

Wednesday, 24 April 2019

ASX Codes : KBC; KBCPA

## MARKET ANNOUNCEMENT

### LODGEMENT OF BIDDER'S STATEMENT FOR YOWIE GROUP LTD AND NOTICE OF REGISTER DATE

Keybridge Capital Limited (ASX: KBC) (**Keybridge**) refers to its 13 March 2019 ASX Announcement of its intention to make a conditional off-market takeover bid for all of the fully paid ordinary shares in Yowie Group Ltd (ASX: YOW) (**Yowie**) for a consideration of 9.2 cents per share (the **Bid**).<sup>1</sup>

Keybridge confirms that its Bidder's Statement has been lodged with ASIC and served on Yowie today in the form attached to this announcement.

Keybridge also notifies ASX<sup>2</sup> that it has set the "Register Date" as 2 May 2019, pursuant to sections 633(2) and 633(3) of the of the *Corporations Act (Cth) 2001*.

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#### FOR FURTHER INFORMATION:

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#### ABOUT KEYBRIDGE CAPITAL LIMITED (ASX: KBC)

Keybridge is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets in the private equity (US), life insurance (New Zealand), property and funds management sectors and strategic holdings in HHY Fund (ASX:HHY), Molopo Energy Limited (ASX:MPO), Metgasco Limited (ASX: MEL) and Yowie Group Ltd (ASX:YOW). Keybridge is also the Investment Manager of HHY.

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<sup>1</sup> Refer Keybridge's ASX Announcement dated 13 March 2019: Takeover Bid for Yowie Group Ltd at 9.2 cents  
<sup>2</sup> Pursuant to section 633(4) of the *Corporations Act (Cth) 2001*

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

YOU SHOULD READ THIS DOCUMENT IN ITS ENTIRETY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISOR AS SOON AS POSSIBLE

# **BIDDER'S STATEMENT**

IN RELATION TO AN OFF-MARKET BID BY



TO ACQUIRE ALL YOUR ORDINARY SHARES IN

## **YOWIE GROUP LTD**

ABN 98 084 370 669

**FOR 9.2 CENTS FOR EACH YOWIE SHARE**

(payable in cash and listed securities (in the form of listed Keybridge Convertible Promissory Notes (ASX:KBCPA)))

Please contact Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or email [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au) if you require assistance with your acceptance

**Legal Advisor**

**BENNETT + CO**  
Corporate and Commercial Law

THE OFFER TO ACQUIRE YOUR YOWIE SHARES EXPIRES AT 5:00PM PERTH TIME ON [CLOSE] 2019, UNLESS WITHDRAWN OR EXTENDED

# CONTENTS

## Page

Important Information And Notices .....	1
Letter From Keybridge Chairman.....	3
Reasons Why You Should Accept The Offer.....	5
Frequently Asked Questions .....	7
1. Profile Of Yowie.....	9
2. Information On Yowie Securities.....	14
3. Keybridge's Intentions.....	19
4. Consideration And Funding.....	23
5. Profile Of Keybridge .....	27
6. Information On Keybridge Notes.....	33
7. Risk Factors Associated With Keybridge Notes .....	37
8. Overview Of Merged Keybridge-Yowie Group.....	42
9. Taxation Implications .....	45
10. Additional Information .....	51
11. Terms Of Offer .....	54
12. Glossary And Interpretation .....	63
13. Approval Of Bidder's Statement.....	68
Annexure A – Table of Yowie's ASX's Release.....	69
Annexure B – Table of Keybridge's ASX Releases .....	71
Annexure C - Keybridge Note Terms and Conditions.....	73

# KEY DATES

Date of announcement of Offer	13 March 2019
Bidder's Statement lodged with Yowie, ASIC and ASX	24 April 2019
Commencement of Offer Period	[Open] 2019
Close of Offer Period (unless extended or withdrawn) 5:00pm (Perth Time)	[Close] 2019

# ACCEPTANCE

To accept the Offer, you should follow the instructions set out in Section 11.16 of this Bidder's Statement.

# QUESTIONS

If you have any questions in relation to this document, the Offer or how to accept the Offer, please contact your professional advisors.

You may also contact Keybridge on the Yowie Offer Helpline on (08) 9214 9745 from Monday to Friday between 9:00am and 5:00pm (Perth Time) or email Keybridge at [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

## IMPORTANT INFORMATION AND NOTICES

### (a) Bidder's Statement

This Bidder's Statement is given by Keybridge to Yowie under Part 6.5 of the Corporations Act and relates to the Offer. This Bidder's Statement is dated 24 April 2019 and a copy was lodged with ASIC on 24 April 2019.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Bidder's Statement.

The Offer relates to all Yowie Shares on issue as at the date of the Bidder's Statement.

### (b) Foreign Jurisdictions

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

No action has been taken to register or qualify Keybridge or to otherwise permit the offering of Keybridge Notes outside Australia, its external territories and New Zealand.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements, which may differ from those of other countries.

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand) (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under the New Zealand law is required to contain.

The only members of the public in New Zealand to whom Keybridge Notes are being offered under the Offer are Yowie Shareholders. The Offer is being made in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

The distribution of this Bidder's Statement and the issue of Keybridge Notes on acceptance of the Offer may be restricted by the laws or regulations of foreign jurisdictions. Accordingly, Keybridge will not issue Keybridge Notes to Yowie Shareholders who are resident outside Australia and New Zealand. See Section 10.7 for more details.

### (c) Disclosure regarding forward-looking statements

This Bidder's Statement includes certain forward-looking statements and statements of current intention (which include those in Sections 3 (Keybridge's Intentions) and 8 (Overview of the Merged Keybridge-Yowie Group)). As such statements relate to future matters, they are subject to inherent risks and uncertainties.

These risks and uncertainties include factors and risks specific to the industries in which Keybridge and Yowie operate as well as matters such as general economic conditions, many of which are outside the control of Keybridge and its directors.

These factors may cause the actual results, performance or achievements of Keybridge or Yowie to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forecasts or forward-looking statements.

The past performance of Keybridge and Yowie is not a guarantee of future performance.

The forward-looking statements do not constitute a representation that any such matter will be achieved in the amounts or by the dates indicated and are presented as a guide to assist you in assessing the Offer. The forward-looking statements are based on information available to Keybridge at the date of this Bidder's Statement.

### (d) Investment decisions

This Bidder's Statement does not take into account your individual investment objectives, financial situation or particular needs. It is not financial, investment or taxation advice. You should therefore seek your own financial, investment and taxation advice before deciding whether or not to accept the Offer.

### (e) Value of Keybridge Notes

The implied value of the Offer (which is based on a valuation of \$[Value] for each Keybridge Note issued as the Scrip Component of the Consideration payable to Accepting Yowie Shareholders) may vary with the market price of Keybridge Notes (ASX:KBCPA). Before accepting the Offer, Yowie Shareholders should obtain current quotes for the Keybridge Notes from their financial or other professional advisor.

**(f) Information on Yowie**

All information in this Bidder's Statement relating to Yowie has been prepared by Keybridge using information included in public documents filed by Yowie with ASX or ASIC or published by Yowie on its website. None of the information in this Bidder's Statement relating to Yowie has been verified by Yowie or its directors or independently verified by Keybridge or its directors. Accordingly, subject to the Corporations Act, Keybridge does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Yowie in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of Yowie to provide a Target's Statement to Yowie Shareholders in response to this Bidder's Statement, setting out certain material information concerning Yowie.

**(g) Privacy**

Keybridge will collect your information from the register of Yowie Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of Yowie Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Keybridge's related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC.

**(h) Websites**

References to Yowie's website ([www.yowiegroup.com](http://www.yowiegroup.com)) and Keybridge's website ([www.keybridge.com.au](http://www.keybridge.com.au)) are for your reference only. Information contained in or otherwise accessible from either website is not incorporated by reference into this Bidder's Statement.

**(i) Rounding**

Where applicable, fractional entitlements of Accepting Yowie Shareholders to receive the Scrip Component will be rounded to the nearest Keybridge Note.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Bidder's Statement.

**(j) Estimates and assumptions**

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Keybridge management. Management estimates reflect, and are based on, views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

**(k) Currencies**

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Keybridge or Yowie in respect of which different exchange rates may have been, or may be, used.

**(l) Defined terms and interpretation**

Unless otherwise noted, capitalised terms and certain abbreviations used in this Bidder's Statement are defined in the Glossary in Section 12. That Section also sets out certain rules of interpretation which apply to this Bidder's Statement.

**(m) Appointment of Keybridge as attorney on acceptance of Offer**

By accepting the Offer, you irrevocably appoint Keybridge and each of its nominees as your attorney, with effect from the time on which all the Conditions have been fulfilled or freed, to exercise all your powers and rights in relation to your Yowie Shares to requisition, convene, attend and vote at all general meetings of Yowie, until such time as Yowie is registered as the holder of your Yowie Shares.

## LETTER FROM KEYBRIDGE CHAIRMAN

Dear Yowie Shareholder,

We are pleased to enclose this Bidder's Statement in relation to an Offer from Keybridge Capital Limited (**Keybridge**) to acquire all of your ordinary shares in Yowie Group Ltd (**Yowie**).

Keybridge is offering 9.2 cents for each of your Yowie Shares which represents a significant premium to the volume weighted average price (**VWAP**) of Yowie Shares over the past 1, 2 and 3 months.

Keybridge became a large shareholder in Yowie in early 2018. Since then, it has sought to engage with the Board of Yowie to address the matters that Keybridge feels have been and still are the cause of the operating losses (US\$27 million since 1 July 2015 ) incurred by Yowie. These attempts have essentially been rebuffed by the Yowie Board.

Keybridge has decided to make this Offer to protect the value of its investment in Yowie and to allow it to address the issues causing these losses within Yowie. With an increase in voting power through acceptances of the Offer, Keybridge proposes board, management and operating changes.

Key reasons for accepting the Offer include:

- (a) Yowie is a loss making business and despite the forecasts provided by the Yowie Board there is no realistic prospect of Yowie being profitable in the near term.
- (b) the Offer Price is at a:
  - (i) 31.4% premium to Yowie's last traded price on ASX of 7 cents prior to the date of announcement of the Offer (on 13 March 2019);
  - (ii) a 17.9% premium to Yowie's last traded price on ASX of 7.8 cents prior to the date of this Bidder's Statement;
- (c) the Offer Price represents premiums over the VWAP of Yowie Shares over the past 1, 2 and 3 months, as follows:
  - (i) Premiums of 28.2%, 18.5% and 16% prior to the Announcement Date; and
  - (ii) Premiums of 4%, 8.9% and 10.2% prior to the date of this Bidder's Statement;
- (d) the Consideration will be paid to you in cash and listed securities (in the form of ASX-listed Keybridge Notes), providing you with a certain value for your Yowie Shares;
- (e) there are no costs involved in accepting the Offer where a shareholder's holding of Yowie Shares is an Issuer-Sponsored Holding; and
- (f) accepting the Offer removes any risks and uncertainties that could otherwise affect the future value of your Yowie Shares.

The Offer Consideration will be paid in either cash or a combination of cash and Keybridge's listed Convertible Redeemable Promissory Notes (ASX:KBCPA) (**Keybridge Notes**), depending on the overall level of acceptances by Yowie Shareholders:

- **Scenario 1: Up to \$9 Million Cash** - If Keybridge receives Acceptance Shares resulting in total Consideration payable of up to \$9 million, all Accepting Yowie Shareholders will receive 100% in cash – this equates to Keybridge acquiring a total of up to 97,826,087 Acceptance Shares (being 48% of all Yowie Shares not already held by Keybridge);
- **Scenario 2: \$9 Million Cash plus Keybridge Notes** - If Keybridge acquires in excess of 97,826,087 Acceptance Shares resulting in total Consideration payable exceeding \$9 million, the Consideration exceeding \$9 million will be satisfied by the issue of Keybridge Notes to Accepting Yowie Shareholders;

By way of illustration, if total Consideration payable was \$12 million (which would represent Acceptance Shares comprising 64% of all Yowie Shares subject to the Offer), Accepting Yowie Shareholders will receive 75% of their Consideration as cash and 25% as Keybridge Notes.

The number of new Keybridge Notes issued to Accepting Yowie Shareholders under Scenario 2 will be calculated based on a \$[Value] valuation per Keybridge Note, as set out in Section 4.6.

The Keybridge Notes are listed on the ASX (Code: KBCPA), have a face value of \$1.00, pay interest at 7% pa and mature on 31 July 2020 – further details about the Keybridge Notes are in Sections 4.4 and 6 and Annexure C.

Keybridge currently holds 14,229,869 (6.535%) Yowie Shares and has a Relevant Interest in a further 26,526,643 (12.182%) Yowie Shares held by Aurora Funds Management Limited as responsible entity of the HHY Fund (ASX:HHY) (**HHY**). Keybridge is the Investment Manager of HHY and also currently has a 31% Relevant Interest in HHY.

The Offer is for 100% of your Yowie Shares, although you can accept for fewer if you want. The Offer does not extend to any Yowie Rights that you may hold.

The Offer is subject to a number of conditions which are set out in Section 11.7.

The Offer will remain open until [Close] 2019, unless extended or withdrawn.

If you wish to accept this Offer please follow the process at Section 11.16.

If you have any questions about the Offer, please contact your broker or financial advisor or call Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'John Patton', with a stylized, sweeping flourish at the end.

John Patton  
Chairman  
Keybridge Capital Limited

## REASONS WHY YOU SHOULD ACCEPT THE OFFER

There are a number of important reasons why you should accept Keybridge's Offer. These include:

### (1) Ongoing Loss of Shareholder Value

Yowie is a company that has systemic issues at a board, management and operations level which have led to a substantial loss in shareholder value in recent years. This is manifested in total comprehensive losses of A\$27 million incurred since 1 July 2015 (when the Yowie Share price was \$1.035).

Yowie's current Board has announced that it is seeking to deal with the issues that have caused these losses, but after more than a year in office there does not seem to be a realistic prospect of Yowie becoming profitable in the near term.

The significant losses have been accompanied by a calamitous share price decline from a closing price of \$1.06 on 16 May 2016 (being the date Yowie announced the close of a capital raising at 90 cents per share) to a closing price of 7 cents prior to the date of announcement of Keybridge's takeover Offer (on 13 March 2019).

Keybridge as a large shareholder in Yowie has for over a year sought to engage with the Board of Yowie to address a range of matters that Keybridge feels are required to remedy the multiple systemic issues creating the loss in shareholder value. These attempts have essentially been rebuffed by the Yowie Board who have acted in an aggressive and reactionary manner to Keybridge's genuine attempts to address the many problems facing Yowie and its business operations.

Keybridge has now determined to make this takeover Offer in order to protect the value of its investment in Yowie and to seek, by using its increased voting power as a result of acceptances, to bring about changes at the board, management and operational levels to address the issues causing these losses.

### (2) The Offer Price is at a significant premium to Yowie's last trading price prior to 13 March 2019, the date of announcement of the Offer

The Offer Price of 9.2 cents per Yowie Share represents:

- a 31.4% premium to Yowie's last traded Share price of 7 cents prior to 13 March 2019, the date of announcement of the Offer; and
- Premiums of 28.2%, 18.5% and 16% over the VWAP of Yowie Shares over the past 1, 2 and 3 months respectively prior to the Announcement Date.

### (3) Keybridge is offering cash and listed securities (in the form of ASX-listed Keybridge Notes) for your Yowie Shares which provides you with certainty compared with retaining your Yowie Shares

Keybridge's Offer is to acquire your Yowie Shares for either:

- (a) 100% cash consideration – in the scenario where the total Consideration payable to Accepting Yowie Shareholders is up to \$9 million; or
- (b) A combination of cash and listed securities (in the form of Keybridge's ASX-listed Keybridge Notes) – in the scenario where total Consideration payable to Accepting Yowie Shareholders exceeds \$9 million.

The certainty provided by receiving cash and potentially also, listed securities, should be compared with the risks and uncertainties associated with retaining a Yowie Shareholder, including the uncertainty of Yowie's ability to generate profits and the prospect of further declines in the share price of Yowie.



**(4) If the Offer is not accepted, the market price of Yowie Shares may fall**

While there are many factors that will influence the market price of Yowie Shares, in the absence of the Offer or a competing bid, it is possible that after the close of the Offer the Yowie Share price may fall below the value of the Offer, given that the Offer represents a premium to the recent market price of Yowie Shares.

**(5) No brokerage or other sale fees are involved for Accepting Yowie Shareholders**

If your holding of Yowie Shares is an Issuer-Sponsored Holding you will not pay any brokerage in accepting the offer for the whole or part for your Yowie shares.

## FREQUENTLY ASKED QUESTIONS

### What is the Offer?

Keybridge is making an Offer to acquire all your Yowie Shares. The Offer consideration is 9.2 cents cash and listed securities (in the form of ASX-listed Keybridge Notes) for each Yowie Share.

### What are my choices about the Offer?

You may:

- accept the Offer for all of your Yowie Shares;
- accept the offer for some only of your Yowie Shares;
- retain your Yowie Shares; or
- sell your Yowie Shares to another party.

### How do I accept the Offer?

This depends on whether your holding of Yowie Shares is a "CHESS Holding" or an "Issuer-Sponsored Holding". Your personalised Acceptance Form sent with this Bidder's Statement shows which kind of shareholding you have.

- If your holding of Yowie Shares is a CHESS Holding either:
  - (a) complete, sign and return the Acceptance Form; or
  - (b) instruct your Broker to initiate acceptance of the Offer on your behalf,in sufficient time for the acceptance to be received and processed before the end of the Offer Period.
- If your holding of Yowie Shares is an Issuer-Sponsored Holding, complete, sign and return the Acceptance Form so that it is received before the end of the Offer Period.

Detailed instructions on how to accept the Offer are set out on the Acceptance Form.

### What if I don't accept the Offer?

If you don't accept the Offer you will continue to hold your Yowie Shares unless Keybridge becomes entitled to compulsorily acquire any remaining Yowie Shares under Part 6A.1 of the Corporations Act.

### What is this Bidder's Statement?

This Bidder's Statement was prepared by Keybridge for distribution to Yowie Shareholders. This Bidder's Statement describes the terms of the Offer for your Yowie Shares and information relevant to your decision whether or not to accept the Offer.

Should you have any doubt as to how to deal with this document, you should consult your financial, legal or other professional advisor.

### Who is Keybridge?

Keybridge Capital Limited is a company listed on the Australian Securities Exchange (ASX:KBC). More details about Keybridge are contained in Section 5.

### What is Keybridge's current interest in Yowie Shares?

Keybridge currently holds 14,229,869 (6.535%) Yowie Shares and has a Relevant Interest in a further 26,526,643 (12.182%) Yowie Shares held by Aurora as responsible entity of HHY.

### Who may accept the Offer?

Any person who, during the Offer Period, is capable of transferring good title to a parcel of Yowie Shares that are on issue as at the date of the Bidder's Statement.

If you have accepted another offer to buy your Yowie Shares or have otherwise agreed to sell any of your Yowie Shares to another person you will not be able to accept the Offer for those Yowie Shares, unless you have exercised a right to withdraw that acceptance or agreement.

### What if I acquired my Yowie Shares after the Register Date?

You may still sell those Yowie Shares to Keybridge under the Offer provided that any person who held them on or after the Register Date has not accepted the Offer for them and you comply with the acceptance procedures in Section 11.16 by the time specified in that Section.

### Can I accept the Offer for some only of my Yowie Shares?

Yes. If you wish to accept the Offer you may accept for all or some of the Yowie Shares that you hold.

### Are there any conditions of the Offer?

Yes. The Offer is subject to a number of conditions. The conditions to which the Offer is subject (**Conditions**) are set out in full in Section 11.7 and include (in summary);

- The Yowie Group's cash being not less than US\$17 million at any time during the Offer Period;

- The Net Liabilities of the Yowie Group being not more than US\$2 million in aggregate at any time during the Offer Period;
- No legal proceedings being threatened or commenced against the Yowie Group involving a monetary claim of greater than US\$1 million;
- No Material Adverse Change occurring in relation to Yowie at any time between the Announcement Date and the end of the Offer Period.
- None of the Prescribed Occurrences occurring between the Announcement Date and the end of the Offer Period.
- In the event Keybridge issues Keybridge Notes as part of the Consideration, ASX grants permission for quotation of the Keybridge Notes no later than 7 days after the end of the Offer Period.
- In the event Keybridge issues Keybridge Notes as part of the Consideration, Keybridge shareholders approve the issue of the Keybridge Notes if require pursuant to the Listing Rules.

Keybridge will inform Yowie Shareholders by announcement on ASX if Conditions are satisfied or if it decides to free the Offer from any Conditions.

#### **What happens if the Offer is not freed from any Condition and it is not satisfied?**

If any Condition is not satisfied and Keybridge does not free the Offer from that Condition by the end of the Offer Period (or, in the case of the no Prescribed Occurrences condition – by three (3) Business Days after the end of the Offer Period) the Offer will lapse. If you have accepted the Offer for some or all of your Yowie Shares and this happens Keybridge will not purchase your Yowie Shares and all Rights attaching to your Yowie Shares will revert to you.

#### **Can I withdraw my acceptance?**

You may only withdraw your acceptance if, after you have accepted the Offer, the Offer remains subject to Conditions and Keybridge varies the Offer in a way that postpones the time when it has to meet its obligations under the Offer for more than one (1) month.

#### **When can I accept the Offer?**

You may accept the Offer at any time from [Open] 2019 until the end of the Offer Period, in accordance with the procedure in Section 11.16.

#### **When does the Offer close?**

The Offer is scheduled to close at 5:00pm (Perth time) on [Close] 2019, unless extended or withdrawn in accordance with the Corporations Act.

#### **Can the Offer Period be extended?**

Yes, Keybridge may extend the Offer Period in accordance with the Corporations Act. If you remain a Yowie Shareholder and have not already accepted the Offer, Keybridge will give you notice of any extension as required by the Corporations Act. Yowie Shareholders should not assume that the Offer Period will be extended.

#### **Will I need to pay brokerage if I accept the Offer?**

If your Yowie Shares are registered in an Issuer-Sponsored Holding you will not incur any brokerage fees.

If your Yowie Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Yowie Shares are registered in the name of a Broker, bank, custodian or other nominee you should ask your Broker or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

If you sell your Yowie Shares on-market during the Offer Period, you may have to pay Broker's commission or brokerage.

#### **If I accept the Offer, when will I be paid?**

If you accept the Offer, you will be paid the Consideration by the earlier of:

- one month after you have accepted the Offer or, if the Offer is still subject to a Condition, within one month after the Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

The Consideration will be paid at the time and in the amount specified in the Offer, set out in full in Section 11.

#### **What are the tax implications of accepting the Offer?**

A general description of the Australian taxation treatment for Yowie Shareholders accepting the Offer is set out in Section 9. You should consult your taxation advisor for detailed taxation advice before making a decision as to whether or not to accept the Offer for all or any of your Yowie Shares.

# 1. PROFILE OF YOWIE

## 1.1 Profile of Yowie

The 'Principal Activity' of Yowie is described in Yowie's 31 December 2018 Half Year Report as follows:

- *Yowie Group Limited is a global brand licensing Company, specialising in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of six endearing Yowie characters.*
- *Educating children and adults about the environment and ecology and 'Save the Natural World' is at the heart of the Yowie proposition.*
- *Yowie Group Limited employs its company-owned intellectual property rights to supply Yowie branded chocolate confectionery product, a digital platform and Yowie branded licensed consumer products.*
- *The Group's vision for the Yowie brand is to distribute on a widening basis the Yowie product in the US (United States of America) and ANZ (Australia and New Zealand) with further international expansion.*

## 1.2 The Challenges Facing Yowie

Yowie has consistently incurred significant losses. These losses have been funded by recourse to Yowie's cash reserves contributed by shareholders. The most recent information is that those cash reserves totalled US\$18.751 million as at 31 December 2018, a reduction of US\$3.938 million since the US\$22.689 million cash position as at 31 December 2017.

Although cost reduction measures have been adopted by the Yowie Board, there is no clear indication that these will lead to Yowie's business becoming self-funding, let alone profitable.

Keybridge believes that shareholder and market confidence in Yowie and its Board has been undermined by the continuation of losses. That loss of confidence is reflected in a 67% decrease in the Yowie share price over the last 14 months from 21 cents (closing price as at 31 December 2017) to 7 cents (closing price as at 12 March 2019) .

This loss of investor confidence is even greater when one looks at the longer term decline of the share price of Yowie from a closing price on 16 May 2016 of \$1.06 (being the date Yowie announced the close of a capital raising at 90 cents per share to raise \$32 million) to a closing price on 12 March 2019 of 7 cents, a 93% reduction in shareholder value.

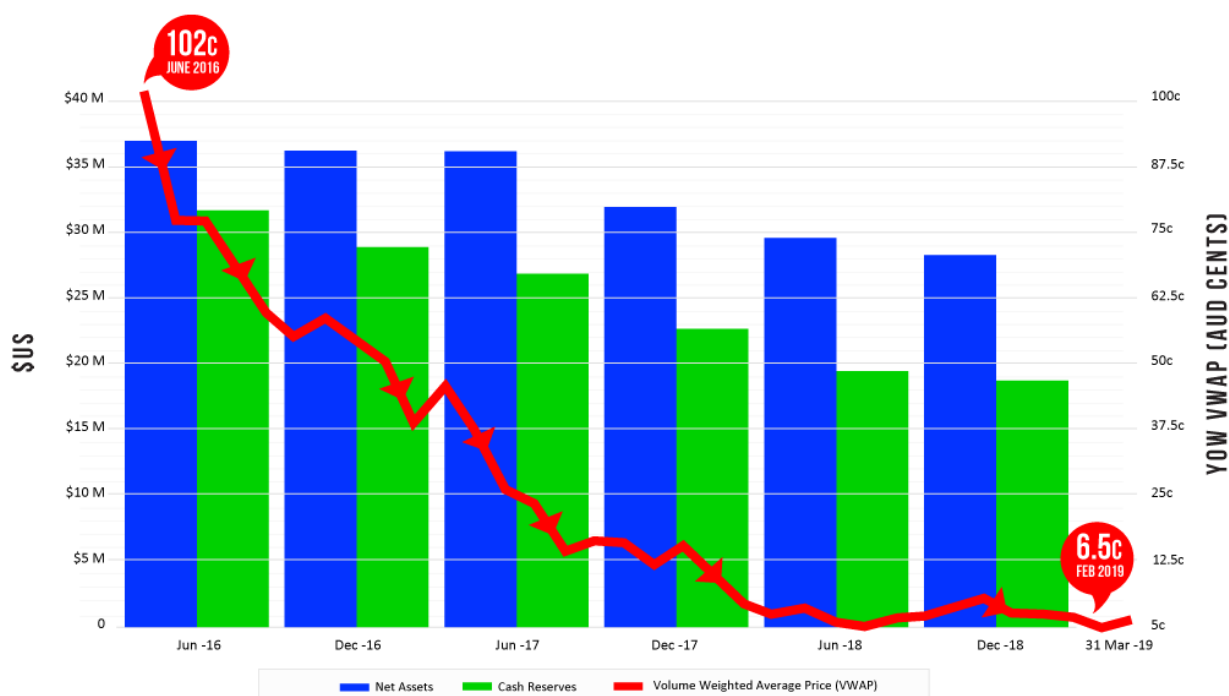
### 1.3 Financial Performance

In the conduct of its chocolate business, Yowie has failed to ever generate full year profits and instead has accumulated total losses of over US\$20 million (or A\$27 million) between 1 July 2015 and 31 December 2018. This is due in part to fundamental and unaddressed systemic issues at the Board, management and operational levels of Yowie.

The following chart depicts the recent financial and market performance of Yowie:

- Cash Reserves as at the end of each quarter between 30 June 2016 and 31 December 2018;
- Net Asset position as at the end of each reporting balance date between 30 June 2016 and 31 December 2018; and
- Yowie's monthly share price (VWAP) between 30 June 2016 and 31 March 2019.

**Chart – Yowie Net Assets, Cash Reserves and Share Prices**



**NOTES:**

- Financial information relating to Yowie has been sourced from its audited financial year end and auditor reviewed half year end reports. Keybridge has relied on the information in financial reports issued by Yowie to prepare the financial information for Yowie contained in this Bidder's Statement. Keybridge does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.
- Yowie VWAP prices are sourced from IRESS. As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, ASX securities trading price and volume data within this Bidder's Statement has been sourced from IRESS Limited without its consent.

#### 1.4 Yowie's Historical Statements of Profit or Loss

Yowie's Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2018 (audited) and half year ended 31 December 2018 (auditor reviewed) is as follows:

<b>Consolidated Statements of Profit or Loss and Other Comprehensive Income</b>	<b>Auditor Reviewed Half Year Ended 31-Dec-18 US\$</b>	<b>Audited Full Year Ended 30-Jun-18 US\$</b>
Sale of goods	7,728,395	17,519,314
Cost of sales	(4,148,180)	(9,077,116)
<b>Gross Profit</b>	<b>3,580,215</b>	<b>8,442,198</b>
Selling and distribution	(2,191,785)	(3,823,039)
Marketing	(397,303)	(3,515,736)
Administration	(1,822,435)	(4,099,925)
Other income	111,029	87,286
Foreign exchange gains /(losses)	210,322	145,914
(Impairment) /reversal of impairment of non-current assets	(393,404)	-
Write-down of inventory	-	(1,134,364)
Net reversal of impairment of plant and equipment	-	472,859
Impairment of intangible assets	-	(1,203,393)
Loss before income tax	(903,361)	(4,628,200)
Income (expense) / benefit	31,919	(298,620)
<b>Loss after income tax for the financial period</b>	<b>(871,442)</b>	<b>(4,926,820)</b>
<b>Other comprehensive income for the financial period</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Movement in foreign currency translation reserve	(373,429)	(275,306)
<b>Total Comprehensive Loss for the financial period net of tax attributable to members of Yowie</b>	<b>(1,244,871)</b>	<b>(5,202,126)</b>

A complete version of the above financial statements are contained in Yowie's 2018 Annual Report (released on ASX on 27 August 2018) and December 2018 Half Year Report (released on ASX on 26 February 2019), copies of which may be provided (free of charge) during the Offer Period by contacting Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or by email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

## 1.5 Yowie's Historical Statements of Financial Position

Yowie's Consolidated Statement of Financial Position as at the end of the financial year on 30 June 2018 (audited) and the end of the half year on 31 December 2018 (auditor reviewed) is as follows:

<b>Consolidated Statements of Financial Position</b>	<b>Auditor Reviewed 31-Dec-18 US\$</b>	<b>Audited 30-Jun-18 US\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	18,751,094	19,466,956
Trade and other receivables	1,320,374	2,870,777
Prepayments	1,695,379	1,621,423
Inventories	3,052,277	3,307,782
<b>Total Current Assets</b>	<b>24,819,124</b>	<b>27,266,938</b>
<b>Non-Current Assets</b>		
Plant and equipment	4,714,844	4,447,954
Intangible assets	938,652	860,931
Deferred tax asset	722,944	680,604
<b>Total Non-Current Assets</b>	<b>6,376,440</b>	<b>5,989,489</b>
<b>Total Assets</b>	<b>31,195,564</b>	<b>33,256,427</b>
<b>Current Liabilities</b>		
Trade and other payables	2,899,311	3,566,675
Provisions	5,068	3,548
Current tax liabilities	-	51,298
Unearned income	-	45,684
<b>Total Current Liabilities</b>	<b>2,904,379</b>	<b>3,667,205</b>
<b>Total Liabilities</b>	<b>2,904,379</b>	<b>3,667,205</b>
<b>Net Assets</b>	<b>28,291,185</b>	<b>29,589,222</b>
<b>Equity</b>		
Issued capital	55,703,545	55,635,991
Reserves	(470,766)	23,383
Accumulated losses	(26,941,594)	(26,070,152)
<b>Total Equity</b>	<b>28,291,185</b>	<b>29,589,222</b>

A complete version of the above financial statements are contained in Yowie's 2018 Annual Report (released on ASX on 27 August 2018) and December 2018 Half Year Report (released on ASX on 26 February 2019), copies of which may be provided (free of charge) during the Offer Period by contacting Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or by email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

## **1.6 Yowie's Directors**

The Directors of Yowie are:

- (a) Louis Carroll (Non-Executive Chairman) (appointed 18 September 2017);
- (b) Mark Schuessler (Managing Director) based in the United States (appointed 5 January 2018); also Global CEO (appointed 2 January 2018); previously Global COO and Head of Yowie North America; and
- (c) Glen Watts (Non-Executive Director) (appointed 5 January 2018).

## **1.7 Publicly available information about Yowie**

The information in this Section has been prepared based on a review of publicly available information concerning Yowie. It has not been verified and Keybridge does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information concerning Yowie may be included in its Target's Statement in relation to the Offer.

Being a company listed on the ASX, Yowie is subject to periodic and continuous disclosure requirements and accordingly, further information concerning Yowie are contained in their ASX releases which may be accessed via the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX Code "YOW" or Yowie's website ([www.yowiegroup.com](http://www.yowiegroup.com)).

A table of Yowie's ASX releases since 1 July 2018 is set out in Annexure A.



## 2. INFORMATION ON YOWIE SECURITIES

### 2.1 Issued securities

Yowie has 217,748,987 listed fully paid ordinary shares (Yowie Shares) on issue at the date of this Bidder's Statement.

Yowie has the following contractual rights that are convertible into 1,846,882 Yowie Shares (**Yowie Rights**), as follows:

- (a) 199,387 (long-term incentive) (**LTI**) Performance Rights expiring on 30 June 2019;
- (b) 142,511 Service Rights expiring on 12 December 2019;
- (c) 132,925 Service Rights (vesting on 12 June 2019) expiring on 12 June 2020;
- (d) 199,387 (LTI) Performance Rights expiring on 30 June 2020;
- (e) 629,194 (LTI) Performance Rights expiring on 30 June 2021;
- (f) 271,739 Service Rights (vesting on 18 September 2019) expiring on 18 September 2024;  
and
- (g) 271,739 Service Rights (vesting on 18 September 2020) expiring on 18 September 2025.

### 2.2 Yowie Directors' Relevant Interests and Voting Power in Yowie Securities

Yowie Director	Relevant Interest in Yowie Shares	Voting Power in Yowie Shares	Relevant Interest in Yowie Rights
Louis Carroll	1,021,739	0.469%	543,479 Service Rights
Mark Schuessler	1,075,323	0.494%	132,925 Service Rights and 1,027,968 LTI Performance Rights
Glen Watts	83,083	0.038%	-

### 2.3 Substantial shareholders of Yowie

Based on material lodged with the ASX as at the date of this Bidder's Statement pursuant to Section 671B of the Corporations Act and information otherwise known to Keybridge, each of the following persons have a substantial shareholding in Yowie Shares:

Substantial Shareholder	Relevant Interest in Yowie Shares	Voting Power in Yowie <sup>(F)</sup>
Aurora as responsible entity of HHY	26,526,643	12.182% <sup>(A)</sup>
Keybridge	40,756,512	18.717% <sup>(B)</sup>
Australian Style Group Pty Ltd ( <b>ASG</b> )	40,756,512	18.717% <sup>(C)</sup>
Wilson Asset Management (International) Pty Ltd ( <b>WAMI</b> )	28,316,223	13.004% <sup>(D)</sup>
Bentley Capital Limited ( <b>Bentley</b> )	50,712,622	23.289% <sup>(E)</sup>

NOTES:

- (A) Based on the substantial shareholding notice filed by Aurora as responsible entity of HHY dated 19 February 2018 (updated to reflect current Relevant Interest and Voting Power).
- (B) Based on the substantial shareholding notice filed by Keybridge dated 29 January 2019 (updated to reflect current Relevant Interest and Voting Power).
- (C) Based on the substantial shareholding notice filed by ASG dated 25 March 2019 (updated to reflect current Relevant Interest and Voting Power).
- (D) Based on the initial substantial shareholding notice filed by WAMI dated 22 March 2019.

- (E) Based on the substantial shareholding notice filed by Bentley dated 29 January 2019 updated to reflect current Relevant Interest and Voting Power).
- (F) Movements of less than 1% in Voting Power are not required to be disclosed to ASX via an updated substantial shareholding notice and accordingly, there may be variances between the Relevant Interests and Voting Powers recorded in the table above and the most recent substantial shareholding notices lodged on ASX. Current Relevant Interests and Voting Powers have been disclosed (where available).

Refer also to Section 5.4 for details of the Relevant Interest held by Keybridge in relation to Aurora's Yowie Shares.

## **2.4 Takeovers Panel Applications**

Keybridge notes in relation to the substantial shareholding notice in Yowie filed by WAMI (dated 22 March 2019) that Keybridge has made an application to the Takeovers Panel on 27 March 2019 submitting (amongst other things) that:

- (a) WAMI currently has Voting Power of 20.65% in Keybridge and 30.98% in HHY;
- (b) WAMI has acquired certain shares in Yowie in contravention of section 606 of the Corporations Act; and
- (c) there are various contraventions of the substantial holder provisions in the Corporations Act by WAMI.

Keybridge contends, therefore, that WAMI has a Relevant Interest in at least 41,491,944 Yowie Shares and possibly up to 68,018,587 Yowie Shares representing a Voting Power of between 19.055% and 31.237%. Accordingly, Keybridge is seeking orders from the Takeovers Panel (amongst other things) vesting 25,048,992 Yowie Shares acquired by WAMI on 13, 20 and 22 March 2019 in ASIC for sale.

Keybridge notes that Yowie has also made an application to the Takeovers Panel on 11 April 2019 submitting (amongst other things) that Keybridge had acquired 1,054,148 Yowie Shares (between 2 April and 10 April 2019) in contravention of the 20% takeovers prohibition because it caused WAMI's Voting Power in Yowie to increase from a starting point that is above 20% and below 90%. Accordingly, Yowie is seeking orders from the Takeovers Panel (amongst other things) vesting 1,054,148 Yowie Shares acquired by Keybridge between 2 April and 10 April 2019 in ASIC for sale.

As at the time of Keybridge Board approval of this Bidder's Statement, the Takeovers Panel has not released its decisions in respect of these applications.

Keybridge will issue a Supplementary Bidder's Statement to provide an update on the outcomes of these applications when a decision in relation to the applications is released by the Takeovers Panel.

## **2.5 Relevant interest in Yowie securities and voting power**

As at the date of this Bidder's Statement:

- Keybridge has a Relevant Interest in Yowie Shares and Voting Power in Yowie as detailed in Section 5.4.
- None of the Directors or Officers of Keybridge have a Relevant Interest in Yowie Shares or Yowie Rights, as detailed in Section 5.5.

## 2.6 Consideration provided for Yowie securities during previous four months

Keybridge has acquired Yowie Shares during the period of four months ending on the day immediately before the date of this Bidder's Statement, as follows:

Date of Acquisition	Nature of Acquisition	Number of Yowie Shares Acquired	Total Consideration Paid (excluding brokerage)	Average Price Paid (cents)	Lowest Price Paid (cents)	Highest Price Paid (cents)
24-Dec-18	On-market purchases on ASX	25,200	\$2,268.00	9.00	9.00	9.000
10-Jan-19		289,300	\$26,037.00	9.00	9.00	9.000
11-Jan-19		30,600	\$2,692.80	8.80	8.80	8.800
14-Jan-19		457,254	\$40,795.61	8.90	9.00	8.922
16-Jan-19		123,855	\$10,996.40	8.80	8.90	8.878
18-Jan-19		104,037	\$9,259.29	8.90	8.90	8.900
21-Jan-19		454,682	\$40,879.83	8.90	9.00	8.991
22-Jan-19		150,000	\$13,500.00	9.00	9.00	9.000
23-Jan-19		97,017	\$8,694.51	8.90	9.00	8.962
25-Jan-19		252,983	\$21,815.49	8.40	8.90	8.623
31-Jan-19		58,250	\$4,543.50	7.80	7.80	7.800
01-Mar-19		330,000	\$25,410.00	7.70	7.70	7.700
02-Apr-19		236,416	\$20,969.30	8.70	8.90	8.870
03-Apr-19		198,201	\$17,639.89	8.90	8.90	8.900
04-Apr-19		333,099	\$29,335.38	8.70	8.90	8.807
08-Apr-19		51,249	\$15,208.00	8.70	8.80	8.740
05-Apr-19		174,000	\$4,458.66	8.70	8.70	8.700
09-Apr-19		25,111	\$2,184.66	8.70	8.70	8.700
10-Apr-19		36,072	\$3,138.26	8.70	8.70	8.700

Keybridge has been advised by Aurora as responsible entity of HHY that Aurora has not acquired Yowie Shares during the period of four months ending on the day immediately before the date of this Bidder's Statement.

## 2.7 Yowie Share price history

A summary table of rolling data on the trading volumes and values of Yowie Shares on ASX (as at 23 April 2019) is as follows:

Periods	High (cent)	Low (cents)	Volume	Value (\$)	Date High	Date Low
Week Rolling	8.3	7.8	98,407	7,736	16-Apr-2019	17-Apr-2019
Month Rolling	9.1	7.8	5,713,196	505,529	27-Mar-2019	17-Apr-2019
6 Month Rolling	11.5	6.5	60,036,787	5,141,984	02-Nov-2018	26-Feb-2019
Year Rolling	15	6.5	111,574,404	9,869,075	03-Oct-2018	26-Feb-2019

Source: IRESS

A summary of the last sale price of Yowie Shares prior to the Announcement Date and the date of this Bidder's Statement is as follows:

Last sale price of Yowie Shares	Date	Closing Price (cents)
Prior to Announcement Date	12 March 2019	7
Prior to date of Bidder's Statement	23 April 2019	7.8

Source: IRESS

A summary of the highest and lowest price of Yowie Shares during the 4 months prior to the Announcement Date and the date of this Bidder's Statement is as follows:

Highest and lowest closing Yowie Share prices during the 4 months:	Lowest Price		Highest Price	
	Date	Cents	Date	Cents
Prior to Announcement Date	26 February 2019	6.5	7 January 2019	9.4
Prior to date of Bidder's Statement	26 February 2019	6.5	7 January 2019	9.4

Source: IRESS

A summary of various periods' VWAP of Yowie Shares is as follows:

Month or Period Ending	Lowest Price (cents)	Highest Price (cents)	Volume	Value (\$)	VWAP (cents)	No. of Trades
23-Apr-2019	7.8	8.9	1,851,615	161,015	8.70	94
31-Mar-2019	6.9	9.1	37,888,359	3,219,294	8.50	561
28-Feb-2019	6.5	7.9	4,622,771	328,575	7.11	349
31-Jan-2019	7	9.4	5,225,985	453,111	8.67	413
31-Dec-2018	8.7	9.8	2,170,099	199,187	9.18	90
30-Nov-2018	8.7	11.5	7,078,849	663,005	9.37	264
31-Oct-2018	9.1	15	7,495,983	911,715	12.16	431
30-Sep-2018	8.8	12.5	8,179,114	852,364	10.42	307
31-Aug-2018	8	11	6,712,286	607,552	9.05	352
31-Jul-2018	6.8	10	11,893,346	1,039,241	8.74	636
30-Jun-2018	6.6	8.6	10,248,014	748,008	7.30	595
31-May-2018	6.6	9.7	7,275,318	596,844	8.20	522
30-Apr-2018	9.1	12.5	5,133,300	529,156	10.31	449
31-Mar-2018	8.8	10.5	7,857,240	747,537	9.51	489
28-Feb-2018	9.8	16.5	49,261,440	5,565,071	11.30	1,972
31-Jan-2018	13.5	18.5	57,617,859	9,273,457	16.09	1,929

Source: IRESS

Period ending 23 April 2019	Lowest Price (cents)	Highest Price (cents)	Volume	Value (\$)	VWAP (cents)	No. of Trades
1 month	7.8	9.1	5,713,196	505,529	8.85	231
2 months	6.5	9.1	41,470,012	3,503,190	8.45	727
3 months	6.5	9.1	46,233,135	3,859,850	8.35	1,223
4 months	6.5	9.4	49,651,716	4,167,701	8.39	1,431
6 months	6.5	11.5	59,582,421	5,096,880	8.55	1,823
9 months	6.5	15	83,247,469	7,565,742	9.09	2,989
12 months	6.5	15	111,322,226	9,844,726	8.84	4,682

Source: IRESS

As at 12 March 2019 (the day prior to the date of announcement of the Offer), the Offer Price of 9.2 cents per Yowie Share represents a premium of 31.4% to the bid price (on ASX) of 7 cents and:

- A 31.4% premium on the last sale price of 7 cents on 12 March 2019;
- A 28.2% premium on the last 1 month VWAP of 7.177 cents;
- A 18.5% premium on the last 2 month VWAP of 7.766 cents; and
- A 16% premium on the last 3 month VWAP of 7.931 cents.

As at 23 April 2019, (the business/trading day prior to the date of this Bidder's Statement) the Offer Price of 9.2 cents per Yowie Share represents a premium of 17.9% to the bid price (on ASX) of 7.8 cents and:

- A 17.9% premium on the last sale price of 7.8 cents on 23 April 2019;
- A 4% premium on the last 1 month VWAP of 8.848 cents;
- A 8.9% premium on the last 2 month VWAP of 8.448 cents; and
- A 10.2% premium on the last 3 month VWAP of 8.349 cents.

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, ASX securities trading price and volume data within this Bidder's Statement has been sourced from IRESS Limited without its consent.

### 3. KEYBRIDGE'S INTENTIONS

#### 3.1 Overview

This section sets out Keybridge's intentions, on the basis of the facts and information concerning Yowie known to Keybridge as at the date of this Bidder's Statement, in relation to the following:

- the continuation of the business of Yowie;
- any major changes to the business of Yowie and any redeployment of the fixed assets of Yowie; and
- the future employment of the present employees of Yowie.

These intentions have been formed by the Board of Keybridge. Keybridge and its advisors have reviewed information concerning Yowie and its businesses and assets that is publicly available. Keybridge has not undertaken any formal due diligence in relation to Yowie's business in connection with the Offer.

In light of the above information limitations, Keybridge is not aware of all material information, facts and circumstances that may be necessary to enable it to form complete or definitive intentions or to assess all of the operational, commercial, taxation and financial implications of its current intentions. Consequently, the statements set out in this section are statements of Keybridge's current intention only, which may change as new information becomes available or circumstances change, including from the information provided by Yowie in its Target's Statement. The statements in this section should be read in this context.

Keybridge's intentions generally are to restore market confidence in Yowie by:

- (a) Seeking to reduce the drain on the cash resources from the Yowie business and preferably to cause that business to be profitable;
- (b) Considering whether continued ownership of the Yowie business is in the best interests of Yowie and its shareholders compared to the terms on which it might be disposed of;
- (c) Altering the composition of the Board of Yowie to include Directors with stronger ASX and corporate governance experience and replace Directors who have presided over Yowie's failures; and
- (d) Seeking value-enhancing investments for Yowie's cash reserves that are in the interests of Yowie and its shareholders or returning cash to shareholders on a pro-rata basis.

Keybridge's capacity to give effect to these intentions will depend on the level of shareholding it has following the close of the Offer.

Keybridge notes that any Yowie Directors nominated by Keybridge will act at all times in accordance with their statutory and fiduciary duties and in the interests of Yowie and its Shareholders as a whole.

#### 3.2 Intentions if Keybridge has up to 50% of the Yowie Shares

Keybridge's specific intentions if at the end of the Offer it holds a Relevant Interest in less than 50% of the Yowie Shares are set out below.

##### **Directors**

At the conclusion of the Offer Period Keybridge will seek the appointment of two qualified and experienced Directors to the Board of Yowie to replace Louis Carroll (currently a Non-Executive Chairman) and Glen Watts (currently a Non-Executive Director). The replacement directors may include one or more of Keybridge Officers (details of whom are set out in Section 5.5).

Keybridge intends that Mark Schuessler continue in his role as the Managing Director of Yowie.

Keybridge will first seek that this change to the Board composition be achieved consensually with the Board of Yowie, but if that is not achieved, Keybridge will consider using its rights as a shareholder under the Corporations Act and the Yowie Constitution either to request the Board to hold, or to hold itself, a general meeting of Yowie Shareholders to consider these changes.

### ***Yowie's businesses, assets and employees***

Once the Yowie Board composition has been established, Keybridge will request that the Board review several aspects of Yowie and its operations, assets, liabilities and employees, with a view to determining the extent to which and how Keybridge's general intentions set out in Section 3.1 might be achieved. This review will include:

- (a) ways that corporate and administration expense of Yowie might be reduced – for example, Yowie's administration expense totalled US\$4.1 million (A\$5.3 million) in the 2017/2018 financial year and US\$1.822 million (A\$2.514 million) in the half year to 31 December 2018;
- (b) ways to reduce the other expenses, and increase the revenue, of the Yowie business to seek to achieve break-even performance as soon as possible and profitability within a reasonable period – this will encompass a review of the following matters and the underlying strategy and objectives related thereto:
  - (i) sales and distribution channels in each geographic region/market;
  - (ii) marketing activities – both at the overarching and geographic and product levels;
  - (iii) branding and product development;
  - (iv) manufacturing, packaging and logistical operations; and
  - (v) digital and online platforms;
- (c) identifying any other strategic and operational matters that may enhance commercial returns from the current operations and assets of Yowie that would be likely to provide enhanced returns to Yowie and its shareholders in a reasonable period including the possibility of disposing of the Yowie business;
- (d) reviewing the performance and roles of all Yowie employees;
- (e) identifying other investment opportunities which may provide commercial returns and profitability from the assets of Yowie including its cash reserves; and
- (f) investigating the capital needs of the Yowie business and the amount, if any, of the cash reserves of Yowie that might be available for return to Yowie Shareholders.

Keybridge anticipates that final decisions will only be reached by the Yowie Board after that review and in light of all material facts and circumstances. Following that review, Keybridge will encourage the Yowie Board to adopt a corporate plan to implement, as quickly as possible, the steps which the review indicates should be taken to achieve the intentions set out in Section 3.1.

While Keybridge does not currently have any specific intentions in relation to this review or its outcomes, its current expectation is that the review will focus on identifying the most effective means of enhancing the value of Yowie's assets and utilising Yowie's assets to maximise the returns to Yowie Shareholders. As a consequence, the strategic direction of Yowie may remain or may shift away from the sector in which it currently operates, and may involve capital returns, dividends or buy-backs to return a portion of the cash reserves to Yowie Shareholders.

### **3.3 Intentions upon acquiring more than 50% but less than 90% of the Yowie Shares**

Keybridge's specific intentions if at the end of the Offer Yowie is a controlled entity of Keybridge (that is, where Keybridge has a Relevant Interest in more than 50% of Yowie Shares) but Yowie is not a wholly owned subsidiary of Keybridge (which will only occur where Keybridge has acquired a Relevant Interest in more than 90% of Yowie's Shares and has completed the compulsory acquisition process to gain an interest in 100% of Yowie Shares) are set out below.

#### ***Directors***

Keybridge intends to seek to re-constitute the Board of Directors of Yowie to reflect Keybridge's majority ownership of Yowie by seeking the appointment of a majority of Keybridge nominees to the Yowie Board.

Keybridge will seek the appointment of a minimum of three qualified and experienced Directors to the Board of Yowie to replace Louis Carroll (currently Non-Executive Chairman), Glen Watts (currently a Non-Executive Director) and Mark Schuessler (currently Managing Director).

Keybridge intends that Mark Schuessler continue in his role as Global CEO as an employee of Yowie. It is expected that the replacement directors may include one or more of Keybridge Officers (details of whom are set out in Section 5.5) and will also include at least one independent Non-Executive Director.

#### ***Yowie's businesses, assets and employees***

Keybridge will request the Board of Yowie to conduct a review and act on it in the same way as is described in Section 3.2.

#### ***ASX Listing***

Keybridge intends that Yowie remain on the official list of ASX.

### **3.4 Intentions upon acquiring 90% or more of the Yowie Shares**

Keybridge's intentions if at the end of the Offer Keybridge has a Relevant Interest in more than 90% of Yowie's Shares and is entitled to proceed to compulsory acquisition of the outstanding Yowie Shares are set out below.

#### ***Compulsory acquisition***

If it becomes entitled to do so under the Corporations Act, Keybridge intends to exercise its rights to proceed to compulsory acquisition of Yowie Shares in accordance with Section 661A of the Corporations Act.

If it is required to do so under Sections 662A and 663A of the Corporations Act, Keybridge will give notice to Yowie Shareholders and holders of Yowie Rights offering to acquire their Yowie Shares and Yowie Rights in accordance with Sections 662B and 663B of the Corporations Act, respectively.

#### ***ASX Listing***

At the conclusion of the compulsory acquisition process, Keybridge intends to arrange for Yowie to be removed from the official list of ASX.

#### ***Directors***

Keybridge intends to replace all members of the Board of Yowie with its own nominees. Keybridge intends that Mark Schuessler continue in his role as Global CEO as an employee of Yowie. It is expected that the replacement directors may include one or more of Keybridge Officers (details of whom are set out in Section 5.5).

#### ***Yowie's businesses, assets and employees***

Keybridge will implement the intentions of Keybridge which are outlined in Section 3.2.



### **3.5 Further acquisitions of Yowie Shares**

If after the completion of the Offers Keybridge has a relevant interest in less than 90% of Yowie's Shares, Keybridge may acquire additional Yowie Shares under the "creep" provisions of the Corporations Act or as otherwise permitted by the Corporations Act. In summary, the 'creep' provisions permit Keybridge to acquire up to 3% of Yowie Shares every 6 months after completion of the Offer. Any decision to acquire additional Yowie Shares will depend on the circumstances applicable at the relevant time.

### **3.6 Limitations on intentions**

Keybridge will comply with all requirements of law, including the Yowie Constitution, the Corporations Act and the Listing Rules in pursuing the intentions referred to above. As a result of these requirements the approval of Yowie Shareholders as well as approvals from regulators or third parties may be required for the implementation of some or all of these intentions.

## 4. CONSIDERATION AND FUNDING

### 4.1 Consideration payable

The Consideration for the acquisition of Yowie Shares to which the Offer relates will be satisfied in cash and listed securities (in the form of listed Keybridge Convertible Promissory Notes (ASX:KBCPA) (**Keybridge Notes**)).

If the Offer is accepted in respect of all Yowie Shares on issue as at the date of the Bidder's Statement that Keybridge does not already own, the maximum Consideration payable by Keybridge for those Yowie Shares (based on the Offer Price of 9.2 cents) will be approximately \$18.724 million.

Having regard to the matters set out in this section, Keybridge is of the opinion that it has a reasonable basis for forming, and it holds, the view that it will be able to pay the maximum Consideration payable under the Offer.

### 4.2 Form of Consideration payable

The Consideration will be paid in either cash or a combination of cash and Keybridge's ASX-listed Keybridge Notes, depending on the number of Acceptance Shares:

#### **Cash Scenario 1: Up to \$9 Million Cash (Cash Component)**

- If Keybridge receives Acceptance Shares resulting in total Consideration payable of up to \$9 million, all Accepting Yowie Shareholders will receive 100% of their Consideration in cash.

#### **Cash and Scrip Scenario 2: \$9 Million Cash plus Keybridge Notes (Scrip Component)**

- If Keybridge receives in excess of 97,826,087 Acceptance Shares resulting in total Consideration payable exceeding \$9 million, the Consideration exceeding \$9 million will be satisfied by the issue of new Keybridge Notes to Accepting Yowie Shareholders and all Accepting Yowie Shareholders will receive a combination of cash and Keybridge Notes.

The Cash Component of the Consideration payable to each Accepting Yowie Shareholder will be rounded to the nearest cent. Where applicable, fractional entitlements to Keybridge Notes will be rounded to the nearest Keybridge Note.

The following table illustrates the combination of the Cash and Scrip Components of the Consideration payable to Accepting Yowie Shareholders based on a range of Acceptances Share levels:

<b>Yowie Issued Shares</b>	217,748,987	
		<b>% of Yowie Issued Shares</b>
<b>Current Keybridge Yowie Shareholding</b>	14,229,869	6.535%
<b>Yowie Shares not held by Keybridge</b>	203,519,118	93.465%
<b>Bid Price</b>	\$0.0920	
<b>Valuation of Keybridge Note</b>	\$(Value)	
<b>Cash Component</b>		\$9,000,000

**Cash and Scrip Components of Consideration Payable to Accepting Yowie Shareholders Based on a Range of Acceptances Share Levels**

<b>No. Acceptance Shares</b>	<b>% of All Acceptances Shares</b>	<b>Total Consideration Payable</b>	<b>Cash Component of Consideration</b>	<b>Scrip Component of Consideration</b>	<b>No. Keybridge Notes Issued</b>
10,869,565	5%	\$1,000,000	\$1,000,000	-	-
21,739,130	11%	\$2,000,000	\$2,000,000	-	-
32,608,696	16%	\$3,000,000	\$3,000,000	-	-
43,478,261	21%	\$4,000,000	\$4,000,000	-	-
54,347,826	27%	\$5,000,000	\$5,000,000	-	-
65,217,391	32%	\$6,000,000	\$6,000,000	-	-
76,086,957	37%	\$7,000,000	\$7,000,000	-	-
86,956,522	43%	\$8,000,000	\$8,000,000	-	-
97,826,087	48%	\$9,000,000	\$9,000,000	-	-
108,695,652	53%	\$10,000,000	\$9,000,000	\$1,000,000	[*]
119,565,217	59%	\$11,000,000	\$9,000,000	\$2,000,000	[*]
130,434,783	64%	\$12,000,000	\$9,000,000	\$3,000,000	[*]
141,304,348	69%	\$13,000,000	\$9,000,000	\$4,000,000	[*]
152,173,913	75%	\$14,000,000	\$9,000,000	\$5,000,000	[*]
163,043,478	80%	\$15,000,000	\$9,000,000	\$6,000,000	[*]
173,913,043	85%	\$16,000,000	\$9,000,000	\$7,000,000	[*]
184,782,609	91%	\$17,000,000	\$9,000,000	\$8,000,000	[*]
195,652,174	96%	\$18,000,000	\$9,000,000	\$9,000,000	[*]
203,519,120	100%	\$18,723,759	\$9,000,000	\$9,723,759	[*]

#### 4.3 Funding of Cash Consideration (Cash Component)

Keybridge intends to fund the Cash Component of the Consideration through its existing cash reserves and to the extent necessary through the realisation of its liquid assets.

The Keybridge Group has gross assets of approximately \$20.848 million as at 31 March 2019 comprising cash, listed and unlisted investments, investments in managed funds and loan receivable assets, as outlined in Section 5.3. The Keybridge Group's investment in listed securities and managed funds are liquid assets that are realisable into cash to supplement existing cash reserves.

Keybridge has an on-market buy-back (capital management) programme in place in respect of Keybridge Shares and Keybridge Notes (as outlined in Section 6.7), but notes that the decision to buy-back its securities is at the absolute discretion of Keybridge and accordingly Keybridge will not buy back any securities to the extent that this would reduce the liquid assets available to fund the Cash Component below \$9 million.

#### 4.4 Scrip Consideration (Scrip Component) - Keybridge Convertible Redeemable Promissory Notes (ASX:KBCPA)

The Scrip Component of the Consideration is the issue of new Keybridge Convertible Redeemable Promissory Notes (ASX:KBCPA) (**Keybridge Notes**). Yowie Shareholders who are not resident in Australia and New Zealand will not receive Keybridge Notes. See Sections 10.7 and 11.18 for further details.

The full terms and conditions of the Keybridge Notes are in Annexure C. A summary of the terms of the Keybridge Notes is as follows:

- (a) Face value of \$1.00 each with maturity on 31 July 2020;
- (a) Fixed interest rate of 7% per annum payable in arrears generally on 20 March, 20 June, 20 September and 20 December each year;
- (b) Regarded as an 'equity interest' under Australian tax law with interest payments regarded as 'non-share dividends.' Interest payments are fully franked (where possible) or grossed up with additional cash payments to compensate for any unfranked component and 'qualified' Australian resident holders will have access to franking credits in this regard;
- (c) Rank ahead of ordinary shares with preferential right to payment of interest and capital on winding up;
- (d) At maturity:
  - (i) a holder may request a Conversion of their Keybridge Notes to Keybridge Shares at a 2.5% discount to the volume weighted average price of Keybridge Shares at the time (over a Conversion VWAP Period defined as the 15 Business Days on which trading in Keybridge Shares took place immediately preceding (but not including) the date on which Conversion is to occur) (**VWAP**). Keybridge may respond to the holder's request by either converting the Note into ordinary shares (at the 2.5% discount to the VWAP price) or redeeming the Note for cash at face value;
  - (ii) Keybridge may elect to convert the Note to Keybridge Shares at a 5% discount to the VWAP price at maturity; and
- (e) Keybridge may also elect to redeem the Note for cash or convert the Note prior to maturity, on the occurrence of certain trigger events.

After grossing up for franking credits (at Keybridge's applicable tax rate of 27.5%), the Keybridge Notes have a yield of approximately 9.7% per annum based on their \$1.00 face value.

Keybridge has recently completed a \$3.6 million capital raising via the issue of 3,598,953 new Keybridge Notes at the face value of \$1.00 to professional/institutional investors.

Additional information in relation to Keybridge Notes is set out in Section 6.

#### 4.5 Quotation of Scrip Component Keybridge Notes on ASX

Keybridge Notes are admitted to trading on the Official List of the ASX.

Keybridge will lodge an application for admission to quotation of the Scrip Component of the Consideration to trading on the ASX within 7 days of the commencement of the Bid Period. The Offer is conditional on quotation being granted.

Quotation is expected in the ordinary course, as Keybridge is already admitted to the Official List of the ASX and Keybridge Notes are already traded on ASX.

Depending on the number of Acceptance Shares Keybridge may require shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of Keybridge Notes. An issue of equity securities (which includes Keybridge Notes) under a takeover bid does not require shareholder approval unless the issue is being made under a reverse takeover. Under the relevant definitions in the Listing Rules and depending on the respective market values of Keybridge Shares and Keybridge Notes, the Offers may in certain circumstances constitute a reverse takeover. These variables cannot be ascertained as at the date of this Bidder's Statement but will be able to be ascertained prior to the end of the Offer Period. Accordingly, the Offers are conditional on Keybridge shareholder approval being obtained if required.

#### 4.6 Valuation of Keybridge Notes for purposes of the minimum bid price rule

Keybridge relies on the provisions of ASIC Corporations (Minimum Bid Price) Instrument 2015/1068. The Instrument provides relief from the requirement in section 621(4) of the Corporations Act (to value non-cash consideration as at the time an offer is made) and allows a bidder up to five business days before the date of the takeover bid to value quoted securities that it is offering as part of its bid consideration, for the purpose of determining whether the value of the bid consideration at least equals the maximum value of consideration paid by the bidder in the four months prior to the date of the Offer.

Relying on that relief, Keybridge may value Keybridge Notes to be provided as the Scrip Component of the Consideration payable to Accepting Yowie Shareholders at any date nominated by Keybridge (**Valuation Date**) up to five Business Days before the commencement of the Offer Period. The valuation is determined by calculating the VWAP of Keybridge Notes in the ordinary course of trading on ASX during two full trading days before the Valuation Date.

Under section 621(4A) (as inserted in the Corporations Act by ASIC Corporations (Minimum Bid Price) Instrument 2015/1068) the following information is provided:

- (a) Valuation of Keybridge Notes: \$[Value] each;
- (b) Valuation Date: [Value Date] 2019;
- (c) Trading days on which VWAP of Keybridge Notes has been calculated to arrive at the valuation in (a): [Date] and [Date] 2019.

The market price of Keybridge Notes on the ASX may fall as well as rise and may be subject to varied and unpredictable influences. Accordingly there is no guarantee that one Keybridge Note will continue to be worth equal to or above \$[Value] during the Offer Period or generally.

Section 6.1 outlines the price history of Keybridge Notes.

## 5. PROFILE OF KEYBRIDGE

### 5.1 Overview of Keybridge

Keybridge is an investment and financial services group with a diversified portfolio of listed and unlisted investment/loan assets including in the life insurance (New Zealand), property, private equity (US) and funds management sectors and strategic holdings in HHY Fund (ASX:HHY), Molopo Energy Limited (ASX:MPO), Metgasco Limited (ASX: MEL) and Yowie Group Ltd (ASX:YOW). Keybridge is also the investment manager of the HHY Fund.

Keybridge's registered office and principal place of business is located in Melbourne, Victoria, Australia.

### 5.2 Keybridge securities

Keybridge has the following securities on issue at the date of this Bidder's Statement:

Class of Security	Quoted on ASX	Unlisted
Fully paid ordinary shares (ASX:KBC)	157,464,343	-
Executive Share Plan shares	-	9,000,000
Convertible Redeemable Promissory Notes (ASX:KBCPA)	8,000,000	-

### 5.3 Net Assets and Investment Holdings

Keybridge's recent net asset backing position is as follows:

#### Net Asset Backing

Month Ending	31 March 2019	31 December 2018
Net Assets	\$13.440m	\$13.533m
Net Asset Backing per share (cents)	8.5	8.6
Based on total issued share capital	157,464,343	157,552,806

A summary of Keybridge's net assets:

#### Net Assets

	31 March 2019		31 December 2018	
	\$'million	% of Net Assets	\$'million	% of Net Assets
Cash	5.946	44.20%	2.927	21.70%
Investment in Associated entity – HHY Fund (ASX:HHY)	1.634	12.20%	1.811	13.40%
Other Listed Securities	6.676	49.70%	6.115	45.30%
Managed Funds	0.117	0.90%	0.210	1.60%
Other Investments	0.104	0.80%	0.103	0.80%
Loan Receivables:				
• Insurance	3.311	24.60%	3.397	25.10%
• Property	0.885	6.60%	0.885	6.50%
• Private Equity	0.555	4.10%	0.558	4.10%
• Other	0.497	3.70%	1.343	9.90%
Other Assets	1.123	8.40%	0.504	3.70%
<b>Gross Assets</b>	<b>20.848</b>	<b>155.20%</b>	<b>17.853</b>	<b>132.10%</b>

	31 March 2019		31 December 2018	
	\$'million	% of Net Assets	\$'million	% of Net Assets
Convertible Redeemable Promissory Notes (ASX: KBCPA)	(7.200)	(53.60%)	(4.018)	(29.70%)
Provision for tax	-	-	-	-
Derivatives	(0.002)	<(0.01%)	-	-
Other Liabilities	(0.206)	(1.50%)	(0.321)	(2.40%)
<b>Net Assets</b>	<b>13.440</b>	<b>100%</b>	<b>13.514</b>	<b>100%</b>

Keybridge notes that subsequent to 31 December 2018, it completed a \$3.6 million capital raising via the issue of 3,598,953 Keybridge Notes at their face value of \$1.00 on 19 February 2019.

A summary of Keybridge's major investment holdings is as follows:

### Major Investment Holdings

Security	Code	Industry Sector	31 March 2019	31 December 2018
			Value \$'million	Value \$'million
HHY Fund	HHY	Financials	1.634	1.811
Metgasco Limited	MEL	Energy	1.715	1.715
Pershing Square Holdings Ltd	PSH	Financials	1.818	1.376
Monash Absolute Investment Company Limited	MA1	Financials	1.147	1.058
Yowie Group Ltd	YOW	Food, Beverage	1.146	0.986
Copper Strike Limited	CSE	Materials	0.118	0.152
Molopo Energy Limited	MPO	Energy	0.732	0.828
Other managed funds	-	-	0.117	0.210
Other unlisted securities	-	-	0.104	0.103
<b>Total</b>			<b>8.531</b>	<b>8.239</b>

A summary of Keybridge's major loan receivable holdings is as follows:

### Major Loan Receivable Holdings

	31 March 2019	31 December 2018
Loan Exposure to Industry Sector	Carrying Value \$'million	Carrying Value \$'million
Insurance	3.311	3.397
Property	0.885	0.885
Private Equity	0.556	0.558
Other	0.496	1.343
<b>Total</b>	<b>5.248</b>	<b>6.183</b>

Further information about Keybridge's net assets and investment affairs are contained in Keybridge's ASX releases, including as follows:

- 9 April 2019: Net Asset Backing – March 2019;
- 28 February 2019: Half Year Report – 31 December 2018; and
- 17 October 2018: 2018 Annual Report.

If you would like to receive a copy of any of those releases (free of charge) during the Offer Period, please contact Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or by email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

#### 5.4 Keybridge's Relevant Interest and Voting Power in Yowie

As at the date of this Bidder's Statement, Keybridge has a Relevant Interest in Yowie Shares and Voting Power in Yowie, as follows:

Holder of Yowie Shares	Keybridge Relevant Interests	Keybridge Voting Power
Keybridge	14,229,869	6.535%
Aurora as Responsible Entity of HHY <sup>(A)</sup>	26,526,643	12.182%
<b>Total</b>	<b>40,756,512</b>	<b>18.717%</b>

NOTE:

(A) Keybridge has a Relevant Interest and Voting Power in Aurora's Yowie Shares under the Corporations Act, as follows:

- (i) Keybridge is taken under section 608(1)(b) and 608(1)(c) of the Corporations Act to have a Relevant Interest by reason of having powers in relation to the exercise of a right to vote and in relation to the disposal of Yowie Shares, as investment manager of HHY; and
- (ii) Keybridge is taken under section 608(3)(a) of the Corporations Act to have a Relevant Interest in securities in which HHY has a Relevant Interest by reason of having greater than 20% Voting Power in HHY by reason of Keybridge's unitholding in HHY.

#### 5.5 Keybridge's Officers and their interests in Yowie

As at the date of this Bidder's Statement, the Officers of Keybridge are as follows:

##### **JOHN D. PATTON     Chairman**

*Appointed* 10 August 2016; Chairman since 13 October 2016

*Qualifications* B.Ec (Monash), CA (ICAA), F Fin

*Experience* John Patton is a senior executive with extensive finance experience in the corporate and professional services sectors. He was previously a Partner with Ernst & Young in the Transactions Advisory Services division. With over 25 years of professional services and industry experience, Mr Patton has extensive corporate finance credentials, having been involved in over 150 corporate transactions, including mergers & acquisitions (lead advisory), structuring, debt and equity raisings, IPOs, management buy-outs, valuations (including Independent Expert Reports), due diligence, financial modelling, restructuring and corporate advisory.

In addition, Mr Patton held the positions of CFO, acting CEO and alternate director of the Epic Energy group, a major infrastructure owner of high-pressure gas transmission pipelines in Australia. This business was the core asset within the ASX listed Hastings Diversified Utilities Fund. As a result, he has solid hands-on operational experience with, and a strong appreciation of, the regulatory, commercial, financial, capital structure and external stakeholder management issues and requirements associated with major assets within an ASX listed environment in Australia.

*Other current directorships in listed entities* Non-Executive Director of Metgasco Limited (ASX:MEL) (appointed 19 September 2016)



## **WILLIAM M. JOHNSON Non-Executive Director**

*Appointed* 29 July 2016

*Qualifications* MA (Oxon), MBA, MAICD

*Experience* William Johnson holds a Masters degree in engineering science from Oxford University, England and an MBA from Victoria University, New Zealand. His 30-year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly-experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution.

*Other current directorships in listed entities*

- (1) Managing Director of Strike Resources Limited (ASX:SRK) (since 25 March 2013; Director since 14 July 2006).
- (2) Executive Director of Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since 13 March 2009)
- (3) Non-Executive Director of Molopo Energy Limited (ASX:MPO) (since 31 May 2018)

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## **JEREMY M. KRIEWALDT Non-Executive Director**

*Appointed* 13 October 2016

*Qualifications* BA (Hons), LLM (Hons) (Sydney)

*Experience* Jeremy Kriewaldt is a lawyer in private practice, specialising in corporate and commercial law, including mergers and acquisitions, capital raisings and foreign investment, financial product development and securities markets. He started his own practice in 2018 and was previously a partner of Atanaskovic Hartnell (2004 - 2018), Blake Dawson Waldron (now Ashurst) (1990-2003) and also served as Counsel to the Takeovers Panel in 2003-2004.

*Other current directorships in listed entities* None

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## **SIMON K. CATO Non-Executive Director**

*Appointed* 29 July 2016

*Qualifications* B.A. (Sydney)

*Experience* Simon Cato has had over 30 years' capital markets experience in broking, regulatory roles (with ASX in Sydney and Perth) and as a director of listed companies. From 1991 until 2006, he was an executive director and/or responsible executive of three stockbroking firms. During that time, Mr Cato was involved in the formation of a number of companies, including writing prospectuses and managing the listing process and has been through the process of IPO listing in the dual role of broker and director. Since 2006, Mr Cato has been an executive and non-executive director of a number of public listed companies with a range of different business activities and was a founding director of Greenland Minerals and Energy Limited.

*Other current directorships in listed entities*

- (1) Non-Executive Chairman of Advanced Share Registry Limited (ASX:ASW) (since 22 August 2007).
- (2) Non-Executive Director of Greenland Minerals and Energy Limited (ASX:GGG) (since 21 February 2006).
- (3) Non-Executive Director of Bentley Capital Limited (ASX:BEL) (since 7 January 2015; also February 2004 to April 2010).

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**VICTOR P. H. HO      Company Secretary**

*Appointed* 13 October 2016

*Qualifications* BCom, LLB (Western Australia), CTA

*Experience* Victor Ho has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 19 years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate, M&A and international joint venture (in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations.

*Other current positions in listed entities* Executive Director and Company Secretary of:

- (1) Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003).
- (2) Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000 and Director since 3 April 2013).
- (3) Strike Resources Limited (ASX:SRK) (Director since 24 January 2014 and Company Secretary since 1 October 2015).

Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004).

Keybridge Non-Executive Director, William Johnson, was a Non-Executive Director of Yowie between 10 April and 8 October 2018.

No Keybridge Officers have a Relevant Interest in any Yowie Shares or Yowie Rights.

## 5.6 Keybridge Directors' Remuneration

Keybridge Directors currently receive the following remuneration:

- (a) Mr John Patton (Chairman and Company Executive) – a base salary of \$175,000 per annum plus employer superannuation contributions; and
- (b) Mr Simon Cato (Non-Executive Director) - a base fee of \$60,000 per annum plus employer superannuation contributions;
- (c) Mr William Johnson (Non-Executive Director) - a base fee of \$60,000 per annum plus employer superannuation contributions.
- (d) Mr Jeremy Kriewaldt (Non-Executive Director) - a base fee of \$60,000 per annum plus employer superannuation contributions.

Keybridge Directors have received remuneration in respect of the past 2 financial years ending 30 June 2017 and 2018, as follows:

Keybridge Director	2017/2018			2016/2017		
	Cash salary and fees \$	Super-annuation \$	Total \$	Cash salary and fees \$	Super-annuation \$	Total \$
John Patton	174,999	16,625	191,624	136,105	12,930	149,035
William Johnson	60,000	5,700	65,700	55,425	5,265	60,690
Simon Cato	60,000	5,700	65,700	55,425	5,265	60,690
Jeremy Kriewaldt	60,000	5,700	65,700	43,123	4,097	47,220

## **5.7 Corporate Governance**

Keybridge has adopted the Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition, March 2014) issued by the ASX Corporate Governance Council in respect of the most recent financial year ended 30 June 2018.

Keybridge's 2018 Corporate Governance Statement (dated 16 October 2018) and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) (dated 17 October 2018) were released on ASX on 17 October 2018.

## **5.8 Publicly available information about Keybridge**

Being a company listed on the ASX, Keybridge is subject to periodic and continuous disclosure requirements and accordingly, further information concerning Keybridge are contained in Keybridge's ASX releases which may be accessed via the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX Code "KBC".

A table of Keybridge's ASX releases since 1 July 2018 is set out in Annexure B.

Pursuant to section 712 of the Corporations Act all documents listed in Annexure B are incorporated in this Bidder's Statement.

If you would like to receive a copy of any of those releases (free of charge) during the Offer Period, please contact Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or by email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

## 6. INFORMATION ON KEYBRIDGE NOTES

### 6.1 Keybridge Notes price history

A summary table of rolling data on the trading volumes and values of Keybridge Notes on ASX (as at 23 April 2019) is as follows:

Periods	High (cent)	Low (cents)	Volume	Value (\$)	Date High	Date Low
Week Rolling	-	-	-	-	-	-
Month Rolling	95	90	17,646	16,422	15-Apr-2019	25-Mar-2019
6 Month Rolling	95	90	226,043	209,247	15-Apr-2019	11-Mar-2019
Year Rolling	97.4	90	2,767,003	2,617,882	24-Aug-2018	11-Mar-2019

Source: IRESS

A summary of the last sale price of Keybridge Notes prior to the Announcement Date and the date of this Bidder's Statement is as follows:

Last sale price of Keybridge Notes	Date	Closing Price (cents)
Prior to Announcement Date	12 March 2019	90
Prior to date of Bidder's Statement	23 April 2019	95

Source: IRESS

A summary of the highest and lowest price of Keybridge Notes during the 4 months prior to the Announcement Date and the date of this Bidder's Statement is as follows:

Highest and lowest closing Keybridge Notes prices during the 4 months:	Lowest Price		Highest Price	
	Date	Cents	Date	Cents
Prior to Announcement Date	11 March 2019	90	12 December 2018	94
Prior to date of Bidder's Statement	1 April 2019 (most recently)	90	15 April 2019	95

Source: IRESS

A summary of various periods' VWAP of Keybridge Notes is as follows:

Month or Period Ending	Lowest Price (cents)	Highest Price (cents)	Volume	Value (\$)	VWAP (cents)	No. of Trades
23-Apr-2019	90	95	16,669	15,543	93.24	7
31-Mar-2019	90	90	3,024	2,722	90.00	4
28-Feb-2019	91.1	91.1	20,000	18,220	91.10	3
31-Jan-2019	91.3	91.3	507	463	91.30	3
31-Dec-2018	91.2	94	101,595	93,949	92.47	10
30-Nov-2018	93	93	1,818	1,691	93.00	3
31-Oct-2018	92.5	95	254,145	236,324	92.99	25
30-Sep-2018	92.5	93	12,769	11,847	92.78	3
31-Aug-2018	95	97.4	1,125,500	1,069,603	95.03	13
31-Jul-2018	93.2	95	88,146	83,275	94.47	9
30-Jun-2018	92.1	95	66,160	62,253	94.10	13
31-May-2018	93	95	1,058,577	1,004,924	94.93	19
30-Apr-2018	92.5	95	22,159	20,831	94.00	6
31-Mar-2018	92	94	34,504	32,418	93.96	7
28-Feb-2018	94	94.5	95,666	90,066	94.15	15
31-Jan-2018	93.5	96.5	29,531	27,902	94.48	8

Source: IRESS

Period ending 23 April 2019	Lowest Price (cents)	Highest Price (cents)	Volume	Value (\$)	VWAP (cents)	No. of Trades
1 month	90	95	17,646	16,422	93.06	9
2 months	90	95	19,693	18,264	92.74	11
3 months	90	95	39,871	36,647	91.91	15
4 months	90	95	40,200	36,947	91.91	17
6 months	90	95	201,418	186,346	92.52	34
9 months	90	97.4	1,536,923	1,451,195	94.42	73
12 months	90	97.4	2,766,170	2,617,110	94.61	115

Source: IRESS

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, ASX securities trading price and volume data within this Bidder's Statement has been sourced from IRESS Limited without its consent.

## 6.2 Keybridge Noteholders

The following information on Keybridge's Noteholders are as at 23 April 2019:

### Distribution of Keybridge Notes

Spread of Holdings	Number of Holders	Number of Keybridge Notes	% of Total Issued Keybridge Notes
1 - 1,000	707	128,984	1.61%
1,001 - 5,000	67	149,426	1.87%
5,001 - 10,000	17	124,118	1.55%
10,001 - 100,000	30	996,738	12.46%
100,001 - and over	4	6,600,734	82.51%
<b>TOTAL</b>	<b>825</b>	<b>8,000,000</b>	<b>100.00%</b>

### Top 20 Noteholders

Rank	Registered Noteholder	Keybridge Notes Held	Total Keybridge Notes Held	% Total Issued Keybridge Notes
1	J P Morgan Nominees Australia Pty Limited		4,494,625	56.18
2	HSBC Custody Nominees (Australia) Limited	1,800,000		
	HSBC Custody Nominees (Australia) Limited-GSCO ECA	32,250		
		Sub-total	1,832,250	22.9
3	Marko Nominees Pty Ltd		180,859	2.26
4	PW and VJ Cooper Pty Limited		125,250	1.57
5	Mr Jinxiang Lu		90,000	1.13
6	Nambia Pty Ltd		82,368	1.03
7	Mrs Cuixian Wang		77,000	0.96
8	G Chan Pension Pty Limited		63,810	0.80
9	BNP Paribas Nominees Pty Ltd		61,964	0.77
10	Freshmo Investments Pty Ltd		41,200	0.52
11	Ms Weichen Gu		40,000	0.50
12	Mr Gabriel Berger		40,000	0.50
13	Mr Yee Teck Teo		35,245	0.44
14	Denald Nominees Pty Ltd		33,333	0.42
15	Australian Style Holdings Pty Ltd <NFJB Superfund A/C>		31,414	0.39
16	Mr Boris Pogós + Mrs Margot Pogós		30,000	0.38
17	APPWAM Pty Ltd		27,777	0.35
18	Dean Whitestone Pty Limited		27,777	0.35
19	Mr Keith Danby Lucas		27,777	0.35
20	Trafalgar Street Nominees		25,252	0.32
<b>TOTAL</b>			<b>7,367,901</b>	<b>92.12%</b>

### 6.3 Keybridge Directors' Relevant Interests and Voting Power in Keybridge Securities

Keybridge Director	Relevant Interest in Keybridge Shares	Voting Power in Keybridge Shares	Relevant Interest in Keybridge Notes
John Patton	150,000	0.095%	4,166
William Johnson	-	-	-
Simon Cato	-	-	-
Jeremy Kriewaldt	5,000	0.003%	1,138

### 6.4 Substantial shareholders of Keybridge

Based on material lodged with the ASX as at the date of this Bidder's Statement pursuant to Section 671B of the Corporations Act and additional information known to Keybridge, each of the following persons have a substantial shareholding in Keybridge Shares:

Substantial Shareholder	Relevant Interest	%Voting Power <sup>(E)</sup>
Australian Style Group Pty Ltd	35,620,692	22.62% <sup>(A)</sup>
Wilson Asset Management Group	33,117,623	21.03% <sup>(B)</sup>
Bentley Capital Limited (ASX:BEL)	31,700,000	20.13% <sup>(C)</sup>
Orion Equities Limited (ASX:OEQ)	31,700,000	20.13% <sup>(D)</sup>
Queste Communications Ltd (ASX:QUE)	31,700,000	20.13% <sup>(D)</sup>

NOTES:

- (A) Based on the Change of Substantial Holder Notice lodged by Australian Style Group Pty Ltd dated 24 March 2014 (updated to reflect current Relevant Interest and Voting Power)
- (B) Based on the Change of Substantial Holder Notice lodged by Wilson Asset Management Group dated 14 May 2018.
- (C) Based on the Change of Substantial Holder Notice lodged by BEL and Scarborough Equities Pty Ltd dated 23 October 2017 (updated to reflect current Voting Power)
- (D) Based on the Change of Substantial Holder Notice lodged by QUE and OEQ dated 8 July 2016 (updated to reflect current Voting Power)
- (E) Movements of less than 1% in Voting Power are not required to be disclosed to ASX via an updated substantial shareholding notice and accordingly, there may be variances between the Relevant Interests and Voting Powers recorded in the table above and the most recent substantial shareholding notices lodged on ASX. Current Relevant Interests and Voting Powers have been disclosed (where available).

### 6.5 Effect on Substantial Shareholders of Keybridge

As Keybridge will not be issuing Keybridge Shares to Accepting Yowie Shareholders, there will be no change to the substantial shareholders of Keybridge as a consequence of completion of the Offer.

### 6.6 Rights attached to Keybridge Securities

The rights attaching to Keybridge Notes are summarised above in Section 4.4 and set out in full in Annexure C.

If Keybridge Notes are converted into Keybridge Shares on maturity in accordance with the Keybridge Note Terms, Keybridge Noteholders will become Keybridge Shareholders. Full details of the rights and liabilities attaching to Keybridge Shares are set out in Keybridge's Constitution, a copy of which is available for inspection at Keybridge's registered office during normal business hours.

## **6.7 On-Market Buy Backs of Keybridge Securities**

Keybridge has implemented on-market buy-back (capital management) programmes in respect of its shares and Keybridge Notes, as follows:

- (a) On 3 January 2019, Keybridge announced an intention to undertake an on-market buy-back of up to 14,179,752 Keybridge Shares (being approximately 9% of Keybridge's total shares on issue at that time) on or before 17 January 2020. Keybridge has bought-back 88,463 shares under this programme, as at the date of this Bidder's Statement.
- (b) On 3 April 2019, Keybridge announced an intention to undertake an on-market buy-back of up to 800,000 Keybridge Notes (being 10% of Keybridge's total Keybridge Notes) on or before 31 March 2020. Keybridge has not bought-back any Keybridge Notes under this programme, as at the date of this Bidder's Statement.

## 7. RISK FACTORS ASSOCIATED WITH KEYBRIDGE NOTES

### 7.1 Overview

There are a number of factors, both specific to Keybridge, specific to the Keybridge Notes and of a general nature, which may affect the future operating and financial performance of Keybridge and the value of an investment in Keybridge Notes.

Some of these factors may be capable of mitigation but many are outside the control of Keybridge, are dependent on general economic and financial market conditions or otherwise cannot be mitigated. This section describes some of the risks associated with an investment in Keybridge Notes, but does not purport to list every risk that may be associated with an investment in Keybridge Notes now or in the future.

In considering this Offer, Yowie Shareholders should consider carefully the following factors, as well as the other information contained in this Bidder's Statement and take professional advice from their legal, financial, tax or other professional advisor.

Defined terms (where applicable) in this section are as defined in the Keybridge Note Terms which are set out in Annexure C.

### 7.2 Risks Associated With Holding Keybridge Notes

Persons who are issued with Keybridge Notes will assume certain risks, some of which are set out below.

#### (a) Return of capital

Payments made to holders of Keybridge Notes as part of either a distribution of income or, where applicable, the Redemption or Conversion of the Keybridge Notes upon Maturity or another trigger event, will be payments which may require a reduction of the capital of Keybridge and are therefore potentially subject to the requirements of section 256B(1) of the Corporations Act. Creditors or members of Keybridge may seek to challenge any such capital reduction.

#### (b) Interest Payments

Keybridge expects to make Interest Payments using available cash balances and cash flow from its investments. Keybridge's ability to generate cash flows from its operations will depend substantially on the performance of its investments. The Interest Payments on the Keybridge Notes are not guaranteed by Keybridge or any other entity.

While the Keybridge Directors currently anticipate that interest will be paid on the Keybridge Notes quarterly in arrears, the Keybridge Note Terms provide that if the Suspension Condition is satisfied in respect of an Interest Payment Date, then interest will not be paid on that Interest Payment Date. Interest will accrue on any such unpaid interest on a daily basis (and compound on a quarterly basis) from (and including) the relevant Interest Payment Date to (but excluding) the actual date of payment at a rate equal to the Interest Rate and any such unpaid interest so accrued is due and payable on the next Interest Payment Date.

Keybridge may deduct from any interest or other amount payable to a Holder the amount of any withholding or other tax, duty or levy as required by law to be deducted. If any such deduction has been made and the amount of the deduction accounted for by Keybridge to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder will be deemed to have been duly paid and satisfied by Keybridge.

Further, Keybridge may, in its absolute discretion withhold any (interest or other) payments where required to do so under applicable law and may deal with such payments and the Keybridge Notes in accordance with such applicable law or the requirements of any government or regulatory authority and shall not be liable for any costs or loss suffered by a Holder in exercising this discretion.



**(c) Interest Rate Risk**

Interest on the Keybridge Notes is fixed. No adjustment will be made to the rate of interest paid to Holders as other market based interest rates rise or fall. The market price of Keybridge Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment toward Keybridge.

**(d) Inflation Rate Risk**

An increase in the inflation rate may erode in real terms the value of the Keybridge Notes. It may also negatively impact the profitability of companies in which Keybridge invests and the market value of the shares of those companies.

**(e) Financial Market Conditions**

The market price of Keybridge Notes will fluctuate due to various factors, including worldwide economic conditions, interest rates, credit spreads on other corporate securities, general movements in the Australian and international equity markets, movements in the market price of Keybridge Shares, factors which may affect Keybridge's financial position and earnings and investor sentiment.

The market price of Keybridge Notes may be more sensitive than that of Keybridge Shares to changes in interest rates, and Keybridge Notes could trade on ASX at a price below their Face Value.

Any Keybridge Shares held as a result of any conversion of Keybridge Notes will, following Conversion, rank equally with existing Keybridge Shares. Accordingly, their value after any Conversion date will depend on the market price of Keybridge Shares.

**(f) Conversion**

Keybridge has absolute discretion as to whether to redeem or convert any remaining Keybridge Notes at the Maturity Date. A risk to Holders therefore is that Keybridge may assess that Conversion of such Keybridge Notes may no longer be desirable. As such, Holders have no guarantee that they will have the benefit of converting their Keybridge Notes at the Maturity Date.

Any Keybridge Shares held by Holders following Conversion of their Keybridge Notes will have the same rights as other Keybridge Shares, which are different from the rights attached to the Keybridge Notes. The market price of Keybridge Shares may fluctuate over time as a result of many factors.

**(g) Redemption Risk**

To the extent that any Keybridge Notes are redeemed, Keybridge expects to be able to redeem Keybridge Notes using the proceeds from future debt or equity raisings, cash flows from operations (if available), dividends from its investments or proceeds from the sale of investments. There is a risk that Keybridge would not be able to procure or raise sufficient cash resources from these sources and would, in that instance, have insufficient cash flows to redeem (all or part of) the Keybridge Notes at the Maturity Date. None of Keybridge or any other entity have guaranteed the Redemption of the Keybridge Notes.

**(h) Early Redemption or Conversion**

Keybridge Notes may be redeemed or converted early by Keybridge in certain circumstances. If redeemed, the amount payable to Holders may be less than the prevailing market price of the Keybridge Notes. Additionally, in the event of an early Redemption of Keybridge Notes, Holders may not receive the returns they expected to achieve on their Keybridge Notes (if held until the Maturity Date) by investing the proceeds in alternative investment opportunities at that time.

**(i) Ranking**

Keybridge Notes are debt instruments and not shares in Keybridge. They do not confer on Holders any rights as a member or shareholder of Keybridge, including voting rights (unless the ASX Listing Rules or the Corporations Act provide otherwise). As such, holders of Keybridge Notes will not have a right to participate in influencing the management or direction of Keybridge.

If Keybridge is wound up, Keybridge Noteholders will rank behind secured creditors of Keybridge and equally with other unsecured and unsubordinated creditors of Keybridge and ahead of Keybridge Shareholders. If there is a shortfall of funds on winding-up, there is a risk that Keybridge Noteholders will not receive a full (or any) repayment of the Repayment Amount or payment of unpaid interest.

**(j) Liquidity**

The market for Keybridge Notes is likely to be less liquid than the market for Keybridge Shares.

**(k) Volatility of Market Price of Keybridge Shares**

The market price of Keybridge Shares may be volatile. The volatility in the market price of Keybridge Shares may cause volatility in the price of Keybridge Notes and affect the ability of Holders to sell the Keybridge Notes at an acceptable price. Additionally, this may result in greater volatility in the market price of the Keybridge Notes than would be expected for non-convertible debt securities.

**(l) Further Issues of Securities**

Keybridge may issue further securities with the same or different terms as the Keybridge Notes. Keybridge may issue other securities, including further Keybridge Notes, that rank for interest, redemption or payment in a winding-up of Keybridge ahead of, equally with or behind the Keybridge Notes without the approval of Holders.

**(m) Dividends on Keybridge Shares**

Payments of any dividends on Keybridge Shares is at the discretion of the Directors. Holders whose Keybridge Notes are converted after the record date for a dividend will have no entitlement to that dividend. Directors may only declare or determine a dividend if there are funds legally available to pay dividends. Keybridge Notes will not be entitled to participate in any dividends on the Keybridge Shares.

**(n) Change in the Australian Tax System**

Holdes should be aware that any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding and disposal of the Keybridge Notes.

### **7.3 Specific Company Risks**

Key risks relating to Keybridge are set out below. It is not, however, possible to describe all the risks to which Keybridge may become subject and which may impact adversely on Keybridge's prospects and performance. Specific risk factors which may have a significant impact on the future performance of Keybridge include the following:

**(a) Portfolio Performance**

The market value of Keybridge's investment portfolio may fall as the result of a very broad range and combination of circumstances. As an investment company, specific risk factors include:

- (i) the success (or otherwise) of Keybridge's investment strategies;
- (ii) the performance of specific companies in which Keybridge has invested in or may invest in the future;
- (iii) the level of funds under management by Keybridge;
- (iv) the level of dividends and/or returns of capital made by the companies in which Keybridge invests;

- (v) the market prices of the securities in which Keybridge invests;
- (vi) the market liquidity of the securities in which Keybridge invests; and
- (vii) the size its investment portfolio and the ability to diversify risk.

**(b) Credit**

Keybridge is exposed to credit risk in the event that a counterparty fails to meet its contractual obligations in relation to Keybridge's investments or deposits with banks and other financial institutions. Keybridge manages ongoing credit risk by monitoring closely the performance of investments, the cyclical impact of the underlying asset class, the financial health of counterparties (including lessee and charter parties, banks and other financial institutions) and compliance with senior debt terms and conditions where Keybridge is a mezzanine or equity investor.

**(c) Asset Valuations**

The value and income from Keybridge's (directly and indirectly held/exposed) real property assets are dependent on the expected income from those assets. Income and capital values are affected by a number of factors including the cost of maintenance, insurance and operations (including taxes) and potential environmental and other liabilities.

**(d) Reliance on Key Personnel**

The responsibility of day to day management and the strategic management of Keybridge is concentrated within a small number of key persons, especially its Directors and senior management. There can be no guarantee that Keybridge will be able to retain such key personnel, or that Keybridge will be able to attract and retain personnel of sufficient experience and expertise to manage the investments in their place. If any one of these key personnel ceases their engagement with Keybridge, this may have a detrimental impact on Keybridge's operations and performance.

**(e) Interest Rates**

The financial performance of Keybridge is affected by fluctuations in interest rates. Failure to manage interest rate risk and fluctuations in interest rates may have a material adverse effect on the business, financial position or financial performance of Keybridge.

**(f) Foreign Exchange Risk**

Certain of Keybridge's current and proposed investments relate (or will relate) to assets held in the United States, Europe and New Zealand. Keybridge does not currently hedge its foreign exchange exposures and therefore Keybridge's incomes and asset base is subject to foreign exchange movements, both positive and negative.

**(g) Financing and Capital**

Keybridge's continued ability to implement effectively its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any equity or debt funding will be available to Keybridge on favourable terms or at all. Increases in the level of debt or other financial commitments assumed by Keybridge may also detrimentally affect the value of its issued securities.

**(h) Regulatory and Legislative Changes**

Any changes in the laws and regulations (including foreign laws and regulations) under which Keybridge operates, or which govern its overseas investments, may adversely impact Keybridge's activities, planned projects and financial results. The impact of future regulatory and legislative changes on the business of Keybridge cannot be predicted.

In addition, if the amount and complexity of the regulation increases, so too may the cost of compliance and the risk of non-compliance. These laws and regulations include laws requiring permits and licences, environmental regulations and health and safety laws and regulations. It is possible that adverse changes to taxation or regulation applicable to Keybridge or holders of Keybridge Notes or Keybridge Shares may make investment in Keybridge Notes or Keybridge Shares less attractive than expected and accordingly influence their market price.

## 7.4 General Risks

General risk factors outside the control of Keybridge which may have a significant impact on the future performance of Keybridge include but are not limited to the following:

- (a) economic conditions in Australia and internationally, which may have a negative impact on capital markets;
- (b) the effect of major structural issues faced in many economies (including high sovereign debt levels);
- (c) markets are liable to remain volatile based on current international financial conditions;
- (d) general weakness in Australian economic conditions negatively impacting corporate earnings;
- (e) a slowdown in emerging markets (including China) which may impact economic growth in Australia;
- (f) changes in investor sentiment and perceptions in local and international stock markets;
- (g) changes in interest rates, exchange rates and the rate of inflation;
- (h) changes in domestic or international fiscal, monetary, regulatory and other government policies, including changes to the capital gains tax regime, taxation of company income and the dividend imputation/franking credits system in Australia; and
- (i) geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities.

In addition, Yowie Shareholders should be aware that there are risks associated with any investment in listed securities and should recognise that the trading price of Keybridge Notes may fall as well as rise with movements in the equity capital markets in Australia and internationally.

It should be noted that there is no guarantee that the Keybridge Notes will trade at or above their Face Value. It should also be noted that the historic share price performance of Keybridge Notes and Keybridge Shares provides no guidance as to their future price performance.

The market value of Keybridge Notes may be adversely affected by the volume of Keybridge Notes and/or Keybridge Shares being bought or sold at any point in time. Where there are relatively fewer buyers, the price at which an investor may be able to sell its Keybridge Notes may be adversely impacted.

## 8. OVERVIEW OF MERGED GROUP

### 8.1 The Merged Group

In the event Keybridge proceeds to compulsory acquisition of Yowie as a consequence of the Offer, Keybridge and Yowie will become part of the Merged Keybridge-Yowie Group. Unless otherwise indicated, the description of the Merged Group in this section assumes that Yowie is a wholly-owned Subsidiary of Keybridge. If Keybridge is not entitled to compulsorily acquire Yowie Shares during the Offer Period, some of the benefits that would otherwise accrue to Keybridge if Yowie were to become a wholly-owned Subsidiary of Keybridge may not be fully realised.

### 8.2 Profile of the Merged Group

If the Offer is completely successful:

- (a) Accepting Yowie Shareholders will collectively receive \$9 million cash and [New] Keybridge Notes in exchange for all of their Yowie Shares;
- (b) Yowie will become a wholly-owned Subsidiary of Keybridge;
- (c) Accepting Yowie Shareholders may become Keybridge Shareholders if their Keybridge Notes are converted into Keybridge Shares on maturity in accordance with the Keybridge Note Terms.

The Merged Group would be publicly listed on the ASX as Keybridge under the same ASX Code: KBC with Yowie as a subsidiary company. Keybridge's profile will continue as an investment and financial services group with a diversified portfolio of listed and unlisted investment/loan assets, which would now include the Yowie Group assets and operations. Yowie will be removed from the Official List of the ASX.

### 8.3 Effect of the Offer on Keybridge's Capital Structure if Keybridge Acquires all Yowie Shares

Class of Security	Current	Issued under Offer	Post-Completion of Offer
Fully paid ordinary shares (ASX:KBC)	157,464,343	-	157,464,343
Executive Share Plan shares	9,000,000	-	9,000,000
Convertible Redeemable Promissory Notes (ASX:KBCPA)	8,000,000	[New]	[Post-Issue]

NOTE:

- (a) Assumes that the Offer is accepted in respect of all Yowie Shares on issue as at the date of the Bidder's Statement (that Keybridge does not already own) with the maximum Consideration payable by Keybridge for those Yowie Shares (based on the Offer Price of 9.2 cents) being \$18.724 million comprising \$9 million cash and [New] new Keybridge Notes issued at a \$[Value] valuation per Note (as set out in Section 4.6).

### 8.4 Financial Information of the Merged Group

The following illustrative Pro Forma Statements of Financial Position of the Merged Group are based on:

- (a) the Consolidated Statements of Financial Position of Keybridge as at 31 December 2018 (auditor reviewed) with adjustments for the completion of a \$3.6 million (less costs) capital raising via the issue of 3,598,953 Keybridge Notes at the full face value of \$1.00 on 19 February 2019 and Keybridge's acquisition of 3,402,126 Yowie Shares at a cost of \$298,359 since 1 January 2019;
- (b) the Consolidated Statements of Financial Position of Yowie as at 31 December 2018 (auditor reviewed), which was reported in US dollars and have been translated into Australian dollars; and
- (c) the effects of the completion of the Offer whereby Keybridge has acquired all Yowie Shares in consideration of the payment of \$9 million cash and the issue of [New] Keybridge Notes (as set out in Section 8.3) and Yowie is a wholly-owned Subsidiary of Keybridge.

**KEYBRIDGE CAPITAL LIMITED - YOWIE GROUP LTD  
PROFORMA STATEMENTS OF FINANCIAL POSITIONS**

Columns	A Auditor Reviewed 31-Dec-18 KBC	B Post 31 Dec 2018 Adjustments	C (A+B) Pro-Forma 31-Dec-18 KBC	D Auditor Reviewed 31-Dec-18 YOW	E 31-Dec-18 YOW	F Adjustments for Completion of 100% Bid A\$	G (C+E+F) Pro-Forma 31-Dec-18 KBC-YOW Merged Group A\$
	A\$	A\$	A\$	US\$	A\$		
<b>Current Assets</b>							
Cash and cash equivalents	2,927,098	3,246,610	6,173,708	18,751,094	26,567,149	(9,000,000)	23,740,857
Financial assets at fair value through profit or loss	5,461,515		5,461,515	1,320,374	1,870,748		7,332,263
Investment in YOW	985,325	298,359	1,283,683	-	-	(1,283,683)	-
Trade and other receivables	1,093,549		1,093,549	1,695,379	2,402,067		3,495,616
Inventories	-		-	3,052,277	4,324,564		4,324,564
Other assets	248,530		248,530	-	-		248,530
<b>Total Current Assets</b>	<b>10,716,017</b>	<b>3,544,969</b>	<b>14,260,986</b>	<b>24,819,124</b>	<b>35,164,528</b>	<b>(10,283,683)</b>	<b>39,141,831</b>
<b>Non-Current Assets</b>							
Loans and receivables	5,345,284		5,345,284	-	-		5,345,284
Investment in Associate entity	1,811,021		1,811,021	-	-		1,811,021
Property, plant and equipment	39		39	4,714,844	6,680,142		6,680,181
Intangible assets	-		-	938,652	1,329,912		1,329,912
Deferred tax asset	-		-	722,944	1,024,290		1,024,290
<b>Total Non-Current Assets</b>	<b>7,156,344</b>	<b>-</b>	<b>7,156,344</b>	<b>6,376,440</b>	<b>9,034,344</b>	<b>-</b>	<b>16,190,688</b>
<b>Total Assets</b>	<b>17,872,361</b>	<b>3,544,969</b>	<b>21,417,330</b>	<b>31,195,564</b>	<b>44,198,872</b>	<b>(10,283,683)</b>	<b>55,332,519</b>
<b>Current Liabilities</b>							
Trade and other payables	321,108		321,108	2,899,311	4,107,836		4,428,944
Provisions	-		-	5,068	7,181		7,181
<b>Total Current Liabilities</b>	<b>321,108</b>	<b>-</b>	<b>321,108</b>	<b>2,904,379</b>	<b>4,115,017</b>	<b>-</b>	<b>4,436,125</b>
<b>Non-Current Liabilities</b>							
Financial liabilities at fair value through profit or loss	4,018,156	3,598,953	7,617,109	-	-	[*]	[*]
Deferred tax liability	-		-	-	-		
<b>Total Non-Current Liabilities</b>	<b>4,018,156</b>	<b>3,598,953</b>	<b>7,617,109</b>	<b>-</b>	<b>-</b>	<b>[*]</b>	<b>[*]</b>
<b>Total Liabilities</b>	<b>4,339,264</b>	<b>3,598,953</b>	<b>7,938,217</b>	<b>2,904,379</b>	<b>4,115,017</b>	<b>[*]</b>	<b>[*]</b>
<b>Net Assets</b>	<b>13,533,097</b>	<b>(53,984)</b>	<b>13,479,113</b>	<b>28,291,185</b>	<b>40,083,855</b>	<b>[*]</b>	<b>[*]</b>
<b>Equity</b>							
Issued capital	253,603,428		253,603,428	55,703,545	78,922,563	(78,922,563)	253,603,428
Reserves	1,359,798		1,359,798	(470,766)	(666,996)		692,802
Accumulated losses	(241,430,129)	(53,984)	(241,484,113)	(26,941,594)	(38,171,712)	[*]	[*]
<b>Total Equity</b>	<b>13,533,097</b>	<b>(53,984)</b>	<b>13,479,113</b>	<b>28,291,185</b>	<b>40,083,855</b>	<b>[*]</b>	<b>[*]</b>

NOTES:

- (a) Column B reflects material post 31 December 2018 adjustments to Keybridge's Consolidated Statement of Financial Position of Yowie as at 31 December 2018 (auditor reviewed), as follows:
  - (i) \$3,598,953 (less costs of \$53,984) cash raised via the issue of 3,598,953 Keybridge Notes at the full face value of \$1.00 on 19 February 2019;
  - (ii) Keybridge's acquisition of 3,402,126 Yowie Shares at a cost of \$298,359 (including brokerage) since 1 January 2019.
- (b) Column E represents Yowie's Consolidated Statement of Financial Position of Yowie as at 31 December 2018 (auditor reviewed) translated from US to Australian dollars based on an exchange rate of A\$1.00 : US\$0.7058 as at 31 December 2018.
- (c) Column F reflects adjustments assuming the successful completion of the Offer, including:
  - (i) Keybridge paying \$9 million cash and issuing [New] Keybridge Notes at a \$[Value] valuation per Keybridge Note (as set out in Section 4.6) to acquire all 203,519,118 Yowie Shares (that Keybridge does not already own);
  - (ii) Accounting adjustments to reverse Keybridge's existing investment in Yowie and the consolidation of Yowie's accounts into Keybridge.
- (d) The pro forma financial information does not represent what the Merged Group would look like on a consolidated basis since it is not possible to produce this information from publicly available information. No adjustments for potential synergy benefits have been included as the exact timing and amount of those benefits cannot be reliably estimated.
- (e) The pro forma financial information is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offer. In addition, the Pro Forma Statements of Financial Position is presented in a summary format and therefore does not contain all the disclosures required under the Corporations Act.
- (f) Financial information relating to Yowie has been sourced from its auditor reviewed financial report for the half year ended 31 December 2018. Keybridge has relied on the information in financial reports issued by Yowie to prepare the financial information for Yowie contained in this Bidder's Statement. Keybridge does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.
- (g) Keybridge has had no access to directors, management and staff of Yowie and to any working papers, accounting records or other documents for the purposes of preparing this financial information. Therefore, it has not been possible to independently verify any of the financial information relating to Yowie used in this Bidder's Statement, for providing pro forma financial information.

## 8.5 No Forward Looking Financial Statements

This Bidder's Statement does not provide or include any financial forecasts or projections for revenue or profit in relation to Keybridge, Yowie or the Merged Group. Keybridge does not believe that it has reasonable grounds to include revenue or profit forecasts in this Bidder's Statement. Keybridge believes that the inclusion of revenue or profit forecasts would be unduly speculative and potentially misleading for Yowie Shareholders.

## 8.6 Disclaimers regarding Yowie and the Merged Group information

In preparing the information relating to Yowie and the Merged Group contained in this Bidder's Statement, Keybridge has relied on publicly available information relating to Yowie and this has not been independently verified by Keybridge or its Directors. Accordingly, subject to any applicable laws, Keybridge makes no representations or warranties (express or implied) as to the accuracy and completeness of this information. Risks may exist in relation to Yowie (which may affect the Merged Group) of which Keybridge is unaware. If any material risks are known to the Directors of Yowie, they must be disclosed in the Target's Statement to be issued by Yowie.

## 9. TAXATION IMPLICATIONS

### 9.1 Disclaimer

This section provides only a general overview of the Australian taxation implications of disposing of Yowie Shares and, if applicable, holding Keybridge Notes. The summary is not intended to be comprehensive and is based upon Keybridge's interpretation of Australian income tax legislation in force at the date of this Bidder's Statement.

You should not rely on these comments as advice in relation to your own affairs. Taxation laws are complex and there could be consequences in addition to those generally described below. It is recommended that you consult your own tax advisor for advice applicable to your individual needs and circumstances.

Keybridge and its advisors do not accept any liability or responsibility for any taxation implications arising from the acceptance of the Offer by Australian resident and non-resident Yowie Shareholders or for the summary below. Yowie Shareholders should obtain independent Australian (and, if relevant, foreign) advice on the taxation consequences of the Offer before accepting.

The summary is not exhaustive of all possible Australian income tax considerations that could apply and, in particular, does not address the tax considerations applicable to investors that may be subject to special tax rules.

This section does not deal with Yowie Shareholders who:

- (a) hold their Yowie Shares or may hold their Keybridge Notes as trading stock in the course of carrying on a business;
- (b) acquired their Yowie Shares pursuant to an employee share or option scheme;
- (c) are non-Australian residents and have held their Yowie Shares at any time or will hold their Keybridge Notes in carrying on a business at or through a permanent establishment in Australia;
- (d) are subject to the taxation of financial arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997 (Cth)*; or
- (e) are exempt from Australian income tax.

Further, this section does not address any taxation ramifications that may be applicable under the taxation laws of any foreign jurisdiction and various exemptions and specific rules that might apply to non-resident pension plans and sovereign funds.

### 9.2 Australian taxation issues for Accepting Yowie Shareholders

#### (a) Australian-resident Yowie Shareholders

##### (i) *Yowie Shares held on revenue account*

For Yowie Shareholders who are tax resident in Australia and who dispose of Yowie Shares held on revenue account, any gain or loss from the disposal will be assessed as ordinary income or may be claimed as a revenue deduction. Capital gains tax (**CGT**) roll-over relief will have no application to those Yowie Shareholders. The CGT discount will also not be available.

##### (ii) *Yowie Shares held on capital account*

Yowie Shareholders may realise a capital gain or capital loss in respect of the disposal of their Yowie Shares where the Yowie Shares are held on capital account. The acceptance of this Offer would constitute the disposal of Yowie Shares by the Yowie Shareholder which, in turn, would constitute a CGT event for Australian taxation purposes. CGT roll-over relief will not be available to the Yowie Shareholders.

For Yowie Shareholders who are tax resident in Australia, a capital gain should arise on disposal of their Yowie Shares to the extent that the capital proceeds from the disposal (being the Consideration received under the Offer, whether paid in cash, or cash and the Keybridge Notes) exceed the cost base of their Yowie Shares.



The cost base of the Yowie Shares is broadly the amount paid to acquire the Yowie Shares plus certain non-deductible incidental costs such as brokerage fees.

If a Yowie Shareholder makes a capital gain from a disposal of their Yowie Shares, the capital gain is aggregated with other capital gains made by the Yowie Shareholder in the same income year. Any available capital losses of the Yowie Shareholder from the same or previous income years may then be offset against the capital gains (subject to satisfaction of loss recoupment tests). If there is a capital gain remaining after application of available capital losses, the Yowie Shareholder may be entitled to apply a discount (see below).

**(iii) CGT discount**

For Yowie Shares disposed of within 12 months of acquisition, the full amount of the capital gain realised would be assessable.

If a Yowie Shareholder (being an individual, trust or superannuation fund) has held their Yowie Shares for at least 12 months, the Yowie Shareholder may apply the CGT discount.

The CGT discount is used to reduce the assessable capital gain by one half (i.e. 50%) for individuals and trusts, and by one third (i.e. 33 1/3%) for superannuation funds. For trusts, the ultimate availability of the discount for beneficiaries of the trust in relation to distributions of capital gains by the trust will depend on the particular circumstances of the beneficiaries. There is no entitlement to indexation of the cost base for the Yowie Shares in these circumstances. Companies are not entitled to the CGT discount.

If a Yowie Shareholder makes a capital gain from a disposal of their Yowie Shares, the capital gain is aggregated with other capital gains made by the Yowie Shareholder in the same income year. Any available capital losses of the Yowie Shareholder from the same or previous income years may then be offset against the capital gains (subject to satisfaction of loss recoupment tests). If there is a capital gain remaining after application of available capital losses, the Yowie Shareholder may be entitled to apply a discount (as above).

Any net capital gain after applying the discount (if applicable) is included in assessable income of the Yowie Shareholder in that income year.

The CGT discount is not available for non-residents.

**(iv) Capital losses**

Yowie Shareholders who are tax resident in Australia may realise a capital loss on disposal of their Yowie Shares to the extent the amount of the capital proceeds received is less than the cost base of the Yowie Shares. The Yowie Shareholder may utilise the capital loss against any available capital gains of the current year in working out their net capital gains for the income year for inclusion in their assessable income. Any excess capital loss may be carried forward to be offset against any capital gains made.

**(b) Non-resident Yowie Shareholders**

**(i) Yowie Shares held on revenue account**

If a Yowie Shareholder who is not resident in Australia enters into a profit-making transaction in Australia with respect to their Yowie Shares, the profit on disposal of the Yowie Shares may be included in its assessable income as ordinary income. The Australian taxation implications will depend on the source of the income and whether there is a double-tax agreement between the non-resident Yowie Shareholder's country of residence and Australia.

**(ii) Yowie Shares held on capital account**

Yowie Shareholders who are not resident in Australia will generally not be subject to Australian CGT on acceptance of the Offer unless they, together with their Associates, directly own at least 10% or more of the Yowie Shares and more than 50% of the value of Yowie's assets are attributable to Australian real property. It is not the case that more than 50% of the value of Yowie's assets are attributable to real property.

**9.3 Consequences of holding Keybridge Notes**

**(a) Background**

Keybridge first issued Keybridge Notes on 30 June 2015 as a pro-rata in-specie return of capital to Keybridge shareholders (**Return of Capital**). A Prospectus (dated 17 June 2015) was issued by Keybridge to accompany the in-specie distribution of Keybridge Notes (**Prospectus**). Australian Taxation Office Class Ruling CR 2015/54 (dated 22 July 2015) (**Class Ruling**) also sets out the Commissioner of Taxation's opinion on the way in which relevant provisions of the taxation legislation apply to the Keybridge Noteholders who received Keybridge Notes under the Return of Capital.

If you would like to receive a copy of any of the Prospectus or Class Ruling (free of charge) during the Offer Period, please contact Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or by email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

Outlined below is a summary of the Australian income tax and CGT consequences for Australian tax resident holders who receive Keybridge Notes as the Scrip Component of the Consideration for their Yowie Shares and hold them on capital account for tax purposes (**Resident Keybridge Noteholder**).

In addition, the summary does not consider tax implications which may arise for holders of Keybridge Notes who are not tax residents of Australia or who are partnership or trustee investors.

**(b) Interest paid on Keybridge Notes**

Below is a summary of the Australian income tax consequences with respect to interest paid on Keybridge Notes for a Resident Keybridge Noteholder who is a 'qualified person' (refer Section 9.3(c)) in relation to their Keybridge Notes holding:

- (i) As Keybridge Notes is an 'equity interest' in Keybridge, interest paid in respect of the Keybridge Notes is regarded as a 'non-share dividend'.
- (ii) It is expected that Keybridge will pay fully or substantially franked interest on Keybridge Notes. Accordingly, all Resident Keybridge Noteholders should include in their assessable income the amount of the interest together with any attached franking credits. To the extent that the interest on Keybridge Notes is unfranked, an extra amount will be payable to compensate for the unfranked component (which must also be included in a Resident Keybridge Noteholder's assessable income).
- (iii) The Resident Keybridge Noteholder should be entitled to a tax offset equal to the amount of the franking credits attached to the interest. To the extent that the tax offset attributable to the franking credits on interest exceeds the income tax liability for an income year of a Resident Keybridge Noteholder who is an individual or complying superannuation entity, the excess tax offset may be refunded to the Resident Keybridge Noteholder. Excess franking credits cannot be carried forward to a later income year.
- (iv) Resident Keybridge Noteholders that are companies should be entitled to a credit in their franking account equal to the amount of franking credits attached to the interest.
- (v) Resident Keybridge Noteholders that are companies or non-complying superannuation entities are not entitled to refunds of tax offsets.

**(c) Qualification for franking credits - 'Qualified Person'**

A Resident Keybridge Noteholder is not required to include the amount of the franking credits in their assessable income and is not entitled to the tax offset unless the Resident Keybridge Noteholder is a "qualified person" in relation to an Interest Payment. A Resident Keybridge Noteholder is a "qualified person" if the "holding period" and "related payments" rules are satisfied in respect of the Interest Payment.

In relation to the "holding period" rule, a Resident Keybridge Noteholder must have held Keybridge Notes "at risk" for a continuous period of at least 90 days (excluding the days of acquisition and disposal, and any days on which the Holder has materially diminished risks of loss or opportunities for gain in respect of the Keybridge Notes or Interest Payment) within a period beginning on the day after the date on which the Resident Keybridge Noteholder acquired Keybridge Notes and ending on the 90<sup>th</sup> day after the date on which the Keybridge Notes start to trade ex-Interest Payment.

If the "related payments" rule applies, a Resident Keybridge Noteholder is required to hold Keybridge Notes "at risk" for at least 90 days (excluding the days of acquisition and disposal, and any days on which the Holder has materially diminished risks of loss or opportunities for gain in respect of the Keybridge Notes or Interest Payment) within a period beginning 90 days before and ending 90 days after the date on which the Keybridge Notes start to trade ex-Interest Payment. Broadly speaking, the related payments rule would apply where a Resident Keybridge Noteholder makes a payment which passes the benefit of an Interest Payment to another person.

Alternatively, a Resident Keybridge Noteholder is automatically taken to be a qualified person in relation to Interest Payments if the total amount of the tax offsets in respect of all franked distributions to which the Resident Keybridge Noteholder would be entitled in an income year is \$5,000 or less. This is referred to as the "small shareholder rule". However, a Resident Keybridge Noteholder will not be a "qualified person" by virtue of the small shareholder rule if related payments have been made, or will be made, in respect of an Interest Payment.

**9.4 Disposal of Keybridge Notes**

**(a) Background**

Below is a summary of the Australian income tax and CGT consequences with respect to a disposal of Keybridge Notes, which could occur where the Keybridge Notes are transferred, redeemed or converted.

The consequences may differ where the Keybridge Notes are treated as 'Qualifying Securities'. This will be the case where the Keybridge Notes are reasonably likely to have a term greater than one year and it is reasonably likely that the Keybridge Notes will produce receipts (other than of periodic interest) which are in excess of the issue price of the security and are issued on terms such that the security's return on investment (other than periodic interest) will be greater than 1.5% per annum.

Presently it appears likely that the Keybridge Notes are 'Qualifying Securities' unless they are issued after 31 July 2019 or the discount (of the value of the Keybridge Notes – see section 4.6) to the Face Value of the Keybridge Notes (ie. \$1.00) means that their return on investment is less than 1.5% per annum (other than the interest payments). This cannot presently be ascertained.

Subject to some specific exemptions, a security which is not a 'qualifying security' will generally be a 'traditional security'. One such exemption is where the security is not a qualifying security solely for the reason that its term is less than 12 months.

**(b) Accrual of Income**

If the Keybridge Note is a 'qualifying security', the amount of the discount that accrues in the 2019/2020 year of income (assuming the Keybridge Note is issued in that income year) is assessable income of the Keybridge Noteholder for that year. The balance of the discount is assessed on redemption or conversion on the maturity of the Keybridge Notes on 31 July 2020 (in the 2020/2021 income year).

If redeemed, the Keybridge Noteholder should receive cash funds from Keybridge on redemption, enabling it to pay any applicable tax on the accrued assessable amount in the 2019/20 year of income.

**(c) Transfer of Keybridge Notes**

If a Keybridge Noteholder sells their Keybridge Notes to someone else before Redemption or Conversion and makes a profit, that profit should be included in its assessable income. That profit is not treated as a capital gain and the CGT discount on capital gains is not available.

If a Keybridge Noteholder sells the Keybridge Notes to someone else before the Redemption or Conversion and a loss is made, in most instances a deduction can be claimed equal to that loss. The loss is not usually treated as a capital loss.

The Keybridge Noteholder is not entitled to claim a deduction for a loss made on the disposal or redemption of a security that is a 'traditional security' to the extent that the loss is a capital loss or is of a capital nature and:

- in the case of a marketable security, the taxpayer did not acquire the security in the ordinary course of trading on a securities market and, at the time it was acquired, an identical security could not be acquired in the ordinary course of trading on a securities market; and
- the security was disposed outside the ordinary course of trading on a securities market; and
- at the time of disposal or redemption, there was an apprehension or belief that the issuer of the security would fail to pay all of the amounts that it owed to investors.

**(d) Redemption of Keybridge Notes**

If a Keybridge Note is redeemed and the Face Value is paid to the Keybridge Noteholder, it will make a profit where the amount it paid for the Keybridge Note is less than the amount received on Redemption of the Keybridge Note. As a consequence, that profit is treated as assessable income. That profit is not treated as a capital gain and the CGT discount on capital gains is not available.

If a Keybridge Note is redeemed and the amount received on Redemption is less than the amount paid for the Keybridge Note, then broadly, a deduction should be available for the amount of the loss made.

**(e) Conversion of Keybridge Notes: Traditional Securities**

On a Conversion at Maturity, each Keybridge Note will convert into a specified number of Keybridge Shares calculated under the Keybridge Note Terms. Conversion should not result in a full or partial disposal of Keybridge Notes for CGT purposes. There will also be no assessable income derived or deductible loss incurred on Conversion pursuant to the traditional security provisions.

Furthermore, the Keybridge Shares allotted on Conversion should not be treated as a dividend or assessable income.

The Keybridge Shares allotted on Conversion will be CGT assets for CGT purposes. The cost base (or reduced cost base) of those Keybridge Shares will be determined by spreading the cost base (or reduced cost base) of the Keybridge Notes across all of those Keybridge Shares. Further, for CGT purposes, those Keybridge Shares will be taken to be acquired by a Resident Keybridge Noteholder on Conversion.

**(f) Conversion of Keybridge Notes: Qualifying Securities**

If the Keybridge Notes are 'qualifying securities' and there is a profit on Conversion because the Keybridge Notes are worth more (at the time of the exchange) than the amount paid for the Keybridge Note, this profit will be assessable income. This amount is income to the Keybridge Noteholder whether or not the Keybridge Shares are sold. It is not treated as a capital gain and the CGT discount on capital gains is not available. It should however be reduced by the amount that accrues on the Keybridge Note and is assessable income in the 2019/2020 year of income (refer Section 9.4(b)).

If a loss is made because the Keybridge Notes have a lower value (at the time of the exchange) than the amount paid for the Keybridge Note, in most instances the Keybridge Noteholder may claim a deduction equal to that loss.

The cost base of the Keybridge Shares allotted on Conversion includes the amount paid for the Keybridge Note and any amount included in the Keybridge Noteholder's assessable income on Conversion.

**9.5 Foreign taxation issues for Accepting Yowie Shareholders**

The foreign taxation implications of non-resident Yowie Shareholders disposing of Yowie Shares will be a function of the taxation laws (foreign and Australian) as they apply to those Yowie Shareholders. It is not possible to address these situations as they will be specifically dependent on the taxation laws of the applicable jurisdictions, any relevant double-tax agreements and the particular circumstances of the Yowie Shareholder.

**9.6 GST and stamp duty**

No liability to GST should arise for Yowie Shareholders disposing of Yowie Shares. However, Yowie Shareholders may be charged GST on costs they incur which relate to the disposal (e.g. legal, financial and tax advisor fees). Certain Yowie Shareholders may be entitled to claim input tax credits or reduced input tax credits in relation to the GST amount incurred on these costs but should seek independent tax advice in relation to their individual circumstances.

There will be no liability to stamp duty for Yowie Shareholders disposing of Yowie Shares.

**9.7 Pay-as-you-go withholding tax on Interest Payments**

Resident Keybridge Noteholders may, if they choose, notify Keybridge of their tax file number (TFN), Australian Business Number (ABN), or a relevant exemption from withholding tax with respect to an Interest Payment.

In the event that Keybridge is not so notified, tax will be automatically deducted at the highest marginal tax rate (including Medicare levy) from the cash amount of the unfranked part (if any) of the Interest Payment. The rate of withholding is currently 47% (in respect of the 2018/2019 financial year).

Keybridge is required to withhold and remit to the Australian Tax Office such tax until such time as the relevant TFN, ABN or exemption notification is given to it. Resident Keybridge Noteholders will be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on the Interest Payment in their income tax returns.

## 10. ADDITIONAL INFORMATION

### 10.1 Date for determining identity of Yowie Shareholders

For the purposes of item 6 of Section 633(1) of the Corporations Act, this Bidder's Statement will be sent to persons who held Yowie Shares at the Register Date.

### 10.2 Expiry Date

No securities will be issued on the basis of this Bidder's Statement after the date that is 13 months after the date of this Bidder's Statement

### 10.3 ASIC modifications

Keybridge has not obtained from ASIC any modifications of or exemptions from the Corporations Act in relation to the Offer. Keybridge has relied on class order relief granted by ASIC which applies generally to all persons, including Keybridge.

### 10.4 No benefits during previous four months

Other than the on market purchases of Yowie Shares detailed in Section 2.6 neither Keybridge nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Bidder's Statement, given, or offered or agreed to give, a benefit to another person, which benefit was likely to induce the other person, or an Associate, to accept an offer or dispose of Yowie Shares and which benefit was not offered to all holders of Yowie Shares.

### 10.5 No escalation agreements

Neither Keybridge nor any Associate of Keybridge has entered into any escalation agreement in respect of Yowie Shares that is prohibited by Section 622 of the Corporations Act.

### 10.6 Interests and benefits relating to the Offer

#### (a) Interests

Other than as set out in this Bidder's Statement, no:

- (i) director or proposed director of Keybridge;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (iii) promoter of Keybridge, or
- (iv) broker or underwriter in relation to the issue of Keybridge Notes pursuant to the Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of Keybridge Notes,

(together, the **Interested Persons**) has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (i) the formation or promotion of Keybridge;
- (ii) any property acquired or proposed to be acquired by Keybridge in connection with its formation or promotion or in connection with the offer of Keybridge Notes under the Offer; or
- (iii) the offer of Keybridge Notes under the Offer.

**(b) Disclosure of fees and benefits received by certain persons**

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a director or proposed director of Keybridge to induce them to become, or to qualify as, a director of Keybridge; or
- (ii) for services provided by an Interested Person in connection with the formation or promotion of Keybridge or the offer of Keybridge Notes under the Offer.

The fees paid in connection with the preparation and distribution of this Bidder's Statement and for services provided in connection with the Offer, including financial, legal and registry fees and printing and mailing costs, are expected to total up to approximately \$100,000 (excluding GST).

Bennett + Co has received or will receive legal fees of approximately \$30,000 (excluding disbursements and GST).

Security Transfer Australia will receive registry fees of approximately \$10,000 (excluding disbursements and GST).

**10.7 Foreign Shareholders**

A foreign Yowie Shareholder:

- (a) who accepts the Offer; and
- (b) whose address as shown in Yowie's Register of Yowie Shareholders is in a jurisdiction other than Australia or New Zealand;

will not be entitled to receive Keybridge Notes as the Scrip Component of the Consideration for their Yowie Shares.

If foreign Yowie Shareholders outside New Zealand would otherwise be entitled to receive Keybridge Notes, Keybridge will appoint a nominee for the foreign Yowie Shareholder (approved by ASIC) to sell the Keybridge Notes that would otherwise be transferred to the foreign Accepting Yowie Shareholders, and to distribute the proceeds to those foreign Yowie Shareholders (net of expenses).

***New Zealand Warning Statement***

The Offers to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 6 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of part 9 of the Financial Markets Conduct Act 2013 and part 9 of the Financial Markets Conduct Regulations 2014.

The Offers and the content of this Bidder's Statement are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offers must be made.

There are differences in how financial products and securities are regulated under Australian law. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products and securities may differ from the rights, remedies, and compensation arrangements for New Zealand financial products and securities.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offers made to New Zealand investors. If you are a New Zealand investor and need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products and securities is not the same as for New Zealand financial products and securities.

The Offer may involve a currency exchange risk. The currency for Keybridge Notes is not New Zealand dollars. The value of Keybridge Notes will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect Keybridge Notes to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If you are uncertain about whether acceptance of this Offer is appropriate for you, you should seek the advice of an appropriately qualified financial advisor.

## 10.8 Status of Conditions

The Conditions of the Offer are set out in Section 11.7.

As at the date of this Bidder's Statement, Keybridge is not aware of any events that would result in a breach of or inability to satisfy the Conditions.

Keybridge will give a notice of the status of the Conditions in accordance with the Corporations Act on [Status] 2019 (subject to extension if the Offer Period is extended).

## 10.9 Consents to be named

Each of Bennett + Co and Security Transfer Australia have given and have not, before lodgement of this Bidder's Statement with ASIC, withdrawn their consent to the inclusion of references to their name in this Bidder's Statement in the form and context in which those references and statements appear.

Each person who is named in this Bidder's Statement as acting in a professional capacity for Keybridge in relation to the Offer (including Bennett + Co and Security Transfer Australia):

- (a) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based, other than a statement included in this Bidder's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than any statement which has been included in this Bidder's Statement with the consent of that party.

The Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of *ASIC Corporations (Consents to Statements) Instrument 2016/72*, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents (free of charge) during the Offer Period, please contact Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or by email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

As permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72*, this Bidder's Statement contains ASX securities trading price and volume data sourced from IRESS Limited without its consent.

## 10.10 No other material information

There is no information that:

- (a) is material to the making of the decision by a holder of Yowie Shares whether or not to accept the Offer; and
- (b) which is known to Keybridge,  
other than:
  - (i) as set out or incorporated in this Bidder's Statement; or
  - (ii) information which it would be unreasonable to require Keybridge to disclose because the information has previously been disclosed to holders of Yowie Shares.



## 11. TERMS OF OFFER

This section contains the terms of the Offer. If you accept the Offer, a binding contract arises between you and Keybridge for you to sell to Keybridge and for Keybridge to purchase the Yowie Shares to which your acceptance relates (**Acceptance Shares**) on the terms of this section.

The terms of the Offer in this section prevail, to the extent of any inconsistency, over any descriptions in any other part of this Bidders' Statement of any matter that is included in this section.

Descriptions in any other part of this Bidders' Statement of any matter that is included in this section do not add to the terms of the Offer as set out in this section.

### 11.1 Identity of Company making Offer

Keybridge is making the Offer.

### 11.2 Date of the Offer

The Offer is dated [Offer] 2019.

### 11.3 Offer

- (a) Keybridge offers to acquire from you on the terms of the Offer all of your Yowie Shares.
- (b) You may accept the Offer in respect of some or all of your Yowie Shares.
- (c) It is a term of the Offer that:
  - (i) Keybridge will be entitled to, and you agree to transfer to Keybridge, all Rights attaching to or arising from your Acceptance Shares acquired by Keybridge pursuant to the Offer; and
  - (ii) the Offer will not vary as a result of the declaration, payment or existence or accrual of any Rights;
- (d) An Offer in this form is being made to each Yowie Shareholder registered in the Register on [Register] 2019 (the **Register Date**). The Offer also extends to any Yowie Shares held by any person other than Keybridge, who becomes registered as a holder of your Yowie Shares during the Offer Period (provided you have not already accepted the Offer in respect of those Yowie Shares), and is also made to all persons holding such Yowie Shares during the Offer Period.
- (e) If at any time during the Offer Period, another person becomes registered as the holder of some or all of your Yowie Shares to which the Offer relates:
  - (i) a corresponding offer on the same terms and conditions as the Offer will be taken to have been made to that other person in respect of those Yowie Shares;
  - (ii) a corresponding offer on the same terms and conditions as the Offer will be taken to have been made to you in respect of any remaining Yowie Shares you hold to which the Offer relates; and
  - (iii) the Offer to you will be deemed to have been withdrawn immediately at that time in relation to any Yowie Shares that you have ceased to hold.

### 11.4 Consideration

The Consideration Keybridge offers you, as a Yowie Shareholder, is payment of 9.2 cents for each of your Acceptance Shares.

The Consideration will be paid in either cash or a combination of cash and Keybridge Notes, depending on the overall level of Acceptance Shares received.

If Keybridge receives Acceptance Shares up to and including acceptances for 97,826,087 Yowie Shares resulting in total Consideration payable of up to \$9,000,000, all Accepting Yowie Shareholders will receive 100% of their Consideration in cash.

If Keybridge receives in excess of 97,826,087 Acceptance Shares resulting in total Consideration payable exceeding \$9,000,000, the excess Consideration will be satisfied by the issue of new Keybridge Notes to Accepting Yowie Shareholders. In this case, all Accepting Yowie Shareholders will receive the same proportion of cash and Keybridge Notes.

The value of a Keybridge Note for the purposes of determining the number of Keybridge Notes to be issued as the Scrip Component of the Consideration payable to Accepting Yowie Shareholders is \$[Value], pursuant to Keybridge's reliance on the provisions of ASIC Corporations (Minimum Bid Price) Instrument 2015/1068.

### 11.5 Benefit of improved Consideration

If Keybridge increases the Consideration offered, the Corporations Act requires it to ensure that any Yowie Shareholder who has already accepted the Offer receives the benefit of the increased Consideration.

### 11.6 Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer, being [Open] 2019, and ending at 5:00pm (Perth time) on the later of:

- (a) [Close] 2019; or
- (b) any date to which the period of the Offer is extended in accordance with the Corporations Act.

Keybridge reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.

If Keybridge varies the Offer by increasing the Consideration within the last 7 days of the Offer Period or Keybridge's Voting Power in Yowie increases to more than 50% within the last seven days of the Offer Period, the Offer Period will automatically be extended to end 14 days after the day on which the Offer was varied by increasing the Consideration or the date Keybridge's Voting Power in Yowie increased to more than 50%.

### 11.7 Conditions of the Offer

The Offer and any contract arising from acceptance of the Offer is subject to fulfilment or waiver by Keybridge (which in relation to each condition may be in whole or in part) of each of the following Conditions:

- (a) **(Minimum cash)** At all times during the Offer Period, the amount of cash held by the Yowie Group (being cash at call or in the form of deposits or bills with a maturity date of no longer than 12 months) is not less than US\$17,000,000.
- (b) **(Maximum liabilities)** At all times during the Offer Period, the Net Liabilities of the Yowie Group are not more than US\$2,000,000.
- (c) **(Legal proceedings)** During the Offer Period no legal proceedings are threatened or commenced against the Yowie Group involving a monetary claim of greater than US\$1,000,000.
- (d) **(No Material Adverse Change)** No Material Adverse Change occurs between the Announcement Date and the end of the Offer Period.
- (e) **(No Prescribed Occurrence)** No Prescribed Occurrence occurs between the Announcement Date and the end of the Offer Period.
- (f) **(Keybridge Shareholder Approval)** Keybridge shareholders approving the issue of any Keybridge Notes forming the Scrip Component, to the extent that such approval is required by the Listing Rules.

### 11.8 The nature and benefit of the Conditions

Each of the Conditions described in Sections 11.7 is a condition subsequent. The non-fulfilment of any Condition does not, until the end of the Offer Period, or, in the case of the Condition described in Section 11.7(e), until the third Business Day after the Offer Period, prevent a contract to sell your Acceptance Shares resulting from your acceptance of the Offer.

Subject to the Corporations Act, Keybridge alone is entitled to the benefit of the Conditions in Section 11.7, or to rely on any non-fulfilment of any of them.

Each Condition in Section 11.7 is a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other Condition.

### 11.9 Freeing the Offer from the Conditions

Subject to Section 650F of the Corporations Act, Keybridge may, at any time and at its sole discretion, declare that the Offer is to be freed from any or all of the Conditions.

Keybridge may declare the Offer free from any or all of the Conditions in Section 11.7 either generally or by reference to a specific fact, matter, event, omission, occurrence or circumstance (or class thereof), by giving notice in writing to Yowie. This notice must be given:

- (a) in the case of the Condition described in Section 11.7(e), no later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all other Conditions in Section 11.7, not less than 7 days before the end of the Offer Period.

If at the end of the Offer Period (or in the case of the Condition described in Section 11.7(e), 3 Business Days after the end of the Offer Period) the Conditions in Section 11.7 have not been fulfilled and Keybridge has not declared the Offer free from the Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

### 11.10 Quotation of Keybridge Notes

An application will be made to the ASX within 7 days after the commencement of the Offer Period for the granting of quotation on ASX of any Keybridge Notes to be issued in accordance with the Offer. However, quotation is not granted automatically on application.

Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for quotation by the ASX (as the circumstances require) of any Keybridge Notes be issued pursuant to the Offer being granted no later than 7 days after the end of the Offer Period. If this condition is not fulfilled and the total Consideration payable by Keybridge to Accepting Yowie Shareholders exceeds \$9,000,000, all contracts resulting from the acceptance of the Offers will be automatically void.

### 11.11 Notice on the status of the Conditions

The date for giving the notice on the status of the Conditions required by Section 630(3) of the Corporations Act is [Status] 2019, subject to variation in accordance with Section 630(2) of the Corporations Act if the Offer Period is extended.

### 11.12 Variation of the Offer

Keybridge may at any time vary the Offer in accordance with the Corporations Act.

### 11.13 Withdrawal of the Offer

Keybridge may withdraw the Offer at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent. Notice of withdrawal of the Offer must be given by Keybridge to ASX.

### 11.14 Payment of Consideration

- (a) **(Time of payment of Consideration)** Subject to this Section 11.14 and the Corporations Act, if you accept the Offer, and the Conditions of the Offer and of the contract resulting from acceptance of the Offer are satisfied or waived, then Keybridge will pay the Consideration for your Acceptance Shares on or before the earlier of:
  - (i) one (1) month after the date the Offer is validly accepted by you, or if the Offer is subject to a defeating Condition when accepted, within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.

- (b) **(Where additional documents are required)** Where the Acceptance Form requires additional documents to be given to Keybridge with your acceptance of the Offer to enable Keybridge to become the holder of your Acceptance Shares:
- (i) if the documents are given with your acceptance, Keybridge will pay the Consideration in accordance with Section 11.14(a) above;
  - (ii) if the documents are given after acceptance and before the end of the Offer Period and the Offer is subject to a defeating Condition at the time that Keybridge is given the documents, Keybridge will provide the Consideration by the end of whichever period ends earlier:
    - A. within one month after the contract resulting from your acceptance of the Offer becomes unconditional; or
    - B. 21 days after the end of the Offer Period;
  - (iii) if the documents are given after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that Keybridge is given the documents, Keybridge will provide the Consideration by the end of whichever period ends earlier:
    - A. one month after Keybridge is given the documents; and
    - B. 21 days after the end of the Offer Period; or
  - (iv) if the documents are given after the end of the Offer Period, and the Offer is unconditional at that time, Keybridge will provide the Consideration within 21 days after the documents are given.

If you do not provide Keybridge with the required additional documents within one month after the end of the Offer Period, Keybridge may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

- (c) **(Interest is not payable)** Keybridge will not pay interest on the Consideration, regardless of any delay in paying the Consideration or any extension of the Offer.
- (d) **(Method of paying Cash Component)** Payment of the Cash Component will be by cheque in Australian currency. The cheque will be sent by prepaid ordinary mail at your risk to you at your address shown in the copy of the Register of Yowie Shareholders that Keybridge last received from Yowie or, in the case of addresses outside Australia, by prepaid airmail.
- (e) **(Method of paying Scrip Component)** Payment of the Scrip Component will be satisfied by Keybridge entering your name on the register of holders of Keybridge Notes and dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on the most recent copy of Yowie's Register provided to Keybridge, a confirmation of the issue of Keybridge Notes in your name.
- (f) **(Rights)** Where Keybridge becomes entitled to any Rights on acceptance of the Offer, you must give Keybridge all documents that Keybridge needs to give Keybridge title to those Rights, except where Keybridge has waived its entitlement to a Right. If you do not give those documents to Keybridge, or if you have received the benefit of those Rights before Keybridge provides the Consideration to you, Keybridge will deduct from the Consideration otherwise due to you under the Offer the amount (or value, as reasonably assessed by Keybridge) of those Rights. If Keybridge does not, or cannot, make such a deduction, you must pay that amount to Keybridge.

#### 11.15 Who may accept

- (a) **(During the Offer Period)** Any person who is able to give good title to a parcel of your Yowie Shares may accept (if they or any other person have not already accepted an Offer in the form of the Offer) as if an offer on the terms of the Offer had been made to them.

- (b) **(Registered holders)** A person is taken to hold Yowie Shares if the person is registered as the holder of those Yowie Shares. If a person is registered as the holder of Yowie Shares and they hold them on trust or as nominee or custodian for another person (**Beneficial Owner**), and the Beneficial Owner wishes the Offer in respect of those Shares to be accepted, the Beneficial Owner must (subject to the terms of any trust, nominee or custody deed, agreement or arrangement with the registered holder) have the registered holder accept the Offer.
- (c) **(Holders of two or more parcels)** A person may accept the Offer under this Section 11.14 separately for each of two or more parcels of Yowie Shares that they hold or together, as if there had been a single offer for a separate parcel consisting of all those parcels. Where a person holds at least one parcel of Yowie Shares that is in a CHES Holding and another parcel of Yowie Shares which is in an Issuer-Sponsored Holding, the person must follow the separate acceptance procedures applicable to CHES Holdings and Issuer-Sponsored Holdings in relation to each of those parcels.

## 11.16 How to accept the Offer

- (a) **(All or Some of your Yowie Shares)** The Offer is for all of your Yowie Shares, however, you may accept it for all or some of your Yowie Shares.
- (b) **(Acceptance procedure)** To validly accept the Offer:
  - (i) ***For Issuer-Sponsored Holdings of Yowie Shares (Security holder Reference Number (SRN) beginning with "I" - as shown on your personalised Acceptance Form):***
    - A. complete and sign the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form; and
    - B. ensure that the Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is sent to the address specified on the Acceptance Form so that it is received before the end of the Offer Period; or
  - (ii) ***For CHES Holdings of Yowie Shares (Holder Identification Number (HIN) beginning with "X" - as shown on your personalised Acceptance Form):***
    - A. if you are not a Participant, you must instruct your Controlling Participant to initiate acceptance of the Offer on your behalf in sufficient time that it can process that instruction before the end of the Offer Period; or
    - B. if you are a Participant, you should initiate acceptance of the Offer in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Alternatively, you may sign and complete the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is sent so that it is received before the end of the Offer Period to the address specified on the Acceptance Form.

If your Yowie Shares are held in your name in a CHES Holding (as indicated on your personalised Acceptance Form), you must comply with the ASX Settlement Operating Rules. Your Controlling Participant (usually your Broker) should ensure that your acceptance complies with these rules or advise you what you need to do to ensure that it complies.

- (c) **(Mailing/broker instruction procedure)** Yowie Shareholders with Australian addresses should return their completed Acceptance Form by post or delivery to the address shown on the Acceptance Form. Shareholders sending a completed Acceptance Form from outside Australia should return it by airmail, or if the Yowie Shares are in a CHES Holding, make contact with their Controlling Participant about the form of instructions that are required.

As between an Accepting Yowie Shareholder and Keybridge, the Accepting Shareholder bears the risk that their Acceptance Form is not received or that their instructions are not acted upon by their Controlling Participant.

- (d) **(Acceptance Form)** You must follow the requirements on the Acceptance Form in accepting the Offer in respect of your Yowie Shares, including sending in any required additional documents (for example, a power of attorney where you are signing on behalf of another person or a certified copy of a grant of probate where you are executor of a deceased estate) or your acceptance will be invalid.
- (e) **(When acceptance is complete)** Acceptance of the Offer is complete once the completed Acceptance Form (together with all other documents required by the instructions on it) has been received at the address specified in the Acceptance Form and the requirements of this Section 11.16 have been met, provided that Keybridge may in its sole and unfettered discretion waive any or all of those requirements at any time. If Keybridge does waive an irregularity in any purported acceptance for any Yowie Shareholder it is not obliged to act similarly in relation to any other Yowie Shareholder.

### 11.17 The effect of acceptance

- (a) **(Effect of Acceptance Form)** By signing and returning the Acceptance Form in accordance with Section 11.16:
  - (i) you authorise Keybridge and each of officers and agents, including Security Transfer Australia, to correct any errors in, or omissions from the Acceptance Form necessary to:
    - A. make it an effective acceptance of the Offer in relation to your Acceptance Shares which are not in a CHESS Holding; and
    - B. enable the transfer of your Acceptance Shares to Keybridge; and
  - (ii) if any of your Acceptance Shares are in a CHESS Holding, you authorise Keybridge and each of its officers and agents, including Security Transfer Australia, to:
    - A. instruct your Controlling Participant to give effect to your acceptance of the Offer for those Acceptance Shares under Rule 14.14 of the ASX Settlement Operating Rules; and
    - B. instruct your Controlling Participant on your behalf in relation to those Acceptance Shares in any way contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of the Offer.
- (b) **(Binding contract)** Once you have accepted this Offer, and subject to fulfilment of all of the Conditions outlined in Clause 11.7 (unless some or all of those Conditions are waived in accordance with the terms outlined in this Offer) a binding contract with Keybridge will result.
- (c) **(lapse on non-fulfilment of Conditions)** If:
  - (i) the Condition referred to in Section 11.7(c) has not been satisfied or the Offer has not been freed from that Condition no later than three (3) Business Days after the end of the Offer Period; or
  - (ii) the other Conditions in Section 11.7 have not been satisfied or the Offer has not been freed from those Conditions by the end of the Offer Period,this Offer and any contract resulting from the acceptance of the Offer will automatically terminate and your Acceptance Shares will be retained by you.
- (d) **(Right to withdraw acceptance)** If the Offer Period is varied in any way that postpones for more than one (1) month the time for Keybridge to meet its obligations under the Offer you may be able to withdraw your acceptance in accordance with Section 650E of the Corporations Act. Keybridge will give the notice required by the Corporations Act at the time explaining your rights in that regard.
- (e) **(Your agreement)** By returning a correctly completed Acceptance Form, or initiating or causing acceptance of this Offer under the ASX Settlement Operating Rules:
  - (i) you irrevocably accept the Offer (and any variation of it) in respect of and agree to transfer to Keybridge your Acceptance Shares, subject to the Conditions being fulfilled or the Offer being freed from some or all of them;

- (ii) you represent and warrant to Keybridge, as a fundamental condition of the contract resulting from your acceptance of the Offer, that:
  - A. your Acceptance Shares will at the time of your acceptance and transfer to Keybridge be fully paid up;
  - B. you have not previously accepted the Offer;
  - C. Keybridge will acquire good title to and beneficial ownership of all of your Acceptance Shares, free from Encumbrances;
  - D. you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership in your Acceptance Shares to Keybridge; and
  - E. any attorney that accepts this Offer for you is empowered to delegate powers under the power of attorney under any Section of this Offer under which you authorise Keybridge or any of its officers, agents, nominees (including Security Transfer Australia) to do anything on your behalf;
- (iii) you irrevocably authorise Keybridge to notify Yowie on your behalf that your address for the purpose of serving notices upon you in respect of your Acceptance Shares is the address specified by Keybridge in the notification;
- (iv) you will transfer, or consent to the transfer in accordance with the ASX Settlement Operating Rules, all of your Acceptance Shares to Keybridge subject to the conditions of the constitution of Yowie on which they were held immediately before your acceptance of the Offer and acknowledge that your Acceptance Shares will, at the time of transfer of them to Keybridge, subject to you receiving the Consideration payable to you under the Offer, vest in Keybridge free of Encumbrances and the name of Keybridge will be entered in the Yowie members' Register in respect of those Acceptance Shares;
- (v) you will be deemed to have irrevocably authorised and directed Yowie to pay to Keybridge, or to account to Keybridge for all Rights in respect of your Acceptance Shares, except in relation to any Rights which Keybridge has waived;
- (vi) with effect from the time on which all the Conditions have been fulfilled or freed, you irrevocably appoint Keybridge and each of its nominees as your attorney (acting by its sole signature or execution) to:
  - A. exercise all your powers and rights in relation to your Acceptance Shares to requisition, convene, attend and vote in respect of your Acceptance Shares at all general meetings of Yowie or appoint a proxy to attend and vote in the manner directed by Keybridge on your behalf in respect of your Acceptance Shares at any such meeting;
  - B. execute all forms, notices, documents (including a document appointing a director of Keybridge as a proxy for any of your Acceptance Shares) and resolutions relating to your Acceptance Shares and generally to exercise all powers and rights which you have as a registered holder of Yowie Shares; and
  - C. authorise and direct Yowie to pay to Keybridge, or to account to Keybridge for, all Rights attaching to your Acceptance Shares, subject however to any such Rights received by Keybridge being accounted for by Keybridge to you, in the event that the Offer is withdrawn or avoided;
- (vii) you agree that in exercising the powers conferred by the power of attorney set out in Section 11.17(e)(vi), Keybridge and its nominees are each entitled to act in the interest of Keybridge alone;
- (viii) you agree to do all such acts, matters and things that Keybridge may require to give effect to the matters the subject of this section (including the execution of a written form of proxy to the same effect as this section which complies in all respects with the requirements of the constitution of Yowie) if requested by Keybridge;

- (ix) with effect from the time on which all the Conditions have been fulfilled or freed you agree not to attend or vote in person at any general meeting or meeting of a class of security holders of Yowie or to exercise or to purport to exercise, in person, by proxy or otherwise, any of the powers conferred on Keybridge and its nominees by Section 11.17(e)(vi) above, unless specifically authorised in writing by Keybridge to do so and on such terms and conditions as Keybridge may authorise;
- (x) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Keybridge has not yet paid you the Consideration) you authorise Keybridge or its nominee to transmit a message to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules to request the entry of any of your Acceptance Shares which are in a CHESS Holding, into Keybridge's Takeover Transferee Holding;
- (xi) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Keybridge has not yet paid you the Consideration) you authorise Keybridge to enter those of your Acceptance Shares which are an Issuer-Sponsored Holding into Keybridge's name; and
- (xii) you agree to indemnify and keep indemnified and hold harmless Keybridge and each of its agents from and against any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Security Reference Number or in consequence of the transfer of your Acceptance Shares being registered by Yowie without production of your Holder Identification Number or Security Reference Number.

To the extent that they are still capable of applying, the undertakings and authorities referred to in this section will remain in force after you receive the Consideration for your Acceptance Shares and after Keybridge becomes registered as the holder of your Acceptance Shares.

- (f) **(Powers of attorney)** If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney which under any Section of this Offer you authorise Keybridge or any of its officers, agents, nominees (including Security Transfer Australia) to do anything on your behalf.
- (g) **(Validation of otherwise ineffective acceptances)**
  - (i) Despite anything else in this Section 11 if Keybridge or its agent on its behalf (including Security Transfer Australia) receives an Acceptance Form in relation to a CHESS Holding:
    - A. it is taken to be an instruction to which section 7 of *ASIC Class Order 13/521* applies;
    - B. Keybridge may treat it as an acceptance of the Offer in accordance with section 7 of *ASIC Class Order 13/521*;
    - C. Keybridge or its agent may give any instructions under the ASX Settlement Operating Rules authorised by section 7 of *ASIC Class Order 13/521*; and
    - D. Keybridge may waive any matter in or in connection with the Acceptance Form that it would be entitled to waive if Section 11.17(g)(ii) of this Bidder's Statement applied.
  - (ii) In relation to Acceptance Shares in an Issuer-Sponsored Holding, Keybridge may treat the receipt by it of a signed Acceptance Form as a valid acceptance of the Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If Keybridge does treat such an Acceptance Form as valid, subject to Section 11.13, Keybridge will not be obliged to give the Consideration to you until Keybridge receives all those documents and all of the requirements for acceptance referred to in the Acceptance Form have been met.



### 11.18 Foreign Yowie Shareholders

This section applies to any Yowie Shareholder whose address as shown in Yowie's Register of Yowie Shareholders is in a jurisdiction other than Australia or New Zealand.

If you are a foreign Yowie Shareholder to which this section applies, despite any other term of the Offer, if you accept the Offer you will not be entitled to receive Keybridge Notes as the Scrip Component of the Consideration for your Yowie Shares, but instead Keybridge will appoint a nominee for foreign Yowie Shareholders who is approved by ASIC and will arrange for the issue to the nominee of the number of Keybridge Notes to which you (and the other foreign Yowie Shareholders to which this section applies and who accept the Offer) would otherwise have been entitled in accordance with the Offer.

Keybridge will appoint the nominee on terms that the nominee must offer for sale those Keybridge Notes issued to it within 30 days after the end of the Offer Period and pay to each foreign Yowie Shareholder to which this section applies and who accepts the Offer a proportion of the proceeds of sale less brokerage and other sale expenses equal to the proportion of the total number of Keybridge Notes issued to the nominee that would otherwise have been required to be issued to the foreign Yowie Shareholder.

If you are a foreign Yowie Shareholder to which this section applies, by accepting the Offer you will be deemed to have authorised Keybridge to appoint a nominee to sell Keybridge Notes and distribute the net proceeds of sale to you and other foreign Yowie Shareholders, in accordance with this section.

For the avoidance of doubt, section 11.14(d) applies to the Cash Component of the Consideration due to a foreign Yowie Shareholder to which this section applies.

### 11.19 Notices

Any notice or other communication to be given by Keybridge to you under the Offer will be deemed to be duly given if it is given in writing and is signed or purports to be signed (whether in manuscript, printed or reproduced form) on behalf of Keybridge by any of its directors and is delivered to or sent by post in a pre-paid envelope or by courier to your address as recorded on the last copy of the Register supplied to Keybridge.

Any notice or other communication to be given by Keybridge to Yowie may be given by leaving it or sending it by mail to Yowie's registered office.

You or Yowie may give a notice to Keybridge in relation to the Offer or this Bidder's Statement by leaving it or sending it by mail to Keybridge's registered office which, at the date of the Offer, is Suite 614, Level 6, 370 St Kilda Road, Melbourne, Victoria 3004, AUSTRALIA.

### 11.20 Governing law

The Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in Western Australia, other than rules as to choice of law to the extent they are inconsistent with this clause. Keybridge and you submit to the exclusive jurisdiction of the courts of Western Australia and of the Federal Courts of Australia; however any proceedings in the Federal Court of Australia may only be commenced in the Western Australian Registry of that Court.

### 11.21 Glossary and interpretation

Section 12 of this Bidder's Statement is taken to be part of the Offer.

## 12. GLOSSARY AND INTERPRETATION

### 12.1 Glossary

The following terms have the meanings set out below unless the context requires otherwise:

**Acceptance Form** means the acceptance and transfer form sent with this Bidder's Statement.

**Acceptance Shares** means those of your Yowie Shares the subject of an acceptance of the Offer.

**Accepting Yowie Shareholder** means a Yowie Shareholder that accepts the Offer for some or all of their Yowie Shares.

**Accounting Standards** means the rules about how a company must prepare its accounts in, prescribed by or specified in or under, the Corporations Act.

**AGM** means annual general meeting.

**Announcement Date** means 13 March 2019, being the date Keybridge announced on ASX its intention to make the Offer.

**Aurora** (or **AFML**) means Aurora Funds Management Limited (A.B.N. 69 092 626 885).

**ASG** means Australian Style Group Pty Ltd (A.C.N 108 841 103).

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to that term in Section 12 of the Corporations Act.

**ASX** means ASX Limited (A.B.N. 98 008 624 691) or the Australian Securities Exchange it operates.

**ASX Settlement** means ASX Settlement Pty Limited (A.B.N. 49 008 504 532).

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement.

**Cash Component** means the component of the Consideration comprising cash, being more particularly described in Sections 4.2 and 4.3.

**Bentley** (or **BEL**) means Bentley Capital Limited (A.B.N. 87 008 108 218) (ASX Code:BEL).

**Bid Period** means the period commencing on the date the Bidder's Statement is given to Yowie and ending one month later if no Offers are made under the bid or at the end of the Offer Period.

**Bidder's Statement** means this document, being the bidder's statement of Keybridge under Part 6.5 of the Corporations Act relating to the Offer.

**Broker** means a person who is a share broker and a Participant.

**Business Day** means a day on which banks are open for general banking business in Perth (not being a Saturday, Sunday or public holiday in that place).

**CEO** means Chief Executive Officer.

**CGT** means Australian capital gains tax.

**CHESS** means the Clearing House Electronic Sub-Register System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities in Australia.

**CHESS Holding** means a holding of Yowie Shares on the CHESS sub-register of Yowie.

**Class Ruling** means Australian Taxation Office Class Ruling CR 2015/54 – Income Tax: Keybridge Capital Ltd: Return of Capital and Issue of Convertible Redeemable Promissory Notes (dated 22 July 2015).

**COO** means Chief Operating Officer.

**Condition** means each condition of the Offer in Section 11.7.

**Consideration** means the sum of cash, or sum of cash together with Keybridge Notes, payable by Keybridge to an Accepting Shareholder with a value equal to the number of Yowie Shares for which the Accepting Shareholder accepted the Offer multiplied by the Offer Price.

**Controlled Entity** has the meaning given in the Accounting Standards.

**Controlling Participant** has the same meaning as in the ASX Settlement Operating Rules and, without affecting that meaning, means, in relation to a Yowie Shareholder, the Participant in CHESS who is designated as the Controlling Participant for that Yowie Shareholder's CHESS Holding of Yowie Shares (for example, that Yowie Shareholder's sponsoring Broker).

**Corporations Act** means the *Corporations Act (Cth) 2001* and any regulations and other instruments made under that Act.

**Encumbrance** means:

- (a) a security interest to which the Personal Property Securities Act (Cth) 2009 applies;
- (b) any other mortgage, charge, pledge or lien;
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over some or all unsecured creditors in relation to any property (including a right to set off or withhold payment of any money);
- (e) a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase or security lending agreement);
- (f) any other agreement or without limitation other circumstance or thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property, including an injunction or other court order; or
- (g) an agreement to create anything referred to above or to allow anything referred to above to exist.

**GST** means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*.

**HHY (or HHY Fund)** means HHY Fund (ARSN 112 579 129) (ASX Code:HHY).

**Holder Identification Number** or **HIN** means the number used to identify a Yowie Shareholder on the CHESS sub-register of Yowie.

**Insolvency Event** means any of the events set out in Section 652C(2) of the Corporations Act.

**Issuer-Sponsored Holding** means a holding of Yowie Shares on Yowie's issuer-sponsored sub-register.

**Keybridge (or KBC)** means Keybridge Capital Limited (A.B.N. 16 088 267 190) (ASX Code: KBC).

**Keybridge Group** means Keybridge and all its subsidiaries.

**Keybridge Note** means a Convertible Redeemable Promissory Note (ASX Code:KBCPA), being more particularly described in the Keybridge Note Terms.

**Keybridge Note Terms** means the terms and conditions of Keybridge Notes, being more particularly described in Annexure C.

**Keybridge Share** means a fully paid, ordinary share in Keybridge.

**Listing Rules** means the listing rules of ASX as amended or varied from time to time.

**Material Adverse Change** means one or more events, matters, changes or circumstances including any litigation or dispute, which (individually or together) have or could reasonably be expected to have, a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of Yowie or any of its Subsidiaries that individually or when aggregated together have or would reasonably be expected to have, the effect of:

- (a) diminishing the value of the net assets of Yowie Group by at least US\$1,000,000; or
- (b) increasing the future loss of the Yowie Group by at least US\$1,000,000 for any of its financial years; or
- (c) Yowie or any of its Subsidiaries being unable to carry on their business in substantially the same manner as carried out on the Announcement Date,

other than:

- (d) any event, matter, change or circumstance arising from actions taken by the Yowie Group with the prior written consent of Keybridge;
- (e) any event, matter, change or circumstance fully and fairly disclosed in writing to Keybridge or in an announcement to ASX, in either case:
  - (i) in a way that is not misleading, including by omission;
  - (ii) in sufficient detail so as to enable Keybridge to identify the nature, scope and importance of the event, matter, change or circumstance and; and
  - (iii) no later than the Business Day prior to the Announcement Date.

**Merged Group or Merged Keybridge-Yowie Group** means Keybridge and each of its Subsidiaries (including the Yowie Group) which will exist as a result of the completion of the Offer whereby Keybridge attains a 100% interest in Yowie Shares.

**Net Liabilities** means Total Liabilities net of Total Receivables.

**Offer** means the offer to acquire Yowie Shares under the terms and conditions contained in Section 11, as varied in accordance with the Corporations Act, and includes where the context admits each separate offer on those terms to each person who is a Yowie Shareholder during the Offer Period.

**Offer Period** means the period commencing on [Open] 2019 and ending on [Close] 2019, or such later date to which the Offer has been extended.

**Offer Price** means 9.2 cents per Yowie Share.

**Participant** has the meaning given in the ASX Settlement Operating Rules.

**Perth Time** means Australian Western Standard Time (AWST).

**Performance Rights** means the performance rights that have been granted by Yowie, which converts into Yowie Shares, as referred to in Section 2.1.

**Prospectus** means the Prospectus (dated 17 June 2015) issued by Keybridge to accompany the in-specie distribution of Keybridge Notes under the Return of Capital.

**Prescribed Occurrence** means any of the following events or occurrences:

- (a) Yowie converts all or any of the Yowie Shares into a larger or smaller number of shares;
- (b) Yowie or one of its Subsidiaries reduces its share capital in any way;
- (c) Yowie or one of its Subsidiaries:
  - (i) enters into a buy-back agreement; or
  - (ii) resolves to approve the terms of a buy-back agreement under Section 257C(1) or 257D(1) of the Corporations Act;
- (d) Yowie or one of its Subsidiaries issues shares, or grants an option over its shares, or agrees to make an issue or grant an option over its shares (other than the issue of Yowie Shares upon conversion of Yowie Rights);
- (e) Yowie or one of its Subsidiaries issues, or agrees to issue, convertible notes;
- (f) Yowie or one of its Subsidiaries disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Yowie or one of its Subsidiaries grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (h) Yowie or one of its Subsidiaries resolves to be wound up;
- (i) a liquidator or provisional liquidator is appointed to Yowie or one of its Subsidiaries;
- (j) a court makes an order for the winding up of Yowie or one of its Subsidiaries;
- (k) an administrator of Yowie, or of one of its Subsidiaries, is appointed under Section 436A, 436B or 436C the Corporations Act;
- (l) Yowie or one of its Subsidiaries executes a deed of company arrangement;
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Yowie or one of its Subsidiaries,

provided that a Prescribed Occurrence will not include any matter that is approved in writing by Keybridge.

**Return of Capital** means the a pro-rata in-specie of Keybridge Notes pursuant to a return of capital to Keybridge shareholders completed on 30 June 2015 being more particularly described in Keybridge's Notice of AGM released on ASX on 30 October 2014 and Keybridge's ASX announcements dated 1 December 2014: Results of AGM and 18 June 2015: Appendix 3B.

**Register** means the register of holders of Yowie Shares maintained by Yowie in accordance with the Corporations Act.

**Register Date** means [Register] 2019.

**Regulatory Authority** includes:

- (a) any Commonwealth, State or local government anywhere in the world;
- (b) any minister, executive delegate or agency of any such government;
- (c) ASIC; and
- (d) ASX and any other regulatory organisation established under statute or the rules of any Financial Market (as defined in the Corporations Act).

**Relevant Interest** has the meaning given to it in Sections 608 and 609 of the Corporations Act.

**Rights** means all accretions and rights attaching to or arising from Yowie Shares, directly or indirectly, at or after the Announcement Date (including dividends and all rights to receive them, bonuses or other shares of its profits or assets, as well as rights to receive or subscribe for shares, notes, bonds, options, or other securities and all other distributions or entitlements declared, paid, made or issued by Yowie or any of its Subsidiaries).

**Scrip Component** means the component of the Consideration comprising Keybridge Notes, being more particularly described in Sections 4.2 and 4.4.

**Securityholder Reference Number** or **SRN** means the number allocated by Yowie to identify a Yowie Shareholder on its issuer-sponsored sub-register.

**Security Transfer Australia** means Security Transfer Australia Pty Ltd (A.B.N 95 008 894 488).

**Service Rights** means the service rights that have been granted by Yowie, which converts into Yowie Shares, as referred to in Section 2.1.

**Subsidiary** has the meaning given in the Corporations Act.

**Takeover Transferee Holding** means the CHESS Holding to which Yowie Shares on the CHESS sub-register are to be transferred after acceptance of the Offer.

**Target's Statement** means a Target's Statement issued by Yowie under sections 638 to 640 of the Corporations Act as supplemented.

**Total Receivables** mean the sum of trade debtors, other debtors, prepayments, GST receivable and other receivables.

**Total Liabilities** mean the sum of trade creditors, other creditors, provision for liabilities, GST payable and other payables (as applicable).

**Trading Day** has the meaning given to it in the Listing Rules.

**VWAP** means volume weighted average price.

**Voting Power** has the meaning given to it in Section 610 of the Corporations Act.

**WAMI** means Wilson Asset Management (International) Pty Ltd (A.B.N. 89 081 047 118).

**your Yowie Shares** means such Yowie Shares as you were able to give good title to as at the date of the Bidder's Statement but excludes any Yowie Shares that you transfer or agree to transfer before you have accepted the Offer.

**Yowie** (or **YOW**) means Yowie Group Ltd (A.B.N. 98 084 370 669) (ASX Code:YOW).

**Yowie Board** means the Board of Directors of Yowie.

**Yowie Director** means a Director of Yowie.

**Yowie Group** means Yowie and its Controlled Entities.

**Yowie Rights** means the Performance Rights and Services Rights that have been granted by Yowie, which converts into Yowie Shares, as referred to in Section 2.1.

**Yowie Rights Holder** means a person who is registered as the holder of Yowie Rights in the Register.

**Yowie Share** means a fully paid, ordinary share in Yowie.

**Yowie Shareholder** or **Shareholder** means a person who is registered as the holder of Yowie Shares in the Register.

## Interpretation

- (a) Annexures to this Bidder's Statement form part of this Bidder's Statement.
- (b) Words and phrases to which a meaning is given by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules have that meaning in this Bidder's Statement unless that meaning is inconsistent with the context in which the word or phrase is used.
- (c) Headings are for convenience only and do not affect the interpretation of this Bidder's Statement.
- (d) The singular includes the plural and vice versa and words importing any gender includes the other gender, and references to persons include corporations.
- (e) References to Sections are to sections of this Bidder's Statement.
- (f) References to paragraphs are references to paragraphs within the Section in which the reference to the paragraph is made.
- (g) References to time are references to Perth Time, unless stated otherwise.
- (h) References to "dollars", "\$" or "cents" are to Australian currency, unless stated otherwise.
- (i) The word "includes" is not a word of limitation.
- (j) No ambiguity in any provision of the Offer or any contract formed as a result of acceptance of the Offer will be construed against the interest of Keybridge as a result of the fact that Keybridge was responsible for drafting that provision.

### 13. APPROVAL OF BIDDER'S STATEMENT

This Bidder's Statement has been approved by a unanimous resolution of the directors of Keybridge dated 24 April 2019.

Signed for and on behalf of Keybridge by:

A handwritten signature in black ink, appearing to read 'John Patton', with a stylized, sweeping flourish at the end.

John Patton  
Chairman  
Keybridge Capital Limited

## ANNEXURE A

### TABLE OF YOWIE'S ASX RELEASES

A summary of Yowie's announcements released on ASX from 1 July 2018 to 23 April 2019 is as follows:

Date of Release	Yowie ASX Announcement Title
12/04/2019 11:01 AM	Takeovers Panel Media Release: Yowie Group Ltd 02 - Panel Receives Application
28/03/2019 11:31 AM	Takeovers Panel Media Release: Panel Receives Application
26/03/2019 1:47 PM	Becoming a substantial holder - Australian Style Group Pty Ltd
25/03/2019 8:24 AM	Ceasing to be a substantial holder - FIL Limited
22/03/2019 5:15 PM	Becoming a Substantial Holder - Wilson Asset Management (International) Pty Ltd
13/03/2019 3:13 PM	Unsolicited Off-Market Takeover Bid - Take No Action Notice
13/03/2019 8:19 AM	KBC ASX Announcement: Takeover Bid for Yowie Group Ltd at 9.2 cents
26/02/2019 5:16 PM	Appendix 4D - Half Yearly Report and Accounts - 31 December 2018
29/01/2019 8:31 AM	Change of Substantial Shareholder Notice from BEL
29/01/2019 8:30 AM	Change of Substantial Shareholder Notice from KBC
25/01/2019 9:47 AM	FY 2019 Q2 Trading Update - Ending 31 December 2018
25/01/2019 9:44 AM	Appendix 4C - Quarterly Cash Flow Report - 31 December 2018
12/12/2018 9:57 AM	Key Management Appointments
13/11/2018 8:29 AM	Change of Substantial Holder Notice from BEL
13/11/2018 8:22 AM	Change of Substantial Shareholder Notice from KBC
01/11/2018 9:45 AM	FY 2019 Q1 Trading Update - Quarter Ending 30 September 2018
10/10/2018 6:56 PM	Change of Substantial Shareholder Notice from KBC
09/10/2018 2:07 PM	Appendix 3Z - Final Director's Interest Notice - William Johnson
09/10/2018 2:05 PM	Appendix 3 Y - Change of Director's Interest Notice - Louis Carroll
09/10/2018 2:05 PM	Appendix 3Y - Change of Director's Interest Notice - Mark Schuessler
08/10/2018 3:19 PM	2018 Annual General Meeting Results
08/10/2018 12:59 PM	Cancellation of 8 October 2018 Meeting pursuant to Section 249D by AFML
08/10/2018 9:15 AM	Appendix 3B - Issue of Ordinary Fully Paid Shares and Service Rights
03/10/2018 9:43 AM	Appendix 4C - Quarterly Cash Flow Report - 30 September 2018
18/09/2018 1:13 PM	FY 2018 Investor Review Presentation
07/09/2018 3:16 PM	Notice of 9 October 2018 Annual General Meeting/Proxy Form
29/08/2018 4:35 PM	Notice of General Meeting/Proxy Form
27/08/2018 9:23 AM	FY 2018 Results Presentation - Dated 27 August 2018
27/08/2018 9:18 AM	Corporate Governance Statement
27/08/2018 9:16 AM	Appendix 4G - Key to Disclosures - Corporate Governance Council Principles and Recommendations
27/08/2018 9:16 AM	2018 Annual Report
24/08/2018 5:57 PM	Change of Substantial Shareholder Notice from KBC
24/08/2018 12:18 PM	FY18 Full Year Results Conference Call Notice
20/08/2018 4:48 PM	Notification of 8 October 2018 AGM
10/08/2018 5:01 PM	Section 249D Notice - Request to call a General Meeting of Members of the Company
06/08/2018 10:12 AM	Appendix 3B - Issue of Ordinary Fully Paid Shares and Service Rights
06/08/2018 10:19 AM	Section 249N - Notice of Intention to Move Resolution



<b>Date of Release</b>	<b>Yowie ASX Announcement Title</b>
06/08/2018 5:33 PM	Change of Director's Interest Notice - Mark Schuessler
08/08/2018 2:41 PM	Change in Substantial Holding Notice from HHY
10/07/2018 9:46 AM	Quarterly Report – Trading Update for Quarter Ending 30 June 2018
16/07/2018 9:41 AM	Appendix 4C - Quarterly Cash Flow Report - 30 June 2018
25/07/2018 4:56 PM	Appendix 3Y - Change of Director's Interest Notice - Glen Watts

If you would like to receive a copy of any of those releases (free of charge) during the Offer Period, please contact Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or by email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

## ANNEXURE B

### TABLE OF KEYBRIDGE'S ASX RELEASES

A summary of Keybridge's announcements released on ASX from 1 July 2018 to 23 April 2019 is as follows:

Date of Release	Keybridge ASX Announcement Title
09/04/2019 11:31 AM	Net Asset Backing – March 2019
03/04/2019 6:33 PM	Appendix 3C – Announcement of Buy-Back – KBCPA Notes
28/03/2019 11:31 AM	Takeovers Panel Media Release: Panel Receives Application
13/03/2019 3:13 PM	YOW ASX Announcement: Unsolicited Off-Market Takeover Bid - Take No Action
13/03/2019 8:19 AM	Takeover Bid for Yowie Group Ltd at 9.2 cents
12/03/2019 8:09 PM	Net Asset Backing - February 2019
11/03/2019 8:23 AM	ASIC Form 484 - Cancellation of 88,463 Shares
06/03/2019 8:21 AM	Daily Share Buy-Back Notice - 88,463 Shares
05/03/2019 4:57 PM	Cleansing Statement - Issue of CRPNs
04/03/2019 4:10 PM	Dividend/Distribution - KBCPA
28/02/2019 6:40 PM	Half Year Report - 31 December 2018
20/02/2019 2:45 PM	Appendix 3B - New Issue and Quotation
20/02/2019 2:42 PM	ASX Completion of \$3.6 million Fund Raising
14/02/2019 8:03 PM	Net Asset Backing - January 2019
05/02/2019 12:13 PM	Appendix 3F - Final Buy-Back Notice - KBCPA - CRP Notes
29/01/2019 8:30 AM	Change of Substantial Shareholder Notice for YOW
14/01/2019 6:05 PM	Net Asset Backing - December 2018
03/01/2019 2:02 PM	Appendix 3C - Announcement of Buy-Back - KBC Shares
13/12/2018 6:04 PM	Net Asset Backing - November 2018
04/12/2018 12:41 PM	Dividend/Distribution - KBCPA
03/12/2018 1:00 PM	Appendix 3F - Final Buy-Back Notice - KBC Shares
30/11/2018 9:35 AM	Reinstatement to Official Quotation - End of Suspension of Trading
28/11/2018 1:42 PM	Invalidity of Proxy Forms at AGM - Failure to Comply with Instructions - HSBC
27/11/2018 10:11 AM	Suspension from Official Quotation - Pending Enquiries by ASX
27/11/2018 9:55 AM	Pause in Trading
22/11/2018 6:40 PM	Results of 2018 Annual General Meeting
22/11/2018 11:41 AM	Summary of Proxies Received for Annual General Meeting
13/11/2018 8:11 PM	Net Asset Backing - 31 October 2018
13/11/2018 8:22 AM	Change of Substantial Shareholder Notice for YOW
05/11/2018 6:47 PM	ASIC Form 484 - Cancellation of 180,000 Shares Bought-Back
01/11/2018 7:24 PM	ASIC Form 484 - Cancellation of 347,626 Shares. Bought-Back
31/10/2018 2:00 PM	Initial Substantial Holder Notice for BYE
31/10/2018 9:51 AM	Appendix 3E Daily Share Buy-Back Notice - 180,000 Shares
30/10/2018 8:26 AM	Appendix 3E Daily Share Buy-Back Notice - 347,626 Shares
23/10/2018 8:32 AM	2018 Notice of AGM, Explanatory Statement and Proxy Form
17/10/2018 7:27 PM	Appendix 4G Key to Corporate Governance Disclosures - 2018
17/10/2018 7:22 PM	Corporate Governance Statement - 2018
17/10/2018 7:15 PM	Annual Report to shareholders 2018
12/10/2018 7:07 PM	Net Asset Backing - 30 September 2018

<b>Date of Release</b>	<b>Keybridge ASX Announcement Title</b>
10/10/2018 6:56 PM	Change of Substantial Shareholder Notice for YOW
17/09/2018 8:29 AM	Net Asset Backing - 31 August 2018
06/09/2018 8:31 AM	Shareholder Mailout - Change of Registry
05/09/2018 1:12 PM	Update - Dividend/Distribution - KBCPA
05/09/2018 12:30 PM	Dividend/Distribution - KBCPA
31/08/2018 3:48 PM	Declaration of Dividend - KBCPA
31/08/2018 3:28 PM	Dividend/Distribution - KBC
31/08/2018 3:26 PM	Full Year Report - 30 June 2018
27/08/2018 4:05 PM	ASX Change of Share Registry
27/08/2018 3:40 PM	Change of Substantial Shareholder Notice for MEL
24/08/2018 5:57 PM	Change of Substantial Shareholder Notice for YOW
14/08/2018 6:07 PM	Net Asset Backing - July 2018
03/08/2018 8:50 AM	Update on Molopo matters
13/07/2018 7:27 PM	Net Asset Backing - June 2018

If you would like to receive a copy of any of those releases (free of charge) during the Offer Period, please contact Keybridge on the Yowie Offer Helpline on (08) 9214 9745 or by email to [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).

## ANNEXURE C

# KEYBRIDGE NOTE TERMS AND CONDITIONS

## 1. DEFINED TERMS

Words and expressions defined in clause 19 have the meanings given to them in that clause when used in these CRPN Terms.

## 2. FORM AND FACE VALUE

### 2.1. Form

'Convertible Redeemable Promissory Notes' (**CRPN**) are redeemable, unsecured, convertible promissory notes in the capital of Keybridge. They are issued, and may be Converted or Redeemed, on the terms and conditions set out in these CRPN Terms.

### 2.2. Face Value and Issue Price

- (a) Each CRPN will be issued by Keybridge as fully paid for such issue price as is determined by Keybridge prior to their date of issue.
- (b) Each CRPN will have a face value of \$1 (**Face Value**).

### 2.3. Currency

CRPN are denominated in Australian dollars.

### 2.4. No Certificates

No certificates will be issued to Holders unless Keybridge determines that certificates should be available or are required by any applicable law.

## 3. QUOTATION

Keybridge must use all reasonable endeavours and furnish all such documents, information and undertakings as may reasonably be necessary in order to procure that the CRPN are, and until Redemption or Conversion remain, quoted on the financial market operated by ASX.

## 4. RANKING AND SUBORDINATION

### 4.1. Ranking and subordination

- (a) The CRPN are direct, unsecured and unsubordinated debt obligations of Keybridge and rank without preference or priority among themselves and at least equally with all present and future unsubordinated and unsecured debt obligations of Keybridge (subject to laws and principles of equity generally affecting creditors' rights or as provided by operation of law). The ranking of CRPN is not affected by the date of registration of any Holder in the Notes Register.
- (b) In the event of Keybridge being wound up, Holders will be entitled to receive a repayment of the issue price of the CRPN plus any accrued interest before any distributions are

made to ordinary or preference shareholders of Keybridge.

### 4.2. No Security Interest

Nothing in these CRPN Terms creates a Security Interest over any asset of Keybridge.

### 4.3. Status

Each Holder, by accepting an issue of one or more CRPN:

- (a) agrees to be bound by these CRPN Terms; and
- (b) acknowledges that it has contractual rights against Keybridge as set out in these CRPN Terms but that the CRPN do not (until any Conversion) confer on it any right as a member or shareholder of Keybridge, including voting rights (unless the Corporations Act or the ASX Listing Rules provide otherwise).

## 5. INTEREST

### 5.1. Interest

Subject to these CRPN Terms, each CRPN bears interest on its Face Value at the Interest Rate from (and including) the Issue Date to (but excluding) the Maturity Date or any Early Redemption Date or any Early Conversion Date.

### 5.2. Payment of Interest

Subject to clauses 9.5 and 9.7, interest is due and payable by Keybridge on the CRPN in arrears on each Interest Payment Date for the relevant Interest Period, unless the Suspension Condition is satisfied in respect of an Interest Payment Date (other than the Maturity Date or an Early Redemption Date or an Early Conversion Date) in which case Keybridge's obligation to pay interest will be suspended in accordance with clause 5.3.

### 5.3. Suspension of Interest

Interest on a CRPN which is otherwise due and payable on any Interest Payment Date (other than the Maturity Date or any Early Redemption Date or any Early Conversion Date) (including any Suspended Interest arising as a consequence of any prior operation of this clause 5.3) that is not due and payable by Keybridge on that date as a result of the provisions of clause 5.2 or clause 5.4 is automatically suspended and will fall due for payment on the earlier of:

- (a) the next Interest Payment Date on which the Suspension Condition is not satisfied;
- (b) the date that any principal in respect of the CRPN is due and payable in accordance with these CRPN Terms;
- (c) the Early Conversion Date; and

- (d) the Maturity Date.

#### 5.4. Cumulative Interest

Interest accrues on any interest that is due and payable but unpaid on a daily basis and compounds on a quarterly basis from (and including) the relevant Interest Payment Date to (but excluding) the actual date of payment at a rate equal to the Interest Rate. Interest accrued under this clause 5.4 is due and payable on the next Interest Payment Date after the non-payment of the relevant interest.

#### 5.5. Restrictions on distributions

While any CRPN are outstanding, Keybridge must not announce the payment of, or make any distribution to, its ordinary shareholders or to holders of preference shares, in each case in their capacity as holder of such security, or in respect of other securities or any similar indebtedness, the rights to which, by the terms of their creation or issue or law, is or is expressed to be subordinated to the CRPN, or buy-back any ordinary shares off-market or preference shares or such other security or indebtedness (in each case other than a Permitted Distribution), if on such day:

- (a) any amount in respect of interest on any CRPN is due and payable but unpaid;
- (b) any amount in respect of interest on any CRPN is suspended in accordance with clause 5.3;
- (c) any amount in respect of any principal on any CRPN is due and payable but unpaid; or
- (d) an Event of Default is subsisting.

#### 5.6. Payment of Outstanding Interest

Subject to clause 5.7, Keybridge may pay all or any Outstanding Interest on all, but not some, of the CRPN to the Holders at any time, provided that the Suspension Condition is not then in effect and subject to Keybridge notifying the Holders at least 5 Business Days prior to any such payment of the date of payment and the amount of such interest to be paid in respect of each CRPN.

#### 5.7. Priority of Interest Payments

Any payment of interest by Keybridge must be applied:

- (a) first, in payment of any interest accrued on any Suspended Interest under clause 5.3 which has not been paid or otherwise satisfied in full at that time;
- (b) secondly, in payment of any Suspended Interest; and
- (c) lastly, in payment of any other Outstanding Interest.

#### 5.8. Calculation of Interest

Interest will be calculated on the basis of a 365 day year and the number of days elapsed. All calculations of interest will be rounded to four decimal places. Any fraction of a cent in the payment of any interest in

respect of a Holder's aggregate holdings of the CRPN will be disregarded.

#### 5.9. Franking Adjustments

Keybridge anticipates that the interest on the CRPN due and payable by Keybridge pursuant to these CRPN Terms will be fully franked. Should any interest on the CRPN due and payable to any Holder not be franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), then (subject always to clause 9.7), Keybridge's payment to such Holder shall be calculated according to the following formula:

$$\frac{I}{(1-[\text{Tax Rate} \times (1-\text{Franking Rate})])}$$

where:

**I** is the amount of interest due and payable to such Holder on the relevant Interest Payment Date pursuant to these CRPN Terms (save for this clause 5.9);

**Tax Rate** (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Keybridge as at the relevant Interest Payment Date; and

**Franking Rate** (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of Keybridge as at the relevant Interest Payment Date.

### 6. CONVERSION

#### 6.1. Conversion Right

Each Holder may, by serving written notice on Keybridge by no later than the date being the date 2 months prior to the Maturity Date, request the Conversion of its CRPN at the Maturity Date (**Holder Conversion Request**). A Holder Conversion Request is irrevocable.

#### 6.2. Keybridge may Convert or Redeem

- (a) In the event that Keybridge receives a Holder Conversion Request from a Holder then Keybridge may (but is not obliged to) elect to convert the CRPN of such Holder into Ordinary Shares at the Maturity Date on the terms and subject to the conditions in each case set out in this clause 6.
- (b) In the event that any CRPN remain outstanding at the Maturity Date, then Keybridge may (but is not obliged to) elect to convert all outstanding CRPN into Ordinary Shares at the Maturity Date on the terms and conditions in each case set out in this clause 6.

### 6.3. Keybridge elects or is required to Convert

In the event that Keybridge elects, or is required, to convert the CRPN of a Holder into Ordinary Shares pursuant to clause 6.2 or clause 8.1, then it must:

- (a) pay such Holder any Outstanding Interest;
- (b) redeem each of those CRPN for an amount equal to the Repayment Amount; and
- (c) apply the whole of such amount in 6.3(b) by subscribing, on behalf of the Holder, for the number of Ordinary Shares calculated under clause 6.4.

### 6.4. Conversion Number

- (a) The number of Ordinary Shares to which a Holder is entitled upon Conversion of its CRPN is determined by the following formula:

**Number of Ordinary Shares = ARA/Conversion Price**

where:

**ARA** is the aggregate of the Repayment Amount of the CRPN of such Holder being converted by Keybridge; and

**Conversion Price** is, subject to any adjustments thereto pursuant to clauses 6.5 to 6.7 (inclusive):

- (i) in the case of a Conversion resulting from receipt by Keybridge of a Holder Conversion Request or a Tax Event or a Change of Law Event or an Event of Default, a 2.5% discount to the VWAP of Ordinary Shares traded during the Conversion VWAP Period; or
- (ii) in the case of a Conversion resulting from an election by Keybridge pursuant to clause 6.2(b), a 5% discount to the VWAP of Ordinary Shares traded during the Conversion VWAP Period.

- (b) Where the number of Ordinary Shares to be issued to a Holder pursuant to clause 6.4(a) includes a fraction, that fraction will be disregarded.

### 6.5. Adjustments to VWAP

For the purposes of calculating the VWAP of Ordinary Shares in these CRPN Terms:

- (a) where, on some or all of the Business Days in the relevant Conversion VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement which is not extended to the Holder, and the CRPN will convert into Ordinary Shares after the date those Ordinary Shares no longer carry that entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend, or cum any other distribution or entitlement shall be reduced by any amount (**Cum Value**) equal to:

- (i) in the case of a dividend or other distribution, the amount of that dividend or distribution. No value is included for any franking credits;

- (ii) in the case of any other entitlement that is not a dividend or other distribution under clause 6.5(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the relevant Conversion VWAP Period on the Business Days on which those entitlements were traded; or

- (iii) in the case of any other entitlement which is not traded on ASX during the relevant Conversion VWAP Period, the value of the entitlement as reasonably determined by the Directors; and

- (b) where, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted ex dividend, or ex any other distribution or entitlement, and CRPN will convert into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

### 6.6. Adjustments to VWAP for divisions and similar transactions

Where during the Conversion VWAP Period there is a change in the number of the Ordinary Shares on issue as a result of a division, consolidation or reclassification of Keybridge's share capital (not involving any cash payment or other distribution to Ordinary Shareholders) (a Reorganisation), in calculating the VWAP for that Conversion VWAP Period the daily VWAP applicable on each day in the Conversion VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by the following formula:

$$\frac{A}{B}$$

where:

**A** means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

**B** means the aggregate number of Ordinary Shares immediately after the Reorganisation.

## 6.7. Other Adjustments to Conversion Price

If Keybridge determines that an adjustment should be made to the Conversion Price where the effect of any of the adjustment provisions set out in clauses 6.5 to 6.6 (inclusive) is not appropriate in any particular circumstances, Keybridge shall, at its own expense and acting reasonably, request a Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect, and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this clause 6.7 if such Financial Adviser is so requested to make such a determination not more than 21 Business Days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

## 6.8. Deemed Amendment

Any adjustment made by Keybridge in accordance with clauses 6.5, 6.6 or 6.7 will be effective and binding on Holders under these CRPN Terms and these CRPN Terms will be construed accordingly. Any such adjustment will promptly be notified to all Holders.

## 6.9. On Market Buy-Backs

No adjustment to the Conversion Price shall occur as a result of an on market buy-back of Ordinary Shares.

## 6.10. Rights upon Conversion

Any Ordinary Shares issued upon Conversion (whether pursuant to clause 6 or pursuant to clause 8) will rank in all respects equally with the existing Ordinary Shares of Keybridge and will rank for dividends declared or determined by Keybridge on its Ordinary Shares after (but not before) the date of Conversion.

## 6.11. Quotation upon Conversion

Keybridge will, provided that its then existing Ordinary Shares remain quoted on the financial market operated by ASX at the time that any Ordinary Shares are issued upon Conversion (whether pursuant to this clause 6 or pursuant to clause 8), apply for quotation of such Ordinary Shares issued upon Conversion on the financial market operated by ASX at the same time as such Ordinary Shares are issued.

# 7. REDEMPTION AT THE MATURITY DATE

## 7.1. Final Redemption

In the event that Keybridge does not elect to convert the CRPN of a Holder into Ordinary Shares pursuant to clause 6.2, then Keybridge must at the Maturity Date redeem all of the CRPN of such Holder by paying such Holder:

- (a) any Outstanding Interest on such CRPN; and

- (b) the Repayment Amount.

## 7.2. Holder action

Where the CRPN of a Holder are to be redeemed pursuant to clause 7.1, the Holder must, if required by Keybridge to enable Keybridge to effect such redemption:

- (a) vote in favour (to the extent the Holder is entitled to do so) or otherwise abstain from any required resolution;
- (b) provide all documentation and execute any authorisation or power necessary; and
- (c) take all other action which Keybridge considers necessary or desirable.

## 7.3. Meaning of Redemption

All CRPN redeemed by Keybridge pursuant to these CRPN Terms will thereupon be cancelled and may not be reissued.

# 8. EARLY REDEMPTION OR EARLY CONVERSION

## 8.1. Early Redemption or Conversion by Keybridge

- (a) **(Early Redemption Keybridge call option)** Keybridge may, on any date after the Issue Date, redeem all or part (pro rata across Holders) of the CRPN at the greater of (i) the Early Redemption Amount plus any Outstanding Interest and (ii) the VWAP Adjusted Redemption Amount plus any Outstanding Interest, by giving not less than 28 days notice of the same to the Holders. Keybridge may make more than one redemption in accordance with the provisions of this clause 8.1(a). If the redemption notice given under this clause 8.1(a) states that the redemption is conditional on completion of an event, including an exit or refinancing event, then if the event does not proceed and Keybridge advises Holders that the event will not proceed, the notice of redemption issued by Keybridge will lapse. However, if the relevant event does proceed then the redemption notice will be valid. A redemption pursuant to this clause 8.1(a) will take effect on the later of the date specified in the redemption notice, and completion of the event specified in the redemption notice (if any).

- (b) **(Early Redemption or Conversion for Tax Event)** Keybridge may (at its election and in its absolute discretion) redeem or convert the CRPN at any time after the occurrence of a Tax Event. In the event that Keybridge elects to so redeem the CRPN, such Redemption shall be for the greater of (i) the Repayment Amount plus any Outstanding Interest and (ii) the VWAP Adjusted Redemption Amount plus any Outstanding Interest. In the event that Keybridge elects to so convert the CRPN, such Conversion shall be on the terms of clauses 6.3 and 6.4.

- (c) **(Early Redemption or Conversion for Change of Law Event)** Keybridge may (at its election and in its absolute discretion) redeem or convert the CRPN at any time after the occurrence of a Change of Law Event. In the event that Keybridge elects to so redeem the CRPN, such Redemption shall be for the greater of (i) the Repayment Amount plus any Outstanding Interest and (ii) the VWAP Adjusted Redemption Amount plus any Outstanding Interest. In the event that Keybridge elects to so convert the CRPN, such Conversion shall be on the terms of clauses 6.3 and 6.4.
- (d) **(Clean-up call for small value of CRPN)** Keybridge may at any time redeem the CRPN for the Repayment Amount plus any Outstanding Interest on the date of redemption if the aggregate value of the CRPN on issue is less than \$500,000.
- (e) **(Events of Default)** In the event of the occurrence of an Event of Default, then Keybridge must give written notice of its occurrence to each Holder as soon as reasonably practicable after such occurrence **(EOD Notice)**. In the event that a Holder serves written notice on Keybridge within 10 Business Days of the date of the EOD Notice requesting the Redemption or Conversion of its CRPN, then Keybridge must (at its election in its absolute discretion, and notwithstanding the preference of the Holder), within 30 Business Days of the date of the EOD Notice (if the Event of Default has not, if capable of remedy, been remedied by the relevant time) redeem or convert the CRPN of such Holder. Any Redemption of such CRPN shall be for the Repayment Amount plus any Outstanding Interest on the date of redemption. Any Conversion of such CRPN shall be on the terms of clauses 6.3 and 6.4.

## 8.2. Mechanics to apply to Early Redemption

In the event that Keybridge redeems all or part of the CRPN pursuant to clause 8.1, then it must:

- (a) pay such Holder any Outstanding Interest; and
- (b) redeem each of those CRPN for an amount that is equal to the Early Redemption Amount or VWAP Adjusted Redemption Amount or Repayment Amount, as applicable.

## 8.3. Notice of certain events

Keybridge must give notice to the Holders as soon as reasonably practicable after it becomes aware of the occurrence of a Tax Event or a Change of Law Event.

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## 9. PAYMENTS

### 9.1. Record Dates

For the purposes of determining a Holder's entitlement to payments of interest on the CRPN in respect of any Interest Period, only those persons who are registered as Holders at 7.00 p.m. on the Record Date in respect of such Interest Period shall be entitled to receive the payment.

### 9.2. Deductions

Keybridge may deduct from any interest or other amount payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by Keybridge to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by Keybridge. Keybridge shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without unreasonable delay after receipt of the same by Keybridge.

### 9.3. No Set-off

A Holder has no right to set off any amounts owing to it by Keybridge against claims owing by Keybridge to the Holder.

### 9.4. Payment method

Any amount which is payable to a Holder in respect of the CRPN in accordance with these CRPN Terms will, unless Keybridge and such Holder otherwise agree, be paid by direct credit to a nominated account at an Australian financial institution.

### 9.5. Payment days

If an amount is due and payable in respect of any CRPN on a day which is not a Business Day, that amount will be due and payable on the next Business Day. Such delay in payment will not constitute a default by Keybridge for any purpose, and no additional amount of interest will be payable with respect to such delayed payment.

### 9.6. Unclaimed Payments

All amounts payable but unclaimed may be invested by Keybridge as it thinks fit for its benefit until claimed or until required to be dealt with in accordance with any law relating to unclaimed monies.

### 9.7. Withholding Payments

Keybridge, in its absolute discretion, may withhold payment to a Holder where it is required to do so under any applicable law, including any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction, or where it has reasonable grounds to suspect that the Holder may be subject to any such law or sanction or involved in acts of terrorism or money laundering, and may deal with such payment and the Holder's CRPN in accordance with such applicable law or the requirements of any relevant government or regulatory authority. Keybridge shall not be liable for any costs or loss suffered by a Holder in exercising its discretion under this clause, even where a Holder later



demonstrates that they were not subject to such law or sanction.

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## **10. HOLDING STATEMENTS**

A Holder is entitled to receive such statements of its holdings of CRPN as Keybridge is required to give pursuant to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules.

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## **11. TRANSFER OF CRPN**

### **11.1. Forms of transfer**

A Holder may transfer any CRPN it holds by:

- (a) a Proper ASTC Transfer or any other method of transferring or dealing in the CRPN introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or the ASX Listing Rules and, in any such case, recognised under the Corporations Act; or
- (b) a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX, that is otherwise permitted by law.

### **11.2. Registration of transfer**

A transferor of any CRPN remains the owner of such CRPN transferred until the transfer is registered and the name of the transferee is entered in the Notes Register in respect of the CRPN, and the transferee of the CRPN on being entered on the Notes Register shall have all the rights and obligations which the transferor had and all the rights and obligations of a Holder under these CRPN Terms.

### **11.3. Transfers which are not Proper ASTC transfers**

The following provisions apply to instruments of transfer referred to in clause 11.1(b):

- (a) unless the instrument of transfer is otherwise a sufficient transfer under the Corporations Act, the instrument must be signed by, or executed by or on behalf of, the transferor and, (if required by Keybridge), the transferee.
- (b) the instrument of transfer duly stamped will be left at the place where the Notes Register is kept; and
- (c) the instrument of transfer must be endorsed or accompanied by an instrument executed by the transferee to the effect that the transferee agrees to accept the CRPN subject to the terms and conditions on which the transferor held them, to become a Holder and to be bound by these CRPN Terms.

### **11.4. Directors to register transfers**

Subject to clauses 11.3 and 11.5, for so long as the Notes Register is maintained by Keybridge, the Directors will not refuse to register or fail to register or give effect to a transfer of the CRPN.

### **11.5. Refusal to register transfers other than Proper ASTC Transfer**

The Directors may refuse to register any transfer of the CRPN (other than a Proper ASTC Transfer) where the ASX Listing Rules permit Keybridge to do so. The Directors will refuse to register any transfer of the CRPN (other than a Proper ASTC Transfer) where the Corporations Act or the ASX Listing Rules require Keybridge to do so, or the transfer is in breach of the ASX Listing Rules.

### **11.6. Notice of refusal to register**

- (a) Where the Directors refuse to register a transfer of the CRPN pursuant to clause 11.5, Keybridge will give written notice of the refusal and the reasons for the refusal to the transferee and the person who lodged the transfer, if not the transferee, within 5 Business Days after the date on which the transfer was lodged with Keybridge.
- (b) Failure by Keybridge to give notice under clause 11.6(a) will not invalidate the refusal to register the transfer in any way

### **11.7. Clearing System**

CRPN or interests in CRPN held through a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. The rules and regulations of that Clearing System prevail over this clause 11 with respect to those CRPN, or interest in CRPN, to the extent of any inconsistency.

### **11.8. Registrar**

If Keybridge appoints a registrar to maintain the Notes Register, then Keybridge will procure the registrar to comply with the provisions of this clause 11 as if references to "Keybridge" or "the Directors" were references to "the registrar".

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## **12. JOINT HOLDERS**

### **12.1. Payment to one Holder effective discharge**

If several persons are entered in the Notes Register as joint Holders in respect of a CRPN, the payment to any one of such persons of any monies from time to time payable to the joint Holders will be an effective discharge to Keybridge for the monies so paid.

### **12.2. More than three joint Holders**

Subject to the ASX Settlement Operating Rules, Keybridge will not be bound to register more than 3 persons as the joint Holders of the CRPN. A CRPN registered in the name of more than one person is held by those persons as joint tenants.

### 12.3. Actions of joint Holders

All of the joint Holders in respect of any CRPN must join in the transfer of the relevant CRPN.

### 13. NON-RESIDENT HOLDERS

- (a) Where the CRPN are held by, or on behalf of, a person resident outside Australia, then, despite anything to the contrary contained in or implied by these CRPN Terms, it is a condition precedent to any right of the Holder to receive payment of any monies in respect of those CRPN that all necessary authorisations (if any) and any other statutory requirements which may then be in existence are obtained at the cost of the Holder and satisfied.
- (b) For the purposes of clause 13(a), authorisation includes any consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with any government or any governmental agency.

### 14. INDEMNITY TO KEYBRIDGE

- (a) Whenever in consequence of:
  - (i) the death of a Holder;
  - (ii) the non-payment of any Tax payable by a Holder;
  - (iii) the non-payment of any stamp or other duty by the legal personal representatives of a Holder or their estate; or
  - (iv) any other act or thing in relation to a CRPN or a Holder, any law for the time being of any country or place, imposes or purports to impose any liability of any nature whatever on Keybridge to make any payments to any governmental agency, Keybridge will in respect of that liability be indemnified by that Holder and his legal personal representatives and any monies paid by Keybridge in respect of that liability may be recovered from that Holder and/or his legal personal representatives as a debt due and owing to Keybridge and Keybridge will have a lien in respect of those monies upon the CRPN held by that Holder or his legal personal representatives and shall be entitled to set off those monies against any monies payable by it in respect of those CRPN.
- (b) Nothing in clause 14(a) will prejudice or affect any right or remedy which any such law may confer or purport to confer on Keybridge.

### 15. DEATH OR LEGAL DISABILITY

#### 15.1. Death or Legal Disability

If a Holder dies, becomes subject to a legal disability, becomes bankrupt or is liquidated, the survivor (in the case of joint Holders), the legal personal representative or the person entitled to the CRPN as a result of the death, disability, bankruptcy or liquidation of the Holder or the making of vesting orders by a court or other judicial or quasi-judicial body or authority will be recognised, on providing such evidence of that person's title, as Keybridge sees fit, as having an enforceable claim to the CRPN registered in the Holder's name.

#### 15.2. Transfer, Transmission under clause 15.1

Subject to the ASX Listing Rules, Keybridge need not register any transfer or transmission under clause 15.1 unless the transferee provides an indemnity in favour of Keybridge in a form determined by or satisfactory to Keybridge in respect of any consequence arising from the transfer or transmission.

#### 15.3. Two or More Persons Jointly Entitled

Where two or more persons are jointly entitled to any CRPN in consequence of the death of the registered holder of that CRPN, for the purposes of these CRPN Terms they will be deemed to be joint holders of that CRPN.

#### 15.4. Monies Payable in Respect of the CRPN

The Directors will be entitled to retain any monies payable in respect of any of the CRPN to which any person under this clause 15 is entitled until such person is registered or has duly transferred the CRPN in accordance with these CRPN Terms.

### 16. AMENDMENT OF THESE TERMS

#### 16.1. Amendment without consent

Subject to complying with all applicable laws, Keybridge may, without the authority, assent or approval of CRPN Holders, amend these CRPN Terms:

- (a) if Keybridge is of the opinion that the amendment is:
  - (i) of a formal, minor or technical nature;
  - (ii) made to cure any ambiguity;
  - (iii) made to correct any manifest error;
  - (iv) expedient for the purpose of enabling the CRPN to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not considered by Keybridge to be materially prejudicial to the interests of CRPN Holders as a whole; or

- (v) necessary to comply with the provisions of any statute, the requirements of any statutory authority, the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the CRPN are quoted; or
- (b) generally, in any case where such amendment is considered by Keybridge not to be materially prejudicial to the interests of CRPN Holders as a whole.

## 16.2. Amendment with consent

Without limiting clause 16.1, Keybridge may amend these CRPN Terms if the amendment has been approved by a Special Resolution.

## 16.3. Meanings

In this clause 16 "amend" includes modify, cancel, alter or to add to, and "amendment" has a corresponding meaning.

# 17. NOTICES

## 17.1. Service of Notices

- (a) Without limiting anything else in these CRPN Terms, a notice may be given by Keybridge to any Holder, or in the case of joint Holders to the Holder whose name appears first in the Notes Register, personally, by leaving it at the Holder's registered address or by sending it by prepaid post (airmail if posted to a place outside Australia) or facsimile transmission addressed to the Holder's registered address or, in any case, by other electronic means determined by the Directors. If the notice is signed, the signature may be original or printed.
- (b) A notice given by a Holder to Keybridge must:
  - (i) be in writing; and
  - (ii) be left at, or sent by prepaid post (airmail if posted from a place outside Australia) to the address below or the address last notified by Keybridge, or sent by email transmission to the email address specified below or the email address last notified by Keybridge:

Keybridge Capital Limited  
Level 2, 23 Ventnor Avenue,  
Perth, Western Australia 6000  
Attention: The Company Secretary  
Email: cosec@keybridge.com.au

With a copy to:  
Advanced Share Registry Limited  
110 Stirling Highway  
Nedlands, Western Australia 6009  
Email: admin@advancedshare.com.au

## 17.2. When Notice Considered to be Received

Any notice is taken to be given:

- (a) if served personally or left at the intended recipient's address, when delivered;

- (b) if sent by post, on the second Business Day after it is mailed in a prepaid envelope to the intended recipient's address (or the fifth Business Day if mailed to or from a place outside Australia); and
- (c) if sent by electronic transmission, on production of a report by the machine or other system by which the transmission is sent indicating that the transmission has been made in its entirety to the correct transmission address and without error.

## 17.3. Notice to Transferor Binds Transferee

Every person who, by operation of law, transfer or any other means, becomes entitled to be registered as a Holder is bound by every notice which, prior to such person's name and address being entered in the Notes Register, was properly given to the person from whom such person derived title to the CRPN.

## 17.4. Service on Deceased Holders

A notice served in accordance with this clause 17 is (despite the fact that the Holder is then dead and whether or not Keybridge has notice of the Holder's death) considered to have been properly served in respect of any of the CRPN, whether held solely or jointly with other persons by the Holder, until some other person is registered in the Holder's place as the Holder or joint Holder. The service is sufficient service of the notice or document on the Holder's legal personal representative and any person jointly interested with the Holder in the CRPN.

# 18. GOVERNING LAW AND JURISDICTION

## 18.1. Governing Law

The CRPN and these CRPN Terms are governed by the laws of New South Wales, Australia.

## 18.2. Jurisdiction

Keybridge and each Holder irrevocably submits to the exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, Australia in connection with matters concerning the CRPN or these CRPN Terms, and waives any right they have to object to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

# 19. DEFINITIONS AND INTERPRETATION

## 19.1. Definitions

The following words and expressions in bold have these meanings in these CRPN Terms:

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the market it operates.

**ASX Listing Rules** means the listing rules of ASX, as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**ASX Settlement** means ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement, as amended or replaced from time to time, except to the extent of any express written waiver by ASX Settlement.

**Business Day** has the same meaning as in the ASX Listing Rules.

**Change of Law Event** means the introduction of, or a change in, any law, official directive, ruling or request or a change in its interpretation or application that materially increases the costs to Keybridge of the CRPN that existed prior to such event or which makes it illegal or impossible for Keybridge to perform its obligations under these CRPN Terms. If such event does not have the force of law, it must be one with which responsible Australian banks would comply.

**Clearing System** means:

- (a) the Clearing House Electronic Subregister System (CHES) operated by ASX Settlement;
- (b) the Austraclear system owned and operated by Austraclear Limited (ABN 94 002 060 773); or
- (c) any other securities trading and/or clearance system.

**Conversion** means conversion of the CRPN (or any of them) into Ordinary Shares pursuant to these CRPN Terms.

**Conversion VWAP Period** means:

- (a) in the case of a Conversion resulting from a Tax Event or a Change of Law Event, the period of 15 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date of the relevant Tax Event or Change of Law Event, as the case may be; or
- (b) in the case of a Conversion resulting from an Event of Default, the period of 15 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date of the EOD Notice; or
- (c) in the case of any other Conversion, the period of 15 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these CRPN Terms.

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

**CRPN** means the convertible, redeemable promissory notes to be issued by Keybridge on these CRPN Terms.

**CRPN Terms** means these terms and conditions of issue of the CRPN.

**Director** means a director of Keybridge at any time and from time to time.

**Early Conversion Date** means, in relation to a CRPN, the date of its Conversion in advance of the Maturity Date pursuant to clause 8.

**Early Redemption Amount** means in respect of any CRPN (as applicable);

- (a) in respect of any Early Redemption Date falling from (and including) the Issue Date to (and including) the date that is 12 months after the Issue Date, 105% of the Face Value of such CRPN;
- (b) in respect of any Early Redemption Date falling from (but excluding) the date that is 12 months after the Issue Date to (and including) the date that is 24 months after the Issue Date, 103% of the Face Value of such CRPN;
- (c) in respect of any Early Redemption Date falling from (but excluding) the date that is 24 months after the Issue Date to (and including) the date that is 36 months after the Issue Date, 101% of the Face Value of such CRPN; and
- (d) in respect of any Early Redemption Date falling from (but excluding) the date that is 36 months after the Issue Date to (and including) the Maturity Date, 100% of the Face Value of such CRPN.

**Early Redemption Date** means, in relation to a CRPN, the date of its Redemption in advance of the Maturity Date pursuant to clause 8.

**EOD Notice** has the meaning given to that term in clause 8.1(e).

**Event of Default** means any of the following:

- (a) Keybridge failing to pay within 20 Business Days after the due date any interest on any CRPN (save in the event that such non-payment is as a result of the operation of the Suspension Condition);
- (b) the Ordinary Shares and/or the CRPN being suspended from trading on the ASX for more than 20 consecutive Business Days;
- (c) a takeover bid is made to acquire all of the Ordinary Shares and the offer under such bid is, or becomes, unconditional and the bidder has a Relevant Interest in more than 50% of the Ordinary Shares on issue; and
- (d) a court approves a proposed scheme of arrangement under Part 5.1 of the Corporations Act which, when implemented, will result in a person having a Relevant Interest in more than 50% of the Ordinary Shares on issue.

**Face Value** has the meaning given to that term in clause 2.2(b).

**Financial Adviser** means an independent financial adviser, holding a relevant Australian financial services licence, appointed by Keybridge.

**Group** means Keybridge and its Subsidiaries.

**Holder** means a person whose name is for the time being registered in the Notes Register as the holder of that CRPN.

**Holder Conversion Request** has the meaning given to that term in clause 6.1.

**Interest Payment Date** means, in relation to a CRPN, 20 March, 20 June, 20 September and 20 December, commencing on 20 September 2015 and ending on the earlier of:

- (a) the Maturity Date;
- (b) the Early Redemption Date; and
- (c) the Early Conversion Date.

**Interest Period** means, in respect of a CRPN:

- (a) the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date; and
- (b) thereafter, the period from (and including) each Interest Payment Date to (but excluding) the next Interest Payment Date.

**Interest Rate** means 7% per annum.

**Issue Date** means the date of issue of the CRPN.

**Keybridge** means Keybridge Capital Limited (ABN 16 088 267 190).

**Maturity Date** means 31 July 2020.

**Notes Register** means the register of Holders and, where appropriate, includes:

- (a) a sub-register conducted by or for Keybridge pursuant to the Corporations Act, the ASX Listing Rules or ASX Settlement Operating Rules; and
- (b) any branch register.

**Ordinary Shares** means an ordinary fully paid share in the capital of Keybridge.

**Outstanding Interest** means, in relation to a CRPN at any time, the aggregate of:

- (a) any Suspended Interest in respect of that CRPN at that time; and
- (b) any other unpaid interest which is due and payable in respect of that CRPN at that time (including any interest accrued or compounded under clause 5.4).

**Permitted Distribution** means:

- (a) a distribution by one member of the Group to another member of the Group;
- (b) the payment of fees under monitoring or advisory arrangements or other

payments, provided that the aggregate amount payable under this paragraph (b) does not exceed \$1,500,000 in any financial year;

- (c) payments for corporate finance, mergers and acquisitions and transaction advice actually provided to the Group with respect to completed transactions on bona fide arms' length commercial terms of up to 1.50% of the aggregate consideration for the relevant transaction; and
- (d) any payments to fund withholding tax in an aggregate amount not to exceed \$2,500,000 in any financial year (provided further that Keybridge has procured that all reasonable endeavours are used to utilise any available exemptions for any such interest withholding tax).

**Proper ASTC Transfer** has the meaning given in regulation 1.0.02 of the Corporations Regulations 2001 (Cth).

**Record Date** means, in relation to an Interest Period, the date that is 8 calendar days (or such other period as is determined by the Directors from time to time in compliance with the ASX Listing Rules) before the Interest Payment Date in respect of that Interest Period.

**Redemption** means redemption of the CRPN (or any of them) pursuant to these CRPN Terms.

**Redemption VWAP** means the average of the daily volume weighted average sale prices of CRPN sold on ASX during the period specified in these CRPN Terms on which CRPN were trading on ASX, excluding any transaction defined in the ASX Settlement Operating Rules as 'special' crossings prior to the commencement of normal trading, crossings during the afterhours adjust phase and any overseas trades or exchange traded option exercises.

**Redemption VWAP Period** means:

- (a) in the case of a Redemption pursuant to clause 8.1(a), the period of 15 Business Days on which trading in CRPN took place immediately preceding (but not including) the date of the redemption notice issued pursuant to clause 8.1(a); or
- (b) in the case of a Redemption resulting from a Tax Event or a Change of Law Event, the period of 15 Business Days on which trading in CRPN took place immediately preceding (but not including) the date of the relevant Tax Event or Change of Law Event, as the case may be.

**Relevant Interest** has the meaning given to that term in section 7 of the Corporations Act.

**Repayment Amount** means, in relation to a CRPN, an amount equal to its Face Value.

**Security Interest** means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind and includes:

- (a) any right of or arrangement with any creditors to have a claim satisfied in priority to other creditors with or from the proceeds of any asset; and
- (b) retention of title (other than in the ordinary course of day-to-day trading) and a deposit of money by way of security.

**Special Resolution** means:

- (a) a resolution passed at a meeting of CRPN Holders by a majority of at least 75% of the votes validly cast by CRPN Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the written approval of CRPN Holders holding at least 75% of the CRPN.

**Subsidiary** has the meaning given in the Corporations Act.

**Suspended Interest** means, at any time, any interest deferred under clause 5.3 which has not been paid at that time.

**Suspension Condition** means the Directors having determined that Keybridge would not be entitled to pay a dividend on its Ordinary Shares in the same amount as the proposed payment of interest pursuant to these CRPN Terms.

**Tax** means any charge, deduction, duty (including stamp duty, financial institutions duty, transaction duty and bank account debt tax), fee, impost, levy, tax (including any consumption tax, goods and services tax and value added tax) and withholding (together with any interest, penalties, fines and expenses in connection with any of them).

**Tax Act** means (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as the case may be (and a reference to any section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth)); and (b) any other act setting the rate of income tax payable and any regulation promulgated under it.

**Tax Event** means where, on or after the Issue Date, Keybridge receives an opinion of a nationally recognised legal counsel or other tax adviser in a relevant tax jurisdiction, experienced in such matters that, any payment of interest, the principal amount outstanding or the Early Redemption Amount is, or may be, subject to an amount of withholding or deduction in respect of any Taxes or other governmental charges for which Keybridge must pay any additional amount.

**VWAP** means the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the period specified in these CRPN Terms on which Ordinary Shares were trading on ASX, excluding any transaction defined in the ASX

Settlement Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the afterhours adjust phase and any overseas trades or exchange traded option exercises, subject to the adjustments as provided for in these CRPN Terms.

**VWAP Adjusted Redemption Amount** means, in respect of any CRPN, a 1% premium to the Redemption VWAP of CRPN traded during the Redemption VWAP Period.

## 19.2. Interpretation

The following rules of interpretation apply in these CRPN Terms unless the contrary intention appears or the context otherwise requires:

- (a) Unless otherwise specified, the Directors may exercise all powers of Keybridge under these CRPN Terms as are not, by the Corporations Act, ASX Listing Rules or by Keybridge's constitution, required to be exercised by Keybridge in general meeting.
- (b) Notices may be given by Keybridge to a Holder in the manner prescribed by these CRPN Terms.
- (c) A reference to a clause is a reference to a clause of these CRPN Terms.
- (d) If a calculation is required under these CRPN Terms, the calculation will be rounded to four decimal places.
- (e) If a payment is required to be made under these CRPN Terms, the payment will be made in Australian dollars only.
- (f) Calculations, elections and determinations made by Keybridge under these CRPN Terms are binding on Holders in the absence of manifest error.
- (g) Headings and the contents page are for convenience only and do not affect the interpretation of these CRPN Terms.
- (h) The singular includes the plural and vice versa, and a gender includes other genders.
- (i) A reference to the word 'include' or 'including' is to be interpreted without limitation.
- (j) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (k) If an event under these CRPN Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.
- (l) A reference to \$, dollars or cents is a reference to the lawful currency of Australia.

- (m) A reference to time in these CRPN Terms is a reference to Sydney, New South Wales, Australia time.
- (n) A reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity.
- (o) A reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes.
- (p) A reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time.
- (q) If any provision of these CRPN Terms is prohibited or unenforceable in its terms but would not be prohibited or unenforceable if it were read down, and is capable of being read down, that provision must be read down accordingly. If, despite this clause, a provision is still prohibited or unenforceable, if the provision would not be prohibited or unenforceable if a word or words were omitted, the relevant words must be severed and, in any other case, the whole provision must be severed. However, the remaining provisions of the CRPN Terms are of full force and effect.

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## **20. ON MARKET BUY-BACKS**

Keybridge may buy-back its CRPNs at any time and may do so on such terms determined by the Board, and otherwise in accordance with the Corporations Act and the ASX Listing Rules (as applicable).

# CORPORATE DIRECTORY

## BOARD

John D. Patton	Chairman
William M. Johnson	Non-Executive Director
Simon K. Cato	Non-Executive Director
Jeremy M. Kriewaldt	Non-Executive Director

## COMPANY SECRETARY

Victor P. H. Ho

## REGISTERED AND PRINCIPAL OFFICE

Suite 614, Level 6  
370 St Kilda Road  
Melbourne, Victoria 3004  
Telephone: (03) 9686 7000  
Facsimile: (08) 9214 9701  
Email: [info@keybridge.com.au](mailto:info@keybridge.com.au)  
Website: [www.keybridge.com.au](http://www.keybridge.com.au)

## COMPANY SECRETARIAL ENQUIRIES

Level 2  
23 Ventnor Avenue  
West Perth, Western Australia 6005  
Telephone: (08) 9214 9767  
Facsimile: (08) 9214 9701  
Email: [cosec@keybridge.com.au](mailto:cosec@keybridge.com.au)

## AUDITORS

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123 St Georges Terrace  
Perth, Western Australia 6000  
Telephone: (08) 9365 7000  
Website: [www.deloitte.com.au](http://www.deloitte.com.au)

## STOCK EXCHANGE

Australian Securities Exchange  
Sydney, New South Wales  
Website: [www.asx.com.au](http://www.asx.com.au)

## ASX CODES

KBC (Shares)  
KBCPA (Convertible Redeemable Promissory Notes)

## LEGAL ADVISOR

Bennett + Co  
Corporate and Commercial Law  
Ground Floor, BGC Centre  
28 The Esplanade  
Perth, Western Australia 6000  
Telephone: (08) 6316 2200  
Facsimile: (08) 6316 2211  
Email: [info@bennettandco.com.au](mailto:info@bennettandco.com.au)  
Website: [www.bennettandco.com.au](http://www.bennettandco.com.au)

## SHARE REGISTRY TO THE OFFER

Security Transfer Australia Pty Ltd  
Perth Office  
770 Canning Highway  
Applecross, Western Australia 6153

Mailing Address:  
PO Box 535  
Applecross, Western Australia 6953

Local Telephone: 1300 992 916  
Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

Melbourne Office  
Level 9, Suite 913  
530 Little Collins Street  
Melbourne, Victoria 3000  
Telephone: (03) 9628 2200



If you have any questions in relation to this document, the Offer or how to accept the Offer,  
please contact your professional advisors  
or Keybridge on the Yowie Offer Helpline on (08) 9214 9745  
from Monday to Friday between 9:00am and 5:00pm (Perth Time)  
or email Keybridge at [yowie@keybridge.com.au](mailto:yowie@keybridge.com.au).



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