourable to the buyer than those offered to the Founding Members.

## **8. TAG-ALONG**

### **8.1 Tag-Along Option**

Subject to the provisions of this Clause 8, if a Tag Holder is permitted in accordance with this Constitution to, and intends to, sell Majority Shares to a person who is not a Founding Member, then each Tagged Holder will become entitled to exercise a Tag-Along Option.

### **8.2 Notification to Tagged Holders**

The Tag Holder must promptly notify all Tagged Holders in writing if and when the Tagged Holders become entitled to exercise the Tag-Along Option. That notice must specify:

- (a) the identity of the New Member;
- (b) the price per share and terms and conditions being received by the Tag Holder from the New Member; and
- (c) the price per Share and terms and conditions offered by that New Member to the Tagged Holders.

### **8.3 Time for Exercise of Tag-Along Option**

A Tagged Holder may only exercise the Tag-Along Option by giving written notice to the Tag Holder, no later than 10 Business Days after the date on which that Tagged Holder receives the notice under Clause 8.2.

### **8.4 Lapse of Tag-Along Option**

A Tag-Along Exercise Notice, once served, is irrevocable, but both the Tag-Along Exercise Notice and all obligations under it will lapse if for any reason the Tag Holder fails to transfer all of the Majority Shares to the relevant New Member.

### **8.5 Exercise of Tag-Along Option**

If a Tag-Along Exercise Notice is given in accordance with Clause 8.3, then in respect of the Shares covered by a valid Tag-Along Exercise Notice, each Tag Holder must:

- (a) take all steps (including in the case of a sale to a New Member making it a condition precedent to completion of the sale of the Majority Shares to that New Member) to cause that New Member to buy the Tag-Along Shares of each Tagged Holder on the Tag-Along Terms.
- (b) procure that the purchase price payable for the Tag-Along Shares of each Tagged Holder is paid in immediately available funds on completion of the sale and purchase of the Tag-Along Shares of each Tagged Holder, which must take place at the same time as completion of the sale and purchase by the Tag Holders of their respective Majority Shares to that New Member; and
- (c) not sell their Majority Shares to that New Member if that New Member for any reason fails to purchase the Tag-Along Shares of each Tagged Holder (or such lesser proportion as corresponds to the proportion of the Tag Holders' Shares as are actually sold) on the Tag-Along Terms or fails to complete that

purchase on the same date as the date for completion of the sale of the Tag Holder's Majority Shares to that New Member,

provided that:

- (d) at or before the completion of the purchase and sale of the Tag-Along Shares of each Tagged Holder to the relevant New Member, each Tagged Holder must deliver to that New Member:
  - (1) executed share transfers in registrable form in respect of all of the Tag-Along Shares of that Tagged Holder;
  - (2) the original share certificates in respect of all those Shares;
  - (3) a duly executed notice irrevocably appointing that New Member as that Tagged Holder's proxy in respect of those Shares until such time as those Shares are registered in the name of that New Member, if and only if that Third Party indemnifies that Tagged Holder against any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment that that Tagged Holder pays, suffers, or incurs or is liable for in respect of any action taken by that New Member as that Tagged Holder's proxy under this paragraph (iii); and
  - (4) a written resignation from the Director (if any) appointed by that Tagged Holder, unless that Tagged Holder remains entitled to appoint a Director;
- (e) each Tagged Holder represents and warrants that the legal and beneficial title to the Tag-Along Shares of that Tagged Holder will be transferred to the New Member, with all rights attaching to them and free from any security interest.

## **8.6 Transfer of Shares**

Any transfer of Shares pursuant to the exercise of the Tag-Along Option does not need to be in accordance with Clause 7.

## **9. DRAG-ALONG**

### **9.1 Drag-Along option**

If at any time a Drag Holder is permitted to, and agrees to, sell the Drag Specified Proportion of its Shares to a person who is not a Party on bona fide arms' length terms and such sale would result in that New Member obtaining in aggregate Majority Shares then, subject to the provisions of Clauses 9.8 and 9.9, the Drag Holder may serve a notice to each Dragged-Along Holder, requiring each such Dragged-Along Holder to sell the Relevant Drag-Along Shares to that New Member on the Drag-Along Completion Date and otherwise in accordance with this Clause 9.

### **9.2 Form of Drag-Along notice**

The Drag-Along Notice:

- (a) must set out in detail:

- (1) the identity of the New Member;
  - (2) the number of Shares that the Drag Holder proposes to sell to that New Member;
  - (3) the Drag-Along Sale Price; and
  - (4) all other material terms and conditions upon which the Drag Holder proposes to sell the Shares to the New Member; and
- (b) once served, is irrevocable,

but both the Drag-Along Notice and all obligations under it will lapse if for any reason the Drag Holder fails to transfer all of the specified Shares to the New Member.

### **9.3 Sale of Drag-Along Shares**

The sale of Shares subject to a Drag-Along Notice shall be sold and purchased in accordance with Clauses 9.4 to 9.8 (both inclusive).

### **9.4 Purchase Price**

The purchase price for each Drag-Along Share shall be the Drag-Along Sale Price, to be paid in immediately available funds on the Drag-Along Completion Date, and otherwise the sale of the Relevant Drag-Along Shares of each Dragged-Along Holder to the New Member must be on no less favourable terms and conditions as those applicable to the sale by the Drag Holder of its Shares to the New Member.

### **9.5 Representations and warranties**

None of the Dragged-Along Holders will be required to make any representations, warranties, indemnities or other protective covenants in favour of the New Member other than to represent and warrant that the legal and beneficial title to the Relevant Drag-Along Shares of the Dragged-Along Holder will be transferred to the New Member, with all rights attaching to them and free from any security interest.

### **9.6 No benefit to Drag Holders**

The Drag Holder must not receive directly or indirectly any collateral benefit in connection with the sale by the Drag Holder of their Shares to the New Member.

### **9.7 Completion**

At or before completion of the purchase and sale of the Relevant Drag-Along Shares of each Dragged-Along Holder to the New Member:

- (a) each Dragged-Along Holder must deliver to the New Member:
  - (1) executed share transfers in registrable form in respect of the Relevant Drag-Along Shares of that Dragged-Along Holder;
  - (2) the original share certificates in respect of the Relevant Drag-Along Shares;
  - (3) a duly executed notice irrevocably appointing that New Member as

that Dragged-Along Holder's proxy in respect of the Relevant Drag-Along Shares until such time as the Relevant Drag-Along Shares are registered in the name of that New Member; and

- (4) a written resignation from the Director (if any) appointed by that Dragged-Along Holder, unless the Dragged-Along Holder remains entitled to appoint a Director; and
- (b) the Drag Holder must procure that the New Member:
  - (1) pays each Dragged-Along Holder the purchase price payable for its Relevant Drag-Along Shares in immediately available funds on the Drag-Along Completion Date; and
  - (2) indemnifies each Dragged-Along Holder against any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment that that Dragged-Along Holder pays, suffers, or incurs or is liable for in respect of any action taken by the New Member as that Dragged-Along Holder's proxy under Clause 9.7(a)(iii).

## **9.8 Pre-emptive rights**

Notwithstanding any of the provisions of the preceding clauses of this Clause 9:

- (a) any one or more of the Founding Members will have a right, that must be exercised within 20 Business Days after the date of their receipt of the Drag-Along Notice, to offer to purchase from the Drag Holder all of the Majority Shares; and
- (b) provided that the terms and conditions of the offer referred to in paragraph (a) are, in all material respects, equal or superior to the terms and conditions of the proposed sale of the Majority Shares as set out in the Drag-Along Notice, the Drag Holder must accept that offer and is prohibited from seeking to effect or effecting the proposed sale of the Majority Shares to the New Member.

## **10. SHARE TRANSFERS**

### **10.1 Transfer of shares**

- (a) Subject to this Constitution, a Member may transfer all or any of his shares by instrument in writing in any usual or common form or in any other form that the Directors approve.
- (b) An instrument of transfer referred to in Clause 10.1(a) must be executed by or on behalf of both the transferor and the transferee.
- (c) A transferor of shares remains the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of Members in respect of the shares.

### **10.2 Registrations on transfers**

The instrument of transfer must be left for registration at the registered office of the Company, accompanied by the certificate of the shares to which it relates and such

other information as the Directors properly require to show the right of the transferor to make the transfer and thereupon the Company may register the transferee as a Member.

### **10.3 Directors' discretion on transfers**

- (a) The Directors may, at their discretion refuse to register any transfer of shares without assigning any reason.
- (b) No transfer of shares will be registered if upon its registration the number of Members of the Company would exceed the maximum number prescribed by Clause 2.4(a).

### **10.4 Registration deferrals/ suspensions**

The registration of transfers may be suspended at such times and for such periods as the Directors from time to time determine not exceeding in the whole 30 days in any one calendar year.

## **11. TRANSMISSION OF SHARES**

### **11.1 Title to shares on death of member**

In the case of the death of a Member:

- (a) the survivor where the deceased was a joint holder; and
- (b) the legal personal representative where the deceased was a sole holder

will be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. This clause does not release the estate of a deceased joint holder from any liability in respect of a share that had been jointly held by him with other persons.

### **11.2 Transferee**

- (a) Subject to the Bankruptcy Act 1966, a person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such information being produced as is properly required by the Directors, elect either to be registered himself as a holder of the share or to have some other person nominated by him registered as the transferee of the share.
- (b) If the person becoming entitled elects to be registered himself, he must deliver or send to the Company a notice in writing signed by himself stating that he so elects.
- (c) If he elects to have another person registered, he must execute a transfer of the share to that other person.
- (d) If a Member dies or becomes bankrupt, the limitations, restrictions and provisions of this Constitution relating to the right to transfer, and the registration of transfer of shares are applicable to any such notice or transfer. These are applicable as if the death or bankruptcy of the Member had not occurred and the notice or transfer was a transfer signed by that Member.

### **11.3 Death of a registered holder**

- (a) Where the registered holder of a share dies or becomes bankrupt, his legal personal representative or the trustee of his estate, as the case may be, is, upon the production of such information as is properly required by the Directors, entitled to the same dividends and other advantages, and to the same rights (whether in relation to meetings of the Company's Members, or to voting or otherwise), as the registered holder would have been entitled to if he had not died or become bankrupt.
- (b) Where 2 or more persons are jointly entitled to any share in consequence of the death of the registered holder, they will, for the purpose of this Constitution, be deemed to be joint holders of the share.

## **12. FORFEITURE OF SHARES**

### **12.1 Notice of payment**

- (a) The Directors may serve a notice on a Member requiring payment of any calls or instalments not paid by the due date.
- (b) The notice will name a further day at least 14 days ahead. Payment must be made by that further day. If it is not, the shares will be forfeited.

### **12.2 Notice of forfeiture**

- (a) If the requirements of a notice served under Clause 12.1 are not complied with, the shares referred to in the notice will be forfeited by a Directors resolution.
- (b) Such a forfeiture will include all unpaid dividends declared in respect of the forfeited shares.

### **12.3 Director's discretion on forfeitures of shares**

A forfeited share may be sold, reissued or otherwise disposed of on such terms and in such manner as the Directors think fit, and, at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors think fit.

### **12.4 Members liabilities**

After share forfeiture, the previous Member remains liable to pay all outstanding liability. The Company may charge interest at 8% per annum from the date of forfeiture.

### **12.5 Statement of forfeiture**

A statement in writing declaring that the person making the statement is a director or a secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the statement, is prima facie evidence of the facts stated, in the statements as against all persons claiming to be entitled to the share.



## **12.6 Consideration of forfeiture**

- (a) The Company may receive the consideration (if any) given for a forfeited share on any sale, reissue or disposition of the share and execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (b) Upon the execution of the transfer, the transferee will be registered as the holder of the share and is not bound to see to the application of any money paid as consideration.
- (c) The title of the transferee to the share is not affected by any irregularity or invalidity in connection with the forfeiture, sale, reissue or disposal of the share.

## **12.7 Non-payment**

The provisions of this Constitution as to forfeiture apply in the case of non-payment of any sum that, by the terms of issue of a share, becomes payable at a fixed time, as if that sum had been payable by virtue of a call duly made and notified.

## **13. ALTERATION OF CAPITAL**

### **13.1 Resolution to convert or cancel shares**

The Company may by ordinary resolution passed at a general meeting:

- (a) convert all or any of its shares into larger or smaller numbers of shares; or
- (b) cancel shares that have been forfeited under the terms on which the shares are on issue.

### **13.2 Subsequent offer of shares**

- (a) The Directors can offer shares of a particular class, however, before doing so, they must offer them to existing shareholders of that class. The Company may authorise an issue by ordinary resolution passed at a general meeting.
- (b) Subject to Clause 13.2(e), the number of shares to be offered to each Member must be in proportion to the number of shares of that class that they already hold.
- (c) The offer must be made by notice specifying the number of shares offered and the period of time within which the offer, if not accepted, will be deemed to be declined.
- (d) After the expiration of that time or on being notified by the person to whom the offer is made that he declines to accept the shares offered, the Directors may issue those shares in such a manner as they think most beneficial to the Company.
- (e) Where, by reason of the proportion that shares proposed to be issued bear to shares already held, some of the first-mentioned shares cannot be offered in accordance with Clause 13.2(b), the Directors may issue the shares that cannot be so offered in such manner as they think most beneficial to the Company.

### **13.3 Capital reduction and buyback of shares**

Subject to the Law, the Company may:

- (a) Reduce its share capital in any manner;
- (b) Buy back its own shares.

### **13.4 Pre-emptive rights to issue of shares and options**

- (a) Despite anything to the contrary contained in this Constitution except for Clause 13.4(d), before issuing shares or options in respect of shares, the Directors must offer the shares or options to be issued to the existing holders of the shares of that same class and if there are no existing shares of that class on issue, to all Members. As far as practicable, the number of shares or options to be offered to each existing holder of shares in the class of shares to be issued must be in proportion to the number of shares of that class which they then hold as a proportion of the total number of shares in that class on issue and, if there are no such holders, to each member in proportion to the number of shares held by the member as a proportion of the total number of shares on issue by the Company.
- (b) To make the offer under Clause 13.4(a), the Directors must give the Members entitled to receive the offer a statement setting out the terms of the offer, including:
  - (1) the number of shares or options offered; and
  - (2) the period during which the offer will remain open.
- (c) The Directors may issue any shares or options not taken up under the offer made as they see fit.
- (d) The Members may by resolution in general meeting or written consent of all the Members authorise the Directors to make a particular issue of shares or options without complying with Clause 13.4(a).

## **14. GENERAL MEETINGS**

### **14.1 Director may convene meeting of members**

Any Director may whenever he thinks fit convene a meeting of the Company's Members.

### **14.2 Directors' convention**

A general meeting will be convened by the Directors on the request of the Members in accordance with section 249D of the Law.

### **14.3 Members' convention**

A general meeting may be convened by the Members in accordance with sections 249E and 249F of the Law.

#### **14.4 Form of meetings/ structure of meetings**

The Company may hold a meeting of its Members at 2 or more venues using any technology that gives the Members as a whole a reasonable opportunity to participate.

#### **14.5 Notification period**

Subject to the provisions of the Law relating to agreements for shorter notice, at least 21 days' notice must be given of a meeting of the Company's Members.

#### **14.6 Notice of meetings**

- (a) Notice of every meeting of the Company's Members will be given in the manner authorised by Clause 26 to:
  - (1) every Member and to every Director;
  - (2) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting; and
  - (3) the auditor for the time being of the Company.
- (b) No other person is entitled to receive notices of meetings of the Company's Members.

#### **14.7 Details of meetings/ records of meetings**

A notice of a meeting of the Company's Members will:

- (a) Specify the place, the date and the time of meeting (and, if the meeting is to be held in 2 or more places, the technology that will be used to facilitate this;
- (b) State the general nature of the business to be transacted at the meeting; and
- (c) Contain such other information as is required by section 249L of the Law.

### **15. PROCEEDINGS AT GENERAL MEETINGS**

#### **15.1 Quorum and proxy**

- (a) No business can be transacted at any meeting of the Company's Members unless a quorum of Members is present at the time when the meeting proceeds to business.
- (b) Two persons each being a Member or a proxy or a Representative of a Member who between them hold or represent one-third of the issued shares will be a quorum for a meeting of the Company's Members. If the Company has only one Member, that Member may pass a resolution by the Member recording it and signing the record.

#### **15.2 Quorum of meeting**

If a quorum is not present within half an hour from the time appointed for the meeting:

- (a) Where the meeting was convened upon the request of Members - the meeting will be dissolved; or
- (b) In any other case:
  - (1) the meeting stands adjourned to such day, and at such time and place, as the Directors determine or, if no determination is made by the Directors, to the same day in the next week at the same time and place; and
  - (2) if at the adjourned meeting a quorum is not present within half an hour from the time appointed for such adjourned meeting, then the meeting is dissolved.

### **15.3 Chairperson**

- (a) The Directors may elect an individual to chair a meeting of the Company's Members.
- (b) Where a meeting of the Company's Members is held and:
  - (1) a chairperson has not been elected as provided by Clause 15.3(a); or
  - (2) the chairperson is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act for all or part of the meeting;

the Members present must elect one of their number to be chairperson of the meeting (or part of it).

### **15.4 Adjournment**

- (a) The chairperson must adjourn a meeting of the Company's Members from time to time and from place to place if the Members present with a majority of votes that may be cast at that meeting agree or direct the chairperson to do so. No business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (b) When a meeting of the Company's Members is adjourned for 30 days or more, notice of the adjourned meeting will be given as in the case of an original meeting.
- (c) Except as provided by Clause 15.4(a), it is not necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **15.5 Voting**

- (a) At any meeting of the Company's Members a resolution put to the vote of the meeting will be decided on a show of hands unless except where the resolution constitutes a Member's Special Resolution as contained in the Fifth Schedule or a poll is (before a vote is taken or before or immediately after the declaration of the result of the show of hands) demanded:
  - (1) by the chairperson;

- (2) by at least 2 Members entitled to vote in the resolution; or
- (3) by a Member or Members with at least 5% of the votes that may be cast on the resolution on a poll.
- (b) Unless a poll is so demanded, a declaration by the chairperson that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost. An entry to that effect in the book containing the minutes of the proceedings of the Company, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- (c) The demand for a poll may be withdrawn.

## **15.6 Polling**

- (a) If a poll is duly demanded, it must be taken in such manner and (subject to Clause 15.6(b)) at once after either an interval or adjournment or otherwise as the chairperson directs, and the result of the poll will be the resolution of the meeting at which the poll was demanded.
- (b) A poll demanded on the election of a chairperson or on a question of adjournment will be taken immediately.

## **15.7 Casting vote**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting of the Company's Members at which the show of hands takes place or at which the poll is demanded, has a casting vote in addition to any vote he may have in his capacity as a Member.

## **15.8 Class of shares restrictions/ limitations**

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

- (a) at meetings of the Company's Members or classes of Members each Member entitled to vote may vote in person or by proxy or by a Representative or by attorney; and
- (b) on a show of hands every person present who is a Member or a proxy or an attorney or a Representative of a Member has one vote, and on a poll every person present in person or by proxy or attorney or by a Representative has one vote for each share he holds.

## **15.9 Joint shareholder voting rights**

If the share is held jointly and more than one Member votes in respect of that share, only the vote of the Member whose name appears first in the register of Members counts.

## **15.10 Incapacity to vote**

If a Member is of unsound mind or is a person whose person or estate is liable to be dealt with in any way under the law relating to mental health, his committee or

trustee or such other person as properly has the management of his estate may exercise any rights of the Member in relation to a meeting of the Company's Members as if the committee, trustee or other person were the Member.

### **15.11 Unpaid shares**

A Member is not entitled to vote at a meeting of the Company's Members unless all calls and other sums presently payable by him in respect of shares in the Company have been paid.

### **15.12 Objections**

- (a) An objection may be raised to the qualification of a voter only at the meeting or adjourned meeting at which the vote objected to is given or tendered.
- (b) Any such objection will be referred to the chairperson of the meeting of the Company's Members, whose decision is final.
- (c) A vote not disallowed pursuant to such an objection is valid for all purposes.

### **15.13 Appointing proxies or attorneys**

- (a) A Member who is entitled to attend and vote at a meeting of the Company Members or at a meeting of any class of Members of the Company is entitled to appoint not more than 2 other persons (whether Members or not) as the Member's proxy or proxies or attorneys, as the case may be, to attend and vote instead of the Member at the meeting.
- (b) A proxy or attorney may be appointed for all meetings, or for any number of meetings or for a particular purpose. The appointment may specify the proportion or number of votes that the proxy may exercise.
- (c) Where a Member appoints 2 proxies or attorneys, the appointment is of no effect unless each proxy or attorney, as the case may be, is appointed to represent a specified proportion or number of the Member's voting rights.
- (d) Any instrument of proxy in which the name of the appointee is not filled in will be deemed to be given in favour of the chairperson.

### **15.14 Instruments appointing a proxy**

- (a) An instrument appointing a proxy will be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a body corporate, either under Seal or in accordance with the Law or under the hand of an officer or attorney duly authorised.
- (b) An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote in the resolution except as specified in the instrument.
- (c) An instrument appointing a proxy will be deemed to confer authority to demand or join in demanding a poll.

- (d) An instrument appointing a proxy is valid if it is under the Law or in any form approved by the directors.

### **15.15 Validity of instrument**

An instrument appointing a proxy will not be treated as valid unless:

- (a) the signed instrument or a certified copy of the signed instrument, and the power of attorney or other authority (if any) under which the instrument is signed, is deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
- (b) In the case of a poll, the signed instrument or a certified copy of the signed instrument, and the power of attorney or other authority (if any) under which the instrument is signed, is deposited, not less than 24 hours before the time appointed for the taking of the poll, at the registered office of the Company or at such other place in Australia as is specified for that purpose in the notice convening the meeting.

### **15.16 Revocation of instrument**

A vote given in accordance with the terms of an instrument of proxy or of a power of attorney in relation to the revocation of the instrument (or of the authority under which the instrument was executed) or of the power, or the transfer of the share in respect of which the instrument or power is given is valid notwithstanding the previous death or unsoundness of mind of the principal. This is however, providing that there is no intimation in writing of the death or unsoundness of mind and revocation or transfer has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

### **15.17 Signing of resolution**

- (a) If all Members entitled to vote on a resolution have signed a document containing a statement that they are in favour of that resolution of the Members in terms set out in the document, a resolution in those terms will be deemed to have been passed at a meeting of the Company's Members held on the day on which the document was signed and at a the time at which the document was last signed by a Member or, if the Members signed the document on different days, on the day on which, at the time at which, the document was last signed by a Member.
- (b) For the purposes of Clause 15.17(a) two or more separate documents containing statements in identical terms each of which is signed by one or more Members will together be deemed to constitute one document containing a statement in those terms signed by those Members on the respective days on which they signed the separate documents.



## **16. APPOINTMENT, REMOVAL AND REMUNERATION OF DIRECTORS**

### **16.1 First directors, number of directors and no share qualification**

- (a) By resolution, the names of the first Directors will be determined in writing by the persons specified in the application for the Company's registration under the Law as persons who consent to become Members of the Company or a majority of them.
- (b) The minimum number of directors is one, unless the Company is governed by Part 6D.3A of the Law, in which case the minimum number of directors is two.
- (c) The maximum number of Directors shall not be more than 10.
- (d) The Company may by resolution increase or reduce the number of Directors within the restrictions set out in paragraphs (b) and (c).
- (e) It is not necessary for any Director to hold any share qualification.

### **16.2 Appointing additional directors**

The Board may at any time appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing Directors, but only so that the total number of Directors is not at any time less than or more than the number determined in accordance with this Constitution.

### **16.3 Power to appoint and remove directors by Founder Members**

A Founding Member holding more than 15% of Shares in the Company may appoint, either to fill a casual vacancy or as an addition to the existing Directors, and remove a Director by giving notice in writing to:

- (a) the Company; and
- (b) all other Shareholders in the Company,

but only so that the total number of Directors is not at any time less than or more than the number determined in accordance with this Constitution.

### **16.4 Appointing replacement person**

The Company may by resolution remove any director, and may by resolution appoint another person in his stead.

### **16.5 Period of office**

A director appointed under any of Clauses 16.2, 16.3 or 16.4 will hold office until he dies, or until his office becomes vacant by virtue of the Law or this Constitution.

### **16.6 Remuneration of directors**

- (a) The Directors will be paid such remuneration as is from time to time determined by the Company in general meeting.

- (b) The remuneration will be deemed to accrue from day to day.
- (c) The Directors may also be paid all travelling and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.
- (d) If any Director is called upon to perform extra services or to make any special exertion in going or residing abroad or otherwise for any of the purposes of the Company, subject to the Law the Company may pay additional remuneration or provide benefits to that Director as the Directors determine.

## **16.7 Office of director**

In addition to the circumstances in which the office of a director becomes vacant by virtue of the Law the office of a Director becomes vacant if the Director:

- (a) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (b) resigns office by notice in writing to the Company; or
- (c) is absent without the consent of the Directors from meetings of the Directors held during a period of six months.

## **17. POWERS AND DUTIES OF DIRECTORS**

### **17.1 Directors' powers**

- (a) Subject to the Law and to any other provision of this Constitution, the business of the Company will be managed by the Directors, who may pay all expenses incurred in promoting and forming the Company, and may exercise all such powers of the Company as are not, by the Law or by this Constitution, required to be exercised by the Company in general meeting.
- (b) Without limiting the generality of Clause 17.1(a), the Directors may exercise all the powers of the Company to borrow money, to charge any property or business of the Company or all or any of its uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Company or of any other person.
- (c) If the Company is a wholly owned subsidiary of a holding company, the Directors may act in the best interests of that holding company.

### **17.2 Appointing power of attorney**

- (a) The Directors may, by power of attorney, appoint any person or persons to be the attorney or attorneys of the Company for such purposes, with such powers, authorities and discretions (being powers, authorities and discretions vested in or exercisable by the Directors), for such period and subject to such conditions as they think fit.
- (b) Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorney as the Directors think fit and may also authorise the attorney to delegate all or any of the powers,

authorities and discretions vested in him.

### **17.3 Signature of bills**

All cheques, promissory notes, bankers drafts, bills of exchange and other negotiable instruments, and all receipts of money paid to the Company, will be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, where there is one Director, by that Director, and where there are two or more Directors by any 2 Directors or in such other manner as the Directors determine.

## **18. PROCEEDING OF DIRECTORS**

### **18.1 Proceedings of directors**

- (a) The Directors may meet together for the dispatch of business and adjourn and otherwise regulate their meetings as they think fit.
- (b) A meeting of Directors may be convened where there are 2 or more Directors:
  - (1) by a Director at any time; or
  - (2) by a Secretary on the requisition of a Director.

Notice of every Director's meeting shall be given to each director and alternate director who is within Australia.

- (c) Without limiting the discretion of the Directors to regulate their meetings under Clause 18.1(a), a meeting of Directors for the purposes of this clause may be a standing one.
- (d) Notwithstanding that the Directors are not present together in one place at the time a meeting of Directors held using technology, a resolution passed by such a meeting will be deemed to have been passed at a meeting of the Directors held on the day on which and at the time at which it was held.
- (e) The provisions of this Constitution relating to proceedings of Directors apply to a meeting of Directors held using technology to the extent that they are capable of applying, and with the necessary changes.
- (f) A Director present at the commencement of a meeting of Directors held using technology will be conclusively presumed to have been present and, subject to other provisions of this Constitution, to have formed part of the quorum throughout the meeting.
- (g) Any minutes of a meeting of Directors held using technology purporting to be signed by the chairperson of that conference or by the chairperson of the next succeeding meeting of Directors will be sufficient evidence of the observance of all necessary formalities regarding the convening and conduct of the meeting.
- (h) When by the operation of Clause 18.1(d), a resolution is deemed to have been passed at a meeting of the Directors, that meeting will be deemed to have been held at such place as is determined by the chairperson of the relevant meeting, provided that at least one of the Directors who took part in

the meeting was at such place for the duration of the meeting.

## **18.2 Quorum of directors**

At a meeting of Directors, the number of Directors whose presence is necessary to constitute a quorum is where there are 2 or more Directors, such number as is determined by the Directors and, unless so determined is 2.

## **18.3 Contracted directors in quorum**

A Director or Alternate Director interested in a contract or arrangement within the meaning of Clause 18.6 will be counted in a quorum notwithstanding his interest.

## **18.4 Sole director resolution**

Where there is one Director, that Director may pass a resolution of Directors by recording the resolution and signing the record.

## **18.5 Resolution by two or more directors**

- (a) Except for a Directors' Special Resolution contained in the Fourth Schedule, questions arising at a meeting of 2 or more Directors must be decided by a majority of votes of Directors present and voting and any such decision will for all purposes be deemed a decision of the Directors.
- (b) In case of an equality of votes, the chairperson of the meeting has a casting vote in addition to any vote he may have in his capacity as a Director.

## **18.6 Directors contract or arrangement**

- (a) No Director will be disqualified by his office from holding any other office or place of profit under the Company or from contracting with the Company, either as vendor, purchaser or otherwise, nor will any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is interested be avoided, nor will any Director be liable to account to the Company for any profit arising from such office or place of profit or realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relationship thereby established, but where there are 2 or more Directors of the Company the nature of a director's interest must be disclosed by him in any manner required by the Law.
- (b) A Director may as a director vote in respect of any contract arrangement in which he is interested in the manner described in Clause 18.6(a). A Director may affix the Seal or be appointed to sign on behalf of the Company a document evidencing a contract or arrangement in which the Director is interested will not in any way affect the validity of the document.

## **18.7 Appointment of an alternative director**

- (a) A Director may, with the approval of the other Directors, appoint a person (whether a Member of the Company or not) to be an alternate director in his place during such period as he thinks fit.

- (b) An alternate director is entitled to notice of meetings of the Directors and, if the appointor is not present at such a meeting, is entitled to attend and vote in his stead. If the alternate director is already a Director of the Company he will be entitled to vote on his own behalf as well as on behalf of the Director appointing him, but for the purpose of determining whether a quorum is present, he will be counted only once.
- (c) An alternate director may exercise any powers that the appointor may exercise and the exercise of any such power by the alternate director will be deemed to be the exercise of the power by the appointor.
- (d) An alternate director is not required to have any share qualifications.
- (e) The appointment of an alternate director may be terminated at any time by the appointor notwithstanding that the period of the appointment of the alternate director has not expired, and terminates in any event if the appointor vacates office as a Director.
- (f) An appointment or the termination of an appointment, of an alternate director will be effected by a notice in writing signed by the Director who makes or made the appointment and served on the Company.

### **18.8 Appointing directors**

- (a) If a vacancy occurs in the office of a Director or offices of Directors, any remaining Directors may act. If the number of remaining Directors is not sufficient to constitute a quorum at a meeting of Directors, they may act only for the purpose of increasing the number of Directors to a number sufficient to constitute such a quorum or of convening a general meeting of the Company.
- (b) If a sole director dies, becomes mentally ill or is declared bankrupt etc and the director is also the sole Member of the Company, any legal personal representative, trustee or trustee in bankruptcy of the former director who is duly appointed to administer the former director's estate or property may appoint a person (including himself) as a director of the Company.

### **18.9 Chairperson nomination**

- (a) The Directors will elect one of their number as a chairperson of their meetings and may determine the period for which he is to hold office.
- (b) Where such a meeting is held and:
  - (1) a chairperson has not been elected as provided by Clause 18.9(a), or
  - (2) the chairperson is not present within 10 minutes after the time appointed for the holding of the meeting or is unwilling to act for all or part of the meeting;

the Directors present must elect one of their number to be a chairperson of the meeting (or part of it).

### **18.10 Delegated powers**

Where there are 2 or more Directors:

- (a) The Directors may delegate any of their powers to a committee of Directors, a Director, an employee of the Company or any other person.
- (b) A delegate under Clause 18.10(a) must exercise the powers delegated in accordance with any directions of the Directors and the exercise of any of those powers is as effective as if the Directors had exercised them.
- (c) The members of a committee delegated powers under Clause 18.10(a) may elect one of their number as chairperson of their meetings.
- (d) Where such a meeting is held and:
  - (1) a chairperson has not been elected as provided by Clause 18.10(c); or
  - (2) the chairperson is not present within 10 minutes after the time appointed for the holding of the meeting or is unwilling to act for all or part of the meeting, the members present may elect one of their number to be chairperson of the meeting (or part of it).
- (e) A committee may meet and adjourn as it thinks proper.
- (f) Questions arising at a meeting of a committee will be determined by a majority of votes, of the committee members present and voting.
- (g) In the case of an equality of votes, the chairman, has a casting vote in addition to any vote he may have in his capacity as a committee member.

### **18.11 Passing a resolution**

- (a) If all the Directors entitled to vote on a resolution have signed a document containing a statement that they are in favour of, that resolution of the Directors in terms set out in the document, a resolution in those terms will be deemed to have been passed at a meeting of the Directors. The meeting should be held on the day on which the document was signed and at the time at which the document was last signed by a director. If the Directors signed the document on different days, the resolution will be deemed to have been passed on the day on which, and at the time at which, the document was last signed by a director.
- (b) For the purposes of Clause 18.11(a), two or more separate documents containing statements in identical terms each of which is signed by one or more Directors shall together be deemed to constitute one document containing a statement in those terms signed by those Directors on the respective days on which they signed the separate documents.
- (c) When the Company is acting in its role as trustee of a self managed superannuation fund ("Fund"), the Directors will form a quorum and pass resolutions in accordance with the rules of the Fund deed as if each Director were an individual trustee of the Fund, or as otherwise provided by the Fund deed.

### **18.12 Defect in appointment**

All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a director are, notwithstanding that it is afterwards discovered that there was some defect in the appointment of a person to be a director or a member of the committee, or to act as, a director, or that a person so appointed was disqualified, as valid as if the person had been duly appointed and was qualified to be a director or to be a member of the committee.

## **19. MANAGING DIRECTOR**

### **19.1 Appointment of managing director**

- (a) The Directors may from time to time appoint one or more of their number to the office of managing director for such period and on such terms as they think fit, and subject to the terms of any agreement entered into in a particular case, may revoke any such appointment.
- (b) The appointment of any such managing director will automatically terminate if he ceases from any cause to be a Director.

### **19.2 Remuneration of managing directors**

A managing director will, subject to the terms of any agreement entered into in a particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors determine.

### **19.3 Power of managing directors**

- (a) The Directors may, upon such terms and conditions and with such restrictions as they think fit, confer upon a managing director any of the powers exercisable by them.
- (b) Any powers so conferred may be concurrent with, or be to the exclusion of, the powers of the Directors.
- (c) The Directors may at any time withdraw or vary any of the powers so conferred on a managing director.

### **19.4 Appointment of governing director**

- (a) The Company may from time to time by ordinary resolution passed at a general meeting appoint one of the Company's Directors to the office of governing director.
- (b) For as long as a governing director holds office, all powers, authorities and discretions vested in the Directors by the Law or this Constitution will be vested in the governing director alone.
- (c) For so long as a governing director holds office, all other Directors for the time being of the Company (including any managing director appointed under Clause 19) will:



- (1) exercise only such powers as the governing director may confer on them; and
- (2) be subject to the control of the governing director.
- (d) For so long as a governing director is a Director, he will be the chairperson of the Directors and the chairperson of every meeting of the Members of the Company.

## **20. ASSOCIATE DIRECTORS**

- (a) The Directors may from time to time appoint any person to be an associate director and may from time to time terminate any such appointment. A person so appointed is not required to hold any shares to qualify him for the appointment.
- (b) The Directors may from time to time determine the powers, duties and remuneration of any person so appointed.
- (c) Except by the invitation and with the consent of the Directors, an associate director does not have any right to attend or vote at any meeting of Directors.

## **21. SECRETARY**

A Secretary of the Company, if appointed, holds office on such terms and conditions, as to remuneration and otherwise, as the Directors determine.

## **22. EXECUTION OF DOCUMENTS**

### **22.1 Safe custody of seal**

If the Company has a Seal, the Directors must provide for the safety custody of the Seal.

### **22.2 Use of Seal**

The Seal must be used only by the authority of the Directors, or of a committee of the Directors authorised by the Directors to authorise the use of the Seal.

### **22.3 Execution of documents using a seal**

The Company may execute a document using a Seal if the Seal is affixed to the document and the affixing of the Seal is witnessed by:

- (a) 2 Directors;
- (b) a Director and a Secretary;
- (c) a Director and another person appointed by the Directors for this purpose;
- (d) if the Company has a sole Director who is also the sole Secretary, that Director; or
- (e) if the Company has a sole Director and no Secretary, that Director.

## **22.4 Execution of documents without a seal**

The Company may execute a document without using a Seal if the document is signed by:

- (a) 2 Directors;
- (b) a Director and a Secretary;
- (c) a Director and another person appointed by the Directors for this purpose;
- (d) if the Company has a sole Director who is also the sole Secretary, that Director; or
- (e) if the Company has a sole Director and no Secretary, that Director.

## **23. INSPECTION OF RECORDS, MINUTES AND REGISTER OF MEMBERS**

### **23.1 Inspection of records**

- (a) The Company will keep such accounting and other records of the business of the Company as it is required to keep by the Law.
- (b) The Company will send such documents to such persons as are required by Section 314 and 316 of the Law.
- (c) The Directors may determine whether and to what extent, and at what time and places and under what conditions, the accounting records and other documents of the Company or any of them will be open to the inspection of Members other than Directors, and a Member other than a Director does not have the right to inspect any document of the Company except as provided by Law, as provided in this Constitution or as authorised by the Directors or by the Company in general meeting.

### **23.2 Minutes**

- (a) The Directors will cause minutes of:
  - (1) all proceedings and resolutions of meetings of the Company's Members;
  - (2) all proceedings and resolutions of meetings of the Directors, including meetings of committees of Directors;
  - (3) all resolutions passed by Members without a meeting;
  - (4) all resolutions passed by the Directors without a meeting; and
  - (5) where there is one Director, all declarations made by the Director,
 to be duly entered in books kept for that purpose in accordance with the Law.
- (b) Books containing the minutes of proceedings of meetings of the Company's Members and resolutions passed by Members without a meeting in accordance with Clause 15.17 will be open for inspection by any Member without charge.

### **23.3 Members access to registers**

The Register of Members, the Register of Options and the Register of Debenture Holders will be open for inspection by any Member, a registered option holder or a registered debenture holder without charge.

## **24. DIVIDENDS AND RESERVES**

### **24.1 Dividends**

- (a) The Directors (without the sanction of a general meeting), or a general meeting on the recommendation of the Directors, may declare a dividend whether interim or final to be paid to the Members according to the Member's rights and interests at the time of entitlement to such dividend, only in the following circumstances:
  - (1) where the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; and
  - (2) where the payment of the dividend is fair and reasonable to the Company's Members as a whole; and
  - (3) where the payment of the dividend does not materially prejudice the Company's ability to pay its creditors;
- (b) a general meeting will not declare a larger dividend than is recommended by the Directors;
- (c) the Directors may in their discretion declare and pay or recommend such dividends as in their opinion the position of the Company justifies. The Directors may fix the time for payment of a dividend and if no time is so fixed the dividend will be payable upon its declaration; and
- (d) where at any time there is more than one class of share on issue, then subject to Clause 24.1(a) being complied with and to the rights applicable to the shares concerned, dividends whether interim or otherwise may be declared and paid at different rates for different classes of shares. The dividends may be declared and paid on the shares of any one or more class or classes of shares to the exclusion of the shares of any other class or classes of shares provided that the shares comprising a particular class of shares will as between those shares participate in any such dividends declared equally.

### **24.2 Interest payable**

Interest is not payable by the Company in respect of any dividend.

### **24.3 Reserves**

- (a) The Directors may, before declaring or recommending any dividend, set aside out of the profits of the Company such sums as they think proper 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.

- (b) Pending any such application, the reserves may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors think fit.
- (c) The Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as dividends without transferring those profits to a reserve.

#### **24.4 Paying Dividends**

- (a) Subject to Clause 24.1(a) being complied with and to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends will be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid.
- (b) An amount paid or credited as paid on a share in advance of a call will not be taken for the purposes of this clause to be paid or credited as paid on the share.

#### **24.5 Deductions on dividends payable**

The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares in the Company.

#### **24.6 Resolution of distribution of dividends**

- (a) The Directors or any general meeting declaring a dividend may, by resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including paid up shares in, or debentures of, any other corporation, and the Directors will give effect to such a resolution.
- (b) Where a difficulty arises in regard to such a distribution, the Directors may settle the matter as they consider expedient and fix the value for distribution of the specific assets or any part of those assets and may determine that cash payments will be made to any Members on the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as the Directors consider expedient.

#### **24.7 Method of payment of dividends**

- (a) (a) Any dividend, interest or other money payable in cash in respect of shares may be paid in any manner as determined by the Directors including:
  - (1) directly crediting the account nominated by the Member from time to time; or
  - (2) by cheque sent through the post directed to:
    - (A) the address of the holder as shown in the register of Members, or in the case of joint holders, to the address shown in the register of Members as the address of the joint holder first named in that register; or

- (B) to such other address as the holder or joint holders in writing directs or direct; or
- (3) Any one of 2 or more joint holders may give effectual receipts for any dividends, interest or other money payable in respect of the shares held by them as joint holders.

## **25. CAPITALISATION OF PROFITS**

### **25.1 Capitalisation of profits**

The Directors may resolve to retain profits, which may be applied as follows:

- (a) in paying up any amounts unpaid on shares held by Members;
- (b) in paying up in full unissued shares or debentures to be issued to Members as fully paid; or
- (c) partly as mentioned in paragraph (a) and partly as mentioned in paragraph (b).

### **25.2 Directors to give effect to resolutions**

The Directors must do all things necessary to give effect to the resolution and, in particular, to the extent necessary to adjust the rights of the Members among themselves, may:

- (a) issue fractional certificates or make cash payments in cases where shares or debentures become issuable in fractions; and
- (b) authorise any person to make, on behalf of all the Members entitled to any further shares or debentures upon the capitalisation, an agreement with the Company providing for the issue to them, credited as fully paid up, of any such further shares or debentures or for the payment up by the Company on their behalf of the amounts or any part of the amounts remaining unpaid on their existing shares. The application of their respective proportions of the sum resolved to be capitalised is required. Any agreement made under an authority referred to in paragraph (b) is effective and binding on all the Members concerned.

## **26. NOTICES**

### **26.1 Giving of notices**

A notice may be given by the Company to any Member either:

- (a) by serving it on him personally;
- (b) by sending it by post to him at the address shown in the register of Members or the address supplied by the Member for the purposes of serving notices on the Member;
- (c) by sending it by facsimile transmission to a facsimile number nominated by the Member for the purpose of serving notices on the Member; or

- (d) notification on or by electronic delivery in accordance with the Law including via a communication portal provided to the Company by a licensed crowd-sourced funding platform.

## **26.2 Service by post**

Where a notice is sent by post, service of the notice will be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice and to have been effected in the case of a notice of a meeting, on the day after the date of its posting and, in any other case, at the time at which the letter would be delivered in the ordinary course of post.

## **26.3 Service by other means**

Where a notice is sent by facsimile or electronic means, service of the notice will be deemed to be served on receipt by the Company of a transmission report confirming successful transmission.

## **26.4 Notice to joint holders of a share**

A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the register of Members in respect of the share.

## **26.5 Notice on death or bankruptcy of a member**

A notice may be given by the Company to a person entitled to a share in consequence of the death or bankruptcy of a Member by serving it on him personally or by sending it to him by post addressed to him by name, or by the title of representative of the deceased or assignee of the bankrupt, or by any like description, at the address (if any) within Australia supplied, at the address to which the notice might have been sent if the death or bankruptcy had not occurred.

# **27. WINDING UP**

## **27.1 Division of Company property**

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Members 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 Members or different classes of Members, subject to the rights of holders of shares issued with special rights on winding up of the Company.

## **27.2 Power to vest property in trust for members**

The liquidator may, with the sanction of a special resolution, 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 Member is compelled to accept any shares or other securities in respect of which there is any liability.

## **28. INDEMNITY**

### **28.1 Indemnity against a liability**

To the extent permitted by law, the Company:

- (a) indemnifies every person who is, or has been, a Director or Secretary; and
- (b) may, by deed, indemnify or agree to indemnify a person who is, or has been an Officer of a Group Company, against a liability incurred by that person, in his or her capacity as such a Director, Secretary or Officer, to another person provided that liability is not:
  - (1) an Excluded Liability; or
  - (2) a liability for legal costs and expenses.

### **28.2 Indemnity against legal costs and expenses**

To the extent permitted by law, the Company:

- (a) indemnifies every person who is, or has been, a Director or Secretary; and
- (b) may, by deed, indemnify or agree to indemnify a person who is, or has been, an Officer of a Group Company, against legal costs and expenses (other than Excluded Legal Costs) incurred by that person in defending Proceedings for a liability incurred by that person in his or her capacity as such a Director, Secretary or Officer.

### **28.3 Payment for legal cost and expenses**

To the extent permitted by law, the Company may make a payment (either by way of advance, loan or otherwise) to a Director or Secretary for the legal costs and expenses incurred by him or her in defending Proceedings for a liability incurred in his or her capacity as a Director or Secretary provided that:

- (a) the legal costs and expenses are not Excluded Legal Costs at the time the payment is made; and
- (b) the Director or Secretary is obliged to repay the legal costs and expenses to the extent that they become Excluded Legal Costs.

### **28.4 Payment of insurance premiums**

To the extent permitted by law, the Company may pay, or agree to pay, a premium for a contract insuring a person who is, or has been, an Officer of a Group Company against a liability:

- (a) incurred by that person in his capacity as an Officer of a Group Company or in the course of acting in connection with the affairs of a Group Company or otherwise arising out of holding office as an Officer of a Group Company, provided that the liability does not arise out of conduct involving a wilful breach of duty in relation to a Group Company or a contravention of sections 182 or 183 of the Law; and



- (b) for legal costs and expenses incurred by that person in defending or resisting Proceedings, whatever their outcome.

## **28.5 Definitions**

In this clause:

- (a) the term "Excluded Legal Costs" means legal costs which the Company is prohibited from indemnifying a person against under section 199A(3) of the Law;
- (b) the term "Excluded Liability" means a liability which the Company is prohibited from indemnifying a person against under section 199A(2) of the Law;
- (c) the term "Group Company" means the Company or a subsidiary of the Company;
- (d) the term "Officer" has the meaning in section 9 of the Law; and
- (e) the term "Proceedings" means any proceedings, whether civil or criminal, in which it is alleged that the person has done or omitted to do some act, matter or thing in his capacity as an Officer of a Group Company or in the course of acting in connection with the affairs of a Group Company or otherwise arising out of the person holding office as an Officer of a Group Company, including proceedings alleging that he or she was guilty of negligence, default of trust or breach of duty in relation to a Group Company.

## **29. LOANS MADE TO SHAREHOLDERS**

### **29.1 Resolutions required**

In order for a loan from the Company to any Member to be resolved, a resolution in the form of the First Schedule is required.

### **29.2 Terms of loan**

Unless otherwise agreed, every loan made by the Company from time to time, in any period, will be on the terms set out in the Second Schedule.

### **29.3 Second schedule**

Subject to Clause 29.2, each Member will, pursuant to section 140(1) of the Law, be deemed to have accepted that all loans made from time to time will be made by the Company on the terms set out in the Second Schedule.

## FIRST SCHEDULE

Minute Book

### Minutes of Meeting of Directors

TWMT Pty Ltd  
ACN 621 581 584

**Held at:** .....

**Date:** .....

**Time:** .....

**Present:**

**Chairperson:** .....  
was appointed Chairperson of the meeting.

**Quorum:** The Chairperson noted that a quorum was present at the meeting of Directors entitled to pass the proposed resolutions.

**Document tabled:** A loan agreement between the Company and:

.....  
Please print name

on the terms set out in the attached Schedule. ("Loan Agreement")

**Resolution:** It was resolved to execute the Loan Agreement in accordance with the Company's Constitution.

**Meeting closed:** There being no further business, the meeting was declared closed.

Signed as a true and correct record.

.....  
Chairperson

## SECOND SCHEDULE

### Loan facility agreement

Loan facility agreement made at .....on.....

#### Parties:

##### Between

TWMT Pty Ltd ('the Lender')  
ACN 621 581 584

##### And

The member or members as determined by a resolution in the form shown in the First Schedule. ('the Borrower')

#### Recitals:

The Lender has agreed to provide a loan facility to the Borrower in accordance with this Agreement.

Agreed terms as follows:

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless the context or subject matter otherwise require:

"**Act**" means the *Income Tax Assessment Act* 1936 and 1997, as amended, consolidated, rewritten or re-enacted from time to time, and includes any regulations made pursuant to that Act.

"**Advance**" means any advance or loan made to the Borrower by the Lender after the date of this Agreement.

"**Agreement**" means this loan facility agreement (including the recitals).

"**Authorised Representative**" means:

- (a) in respect of a party which is a corporation:
  - (1) a company secretary or director or any officer of the corporation whose title or office includes the words "manager" or "director"; or
  - (2) a person acting with the title or in the office of manager or director; and
- (b) in respect of each party, a solicitor of that party or a person nominated by Notice to the other party as an authorised representative.

"**Claim**" means, in relation to a person, a claim, demand, remedy, suit, damage, loss, cost, liability, action, proceeding, right of action, claim for compensation or reimbursement or liability incurred by or to be made or recovered by or against the

person, however arising and whether ascertained or unascertained, or immediate, future or contingent.

**"Controller"** has the meaning given in section 9 of the *Corporations Act*.

**"Due Date"** in relation to an Advance, is defined in Clause 2.1.

**"Insolvency Provision"** means any law relating to insolvency, sequestration, liquidation or bankruptcy (including any law relating to the avoidance of conveyances in fraud of creditors or of preferences and any law under which a liquidator or trustee in bankruptcy may set aside or avoid transactions) and any provision of any agreement, arrangement or scheme, formal or informal, relating to the administration of any of the assets of any person.

**"Interest Rate"**, in relation to a year, is defined in Clause 3.

**"Jurisdiction"** means the state/territory of incorporation of the company.

**"Notice"** means a written notice, consent, approval, direction, order or other communication.

**"Obligation"** means any legal, equitable, contractual, statutory or other obligation, agreement, covenant, commitment, duty, undertaking or liability.

**"Outstanding Balance"** means, on any day, the aggregate of all money owing or payable actually or contingently by the Borrower to the Lender under this Agreement on that day.

**"Principal Sum"** means the total of all Advances made by the Lender to the Borrower;

**"Term"**, in relation to an Advance, is defined in Clause 2.1.

**"Year"** means the Lender's year of income as defined in the Act.

## 1.2 Interpretation

In the interpretation of this Agreement, unless the context or subject matter otherwise require:

- (a) singular includes plural and vice versa;
- (b) any gender includes every gender;
- (c) a reference to a person includes corporations, trusts, associations, partnerships, a Government Authority, and other legal entities, and where necessary, include successor bodies;
- (d) references to months are references to calendar months;
- (e) headings and the table of contents are used for convenience only and are to be disregarded in the interpretation of this Agreement; and
- (f) a reference to a party includes that party's executors, administrators, substitutes, successors and permitted assigns.

## **2. REPAYMENT OF ADVANCES**

### **2.1 Term and due date**

- (a) The Term for each Advance under this Agreement will be the maximum term, as defined in section 109N(3)(b) of the Act or any regulations made thereunder, for an Advance of that kind.
- (b) The parties acknowledge that unless and until section 109N(3)(b) is amended, or any regulations are made thereunder, the maximum term is 7 years for any Advance.
- (c) The Term for each Advance will be deemed to have commenced on the date the Advance was made, and the Due Date for each Advance will be one business day before the date on which the Term expires.

### **2.2 Repayment**

Each Advance must be repaid in full, with interest, by its Due Date.

## **3. INTEREST AND YEARLY REPAYMENTS**

### **3.1 Interest rate**

- (a) The Interest Rate must be determined afresh at the beginning of each Year, but thereafter remains constant throughout the Year.
- (b) The Interest Rate for a Year will be the benchmark interest rate, as defined in section 109N(2) of the Act or any regulations made thereunder.
- (c) The parties acknowledge that unless and until section 109N(2) of the Act is amended, or any regulations are made thereunder, the benchmark interest Rate is the Indicator Lending Rates - Bank variable housing loans interest Rate last published by the Reserve Bank of Australia before the start of the Year.

### **3.2 Interest free period**

An Advance will be free of interest until the end of the Year in which it is made.

### **3.3 Accrual of interest**

Interest will be calculated daily by applying the Interest Rate to the Outstanding Balance (less any Advances made during the current Year). Interest will become payable on the last day of each Year.

### **3.4 Yearly repayments**

- (a) The Borrower must make one repayment in respect of the entire Outstanding Balance on or before the last day of each Year. The amount of this repayment will be the minimum amount necessary to prevent the Outstanding Balance being treated as a dividend by reason of section 109E of the Act.
- (b) The parties acknowledge that unless and until section 109E of the Act is

amended, or any regulations are made thereunder, the amount referred to in paragraph 3.4(a) above is the minimum yearly repayment worked out in accordance with section 109E(6) of the Act.

## **4. DEFAULTS**

### **4.1 Events of default**

At the option of the Lender, the Outstanding Balance will become immediately due and payable by the Borrower to the Lender notwithstanding any previous delay or waiver by the Lender, if:

- (a) the Borrower does not pay any money payable under this Agreement as and when it falls due;
- (b) the Borrower is in breach of any provision of this Agreement;
- (c) the Borrower is unable to pay its debts or certifies that it is unable to pay its debts as and when they fall due;
- (d) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of the Borrower;
- (e) a liquidator or provisional liquidator is appointed in respect of any corporate Borrower;
- (f) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
  - (1) appointing a person referred to in Clause 4.1(d) or 4.1(e);
  - (2) winding up a corporate Borrower; or
  - (3) proposing or implementing a scheme of arrangement in respect of a corporate Borrower;
- (g) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of the Borrower who is an individual or their estate under any Insolvency Provision;
- (h) a moratorium of any debts of the Borrower or an official assignment or a composition or an arrangement (formal or informal) with the Borrower's creditors or any similar proceeding or arrangement by which the assets of the Borrower are subject conditionally or unconditionally to the control of the Borrower's creditors is ordered, declared or agreed to or is applied for and the application is not withdrawn or dismissed within 7 days;
- (i) the Borrower becomes, or admits in writing that it is, or is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts;
- (j) any distress, execution or sequestration or other process is levied or enforced upon or any order is made against the property and assets of the Borrower and is not paid out, removed or discharged within 7 days.

- (k) the Borrower dies;
- (l) the Borrower creates a purpose to assign or create any charge, pledge or lien over the property the subject of any security of any part thereof without the prior consent of the Lender.

#### **4.2 Default charge**

Where the Borrower does not pay an amount payable under this Agreement when it is due, the Borrower will pay to the Lender interest on that overdue amount calculated at the Interest Rate on daily balances from the day the amount fell due and was unpaid to the day it is paid.

#### **4.3 Remedy default**

The Lender may, if it thinks fit, remedy any default of the Borrower and the Borrower agrees to repay on demand any sum expended to paid to make good such default and such sum will bear interest at the Interest Rate.

### **5. REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Lender that:

- (a) Power - it has full legal capacity and power to enter into, exercise its rights and perform its obligations under this Agreement.
- (b) Authorisation - all conditions and things required by applicable law to be fulfilled or done in order:
  - (1) to enable it lawfully to enter into, and exercise its rights and perform its obligations under, this Agreement;
  - (2) to ensure that its obligations under this Agreement rank and will continue to rank at all times in accordance with paragraph 5.4 below; and
  - (3) to make this Agreement admissible in evidence in the courts in this Jurisdiction; have been fulfilled or done.
- (c) Obligations Binding - this Agreement constitutes its valid and legally binding obligations, enforceable against it in accordance with their respective terms except to the extent limited by equitable principles and laws affecting creditors' rights generally.
- (d) Ranking of Obligations - its payment obligations under this Agreement rank and will continue to rank at all times at least equally with all its other present and future unsecured payment obligations (including, without limitation, contingent obligations), other than those which are mandatorily preferred by law.
- (e) No Litigation - no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the Borrower, threatened against it or any of its property which, if adversely determined, could have, either separately or in aggregate, a material adverse effect on it.



## **6. BORROWER'S UNDERTAKINGS**

The Borrower will:

- (a) Information - provide the Lender upon request and, in any event, within five business days of request, with any information relating to the financial condition, business, assets and affairs of itself, as the Lender may reasonably request;
- (b) Records - keep proper financial records and permit the Lender or its representatives to examine and take copies of those financial records and all other documents relating to its finances at all times;
- (c) Comply with Applicable Law - comply with all applicable law including, without limitation, by paying when due all taxes to which it or its assets are assessed or liable except to the extent that these are being diligently contested in good faith and by appropriate procedures and the Borrower has made adequate reserves for them;
- (d) Authorisations - obtain, maintain and comply with any conditions attaching to any authorisations which it requires to carry out the transactions contemplated by, and to ensure the validity, enforceability and admissibility in evidence of, this Agreement; and
- (e) Notice of Litigation - give the Lender prompt notice of any litigation, arbitration or administrative proceedings affecting it or any of its property which, if adversely determined, could have, either separately or in the aggregate, an adverse effect on it.

## **7. COSTS**

The Borrower will pay to the Lender all stamp duty payable on or in respect of this Agreement, all legal and other costs, charges and expenses incurred or paid by the Lender relating to the negotiation, preparation, execution and enforcement of this Agreement.

## **8. ASSIGNMENTS**

### **8.1 Assignment and consent**

No party will be entitled to assign its rights or obligations under this Agreement without the prior written consent of the other parties, which consent may be given or withheld, or given on conditions, in the absolute discretion of the other parties

### **8.2 Continuation of liabilities**

After an assignment:

- (a) the assignor remains principally liable jointly and severally with the assignee for the performance and observance of all obligations assigned to the assignee; and
- (b) the assignor will procure the assignee to enter into a deed in which the assignee covenants to be bound by this Agreement, including (without limitation) this clause.

## **9. NOTICES**

### **9.1 Form of notices**

Notices given under this Agreement must be:

- (a) in writing; and
- (b) signed by the party giving the Notice or by that party's Authorised Representative.

### **9.2 Method and address for giving notices**

Notices must be either:

- (a) delivered by hand;
- (b) posted by pre paid security or certified mail; or
- (c) transmitted by facsimile.

## **10. JURISDICTION**

This Agreement is governed by and construed in accordance with the laws of the Jurisdiction, and each party irrevocably submits to the non exclusive jurisdiction of the courts of the Jurisdiction for the purpose of any such action, suit or proceeding.

## **11. GENERAL PROVISIONS**

### **11.1 Variations**

No variation of this Agreement nor consent to a departure by a party from a provision, will be of effect unless it is in writing, signed by the parties or (in the case of a waiver) by the party giving it. Any such variation or consent will be effective only to the extent to or for which it may be made or given.

### **11.2 Waiver**

The non exercise of or delay in exercising a right of a party will not operate as a waiver of that right, nor does a single exercise of a right preclude another exercise of it or the exercise of other rights. A right may only be waived by Notice, signed by the party (or its Authorised Representative) to be bound by the waiver.

### **11.3 Liability of parties**

If a party consists of more than one person:

- (a) an obligation of those parties is a joint obligation of all of them and a several obligation of each of them;
- (b) a right given to those parties is a right given jointly and severally to each of them, and if exercised by one of them, is deemed to be exercised jointly; and
- (c) a representation, warranty or undertaking made by those parties is made by each of them.

#### **11.4 Warranty of authority**

Each person signing this Agreement on behalf of another person warrants that so far as he or she is aware he or she has the authority to do so.

## **THIRD SCHEDULE**

### **1. ISSUING OF CLASSES OF SHARES**

#### **1.1 Rights to dividends**

Notwithstanding any rights or restrictions conferred on holders as described in this Schedule, all rights and restrictions attaching to any shares in respect of dividends are subject to the provisions of Clause 24.1(a) being complied with.

#### **1.2 Particular classes**

Subject to Clause 4 and the power therein to issue shares of classes determined by the Directors, the Company may also issue Subscriber shares and the shares of the classes referred to in Clause 2 of this Third Schedule.

### **2. CLASSES OF SHARES**

#### **2.1 Subscriber shares**

The Subscriber shares (if any) will be redeemable preference shares and the rights, privileges and conditions attaching to Subscriber shares are as follows:

- (a) They will only be issued upon registration of the Company and will only be issued to persons specified in the application for the Company's registration under the Law as persons who consent to become Members of the Company;
- (b) Subject to the provisions of Section 254J of the Law, the next issue of shares of any class or classes after the issue of the Subscriber shares and payment up in full thereof will be deemed to have been issued for the purposes of redeeming the Subscriber shares provided that the proceeds of shares so issued is at least equal to the consideration paid for the Subscriber shares on issue. Upon the issue of such shares, each of the Subscriber shares will ipso facto be redeemed for the consideration paid for it, and the issued capital of the Company will then stand at an amount equal to the shares which comprised the next issue of shares;
- (c) They will carry no right to participate in any distribution of surplus assets or profits;
- (d) They will rank as to repayment of capital on winding-up of the Company before any other class of shares then on issue;
- (e) They will carry no right to dividends;
- (f) They will carry the right at meetings of the Company's Members to exercise one vote for each Subscriber share held; and
- (g) Upon the redemption of the Subscriber shares in the manner provided in this Constitution, the Company will cease to be authorised to issue shares of this class.

#### **2.2 Ordinary, "A" & "B" class shares**

The rights, privileges and conditions attaching to Ordinary, "A" and "B" shares are as

follows:

- (a) They will confer to the holders thereof the right to receive notice of and to attend any meeting of the Company's Members and to exercise one vote for every share held.
- (b) They will confer to the holders thereof the right to participate in any dividends declared and payable by the Company on the class of share held.
- (c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares and to participate in any distribution of surplus assets or profits of the Company.

### **2.3 "C" class shares**

The rights, privileges and conditions attaching to "C" shares are as follows:

- (a) They will not confer on the holders thereof any right to dividends or any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- (b) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares and to participate in any distribution of surplus assets or profits of the Company ranking equally with Ordinary shares.

### **2.4 "D" class shares**

The rights, privileges and conditions attaching to "D" shares are as follows:

- (a) They will confer to the holders thereof the right to receive notice of and to attend any meeting of the Company's Members and to exercise one vote for every share held.
- (b) They will not confer on the holders thereof any right to dividends.
- (c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.

### **2.5 "E" & "F" class shares**

The rights, privileges and conditions attaching to "E" and "F" shares are as follows:

- (a) They will not confer on the holders thereof any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- (b) They will confer to the holders thereof the right to participate in any dividends declared and payable by the Company on the class of share held.
- (c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with

Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.

## **2.6 "G" class shares**

The rights, privileges and conditions attaching to "G" shares are as follows:

- (a) They will not confer on the holders thereof any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- (b) They will confer to the holders thereof the right to participate in any dividends declared and payable by the Company on the class of share held.
- (c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares and to participate in any distribution of surplus assets or profits of the Company ranking equally with Ordinary shares.

## **2.7 "H" redeemable preference class shares**

The rights, privileges and conditions attaching to the "H" redeemable preference shares are as follows:

- (a) They will entitle the holders thereof to receive notice of and to attend any meeting of the Company's Members but will not confer any right to vote at such meetings except in one or more of the following circumstances:
  - (1) on a proposal to reduce the share capital of the Company;
  - (2) on a proposal that affects rights attached to the "H" redeemable preference shares;
  - (3) on a proposal for the disposal of the whole property, business and undertaking of the Company; and or
  - (4) during the winding up of the Company.
- (b) They will confer to the holders thereof the right to receive from the profits of the Company a non-cumulative preferential dividend at the rate of 5% per annum on the capital for the time being paid up thereon in priority to the payment of any dividend on any other share in the Company.
- (c) Upon a reduction of capital or winding up of the Company they will as regards return of paid up capital rank in priority to all other shares in the Company, but they will not confer any right to participate in any distribution of surplus assets or profits of the Company.
- (d) Subject to Sections 254J and 254K of the Law they will, at the option of the Company, be liable to be redeemed by the Company at the consideration paid for the "H" redeemable preference shares by giving written notice by post or delivery to the registered holders at their respective registered addresses and each such notice will be accompanied by the Company's cheque for the amount payable to the holder to whom such notice is sent. The redemption will take place on the seventh day after the date of posting

or delivery of such notice.

## **2.8 "I" redeemable preference class shares**

The rights, privileges and conditions attaching to the "I" redeemable preference shares are as follows:

- (a) They will entitle the holders thereof to receive notice of and to attend any meeting of the Company's Members but will not confer any right to vote at such meetings except in one or more of the following circumstances:
  - (1) on a proposal to reduce the share capital of the Company;
  - (2) on a proposal that affects rights attached to the "I" redeemable preference shares;
  - (3) on a proposal for the disposal of the whole property, business and undertaking of the Company; and or
  - (4) during the winding up of the Company.
- (b) They will confer to the holders thereof the right to participate in any dividend declared and payable by the Company on the class of share held.
- (c) Upon a reduction of capital or a winding up of the Company they will as rank regards return of paid up capital after any issued "H" redeemable preference shares but in priority to all other shares in the Company, but they will not confer any right to participate in any distribution of surplus assets or profits of the Company.
- (d) Subject to Sections 254J and 254K of the Law they will, at the option of the Company, be liable to be redeemed by the Company at the consideration paid for the "I" redeemable preference shares by giving written notice by post or delivery to the registered holders at their respective registered addresses and each such notice must be accompanied by the Company's cheque for the amount payable to the holder to whom such notice is sent. The redemption will take place on the seventh day after the date of posting or delivery of such notice.

## **2.9 "J" class shares**

The rights, privileges and conditions attaching to "J" shares are as follows:

- (a) They will not confer on the holders thereof any right to vote at any meeting of the Company's Members but will be entitled to notice of and to attend any meeting of the Company's Members.
- (b) They will confer to the holders thereof the right to participate in any dividends declared and payable by the Company on the class of share held.
- (c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.



- (d) In the event of the death, bankruptcy, mental incapacity or serious or prolonged ill health of a sole Director who is also the only Member entitled to vote at a meeting of the Company's Members which results in that person being unable to carry out the duties of a Director, the holders of "J" shares will have the right to appoint a new Director by the passing of an ordinary resolution of the holders of "J" shares.

## **2.10 "K" class dividend access share**

The rights, privileges and conditions attaching to the "K" class dividend access shares are as follows:

- (a) They will not confer to the holders any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- (b) They will confer to the holders thereof the right to participate in any dividend declared and payable by the Company on the class of share held.
- (c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.
- (d) Subject to Sections 254J and 254K of the Law they will, at the option of the Company, be liable to be redeemed by the Company at the consideration paid for the "K" class dividend access shares by giving written notice by post or delivery to the registered holders at their respective registered addresses and each such notice must be accompanied by the Company's cheque for the amount payable to the holder to whom such notice is sent. The redemption will take place on the seventh day after the date of posting or delivery of such notice.

## **2.11 "L" class dividend access share**

The rights, privileges and conditions attaching to the "L" class dividend access shares are as follows:

- (a) They will not confer to the holders any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- (b) They will confer to the holders thereof the right to participate in any dividend declared and payable by the Company on the class of share held.
- (c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.
- (d) Subject to Sections 254J and 254K of the Law they will, at the option of the Company, be liable to be redeemed by the Company at the consideration paid for the "L" class dividend access shares by giving written notice by post or delivery to the registered holders at their respective registered addresses

and each such notice must be accompanied by the Company's cheque for the amount payable to the holder to whom such notice is sent. The redemption will take place on the seventh day after the date of posting or delivery of such notice.

## FOURTH SCHEDULE

### Matters that require a Directors' Special Resolution (Clause 18.5(a))

The matters that may only be decided by the Board with a Directors' Special Resolution are:

- (a) **(business plan and budget)** adoption of a business plan or budget for the Company and variation to that business plan or budget;
- (b) **(new issue)** the issue of shares;
- (c) **(Share plan)** the approval of any Share Plan;
- (d) **(acquisition of businesses)** the acquisition by the Company of an interest in any other business or any other company;
- (e) **(transfer of assets)** the transfer by the Company of an asset or assets of the Company having an aggregate book or market value (whichever is the greater) of more than 10% of the aggregate market value of the Company's net assets;
- (f) **(loans)** the making of a loan or giving of credit or other financial accommodation to a person which is not in the ordinary and usual course of the Company's business;
- (g) **(Encumbrances)** the grant of any encumbrance over any assets of the Company which is not in the ordinary and usual course of the Company's business;
- (h) **(guarantees)** the giving or entry into any guarantee, letter of comfort or performance bond which has a liability (whether actual or contingent) of more than \$100,000;
- (i) **(liabilities and indemnities)** the Company entering into or agreeing to any commitment, indemnity or liability (whether actual or contingent) of more than \$100,000 which is not in the ordinary and usual course of the Company's business;
- (j) **(capital expenditure)** any capital expenditure which:
  - (1) is in excess of \$100,000; or
  - (2) would otherwise cause total capital expenditure of the company to exceed that specifically provided for in an approved business plan or budget by \$100,000 or more;
- (k) **(remuneration and bonuses)** the agreement to set or increase the remuneration per annum or any bonus payable to any senior employee of the Company;
- (l) **(insurance)** the amendment or variation of the insurance cover over the Company or the business activities of the Company;
- (m) **(related party transactions)** other than as permitted by this Constitution, transactions between the company and a Member or its affiliate which are outside of the ordinary course of business, otherwise than on arm's length terms;
- (n) **(material agreements)** the termination, variation, assignment, novation or enforcement of, or waiver of a right under, or decision not to comply with, any material agreement;

- (o) **(material litigation)** the instigation or settlement of, or implementation of any strategy about, any dispute, claim, litigation or arbitration proceedings by the Company when the amount claimed is more than \$100,000 or, in the case of trading debts, is more than \$100,000;
- (p) **(change in nature of business)** stopping carrying on, or materially altering, the scale or nature of operations of the Company or commencing any material business or operational activities other than the current business operations of the Company;
- (q) **(sale)** a sale of a majority of the assets of the Company or a transaction to sell or licence all or a substantial part of the intellectual property rights of the Company;
- (r) **(branding)** changing the business names, trademarks, service marks, trade names, domain names, logos or branding of the Company or the Company's business;
- (s) **(dividends)** the declaration of any dividends or decision to pay any dividends;
- (t) **(delegation of powers)** the delegation of any powers from the Board; and
- (u) **(agreement to do things)** the agreement to do any of the things listed in this Schedule.

## FIFTH SCHEDULE

### Matters that require a resolution approved by a Members' Special Resolution (Clause 15.5(a))

The matters that may only be decided by the Members by resolution approved by a Shareholders' Special Majority Resolution are:

- (a) **(transfer of shares)** a transfer of shares otherwise than in accordance with Clause 7;
- (b) **(change in nature of business)** a fundamental change in the scale or nature of operations of the Company's business (including a fundamental change in the name, logos or branding of the company);
- (c) **(changes to constitution)** changes to the Constitution;
- (d) **(rights attaching to shares)** any alteration to rights conferred by shares;
- (e) **(sale)** a sale of a majority of the assets of the Company or a transaction to sell or licence all or a substantial part of the intellectual property rights of the Company;
- (f) **(merger or amalgamation)** merging or amalgamating the Company or any subsidiary of the Company with any other entity; and
- (g) **(agreement to do things)** the agreement to do any of the things listed in this Schedule.