



**MOKO SOCIAL MEDIA LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 111 082 485**

**Report to creditors regarding a variation to the Deed of
Company Arrangement
2 August 2018**

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Definitions

439A Report	The Administrator's report to creditors dated 27 October 2017
Administrator	Jason Tracy
ADS	American Depository Shares
App/Application	Mobile device applications
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
BDO	BDO East Coast Partnership, the Auditors of the Company
Big Teams	Big Teams LLC
c.	Circa/approximately
Creditors' Trust	The trust created under the Proposal and DOCA
Deloitte	Deloitte Financial Advisory Pty Ltd
Deed Administrator	Jason Tracy
Deloitte Tax	Deloitte Tax Services Pty Ltd
Directors	Collectively, Emma Waldon, Malcom James and Edward Bralower
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
DOCA Proposal	DOCA Proposal submitted by the Proponent (Trevor Nairn) on 18 August 2017
ERV	Estimated Realisable Value
FEG	Fair Entitlement Guarantee
Former Directors	Collectively Shripal Shah and James Ross
FYXX	Financial Year Ended 30 June 20XX
GSA	General Security Agreement executed by the Secured Creditor and the Company on 31 October 2016
IM	Information Memorandum made available to interested parties on 21 June 2017
IML	IM Leagues LLC
m	Millions
Management	Management of the Company
Moko / the Company	Moko Social Media Limited (Subject to Deed of Company Arrangement)
MOKO Mobi	MOKO Mobi Inc. a wholly owned US subsidiary of the Company
Mobile Apps	Collectively, Rec*IT, Rec*IT Fitness, Rec*IT Plus and Big Teams by Rec*IT
New Proponent	Benelong Capital Partners Pty Ltd, the proponent to the varied DOCA
NBIO	Non-binding indicative offer
PPSR	Personal Property Security Register
Proponent	Trevor Nairn, the original proponent of the DOCA
Proponent Contribution	Payment of \$170,000, to be facilitated by the New Proponent
Proposal	The DOCA and Creditors' Trust proposal for the reconstruction of the Company
R&D Claim	Research and Development claim for FY17
RATA	Report as to Affairs
Relation back day	The date of appointment of administrators
Secured Convertible Note Holders	Convertible note holders registered on the PPSR
Secured Creditors	The Secured Creditor and the Secured Convertible Note Holders
Shareholders' Meeting	Meeting of shareholders to be called to approved the consolidation of share capital, issue of shares and other matters
The Act	Corporations Act 2001
The Court	The Federal Court of Australia or any of the state Supreme Courts
The Regulations	Corporations Regulations 2001
The Secured Creditor	Rhonda Nairn
The Subsidiaries	Collectively MOKO Mobi Inc, Paper Tree Limited, Tagroom Pty Ltd
Trustee	Jason Tracy as proposed trustee of the Creditors' Trust
US	The United States of America
YTD17	11 months to 31 May 2017

1 Executive summary

1.1 Appointment

On 31 May 2017 I, Jason Tracy and Timothy Heenan were appointed Joint and Several Administrators of Moko Social Media Limited (**Moko/the Company**) by Emma Waldon, Malcom James and Edward Bralower (collectively, **the Directors**) pursuant to Section 436A of the Act. Tim Heenan retired as Administrator on 20 September 2017, leaving Jason Tracy as the sole Administrator (**Administrator**).

At the second meeting of creditors held on 6 November 2017, creditors voted in favour of the Company executing a Deed of Company Arrangement (**DOCA**).

Trevor Nairn, the proponent of the DOCA, was unable to satisfy all of the conditions to effectuate the DOCA. I have received a proposal from Benelong Capital Partners Pty Ltd (**New Proponent**) to vary the terms of the DOCA. Pursuant to Clause 12 of the DOCA and Section 445A of the Act any variations to the DOCA are to be approved by creditors.

1.2 Purpose of appointment and report

I am required to provide creditors with sufficient information and recommendations to assist them in making an informed decision on the Company's future. The purpose of this report is to provide that information and recommendations, including:

- An outline of the variations to the DOCA
- The estimated returns to creditors
- The options available to creditors and my opinion on each of these options.

This report should also be read in conjunction with my report to creditors dated 27 October 2017 made pursuant to Section 439A of the Act (**439A Report**).

1.3 Administrator's independence, relationships and indemnities

In accordance with Section 436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was provided with the first report to creditors dated 6 June 2017 and was also tabled at the first meeting of creditors.

There have been no changes to the DIRRI to the date of this report.

1.4 Deed of Company Arrangement (DOCA)

A proposal to vary the DOCA was first submitted by the New Proponent, on 27 June 2018. Since that time the Deed Administrator has been working with the New Proponent to finalise the proposed variations. The details of this proposal and an outline of the conditions precedent are discussed further in Section 5.

In summary the variations to the DOCA provide for the following:

- A shareholders' meeting will be called by the Directors (**Shareholders' Meeting**). This meeting is expected to consider:
 - the reconstruction of ordinary shares and options
 - the issue of new shares to the New Proponent, Secured Creditor (**Rhonda Marie Nairn**), and other parties, likely to be involved in the recapitalised company
 - the appointment of new directors
 - the change of the Company's name
- The Proponent and other parties will subscribe for shares in the Company sufficient to provide a cash contribution of \$170,000 (**Proponent Contribution**) to be made available to meet the costs of the administration and to meet the claims of employees in full
- The Secured Creditor to agree to be bound by the Deed and release her security in exchange for the issue of shares in the Company, as agreed with the New Proponent

- Secured Convertible Note Holders to release their security and in exchange receive shares in the Company. Such shares to be provided by the Secured Creditor via an off-market transfer after completion
- A Creditors' Trust will be created whereby all remaining claims against the Company (i.e. employees and unsecured creditors) will effectively be transferred to a Creditors' Trust
- The Available Property comprising:
 - funds held by the Administrator or Deed Administrator
 - BAS or other tax refunds due
 - receivables due to the Company
 - shares in the Subsidiaries
 - the Proponent Contribution; and
 - property plant and equipment

will be transferred to the Creditor's Trust and will be available to meet the costs of the administration and payment of Employee Claims

- Employee claims will be met in full
- Notwithstanding the above, the Deed Administrator may apply the Available Property in satisfaction of amounts properly due to the Administrator or Deed Administrator and to Employee Claims prior to the establishment of the Creditors' Trust

1.5 Dividend/Distribution to beneficiaries in a Creditors' Trust

Outlined below is a summary of the anticipated dividend/distribution to various classes of creditors/beneficiaries of the Company in liquidation and DOCA scenarios. These estimated returns are subject to the completion of the DOCA and the quantum of any additional claims received.

Creditor class	Estimated liquidation dividend (c/\$)		Estimated Creditors' Trust beneficiary distribution (c/\$)	
	Low	High	Low	High
Priority creditors (employees)	100	100	100	100
Secured Creditor	8.95	9.24	Equity	Equity
Secured Convertible Note Holders	Nil	Nil	Equity	Equity
Unsecured creditors	Nil	Nil	Nil	Nil

Under the DOCA scenario, the Secured Creditor will receive shares in the restructured Company in satisfaction of her debt, and the Secured Convertible Note Holders are to agree (with the Secured Creditor) to receive shares from the Secured Creditor, in exchange for their debts. They will not participate as beneficiaries in the Creditors' Trust.

Further details on the estimated statement of position and the estimated dividend/distribution to creditors/beneficiaries is contained in Section 4.

1.6 Administrator's opinion

It is my opinion that creditors should approve the variations to the DOCA. The reasons for my opinion are discussed in Section 6.

1.7 Meeting of creditors

Pursuant to Section 445A of the Act a meeting of creditors is to be held on 17 August 2018 at the offices of Deloitte Financial Advisory Pty Ltd, Level 9, Tower 2, Brookfield Place, 123 St Georges Terrace Perth WA 6000 at 11:00 AM WST. (See attached Form 529).

At this meeting creditors will be asked to make a decision by passing a resolution in respect of options that will be available to them.

I have recommended in this report that creditors approve the variations to the DOCA. I have detailed the reasons as to why I consider this the best option for creditors in Section 6 of this report.

1.8 Electronic communication

Section 600G of the Act allows for a creditor to receive communications and notifications electronically provided the creditor has consented to receive correspondence in this manner.

Electronic communication is speedy and cost effective and reduces the expenses incurred in an administration.

If you wish to receive future correspondence electronically please send an email to Jude Morris at judmorris@deloitte.com.au detailing the email address to which you would like future communications from me to be sent.

2 The Administrators actions to Date

Since the date of the 439A Report and the second meeting of creditors held on 6 November 2017, my tasks as Deed Administrator have included but were not limited to, the following:

- Preparation and lodgement of the minutes of the second meeting of creditors
- Execution of the DOCA
- Assisting Trevor Nairn, as the original Proponent of the DOCA, to satisfy the conditions of the DOCA
- Recovery of the R&D Claim and other tax rebates and refunds. I now hold \$259,296.03 in cash from the realisation of these claims and other assets
- Answering employee, creditor and shareholder queries
- Attending to all statutory reporting and lodgements, including ASIC and ATO
- Attending to all banking requirements
- Maintained cloud based data storage systems
- ASX announcements
- Application for reporting and annual general meeting relief
- Monitor progress of satisfaction of the conditions precedent under the DOCA
- Extended the End Date of the DOCA
- Discussions with the New Proponent.

2.1 Voluntary Administrator and Deed Administrator's receipts and payments

The following table provides a summary of the receipts and payments during the period 31 May 2017 to 27 July 2018 that covers the period from my initial appointment as Voluntary Administrator, as well as my appointment as Deed Administrator.

I advise that the summary below does not include accruals incurred to date.

	Amount (\$)
Receipts	
Insurance Refund	764.60
Cash at bank on appointment	373.22
R&D Claim (net of ATO set-off)	215,827.00
Pre-appointment debtor	32,709.54
Fringe Benefits Tax Refund	9,621.67
Total Receipts	259,296.03
Payments	
Nil	Nil
Total Payments	Nil
Balance of cash on hand	259,296.03

3 Reasons for variation of the DOCA

The DOCA as it currently stands contains the condition precedent that the Proponent obtains ASX approval for the Company's reinstatement of trading of the Company's shares on the ASX. Unfortunately, the ASX would not approve the business and recapitalisation model put forward.

The Proponent then explored different proposals, which has led to the New Proponent's recapitalisation proposal. This proposal is not conditional upon ASX approval to reinstatement of trading of the Company's shares.

4 Estimated return from a winding up

4.1 Introduction

I have prepared an analysis of the likely realisation under liquidation and the varied DOCA on two bases. Both High and Low bases are outlined below.

Both liquidation scenarios involve:

- Receipt of the R&D Claim from the Australian Taxation Office
- Closure of the Company's business
- Attempted sale of the Company's assets by the liquidator in a distressed realisation scenario
- Attempted recovery of preferences for the benefit of all creditors
- No value being realised for the business intellectual property/Apps
- Costs involved in undertaking the sale of the Company assets including the Administrator's and Liquidator's fees and sale expenses.

Both DOCA scenarios involve:

- Receipt of the R&D Claim from the Australian Taxation Office
- Injection of \$170k from the New Proponent contribution
- A consolidation of existing shareholders' equity
- All Secured Creditor claims are converted to equity (post consolidation)
- No value being achieved for shares in the Subsidiaries
- No compromise to employee entitlements
- Secured creditors being bound by the DOCA
- My fees and disbursements in relation to the Administration and DOCA capped at such amount to enable the payment of employee entitlements in full
- The establishment of a Creditors' Trust.

Further details of the specific DOCA terms are outlined in Section 5.

4.2 Comparative scenarios

Below is a comparison of the possible scenarios that could eventuate at the second meeting of creditors:

\$ (Excl. GST)	Note	Liquidation		DOCA	
		Low	High	Low	High
Circulating assets					
Cash		1,138	1,138	1,138	1,138
Pre-appointment debtor	4.3	32,710	32,710	32,710	32,710
Fringe Benefits Tax refund	4.4	9,622	9,622	9,622	9,622
R&D Claim	4.5	277,697	277,697	277,697	277,697
Less: costs to realise R&D Claim	4.5	(38,850)	(38,850)	(38,850)	(38,850)
Less: ATO offset	4.5	(61,870)	(61,870)	(61,870)	(61,870)
Less: priority employee claims	4.6	(63,453)	(63,453)	(63,453)	(63,453)
Less: Voluntary Administrator's and Deed Administrator's fees incurred in safeguarding and realising assets	4.5	(29,144)	(29,144)	(29,144)	(29,144)
Less: Expenses incurred by Administrator and Deed Administrator to safeguard assets	4.5	(6,878)	(6,878)	(6,878)	(6,878)
Surplus/(Deficiency) available for distribution to 1st ranking secured creditor		120,972	120,972	120,972	120,972
Non-circulating assets					
Office equipment	4.7	5,000	7,000	5,000	7,000
Investments in subsidiaries	4.8	-	-	-	-
Intellectual property (IP)	4.9	-	-	-	-
Less: Voluntary Administrator's and Deed Administrator's fees incurred in safeguarding and realising assets	4.10	(46,798)	(46,798)	(46,798)	(46,798)
Less: Voluntary Administrator's and Deed Administrator's expenses incurred in safeguarding and realising assets	4.10	(18,596)	(18,596)	(18,596)	(18,596)
Surplus/(Deficiency) available for distribution to 1st ranking secured creditor		60,578	62,578	60,578	62,578
Surplus/(Deficiency) available in DOCA		N/A	N/A	60,578	62,578
Secured creditor claims					
Less: amounts payable to 1st ranking Secured Creditor	4.11	(677,000)	(677,000)	N/A	N/A
Surplus/(Deficiency) available for Secured Convertible Note Holders		(616,422)	(614,422)	N/A	N/A
Less: amounts payable to Secured Convertible Note Holders	4.11	(809,500)	(809,500)	N/A	N/A
Total Surplus/(Deficiency) on secured creditor claims		(1,425,922)	(1,423,922)	N/A	N/A
Surplus/(Deficiency) available for distribution				60,578	62,578
Additional Funds					
Proceeds from New Proponent Contribution available for distribution		N/A	N/A	170,000	170,000
Surplus/(Deficiency) available for distribution		(1,425,922)	(1,423,922)	230,578	232,578
Cost of administration					
Voluntary Administrator's fees	4.12	(189,265)	(189,265)	(155,710)	(157,710)
Deed Administrator's fees	4.12	(41,820)	(41,820)	(23,000)	(23,000)
Liquidator's fees	4.12	(104,343)	(104,343)	N/A	N/A
Legal fees for extending the convening period		(13,232)	(13,232)	(13,232)	(13,232)
DOCA and Creditors' Trust preparation and meeting expenses		(13,636)	(13,636)	(13,636)	(13,636)
Trustee for Creditors' Trust fees	4.12	N/A	N/A	(25,000)	(25,000)
Total cost of administration		(362,296)	(362,296)	(230,578)	(232,578)
Surplus/(Deficiency) available after costs of administration	4.13	(1,788,218)	(1,786,218)	(0)	(0)
Unsecured creditor claims					
Amounts owing to unsecured creditors	4.14	(2,170,501)	(1,808,751)	(2,170,501)	(1,808,751)
Total estimated surplus/(deficiency)		(3,958,719)	(3,594,969)	(2,170,502)	(1,808,751)
Potential recoveries in liquidation scenario	4.15	Unknown	Unknown	N/A	N/A
Less: recovery costs	4.15	Unknown	Unknown	N/A	N/A
Employee priority creditor dividend rate (cents per \$)		100.0	100.0	100.0	100.0
1st ranking secured creditor dividend rate (cents per \$)		8.95	9.24	Equity	Equity
Secured Convertible Note Holder dividend rate (cents per \$)		nil	nil	Equity	Equity
Unsecured creditor dividend rate (cents per \$)		nil	nil	0.00	0.00

Source: DOCA term sheet, Management accounts, Deloitte analysis

In a liquidation scenario, a liquidator would be unfunded and require either creditor or litigation funding to bring actions for voidable transactions or insolvent trading. The outcome of any actions would be highly uncertain. Consequently, given my investigations to date, I am unable to attribute any value with certainty to any recoverable actions as outlined in Section 6 of the 439A Report.

The values included in the return to creditors summary above are on a forced sale basis, as discussed below:

Liquidation high scenario

These values have been included on the basis that there is potential for an increased recovery or realisation above that of a Low position for specific assets. Where there are two estimates of the value of an asset, the higher value has been included in the High calculations. Achieving these values is subject to a number of factors that would arise during the realisation process. This includes various market forces affecting the value of each asset, including the interest in each asset and the general economic status at the time of sale.

Liquidation low scenario

The values included in this calculation are considered to be on the lower range of the possible values recoverable from the specific assets of the Company. These amounts have been calculated by either discounting for a reduced return or where two values were provided for an asset, the lower value was included. We have also assumed unsecured creditors' claims are 20% higher than the value in the Company's books and records.

DOCA high scenario

These values have been included as per an anticipated return of \$7k from the office equipment. It also assumes the value of creditor claims received is as per the records of the Company.

DOCA low scenario

These values have been included as per an anticipated return of \$5k from the office equipment. It also assumes unsecured creditors' claims are 20% higher than the value in the Company's books and records.

4.3 Pre-appointment debtor

As detailed in the 439A Report the Company is owed \$32,710 (\$USD25,000) from Competitor Group Inc. a US based company. This receivable was due to be paid on 31 December 2017. This amount was received on 23 July 2018.

4.4 Fringe benefits tax refund

Upon lodging the 2017 fringe benefits tax return the Company received a refund of \$9,622. This amount has been received into the administration bank account.

4.5 R&D Claim

Since the date of the 439A report, the Company has received the R&D Claim of \$215,827, which is after the set-off by the ATO of \$61,870 in tax that was owed. This amount has been received into the administration bank account.

I have incurred \$29,144 in fees and \$6,878 in costs in identifying, safeguarding and realising this asset for the benefit of creditors. Deloitte Tax Services Pty Ltd incurred \$38,850 in fees to prepare and lodge the Company's outstanding tax returns and R&D Claim. These fees were approved by creditors at the second meeting of creditors.

4.6 Priority employee claims

In the 439A Report I estimated the claims of employees to total \$62,106. I have increased this amount to \$63,453 to allow for potential superannuation guarantee charges that continue to accrue.

4.7 Office equipment

This relates to all plant and equipment (computers and other miscellaneous items of office equipment) owned by the Company and subject to the security interests of the Secured Creditor and the Convertible Note Holders.

A high level indicative valuation has been provided by Gregson's Valuers and Auctioneers regarding this asset at between \$5k and \$7k before selling costs.

In the DOCA as it currently stands this asset remains with the Company and is not available to creditors, whereas under the variation to the DOCA this asset would be available.

4.8 Investments in subsidiaries

The Proposal provides for shares in the Subsidiaries to be transferred to the Creditors' Trust and therefore available to creditors. As outlined at Section 2 of the 439A Report, these shares appear to have no value. It is my intention that once the shares are transferred to the Creditors' Trust, no action will be taken with respect to these shares. It will then likely follow that the Subsidiaries will be automatically deregistered for failure to pay registration fees and/or in the case of MOKO Mobi a US based creditor may seek the liquidation of that entity. This will have no impact on the creditors of Moko.

4.9 Intellectual property

As a business involved in the development of Apps, an important asset of the Company is the intellectual property in the source code underlying the products developed as well as the user data collected to date. As discussed at Section 5.1 of the 439A Report none of the parties that expressed interest in Moko ascribed any particular value to the Apps, source code or user data. The Company's own accounting treatment was to expense the development costs of the Apps and so no value is listed on the balance sheet for this asset. Such assets are very difficult to value, especially when they have yet to be commercialised.

4.10 Voluntary Administrator and Deed Administrator fees and costs - non-circulating assets

I have incurred fees of \$46,798 to date in identifying and safeguarding non-circulating assets of the Company, which includes the office equipment, investments in The Subsidiaries and other entities and the Company's

intellectual property. I have incurred \$18,596 in expenses, related principally to advertising seeking expressions of interest in the Company and its assets. These fees were approved by creditors at the second meeting of creditors.

4.11 Secured creditors' claims

The Secured Creditors of the Company as detailed at section 2.3.5 of the 439A Report include the Secured Creditor and the Secured Convertible Note Holders. The Secured Creditor (Rhonda Nairn) ranks first in priority and then the Secured Convertible Note Holders in order of time/date lodgement of their interests on the PPSR. I have not included any interest and expenses that may have accrued since the date of appointment.

4.12 Voluntary Administrator and Deed Administrator fees and costs – other

My professional fees as Voluntary Administrator, Deed Administrator and as Trustee of the Creditors' Trust were detailed in the 439A Report and approved by creditors at the second meeting of creditors. I note that should the variation to the DOCA be approved and the DOCA effectuated, I propose only seeking payment of such amount that will enable employees to be paid in full. This will be less than the actual cost of this work. Refer also section 8 below.

4.13 Overall realisations in liquidation scenarios

I do not anticipate that there will be a dividend to unsecured creditors in either liquidation scenario.

The return to Secured Creditors in a liquidation involves the realisation of all the circulating and non-circulating assets of the Company over which they have perfected security interests and are first ranking against the realisations from the sale of those except in the case of circulating assets which are available for the payment of employee entitlements pursuant to their priority under Section 556 of the Act.

Prior to the payment of the Secured Creditors and priority creditors, all of the costs applicable to the protection and realisation of the relevant circulating and non-circulating assets must be paid subject to there being sufficient value in those assets on liquidation.

4.14 Unsecured creditor claims

Until I formally adjudicate upon creditor claims there exists some uncertainty as to the quantum of creditor claims against Moko. This is due principally to uncertainty as to whether US based creditors are creditors of MOKO Mobi Inc. or of Moko Social Media Ltd. In the Low scenarios I have factored in an increase of 20% to allow for creditors' claims being greater than what is recorded in the Company's books and for more US based creditors being creditors of Moko. The final level of unsecured creditor claims is therefore subject to change. In any event, unsecured creditors will not receive a return under the variation to the DOCA.

4.15 Potential recoveries on liquidation

As detailed in the 439A Report I identified potential unfair preference payment claims of \$1.5m. I noted in the 439A Report that the creditor(s) concerned may have a reasonable defence, and that the largest of the claims would involve recovery against a US based corporation that may not have the capacity to meet any claim. I would also lack funding to pursue such an action. For this reason, recovery in liquidation of potential unfair preference claims is unlikely.

The 439A Report also identified a potential action for insolvent trading. My report noted however the existence of a potential defence. I note also that I would lack funding to pursue such an action. For this reason, recovery in liquidation of potential insolvent trading claims is unlikely.

In the event that Creditors vote in favour of the variation to the DOCA, the Deed Administrator will not be able to bring any claims against the Directors for insolvent trading or actions to recover potential unfair preference claims.

4.16 Effect on employees

In relation to employee entitlements, a priority exists over the secured creditors in relation to circulating assets. In this case employees would likely be paid in full from on liquidation. The DOCA also provides for full payment of employee entitlements.

Should there be inadequate funds in the liquidation for the payment of employee entitlements, employees may be entitled to apply to the federally funded Fair Entitlements Guarantee (**FEG**).

FEG may cover successful applicants for outstanding wages, annual leave and termination notice. However, FEG does not cover outstanding superannuation entitlements, nor excluded employees, including the directors of the Company. I would assist employees in applying to FEG.

4.17 Conclusion

In conclusion, assuming the amount of all debts proved and accepted by the Liquidator correspond to the amounts disclosed in my analysis, I estimate that there is unlikely to be sufficient funds to meet all of the costs of the Administration and Liquidation or for a dividend to unsecured creditors, in the event that the Company is placed into liquidation.

5 Variation to the Deed of Company Arrangement (DOCA)

5.1 Introduction

A variation to the DOCA has been proposed by Benelong Capital Partners Pty Ltd (**New Proponent**). I am not aware of any relationship between the New Proponent and the Directors, Secured Creditors or shareholders of the Company.

5.2 Key features

A copy of the proposed varied DOCA is contained at Appendix B and the Creditors' Trust Deed at Appendix C, and a summary of the key features of the Proposal at Appendix A. In summary the proposal assumes:

- Following approval of creditors at the forthcoming meeting held in accordance with Section 445A of the Act the varied DOCA will be executed
- The Deed Administrator will continue to be Jason Tracy (Deed Administrator)
- Subject to receiving ASIC and ASX approvals, a Shareholders' Meeting will be called. This meeting is expected to consider:
 - reconstruction of ordinary shares and options
 - the issue of new shares to the New Proponent, Secured Creditor and other parties to be involved in the recapitalised company
 - the appointment of new directors
 - the change of the Company's name
- The New Proponent and other parties will subscribe for shares in the Company sufficient to provide a cash contribution of \$170,000 (Proponent Contribution) to be made available to meet the costs of the administration and to meet the claims of employees in full
- Payment of the Proponent Contribution is conditional on approval of all resolutions put to shareholders at the Shareholders' Meeting and the release of all security interests
- The Secured Creditor will agree to be bound by the Deed and release her security in exchange for the issue of 30.65m shares in the Company
- Secured Convertible Note Holders to receive 3.9m shares in the Company. Such shares to be transferred from the Secured Creditor via an off-market transfer post completion
- The holders of registered security interests (The Secured Creditor and Secured Convertible Note Holders) release their security
- The removal of the Directors if requested by the New Proponent
- The DOCA will be complete or be fully effectuated upon satisfaction of the above conditions
- It is expected that the DOCA will be wholly effectuated immediately after the shareholder approvals take place and the Proponent Contribution is paid or no later than 3 business days after all of the conditions are satisfied
- If the above is not achieved or waived by the New Proponent by 31 December 2018, then the DOCA will be at an end and the Company placed into liquidation unless the Deed Administrator convenes a further meeting of creditors to consider a further variation to the DOCA
- A Creditors' Trust will be created whereby all remaining claims against the Company (i.e. employees and unsecured creditors) will effectively be transferred to a Creditors' Trust. The Company will be released from all such claims from creditors. Creditors must accept their entitlement under the DOCA or the Trust Fund (as the case may be) in full satisfaction and completely discharge all debts and claims against the Company

- The assets to be transferred to the Creditors' Trust and made available to meet the costs of the administration and payment of employee entitlements will include all funds held by the Deed Administrator and tax refunds due to the Company for the period ending with the DOCA termination, shares in The Subsidiaries, the Proponent Contribution and items of property, plant and equipment (Trust Fund)
- Employee claims will be met in full
- There will be no payment to ordinary unsecured creditors
- Creditors' claims must have arisen before 31 May 2017 if they are to be admissible under the DOCA
- The Trustee will be responsible to the former creditors of the Company (now beneficiaries) to ensure that the Company and any other third parties perform their obligations under the DOCA and Creditors' Trust
- The Trustee will be responsible for adjudicating upon creditor (now beneficiary) claims and determining how each of the creditors (now beneficiaries) is entitled to receive payments from the Creditors' Trust and in due course making any distributions to the former creditors (now beneficiaries)
- The Trust Fund will be applied as follows in the following order of priority:
 - \$250,000 to \$280,000 (depending upon the availability of funds) approximately for Administrator's, Deed Administrator's and Trustee's professional fees or such other amount to ensure employee entitlements are paid in full
 - \$28,875 for preparing the R&D Claim
 - \$13,860 for preparing outstanding tax returns
 - \$14,665 in legal fees for extending the convening period
 - \$25,000 toward DOCA and creditor meeting legal expenses
 - \$63,453 or such other amount to pay employee entitlements in full
- The Deed Administrator, subject to availability of sufficient funds, may make some or all of the above payments prior to the transfer of assets and/or funds to the Creditors' Trust
- The Trustee will adjudicate the claims of creditors and be payable in the same order of priority as per Section 556 of the Act
- The control of the Company will be returned to the directors or directors nominated by the New Proponent following execution of the Creditors' Trust Deed. Until then the Deed Administrator will retain day to day management of the Company, save for managing the Commercial Agreements
- The Deed Administrator and Trustee will have a lien over the Company's assets and the Trust Fund for payment of fees, disbursements and expenses
- Related party creditors that include Directors and their related entity claims for fees, expenses and other entitlements will be treated as ordinary unsecured creditors. The total owed to these parties is approximately \$212k.

5.3 Creditors' Trust

A creditors' trust mechanism has been proposed because in order for the Proponent to meet the ASX's re-listing requirements. This can only be achieved if creditors' claims are transferred to the Creditors' Trust. This is a common mechanism for restructuring listed companies. If a creditors' trust was not used, then the Proposal could not go ahead and there would then not be the benefits proposed to be enjoyed by creditors. I have undertaken many creditors' trusts arrangements and consider that I have the required experience to act as trustee of the Creditors' Trust that is proposed and my professional indemnity insurance covers me for acting in such a capacity. I do not have any potential conflict of interest in acting as trustee of the Creditors' Trust.

Creditors need to be aware that in the case of the Company, circumstances may arise where the respective DOCA terminates and the Deed Fund is distributed through a Creditors' Trust mechanism. Whilst I have taken all possible steps to protect the interests of creditors by ensuring that their claims are not released and the DOCA does not terminate until the relevant conditions are met, creditors should understand that their rights under a Creditors' Trust are different to their rights under the DOCA.

Under a DOCA, creditors' rights are regulated by both the terms of the DOCA and the provisions of the Act (which deal with such matters as the right of creditors to appeal against a rejection of a proof of debt). Under a Creditors' Trust, the rights of creditors will transform into the rights of a beneficiary under the terms of the trust instrument with any additional rights under the Trusts Act. I have made attempts to ensure that the rights of creditors under a Creditors' Trust are as similar as possible to their rights under a DOCA. Further detailed disclosures of the Creditors' Trust are set out in Appendix A.

5.4 Likely returns

A summary of the net likely returns to creditors under the proposed DOCA compared to a liquidation scenario is shown in the table below:

Creditor class	Estimated DOCA dividend (c in \$)	
	Low	High
Priority creditors (employees)	100	100
Secured Creditors	Equity	Equity
Secured Convertible Note Holders	Equity	Equity
Unsecured creditors cents per \$	Nil	Nil

The Secured Creditor and Secured Convertible Note Holders will receive shares in the recapitalised Moko in exchange for their debts.

Creditors should note that the tax impact of receiving a distribution from a creditor's trust may be different to that of receiving a distribution from a company under a DOCA. Creditors should take their own taxation advice in this regard.

5.5 Effect on employees

In the event that the Company is wound up, employees will be able to lodge claims with FEG for their outstanding entitlements to a certain cap specified by FEG. Note that FEG does not cover unpaid superannuation.

The variation to the DOCA, if effectuated, will likely result in a return to employees of 100 cents in the dollar of their outstanding entitlements. If the Company is liquidated it is likely employees will also receive their entitlements in full.

5.6 Third party obligations

The New Proponent will be a party to the DOCA and will therefore be contractually bound to comply with his obligations. The New Proponent's key obligations are to arrange, pay for the costs and obtain the approvals in calling the Shareholders' Meeting, as well as arrange for the Proponent Contribution to be paid. The New Proponent appears to have substantial experience in recapitalising companies such as Moko and has already prepared some of the shareholder meeting documents. This provides me with some comfort that the Proponent will be able to comply with his obligations under the DOCA.

The Secured Creditor will also be party to the DOCA and her obligation is to use all reasonable endeavours to arrange for Secured Convertible Note Holders to release their security in exchange for the transfer of shares from the Secured Creditor.

5.7 Release of securities

The DOCA requires that the Secured Creditor and the Secured Convertible Note Holders release their security in exchange for shares. There is a risk that the DOCA does not complete if these parties cannot agree terms for the exchange for shares for security. As the alternative of liquidation is unlikely to provide a return to the Secured Convertible Note Holders it is reasonable to assume that they will release their security. But there is the risk that some or all do not.

5.8 Timing

The timing of payments to creditors will be dependent upon the completion of the conditions precedent to the effectuation of the DOCA, in particular holding the Shareholders' Meeting, that requires ASX and ASIC approval. Shareholders must also vote in favour of the resolutions put to them at this meeting. I anticipate that the Shareholders Meeting will be held by October 2018. The Creditors' Trust should then be in funds shortly thereafter.

The variation to the DOCA is structured so that should there be any delay in completing the DOCA I will still be able make a distribution for employee entitlements. Employees will receive their entitlements

approximately two months after the execution of the varied DOCA and should therefore receive payment in October 2018.

5.9 Monitoring

Monitoring and reporting arrangements under the DOCA will involve the Deed Administrator seeking regular progress reports from the New Proponent as to the status of the completion of the conditions precedent. The Deed Administrator and Trustee will notify creditors should it appear that the DOCA is unlikely to be effectuated or if the timing for payment of dividends is likely to be materially delayed.

If the varied DOCA is unlikely to be effectuated I will convene a meeting of the creditors of the Company to consider options including that:

- The DOCA be varied; or
- That the Administration end.

5.10 Conclusion

It is apparent that the variations to the DOCA provides the following benefits over the existing DOCA terms or liquidation of the Company as follows:

- To maximise the chance of the Company continuing in existence
- The varied DOCA is not conditional on ASX approval for relisting of the Company's shares
- To provide a greater or at least the same return to creditors than would likely be available in liquidation and in a timely manner
- To facilitate a recapitalisation of the business
- To cause the Company to be released from all claims with the exception of any statutory liabilities and environmental obligations that cannot be released by a DOCA.

6 Administrator's opinion

6.1 Introduction

At the meeting of creditors to be held on 17 August 2018, creditors will be asked to resolve one of the following three courses of action:

- the Company execute a variation to the deed of company arrangement; or
- the Company be wound up; or
- the meeting be adjourned.

In this report I am required to form an opinion and recommend as to which course of action would be in the best interests of the creditors. I am also required to give a reason for my opinion and such other information known to me to enable creditors to make an informed decision. My comments on each of the options are as follows:

a) The Company execute a variation to the DOCA

I am of the opinion that the return to creditors would be greater under the varied DOCA than in a liquidation scenario or if the DOCA was not varied and would provide greater certainty of a return.

If creditors do not vote in favour of the variations to the DOCA and do not vote in favour of liquidation, the current DOCA will remain in force. The Proponent of this DOCA, Trevor Nairn has expressed that he is unable to complete the conditions of this DOCA and that he supports the variations to the DOCA. Therefore, if creditors do not approve the variation then the end date will need to be extended and a new proposal will need to be found. This would add further substantial cost to the administration.

Accordingly, I recommend that the creditors vote in favour of the variation to the DOCA at the meeting of creditors and that the Company execute a varied DOCA.

b) The Company be wound up

In my opinion, this option is not in the creditors' interest because the proposed DOCA provides a better or at least the same return (in the case of unsecured creditors) to the creditors than in a winding up.

I note that as a Creditors' Trust is proposed, once the DOCA is accepted and the Creditors' Trust is settled (i.e. formed), creditors have no recourse against the Company. The formation of the Creditors' Trust does not change my opinion.

6.2 Recommendation

In my opinion, creditors would be best served if the Company executes a DOCA.

I reserve the right to change my recommendation to creditors should there be any change to the DOCA proposal, or if an alternate DOCA proposal is received subsequent to the date of this report.

Should I receive any new information that may be relevant to creditors between issuing this report and the date of the creditors meeting, a summary will be made available on the Administration website at www.deloitte.com/au/moko-social-media.

7 Other material information

I am not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Company's future.

8 Remuneration

I do not propose seeking any further approval for my fees as Deed Administrator or Trustee of the Creditors' Trust. I have at present incurred total fees of \$310,062 and disbursements of \$25,696.14, excluding tax return and R&D claim expenses. I will only draw remuneration up to my approved fees of \$282,559 and recover disbursements, subject to there being sufficient funds to meet employee claims in full.

9 Meeting

Pursuant to Section 445A of the Act and, I have attached a notice convening the meeting of creditors to be held on 17 August 2018 at the offices of Deloitte Financial Advisory Pty Ltd, Brookfield Place, 123 St Georges Terrace Perth WA, at 11:00 AM WST (see Form 529 enclosed as Appendix D).

At this meeting creditors will be asked to resolve whether:

- the Company execute a variation to the deed of company arrangement; or
- the Company be wound up

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 (copy attached as Appendix F).

A special proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with the Deed Administrator prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with the Deed Administrator within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Proof of Debt or Claim (copy attached) to be entitled to vote at the second meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with me prior to the commencement of the meeting.

Creditors wishing to attend the second meeting of creditors by telephone are advised that they will still require a Proof of Debt or Claim to be lodged prior to the commencement of the meeting.

Teleconference details are as follows:

+61 1800 762 325 (Australia)	English (Australia)
+61 2 9308 3700 (Australia)	English (Australia)
+61 3 8519 8600 (Australia)	English (Australia)

Conference ID: 8333018122

Deloitte.

If a creditor wishes to rely upon the Proof of Debt or Claim that they lodged with me at the first or second meeting of creditors, they must make reference to that Proof of Debt or Claim when submitting a proxy, or when attending the second meeting of creditors.

I trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact Jude Morris of this office on (08) 9365 7258.

Yours faithfully



Jason Tracy
Deed Administrator

Dated this 2nd day of August 2018

Appendix A – Creditors’ Trust Information Sheet

Disclosure	Comments
Reasons	<p>By proposing a Creditors’ Trust the DOCA can be accepted by creditors and wholly effectuated in a time efficient manner.</p> <p>On successful creation of the Creditors’ Trust, the Company will come out of Administration. The Deed Administrator believes that a quick exit from Administration is warranted in this instance as it will put the Proponent in the best position to meet the ASX’s requirements by ensuring that the Company is solvent. The Proposal put forward at this stage is the only workable proposal that has the agreement of the Secured Creditor.</p> <p>There is no material effect on creditors’ claims under the proposed Creditors’ Trust compared to under a DOCA.</p> <p>Creditors should be aware that upon the creation of the proposed Creditors’ Trust, they will become beneficiaries and the protective aspects of Part 5.3A of the Act will cease to apply.</p>
Key Events	<p>We anticipate the following key events:</p> <ul style="list-style-type: none"> • On the creditors agreeing to the varied DOCA, the varied DOCA will be executed shortly after the meeting of creditors. • Upon execution of the DOCA, the Administrator will remain in control of the Company’s affairs. • Upon execution the New Proponent will attend to the following if not already done so: <ul style="list-style-type: none"> ○ Apply to the ASX and ASIC for approvals necessary to call a meeting of shareholders ○ Arrange for a meeting of shareholders to be called and seek shareholder approval for: <ul style="list-style-type: none"> ▪ reconstruction of ordinary shares and options ▪ the issue of new shares to the New Proponent, Secured Creditor and other parties ▪ the appointment of new directors ▪ the change of the Company’s name ○ Pay the Proponent Contribution of \$170,000 to the Deed Administrator • The Deed Administrator will attend to the removal of the existing Directors if required. • The Secured Creditor agrees to release her claim against the Company and discharge her security over the Company in exchange for the issue of 30.65m shares. • The Secured Creditor will use her reasonable endeavours to arrange for the Secured Convertible Note Holders to release their security and claims against the Company and in exchange will receive the transfer of shares as set out in Schedule 1 of the DOCA. • Once the above items have been achieved/satisfied the DOCA will be complete and the Creditors’ Trust will be settled and the Trust Fund

	<p>will thereafter be held by the Trustee on trust for creditors. The Trust Fund will be comprised of:</p> <ul style="list-style-type: none"> ○ \$259,296 in cash in the Deed Administrator’s bank account ○ the \$170,000 Proponent Contribution ○ Any property, plant and equipment owned by the Company ○ Shares in the Subsidiaries ○ Any other funds or tax refunds/claims due to the Company. <ul style="list-style-type: none"> • All creditors’ claims against the Company will be extinguished and their claims will become a right to a distribution from the Creditors’ Trust. For the avoidance of doubt, following the termination of the DOCA, the creditors will no longer have any claims against the Company and their only rights will be a right to prove for a distribution under the Creditors’ Trust. • Once the Creditors’ Trust has been formed and the assets the subject of the Trust Fund transferred to the Creditors’ Trust, the DOCA will be wholly effectuated and the Company no longer be subject to “Deed of Company Arrangement”. • The Trustee will distribute funds according to the priorities in Section 556 of the Act, but ensure that employee entitlements are paid in full. • The Trustee of the Creditors’ Trust will become solely responsible to the beneficiaries, and will need to ensure that payment is received by them in accordance with the Trustee’s obligations under the Creditors’ Trust. The dividend will be paid as soon as practical after all creditors’ claims have been received and adjudicated.
<p>Return to Creditors</p>	<p>On current estimations the likely distribution to beneficiaries, being ordinary unsecured creditors, is nil. Employee beneficiaries will receive 100 cents in the dollar and secured creditors will receive equity in the Company.</p> <p>Timing of the distribution will be as soon as practical once all creditors’ claims have been received and adjudicated. At this stage it is anticipated that the trust fund will be received in October/November 2018 and that a distribution to employees would be made in October 2018. Secured Creditors would receive their shares shortly after the Shareholders’ Meeting.</p> <p>It is anticipated that the trust fund would have approximately \$400k in assets with approximately \$64k available to employees and the balance paid in administration costs.</p> <p>The potential return to creditors would be the same if the Trust Fund were a fund distributed under a DOCA and the proposal did not involve a Creditors’ Trust.</p>
<p>Trustee Particulars</p>	<p>The Deed Administrator will be the Trustee of the Creditors’ Trust.</p> <p>The Deed Administrator is a Registered Liquidator and appropriately qualified to hold this position. In addition, he has the necessary civil liability insurance (including professional indemnity and fidelity insurance), as required by ASIC. The Deed Administrator therefore has the appropriate skills and qualifications to be appointed as Trustee of the Creditors’ Trust.</p>

Remuneration	<p>It is proposed that the remuneration of the Administrator, Deed Administrator and Trustee be paid out of the funds and/or assets held by the Deed Administrator or otherwise from the Creditors' Trust up to a total amount of \$282,559 excluding GST and out of pocket disbursements. Fees and expenses can be drawn as and required. These fees ultimately reduce the pool of funds available to creditors, however the fees would be similar if no creditors' trust mechanism was used as the Deed Administrators have agreed not to seek further fee approval.</p>
Indemnities	<p>The DOCA and the Creditors' Trust provides for the Administrator, Deed Administrator and Trustee to be indemnified out of the property of the Trust for his fees and expenses incurred in the course of acting as Administrator, Deed Administrator and as Trustee of the Creditors' Trust.</p>
Powers	<p>The powers granted to the Trustee are substantially the same as those granted to the Deed Administrator. This will allow the Trustee to carry out his duties in the most time and cost efficient manner.</p> <p>I have not identified any deficiencies in the proposed powers available to the Trustee that might require an application to court to seek directions or clarify these powers. However, the ability to make such an application to court exists if necessary.</p>
Claims	<p>Since all creditors' claims are unsecured against the Company and have been transferred to the Creditors' Trust, all claims under the Creditors' Trust will rank in accordance with priorities set out in Section 556 of the Corporations Act and the distribution will be paid proportionately in line with the statutory processes.</p> <p>The Creditors' Trust Deed will afford appropriate rights to the Trustee to have unrestricted access to the books and records of the Company. This will assist in the adjudication of the claims process and aide the efficient administration of the Trust.</p>
Other creditor/beneficiary differences	<p>The Creditors' Trust Deed will include protection mechanisms available to the beneficiaries of the trust.</p>
Compliance Opinion	<p>I am satisfied that the New Proponent of the DOCA has sufficient experience and available funds to progress the Proposal and in particular, to fund the costs of attending to the Shareholders' Meeting.</p>
Solvency Statement	<p>The Proposal incorporates a provision whereby the Company will be released from the creditor claims following the contribution being made to the Creditors' Trust.</p> <p>The New Proponent have also advised that they intend to inject funds into the Company following and from the Shareholder Meeting.</p> <p>I have formed the opinion that the Company will be solvent pursuant to Section 95A of the Act at the time of the effectuation of the DOCA.</p>
Tax (company/trust)	<p>The establishment of a Creditors' Trust gives rise to an obligation upon Trustees to prepare and lodge Business Activity Statements (BAS) and Income Tax returns (ITR) on the trusts' behalf. A company subject to DOCA is only required to prepare and lodge a BAS.</p> <p>No assets are proposed to be transferred to the Creditors' Trust that would require realising by the Trustees, save for shares in the Subsidiaries, property plant and equipment and a receivable owed to the Company. The shares in the Subsidiaries have no apparent value and the Trustee does not intend realising this asset. In this regard there are not expected to be any</p>

	<p>capital gains tax consequences. Property, plant and equipment may be sold above book value and may trigger a nominal capital gain.</p> <p>Through the Creditors' Trust, participating creditor claims against the Company will be released in full, which may fall within the debt forgiveness provisions of the Income Tax Assessment Act. Therefore, where a Creditors' Trust is used it is possible that the value of the debts forgiven may reduce the value of the Company's carried forward tax losses.</p> <p><u>Disclaimer</u></p> <p>It is important to note that this is a complex area of tax law and the general comments set out above are information purposes only. Accordingly, no creditor should rely upon the comments made above and should seek independent tax advice to ensure that they are complying with all relevant tax legislation.</p>
<p>Tax (creditor/beneficiary)</p>	<p>Under a DOCA, unsecured creditors would receive a proportion of their claim by way of a dividend payment. Where the creditor is a commercial entity this dividend would be treated as income and taxed accordingly.</p>
<p>Other</p>	<p>Creditors should be aware of the following risks:</p> <ul style="list-style-type: none"> • There is a risk that the New Proponent is unable to hold the Shareholders' Meeting or the resolutions to be put at the Shareholders' Meeting are not passed. Creditors' interests are protected as such approvals are a condition precedent to the establishment of the Creditors' Trust. • There is a risk that the New Proponent is unable to raise sufficient funds from issuing shares to pay the Proponent Contribution. Creditors' interests are protected as such payment is a condition precedent to the establishment of the Creditors' Trust. • There is a risk that Secured Creditors do not release their securities. Creditors' interests are protected as such releases are a condition precedent to the establishment of the Creditors' Trust. • If employee entitlements are substantially greater than initial estimates there is a risk that there are not sufficient funds to meet such claims. The Deed Administrator has previously sought confirmations from employees as to their claims.

Appendix B – Draft Deed of Company Arrangement

**JASON MARK TRACY
(Deed Administrator)**

and

**MOKO SOCIAL MEDIA LIMITED
(SUBJECT TO A DEED OF COMPANY ARRANGEMENT)
ACN 111 082 485
(Company)**

and

**BENELONG CAPITAL PARTNERS PTY LTD
(Proponent)**

and

**RHONDA MARIE NAIRN
(Secured Creditor)**

VARIED DEED OF COMPANY ARRANGEMENT

BETWEEN

JASON MARK TRACY of Deloitte Touche Tohmatsu of Level 9, Grosvenor Place, 255 George Street, Sydney NSW 2000(**Deed Administrator**);

AND

MOKO SOCIAL MEDIA LIMITED (SUBJECT TO A DEED OF COMPANY ARRANGEMENT) (ACN 111 082 485) of Suite 5, Level 1, 442-446 Beaufort Street, Highgate, WA 6003(**Company**);

AND

BENELONG CAPITAL PARTNERS PTY LTD of Level 2, 350 Kent Street, Sydney NSW 2000 (**Proponent**);

AND

RHONDA MARIE NAIRN of 33 Stoneham Road, Attadale, WA 6156 (**Secured Creditor**).

RECITALS

- A. On the Appointment Date, Jason Mark Tracy and Timothy Joseph Heenan of Deloitte Touche Tohmatsu were appointed as joint and several voluntary administrators of the Company. Timothy Joseph Heenan ceased to be an administrator of the Company on 20 September 2017.
- B. On 6 November 2017, at a meeting convened pursuant to section 439A of the Act the Creditors of the Company resolved that the Company execute a deed of company arrangement substantially in accordance with the terms of the Deed of Company Administration dated 15 November 2017 and that the Administrator be appointed to act as deed administrator of this Deed.
- C. The Deed Administrator consented to his appointment as deed administrator of this Deed.
- D. On [insert date] 2018, at a meeting of the Creditors of the Company, the Creditors of the Company resolved that the Deed be varied in terms that are not materially different from the variations set out in this varied Deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

Administrator means Jason Mark Tracy in his capacity as voluntary administrator of the Company.

Admitted Claim means the Claim of a Participating Creditor the proof of debt for which has been accepted by the Deed Administrator or Trustee.

Appointment Date means 31 May 2017.

ASIC means Australian Securities and Investments Commission.

Arrangement Period means the period commencing on the Commencement Date and ending on the Termination Date.

Available Property means:

- (a) any funds held by the Administrator or Deed Administrator;
- (b) any business activity statement refunds or other tax refunds received or due from the Australian Taxation Office to the Company, the Administrator or the Deed Administrator for the period ending on the Termination Date, including as a consequence of any objection or appeal; and
- (c) any receivables due to the Company, including, without limitation, the debt owed by Competitor Group Inc.;
- (d) the shares held by the Company in the Subsidiaries as at the Commencement Date;
- (e) the Proponent Contribution; and
- (f) any property, plant and equipment owned by the Company

Business Day means a day that is not a Saturday, Sunday or public holiday in Sydney, New South Wales, and on which banks are open for business generally in Sydney, New South Wales.

Claim means any debt payable by, or a claim against, the Company (whether present or future, certain or contingent, ascertained or sounding only in damages) being a debt or claim the circumstances giving rise to which occurred on or before the Appointment Date that would have been admissible to proof against the Company in accordance with Division 6 of Part 5.6 of the Act if the Company had been wound up.

Commencement Date means 15 November 2017.

Completion means completion on the Completion Date in accordance with clause 5.

Completion Date means that date which is 3 Business Days after the satisfaction or waiver of the last of the Conditions (or such other date as is agreed in writing between the Deed Administrator and the Proponent).

Conditions mean those conditions as set out in clause 3.2.

Consolidation means consolidation of the Company's issued share capital on the basis that every three hundred and fifty (350) Shares will be consolidated into one (1) Share and every three hundred and fifty options for Shares will be consolidated in the same manner in compliance with the ASX Listing Rules.

Convertible Note Holders means those parties who hold convertible notes issued by the Company and who are noted as convertible note holders in Schedule 1.

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

Creditor means any person, company or trust or unincorporated entity or joint venture who has a Claim against the Company, including, without limitation, the Secured Creditor and the Convertible Note Holders.

Creditors' Trust means the trust established under the Creditors' Trust Deed for the benefit of the Participating Creditors.

Creditors' Trust Deed means the trust deed, substantially in the form of Annexure "A" to this Deed, under which the Trustee is obliged to hold the Trust Fund on trust for the Participating Creditors, as set out in clause 8.

Deed means this Deed of Company Arrangement as amended from time to time.

Deed Administrator means Jason Mark Tracy in his capacity as deed administrator of the Company.

Deed Completion Date means the date as prescribed in section 445C of the Act.

Directors means a director of the Company as at the Commencement Date.

Employee means a past or present employee of the Company who has a Claim for Employee Entitlements.

Employee Entitlements means any right or entitlement of:

- (a) an Employee which, if the Company were being wound up, that Employee would be entitled to receive pursuant to section 556 and 561 of the Act in priority to all other Creditors of the Company; or
- (b) any other person which, if the Company were wound up, that person would be entitled to receive pursuant to section 560 of the Act, in priority to all other Creditors of the Company.

End Date means 31 December 2018, unless extended by mutual agreement in writing between the Proponent and the Deed Administrator.

GST has the meaning given to that term in the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

Participating Creditor means all Creditors.

Party means a party to this Deed.

Proponent Contribution means the sum of \$170,000.00

Records mean all originals and copies of all statutory registers, books, records, reports, correspondence, files, manuals and other documents and information created by or owned by the Company or its subsidiaries, whether in printed, electronic or any other form, including financial, legal and tax papers.

Resolution means a resolution passed at a meeting of Creditors convened in accordance with this Deed.

Resolution Date means the date on which the Creditors of the Company resolved that the Company execute a deed of company arrangement being 6 November 2017.

Security means any mortgage, security interest, charge (whether fixed or floating), lien, pledge or other encumbrance which secures the payment of any debt or monetary liability or the performance of any obligation and which, for non-real property, complies with the *Personal Property Securities Act 2009* (Cth), and includes, without limitation:

- (a) any security interest granted in favour of the Secured Creditor; and
- (b) any security interest granted in favour of the Convertible Note Holders.

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

Shareholder Approvals means approval of all resolutions without alteration by the shareholders of the Company in a general meeting for the purposes of implementing the recapitalisation plan put forward by the Proponent.

Shareholder Meeting Documents means the notice of general meeting of shareholders and explanatory statement.

Subsidiaries means Tagroom Pty Ltd (ACN 163 260 688), Paper Tree Ltd, a company incorporated in the British Virgin Islands and Moko Mob Inc., a company incorporated in the United States of America.

Superannuation Contribution has the same meaning as in section 556 of the Act.

Superannuation Guarantee Charge has the same meaning as in the *Superannuation Guarantee (Administration) Act 1992* (Cth).

Termination Date means the date on which this Deed terminates.

Trustee means Jason Mark Tracy in his capacity as trustee of the Creditors' Trust.

Trust Fund means the fund created under the Creditors' Trust Deed which shall include the Available Property.

1.2 Interpretation

In this Deed, unless the subject or context otherwise requires:

- (a) a reference to 'dollar' or '\$' is a reference to Australian currency;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing any one gender include the other gender and vice versa;
- (d) words importing natural persons include corporations, firms, unincorporated associations, partnerships, trusts and any other entities recognised by law and vice versa;
- (e) words written and in writing include any means of visible reproduction of words in a tangible and permanently visible form;
- (f) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (g) reference to clauses and schedules are references to clauses and schedules of this Deed;

- (h) references in this Deed to any statutory enactment or law must be construed as references to that enactment or law as amended or modified or re-enacted from time to time and to the corresponding provisions of any similar enactment or law of any other relevant jurisdiction;
- (i) references in this Deed to sections must be construed as references to sections in the Act;
- (j) references to (or to any specified provision of) this Deed or to any other agreement or document must be construed as references to (that provision of) this Deed or that other agreement or document as amended, substituted, novated, supplemented, varied or replaced with the agreement of the relevant parties and in force at any relevant time;
- (k) a construction that would promote the purpose or object underlying this Deed (whether or not stated in this Deed) is to be preferred to a construction that would not promote that purpose or object;
- (l) headings in this Deed are for the purpose of more convenient reference only and do not form part of this Deed or affect its construction or interpretation;
- (m) a term or expression not otherwise defined in this Deed must have the same meaning, if any, as provided for in the Act provided that the meaning is not inconsistent with the purpose or object of this Deed; and
- (n) no rule of construction applies to the disadvantage of a Party because that Party was responsible for the preparation of this Deed or any part of it.

1.3 Inconsistency with Act or Corporations Regulations or Insolvency Rules

If there is any inconsistency between the provisions of this Deed and the Act or Corporations Regulations or insolvency rules, this Deed prevails to the extent permitted by law.

1.4 Other Inconsistencies

If there is any inconsistency between the provisions of this Deed and the constituent documents of the Company and any other obligation binding on the Company, the provisions of this Deed shall prevail to the extent of any inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which shall be borne by the Company.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is required by this Deed to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.

1.6 Governing Law

This Deed is governed by and must be construed in accordance to the law applying in New South Wales.

2. COMMENCEMENT

2.1 Commencement date

This Deed commences on the Commencement Date.

2.2 Deed Administrator

The Deed Administrator is to be the deed administrator of this Deed.

2.3 Purpose and Objects of the Deed

The purposes and objects of this Deed are to:

- (a) provide for the business, property and affairs of the Company to be administered in a way that maximises the chances of the Company, or as much as possible, its business, continuing in existence; and
- (b) provide a greater return for a Participating Creditor than would result from an immediate winding up of the Company.

2.4 Creditors' Trust

This Deed contemplates the entry into the Creditors' Trust whereby:

- (a) upon establishment of the Creditors' Trust under clause 8, all Claims of Participating Creditors will effectively be transferred to the Creditors' Trust and the Company will be released from such Claims;
- (b) upon establishment of the Creditors' Trust under clause 8, the Deed Administrator will be entitled to terminate the Deed in accordance with clause 13.2; and
- (c) the property available to pay the Claims of Participating Creditors will be the Available Property and the other property specified in the Creditors' Trust Deed, which shall be paid or transferred to the Trustee of the Creditors' Trust and form part of the Trust Fund from which the Participating Creditors will be entitled to receive a rateable distribution in accordance with the Creditors' Trust Deed.

2.5 Interim effect

Insofar as a person would be bound by this Deed if it had already been executed, the person must not, at any time after the Resolution Date but before the Commencement Date, do anything inconsistent with the terms of this Deed except with the leave of a Court.

3. CONDITIONS

3.1 Secured Creditor Obligations

- (a) The Secured Creditor agrees that, upon the receipt of 30,650,000 Shares;
 - (i) her Claim against the Company is discharged and released;
 - (ii) her Security is discharged and released; and

- (iii) she will take all reasonable steps to remove the registration of her Security, which is registered against the Company on the PPSR.
- (b) The Secured Creditor acknowledges and agrees that she must use reasonable endeavours to satisfy the Condition at clause 3.2(c) by transferring Shares to the Convertible Note Holders in return for the agreement of the Convertible Note Holders set out in clause 3.2(c).
- (c) Schedule 1 lists the estimated amount of post completion Shares which it is currently expected that the Secured Creditor will need to transfer to Convertible Note Holders, by way of an off market transfer by the Secured Creditor, after Completion, to satisfy the Condition in clause 3.2(c).

3.2 Conditions Precedent

Completion in accordance with this Deed is subject to the satisfaction (or waiver by mutual agreement in writing by the Deed Administrator and the Proponent) of the following conditions on or before the End Date:

- (a) receipt by the Company from ASIC and ASX of the regulatory approvals necessary for the Shareholder Meeting Documents;
- (b) receipt by the Company of the Shareholder Approvals;
- (c) the Convertible Note Holders agreeing to the release of:
 - (i) their Claims against the Company; and
 - (ii) the Security held by them, and to do all things necessary to remove the registration of their Security, which is registered against the Company on the PPSR;
- (d) if requested by the Proponent, the Deed Administrator removing the Directors;
- (e) payment of the Proponent Contribution to the Deed Administrator;
- (f) the transfer of the Available Property to the Trustee of the Creditors Trust.

3.3 Satisfaction of the Conditions

- (a) Each Party must use their best efforts to satisfy (or procure the satisfaction of) the Conditions on or before the End Date.
- (b) Each Party must provide all reasonable assistance to each other Party as is necessary to satisfy (or procure the satisfaction of) the Conditions.

3.4 Proponent's Obligations

The Proponent must at its own expense (for which it shall be entitled to be reimbursed by the Company, subject to the Company, at the time of the reimbursement, having sufficient funds to meet all of its liabilities as and when they arise) promptly prepare or procure the following documents or approvals:

- (a) this Deed for approval and execution;
- (b) Shareholder Meeting Documents to seek the Shareholder Approvals;

- (c) ASX approval to issue the Shareholder Meeting Documents;
- (d) any ASIC lodgements, approvals or fees in relation to issuing the Shareholder Meeting Documents;

3.5 Proponent's access

For the purposes of satisfying the Conditions (including preparing the notice of meeting to seek the Shareholder Approvals), the Deed Administrator and the Company must procure that the Proponent is given reasonable access on reasonable notice to the Company's assets and the Records in their possession.

3.6 Notice

The Deed Administrator and the Proponent must promptly notify the other in writing if any of the Conditions are satisfied or cannot be satisfied.

3.7 Failure of Conditions

If the Conditions are not satisfied (or waived in writing by the Proponent) on or before the End Date, then the Deed Administrator, in his absolute discretion, may either:

- (a) by a notice in writing to the Creditors, terminate this Deed, in which case:
 - (i) save for this clause 3.6 and clauses 9.7, 9.8, 10, 11, 13 and 16, the provisions of this Deed shall have no further force and effect; and
 - (ii) this Deed will terminate and the Company will be wound up pursuant to clause 13.5; or
- (b) convene a meeting of Creditors, at which meeting the Creditors may resolve to:
 - (i) vary the terms of this Deed; or
 - (ii) terminate this Deed, wind up the Company and appoint the Deed Administrator as liquidator of the Company.

4. DISTRIBUTION UNDER THIS DEED

4.1 Distribution to Employees

The Deed Administrator, in his absolute discretion may, if he considers that it is in the best interests of the Creditors, adjudicate upon, admit and pay, Employee Entitlements out of the Available Property, prior to Completion.

4.2 Administrators Fees and Disbursements

Subject to the order of priority specified in clause 8.1 (a) of the Creditors Trust Deed, the Deed Administrators may apply the Available Property in satisfaction of amounts properly due to the Administrator or Deed Administrator under clause 9.7.

4.3 Admissibility and proof of Employee Entitlements

For the purpose of adjudicating upon the Employee Entitlements under this Deed, Regulations 5.6.39 to 5.6.72 of the Corporations Regulations and Sub-divisions A to

E of Division 6 of Part 5.6 of the Act shall apply to this Deed and the Deed Administrator as if the references to a Liquidator were references to the Deed Administrator, references to winding up were references to this Deed and with such other modifications as are necessary to give effect to this Deed.

5. COMPLETION

5.1 Place of Completion

Completion will take place at the offices of the Deed Administrator in Sydney.

5.2 Completion

Completion must take place on the Completion Date.

5.3 Completion Events

- (a) At Completion, the following shall occur:
- (i) any Conditions which have not already been satisfied will be satisfied;
 - (ii) the Deed Administrator shall deliver or make available to the Proponent (or its nominee) the Records;
 - (iii) if requested by the Proponent, the Deed Administrator shall effect the removals of any Directors and the appointments of three new directors as are nominated by the Proponent to the Deed Administrator prior to Completion;
 - (iv) the Trustee must execute, and the Deed Administrator shall procure the Company to execute, the Creditors' Trust Deed, if not already executed beforehand;
 - (v) the Deed Administrator shall, to the extent that the Available Property which is to constitute the Trust Fund is held by him, transfer the Available Property to the Trustee; and
 - (vi) as a last step, the Deed Administrators providing to the Proponent a Form 5056 effectuating the DOCA, for lodgement by the Proponent with ASIC.
- (b) The actions to take place under this clause 5.3:
- (i) are interdependent and must take place, as nearly as possible, simultaneously; and
 - (ii) any actions may be waived by mutual agreement in writing between the Deed Administrator and the Proponent.
- (c) Notwithstanding clause 5.3(a)(ii), the Deed Administrator may make and retain copies of any of the Records, and may use those Records as Trustee.

6. MORATORIUM

6.1 Deed binds all persons

This Deed binds all Creditors including the Secured Creditor and the Convertible Note Holders, the Deed Administrator and the Company along with the officers and members of the Company.

6.2 Moratorium

Subject to section 444E of the Act, there will be a moratorium in favour of the Company from the Commencement Date until the Termination Date for all Claims, and during that moratorium a Creditor, (and for the avoidance of doubt, the Secured Creditor and Convertible Note Holders) must not:

- (a) wind up or take or concur in any step to wind up the Company or (without limiting the generality of the foregoing), present any applications in the winding up of the Company or continue to prosecute any application presented on or before the Commencement Date for the winding up of the Company;
- (b) except for the purpose and to the extent provided in this Deed, institute or prosecute any legal proceedings after the Commencement Date or continue to prosecute any legal proceedings instituted on or before the Commencement Date in relation to any debt or liability incurred or alleged to have been incurred by the Company on or before the Commencement Date or in relation to its property;
- (c) take or concur in any step or further steps for the purpose of enforcing, whether by way of legal or equitable execution or otherwise any judgment debt owed by the Company or arbitration award against the Company at the Commencement Date or any interest on such judgment debt or award;
- (d) exercise any right of set off or defence, cross claim or cross action to which the Creditor would not have been entitled had the Company been wound up on the Commencement Date; or
- (e) commence or take any further steps in any arbitration against the Company or to which the Company is a party in relation to any matter arising or occurring before the Commencement Date.

6.3 Release and extinguishment

- (a) Upon Completion occurring, all Claims of Participating Creditors will be released in full and extinguished and this Deed may be pleaded by the Company against any Participating Creditor in barring a Claim by that person;
- (b) Each Participating Creditor will, if called upon to do so, properly execute and deliver to the Company such form of release of its Claim as the Deed Administrator or the Company may require.

6.4 No Interest

Interest will not accrue, and will not be payable, in respect of Admitted Claims.

6.5 Superannuation Contribution Debts not admissible

The Deed Administrator must determine that the whole of a debt or a particular part of a debt by way of a Superannuation Contribution is not admissible to proof against the Company if:

- (a) a debt by way of a Superannuation Guarantee Charge;
 - (i) has been paid; or
 - (ii) is, or is to be, admissible to proof against the Company; and
- (b) the Deed Administrator is satisfied that the Superannuation Guarantee Charge is attributable to the whole of the first mentioned debt in the case of the whole of a debt or part of the first mentioned debt in the case of part of the a debt.

7. MANAGEMENT OF THE COMPANY

7.1 Responsibility for management of the Company

During the Arrangement Period, the Deed Administrator, to the extent permitted by the Act, will retain the day to day management, control, supervision and administration of the Company's business and affairs and will exercise all or any of the powers conferred by this Deed.

7.2 Directors

Throughout the Arrangement Period, the Directors shall:

- (a) cooperate with and assist the Deed Administrator in the performance of the obligations under this Deed;
- (b) provide to the Deed Administrator the Records;
- (c) comply immediately with all reasonable requests of the Deed Administrator in relation to the Company's business and affairs and this Deed; and
- (d) not, unless without first obtaining the written consent of the Deed Administrator:
 - (i) dispose of any of the assets of the Company; or
 - (ii) pay to any Creditor a payment to satisfy any debt of the Company incurred prior to the Commencement Date.

7.3 Role of Deed Administrator and Trustee

- (a) This Deed must be administered by the Deed Administrator who will have the powers, functions and duties conferred on them by this Deed and the Act.
- (b) In exercising the powers conferred by this Deed and carrying out the duties arising under this Deed, the Deed Administrator is taken to act as agent for and on behalf of the Company.

- (c) The Trustee's role will be to act as trustee under the Creditors' Trust Deed and to ensure the obligations of the Company to the Trustee under the Creditors' Trust Deed are performed. The Trustee shall have the powers specified in the Creditors' Trust Deed.

8. CREDITORS' TRUST

8.1 Trust Fund

- (a) The assets of the Trust Fund shall comprise the Available Property and the other property specified in clause 3.1 of the Creditors Trust Deed.
- (b) The Trustee will hold and administer the Trust Fund in accordance with the terms of the Creditors' Trust Deed.
- (c) Subject to the provisions of this Deed and the Creditors' Trust Deed, the property that is available to pay the Admitted Claims of Participating Creditors are the assets of the Trust Fund.
- (d) For the purpose of determining the admissibility and ranking of the Claims of Participating Creditors, in the Creditors' Trust, Regulations 5.6.39 to 5.6.72 of the Corporations Regulations and Sub-divisions A to E of Division 6 of Part 5.6 of the Act shall apply to the Creditors' Trust and the Trustee as if the references to a Liquidator were references to the Trustee, references to winding up were references to the Creditors' Trust and with such other modifications as are necessary to give effect to the Creditors' Trust.

8.2 Claims

Upon Completion occurring:

- (a) the Company will be released from all Claims of Participating Creditors;
- (b) all Claims of Participating Creditors against the Company will be extinguished;
- (c) all Claims of Participating Creditors against the Company will be replaced by a right to participate in the Creditors' Trust;
- (d) the Deed Administrator will be entitled to terminate this Deed in accordance with clause 13.2; and
- (e) Participating Creditors must accept their right to prove under the Creditors' Trust Deed in full satisfaction and complete discharge of all Claims which they have or claim to have against the Company and each of them will, if called upon to do so, execute and deliver to the Company such forms of release of any such Claim as the Deed Administrator or Trustee may require.

8.3 No moneys payable under Deed

Subject to clause 4, no moneys will be available for distribution to the Participating Creditors, under this Deed and the only moneys that shall be available for distribution to the Participating Creditors are those constituted by the Trust Fund under the Creditors' Trust Deed.

8.4 Distribution under Creditors' Trust Deed

Subject to clause 8.5 and 8.6, the Trust Fund shall be distributed by the Trustee in accordance with Sections 556, 560, 561 of the Corporations Act.

8.5 Superannuation Contribution Debts not Admissible

The Trustee must determine that the whole of a debt or a particular part of a debt by way of a Superannuation Contribution is not admissible to proof if:

- (a) a debt by way of a Superannuation Guarantee Charge;
- (b) has been paid; or
- (c) is, or is to be, admissible to proof for a dividend out of the Trust Fund; and

the Trustee is satisfied that the Superannuation Guarantee Charge is attributable to the whole of the first mentioned debt in the case of the whole of a debt or part of the first mentioned debt in the case of part of a debt.

8.6 Corporations Act provisions

Subject to the specific provisions of clause 8.4, the terms of sections 556, 560 and 561 of the Act shall apply as if the references to a Liquidator were references to the Trustee and references to winding up were references to the Creditors' Trust and with such other modifications as are necessary to give effect to the terms of this Deed.

9. DEED ADMINISTRATOR

9.1 Consent

The Deed Administrator consents to his appointment as deed administrator of this Deed from the date of this Deed.

9.2 Role of Deed Administrator

The Deed Administrator must administer this Deed during the Arrangement Period or until the Deed Administrator retires or is removed from office in accordance with this Deed or the Act.

9.3 Powers under Schedule 8A

For the purposes only of administering this Deed, the Deed Administrator shall have all of the powers set out in paragraph 2 of Schedule 8A to the Corporations Regulations.

9.4 Agent of the Company

In exercising the powers conferred by this Deed and carrying out the duties arising under this Deed, the Deed Administrator shall act as agent for and on behalf of the Company.

9.5 Powers

Without limiting clause 9.3, during the Arrangement Period, the Deed Administrator's powers will include the power:

- (a) to obtain any information from the Directors, any servant or agent of or adviser to the Company, Creditors or any other person as they may require to perform their duties under this Deed;
- (b) to inspect and gain access to all books and records of the Company as they may require to perform their duties under this Deed;
- (c) to do anything that is incidental to exercising a power set out in this Deed;
- (d) to call for and adjudicate upon Creditors' proofs of debt in the manner and timeframe specified in this Deed;
- (e) to engage solicitors and consultants on such terms as the Deed Administrator may decide; and
- (f) to do anything else that is necessary or convenient for the purpose of exercising his powers to administer this Deed.

9.6 Obligations of Deed Administrator

During the Arrangement Period, the Deed Administrator's obligations are:

- (a) to pay dividends in accordance with clause 4.1;
- (b) (if applicable) to pay any moneys or property received which is to be part of the Trust Fund to the Trustee;
- (c) to monitor the Company's compliance with its obligations pursuant to the Deed; and
- (d) to call meetings of Creditors as required by the Act or under this Deed for the purpose of considering the further variation or termination of this Deed.

9.7 Administrator, Deed Administrator and Trustee remuneration and costs

The Administrator, Deed Administrator and Trustee shall be entitled to be remunerated from the Available Property and/or Trust Fund in respect of their respective remuneration, costs, fees, liabilities, expenses and disbursements incurred by them in their capacity as voluntary administrator and deed administrator and trustee respectively as approved by creditors.

9.8 Limitation of liability

Subject to the Act, in the performance or exercise, or purported performance or exercise, of any of the Deed Administrator's functions, powers and duties under this Deed, the Deed Administrator will not be personally liable for:

- (a) any debt, liability or other obligation which the Deed Administrator may incur on behalf of the Company pursuant to this Deed; or
- (b) any loss or damage caused by any act, default or omission by the Deed Administrator or on behalf of the Deed Administrator in the performance of the Deed Administrator's powers, functions and duties under this Deed other than loss or damage caused by the dishonesty, gross negligence or wilful default of the Deed Administrator.

9.9 Resignation

The Deed Administrator may resign by notice in writing to the Company.

10. INDEMNITY OF ADMINISTRATOR, DEED ADMINISTRATOR AND TRUSTEE

10.1 Indemnity

The Administrator, Deed Administrator and the Trustee are entitled to be indemnified out of the Available Property for:

- (a) subject to clause 9.7, their remuneration, costs, fees and expenses incurred by them in compliance with and in the administration of this Deed;
- (b) subject to clause 9.7, all liabilities incurred in the course of the administration of the Company; and
- (c) all actions, suits, proceedings, accounts, claims and demands, other than where the same is brought by the Company, which may be commenced, incurred by or made against the Administrator as voluntary administrator of the Company, the Deed Administrator as deed administrator of this Deed and the Trustee, their partners or their staff by any person and against all costs, charges and expenses incurred by the Administrator, Deed Administrator and the Trustee in respect of them,

PROVIDED THAT the Administrator, the Deed Administrator or the Trustee shall not be entitled to an indemnity in respect of any liabilities or demands if the Administrator, the Deed Administrator or the Trustee, or any partner, employee, authorised agent or delegate of them has acted fraudulently or dishonestly.

10.2 Releases

- (a) The Proponent releases the Administrator, the Deed Administrator and the Trustee from all actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) whatsoever which the Proponent now has, or may at any time have, against the Administrator, the Deed Administrator or the Trustee in connection with the implementation of this Deed, except to the extent that such actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) are caused, or contributed to, by the negligence or recklessness of the Administrator, the Deed Administrator or the Trustee.
- (b) The Company releases, and agrees to, indemnify the Administrator, the Deed Administrator and the Trustee against, all actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) whatsoever which the Administrator, the Deed Administrator or the Trustee now have, or may at any time suffer, in connection with this Deed, except to the extent that such actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) are caused, or contributed to, by the negligence or recklessness of the Administrator, the Deed Administrator or the Trustee.
- (c) Save by way of enforcement of this Deed, this Deed shall operate as an absolute bar to all actions, suits, causes of action, proceedings, claims,

accounts, demands, costs and expenses (including legal costs and expenses), threatened, brought, or attempted to be brought, by, or in the name of, the Company or the Proponent against the Administrator, the Deed Administrator or the Trustee in connection with, or arising from, this Deed, except to the extent that such actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) are caused, or contributed to, by the negligence or recklessness of the Administrator, the Deed Administrator or the Trustee.

- (d) For the avoidance of doubt, any provision of this Deed which requires the Proponent to procure that the Company do something at the Proponent's cost and risk does not, subject to the implementation of the Deed, as between the Proponent and the Company, prejudice or affect the Proponent's right to seek reimbursement, after Completion, from the Company of reasonable costs and expenses incurred in doing that thing where those costs and expenses would, but for this Deed, have been properly payable by the Company.

10.3 Priority of Indemnity

The right of indemnity and lien have priority in accordance with the Act including but not limited to priority over the Claims of Creditors.

10.4 Continuing Indemnity

The indemnity under this clause 10, will take effect on and from the Appointment Date and will be without limitation as to time and will operate notwithstanding the removal of the Administrator, the Deed Administrator or the Trustee and the appointment of a new deed administrator or a new trustee or the termination of this Deed or the Creditors' Trust Deed for any reason whatsoever.

10.5 Indemnity not to be affected or prejudiced

The indemnity under this clause 10, will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Administrator, Deed Administrator or Trustee and will extend to all actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Administrator, Deed Administrator or Trustee, the approval and execution of this Deed or the Creditors' Trust Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Administrator, Deed Administrator or Trustee may have against the Company or any other person to be indemnified against the costs, charges, expenses and liabilities incurred by the Administrator, Deed Administrator or Trustee of or incidental to the exercise or performance of any of the powers of authorities conferred on the Administrator, Deed Administrator or Trustee by this Deed or the Creditors' Trust Deed or otherwise.

10.6 Paramount lien

The Administrator, Deed Administrator and Trustee shall have a first and paramount lien over all of the available property of the Trust Fund as security for the indemnity granted under this clause 10.

11. MEETINGS

11.1 When convened

The Deed Administrator may convene a meeting of Creditors at any time in accordance with section 445F of the Act.

11.2 Application of Corporations Regulations & Insolvency Rules

Except to the extent that they are varied by or inconsistent with the express terms of this Deed, Division 75 of Part 3 of the Insolvency Practice Rules (Corporations) 2016 apply to meetings of Creditors with modifications as are necessary, as if the reference to the "liquidator" and "provisional liquidator" were references to the Deed Administrator.

12. VARIATIONS OF THIS DEED

This Deed may be varied by a Resolution passed at a meeting of Creditors convened under clause 11, but only if the variation is not materially different from the proposed variation set out in the notice convening the meeting. Nothing in the varied Deed shall limit the operation of sections 445D and 445E of the Act.

13. TERMINATION OF THIS DEED

13.1 Termination

This Deed will terminate upon the earlier of:

- (a) Completion occurring pursuant to clause 5, in which case clause 13.2 shall apply;
- (b) the date the Deed Administrator executes a notice to terminate this Deed pursuant to clause 3.7(a);
- (c) the date any Court makes an order pursuant to section 445D of the Act;
- (d) the date of the Creditors passing a Resolution at a meeting of Creditors under section 445F of the Act to terminate this Deed; or
- (e) the date of the Creditors passing Resolutions to:
 - (i) terminate this Deed under section 445F of the Act; and
 - (ii) wind up the Company pursuant to section 445E of the Act.

13.2 Termination where Deed achieves Purpose

- (a) The Deed Administrator will terminate this Deed in relation to the Company as soon as reasonably practicable after Completion has occurred.
- (b) Where the Deed Administrator terminates this Deed pursuant to clause 13.2(a), the Deed Administrator must certify in writing that this Deed has been fully effectuated and lodge with ASIC a notice of termination of the Deed in the approved form, namely Form 5056, in respect to the Company.

- (c) Where the Deed Administrator terminates this Deed pursuant to clause 13.2(a) control of the Company will return to its then Directors:
- (d) Clauses 6.3, 8, 9, 10, 13 and 16 of this Deed shall survive termination if this Deed terminates pursuant to clause 13.2(a).

13.3 Early Termination or variation of Deed

Without limiting the operation of sections 445C, 445E or 445F of the Act, if the Deed Administrator determines that it is no longer practical or desirable either to continue or implement or carry out this Deed, or the Court so orders, the Deed Administrator must convene a meeting of Creditors for the purposes of passing a Resolution that:

- (a) the terms of this Deed be varied; or
- (b) this Deed terminates; or
- (c) this Deed terminates and the Company be wound up; or
- (d) the terms of this Deed be enforced; or
- (e) any other proposal permitted under the Act be approved.

13.4 Previous operation of Deed preserved

- (a) In accordance with section 445H of the Act, the termination or avoidance, in whole or in part, of this Deed does not affect the previous operation of this Deed.
- (b) Upon termination of this Deed pursuant to clause 13.2:
 - (i) to the extent that the Company or any other party bound by this Deed makes a covenant under this Deed which, by its terms, takes effect after termination of this Deed, the Company covenants in favour of the Trustee for the Trustee's benefit and for the benefit of the Participating Creditors, with the intent that those covenants will continue, subject to the terms of this Deed, in full force and effect after the termination of this Deed; and
 - (ii) to the extent that any other party bound by this Deed gives a covenant, which covenant is repeated, in substance, in the Trust Deed, that party agrees to be bound by the Creditors' Trust Deed as if that party had executed the same.

13.5 Winding up

Upon the termination of this Deed pursuant to clauses 3.6(a), 13.1(b), 13.1(c) or 13.1(d) the Company will be wound up under section 446A of the Act.

14. GST

- (a) If GST is payable under the consideration to be paid or provided by any Party for any taxable supply made under this Deed (**Basic Consideration**) or any part thereof or if any Party is liable to pay GST in connection with any taxable supply made under this Deed then the Party may increase the Basic Consideration (or the relevant part thereof) by an amount which is equal to the GST rate, then the Company is liable to pay the increased Basic Consideration.

- (b) Where the Basic Consideration is increased to account for GST pursuant to clause 14(a), the relevant Party shall in the month in which the Basic Consideration is to be paid, issue a tax invoice or an adjustment note to the Company.
- (c) Clause 14 shall survive termination of this Deed.

15. COMMITTEE OF INSPECTION

15.1 Operation of this Part

This clause shall apply only if the Creditors have resolved that a committee of inspection be appointed.

15.2 Shareholder representative

The Creditors in a meeting may resolve that one shareholder representative be a full member of any committee of inspection.

15.3 Paragraph 11 of Schedule 8A

Paragraph 11 of Schedule 8A to the Corporations Regulations shall apply in relation to any committee of inspection that is appointed except that the word "must" appearing in the first line of sub-paragraph (a) therefore shall be replaced by the word "may".

16. GENERAL

16.1 Execution of further documents

The Company, the Directors and other officers of the Company, the Creditors and the Deed Administrator must do all further acts and execute and deliver all further documents required by law or reasonably requested by any other Party to give effect to this Deed.

16.2 Severance

- (a) If a clause or a part of a clause of this Deed can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable or valid, it must be read in the latter way.
- (b) If any clause or part of a clause of this Deed is illegal, unenforceable or invalid, that clause or part of a clause is to be treated as removed from this Deed, but the rest of this Deed is not affected.

16.3 Notice

All notices, requests, demands, consents, approvals, agreements or other communications to or by a Party shall be in writing and may be given, subject to the technical facilities available to the Parties, by any of the following means:

- (a) facsimile transmission;
- (b) delivery to or being left at:
 - (i) the registered office (in the case of a company);
 - (ii) the address disclosed in this Deed;

- (iii) the last known business address; or
 - (iv) such other address as may be notified for the purposes of this clause; or
- (c) by being posted in the pre-paid letter addressed to that Party at any one of the foregoing addresses.

16.4 Counterparts

This Deed may be executed in any number of counterparts and all those counterparts taken together shall constitute one and the same instrument.

16.5 No reliance

No representations, warranties or conditions are made by the Company, the Administrator or the Deed Administrator with respect to this Deed, the Creditors' Trust Deed or any assets of the Company.

EXECUTED by the Parties as a Deed.

SIGNED by **JASON MARK TRACY** in the)
presence of:)
)

Signature of witness

Signature

Name of witness

EXECUTED by **MOKO SOCIAL MEDIA**)
LIMITED (SUBJECT TO DEED OF COMPANY)
ARRANGEMENT))
ACN 111 082 485)
by the person(s) who are authorised to
sign for the Company:

Signature of Deed Administrator

Signature of Witness

Name of Deed Administrator

Name of Witness

EXECUTED by **BENELONG CAPITAL**)
PARTNERS PTY LTD)
ACN)
by the person(s) who are authorised to)
sign for the Company:

Signature of Witness

Signature

SIGNED by **RHONDA MARIE NAIRN** in the)
presence of:)
)

Signature of witness

Signature

Name of witness

SCHEDULE 1 – SECURED CREDITOR AND CONVERTIBLE NOTE HOLDERS

CREDITORS NAME	NO. SHARES
Registered Secured Creditor	
NAIRN	26,750,000
Total	26,750,000
Convertible Note Holders	
ICE COLD INVESTMENTS PTY LTD	525,000
ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM TD S/F A/C>	525,000
BRADLEY HARRIS	450,000
MR M A MUNRO & MS R P DELAMARE - MUNRO SUPER FUND A/C	50,000
PHILIP ANDREW THICK	250,000
ROADKNIGHT INVESTMENTS (AUSTRALIA) PTY LTD ATF YATES FAMILY TRUST	500,000
GRANT POVEY	125,000
L & E FISHER NOMINEES PTY LTD - FISHERS S/F A/C	50,000
GREATSIDE HOLDINGS PTY LTD	125,000
BEARDED ROOSTER PTY LTD	50,000
OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	250,000
BRADLEY HARRIS	550,000
RPK NOMINEES PTY LTD <R & C KANE SUPER FUND A/C>	125,000
MR SIMON DAVID YEO + MRS JENNIFER YEO <CAPE INVESTMENT A/C>	125,000
HERITAGE PACIFIC PTY LTD <DOOLAN FAMILY TRUST>	100,000
EMMA WALDON	100,000
TOTAL	30,650,000

Appendix C – Draft Creditors’ Trust Deed

JASON MARK TRACY
(Trustee)

and

MOKO SOCIAL MEDIA LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 111 082 485
(Company)

CREDITORS' TRUST DEED

THIS DEED is made the

day of

2017

BETWEEN

JASON MARK TRACY of Deloitte Touche Tohmatsu of Brookfield Place, Tower 2, 123 St Georges Terrace, Perth, WA 6000 (**Trustee**);

AND

MOKO SOCIAL MEDIA LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) (ACN 111 082 485) of Suite 5, Level 1, 442-446 Beaufort Street, Highgate, WA 6003 (**Company**).

RECITALS

- A.** The Company entered into a deed of company arrangement with the Deed Administrator and the Proponent on 15 November 2017 pursuant to resolutions of the Creditors of the Company obtained at a meeting held on 6 November 2017.
- B.** On [insert date] 2018, at a meeting of the Creditors of the Company, (**Second Meeting**), the Creditors of the Company resolved that the deed of company arrangement referred to in Recital A be varied in terms that are not materially different from the variations set out in the deed of company arrangement approved at the Second Meeting (**DOCA**).
- C.** The DOCA provides for the establishment of a Trust for the benefit of Participating Creditors in accordance with the terms of this Deed.
- D.** The Participating Creditors have agreed to accept their entitlements under this Deed in satisfaction of their Claims.
- E.** The Trustee consents to becoming the trustee under the Trust on the terms of this Deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

Administration Period means the period commencing on the Appointment Date and ending on the Commencement Date.

Administrator means Jason Mark Tracy in his capacity as voluntary administrator of the Company.

Admitted Claim means a Claim in respect of a Participating Creditor the proof of debt for which has been accepted by the Trustee.

Appointment Date means 31 May 2017.

Available Property has the meaning given to that term in the DOCA.

Business Day means a day that is not a Saturday, a Sunday or a public holiday in Sydney, New South Wales and on which banks are open for business generally in Sydney, New South Wales.

Claim has the same meaning as in the DOCA.

Commencement Date means 15 November 2017.

Completion has the same meaning as the DOCA.

Convertible Note Holders means those parties who hold convertible notes issued by the Company and who are noted as convertible note holders in Schedule 1.

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

Court means any Court having jurisdiction to hear and determine matters under the Trustees Act.

Creditor means any person who has a Claim.

Deed means this trust deed, as amended from time to time.

Deed Administrator means Jason Mark Tracy in his capacity as deed administrator under the DOCA.

DOCA has the meaning given in Recital B.

Employee means a past or present employee of the Company who has a Claim for Employee Entitlements.

Employee Entitlements means any right or entitlement of:

- (a) an Employee which, if the Company were being wound up, that Employee would be entitled to receive pursuant to section 556 and 561 of the Act in priority to all other Creditors of the Company; or
- (b) any other person which, if the Company were wound up, that person would be entitled to receive pursuant to section 560 of the Act, in priority to all other Creditors of the Company.

Entitlement means, in relation to an Admitted Claim, the amount payable to the Participating Creditor as determined by the Trustee in accordance with the provisions of this Deed.

Excluded Creditors means the Secured Creditor and the Convertible Noteholders.

GST has the meaning given to that term in the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

Participating Creditor means all Creditors other than the Excluded Creditors.

Proponent means Benelong Capital Partners Pty Ltd of Level 2, 350 Kent Street, Sydney, New South Wales 2000.

Records has the meaning given to that term in the DOCA.

Secured Creditor means Rhonda Marie Nairn of 33 Stoneham Road, Attadale, WA 6156.

Security means any mortgage, security interest, charge (whether fixed or floating), lien, pledge or other encumbrance which secures the payment of any debt or monetary liability or the performance of any obligation and which, for non-real property, complies with the *Personal Property Securities Act 2009* (Cth), and includes, without limitation:

- (a) any security interest granted in favour of the Secured Creditor; and
- (b) any security interest granted in favour of the Convertible Note Holders.

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

Superannuation Contribution has the same meaning as in section 556 of the Act.

Superannuation Guarantee Charge has the same meaning as in the *Superannuation Guarantee (Administration) Act 1992* (Cth).

Trust means the trust established hereunder.

Trust Fund means the trust fund created in accordance with clause 3.1.

Trustees Act means *the Trustees Act 1962* (WA).

1.2 Interpretation

In this Deed, unless the subject or context otherwise requires:

- (a) a reference to 'dollar' or '\$' is a reference to Australian currency;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing any one gender include the other gender and vice versa;
- (d) words importing natural persons include corporations, firms, unincorporated associations, partnerships, trusts and any other entities recognised by law and vice versa;
- (e) words written and in writing include any means of visible reproduction of words in a tangible and permanently visible form;
- (f) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (g) reference to clauses and schedules are references to clauses and schedules of this Deed;
- (h) references in this Deed to any statutory enactment or law must be construed as references to that enactment or law as amended or modified or re-enacted from time to time and to the corresponding provisions of any similar enactment or law of any other relevant jurisdiction;
- (i) references in this Deed to sections must be construed as references to sections in the Act;
- (j) references to (or to any specified provision of) this Deed or to any other agreement or document must be construed as references to (that provision of) this Deed or that other agreement or document as

amended, substituted, novated, supplemented, varied or replaced with the agreement of the relevant parties and in force at any relevant time;

- (k) a construction that would promote the purpose or object underlying this Deed (whether or not stated in this Deed) is to be preferred to a construction that would not promote that purpose or object;
- (l) headings in this Deed are for the purpose of more convenient reference only and do not form part of this Deed or affect its construction or interpretation;
- (m) a term or expression not otherwise defined in this Deed must have the same meaning, if any, as provided for in the Act provided that the meaning is not inconsistent with the purpose or object of this Deed; and
- (n) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Deed or any part of it. and

1.3 Inconsistency with Act or Corporations Regulations

If there is any inconsistency between the provisions of this Deed and the Act or Corporations Regulations, this Deed prevails to the extent permitted by law.

1.4 Other Inconsistencies

If there is any inconsistency between the provisions of this Deed and the constituent documents of the Company and any other obligation binding on the Company, the provisions of this Deed shall prevail to the extent of any inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which shall be borne by the Company.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is required by this Deed to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.

1.6 Governing Law

This Deed is governed by and must be construed in accordance to the law applying in New South Wales.

1.7 Incorporated terms

Capitalised terms or expressions used in this Deed which are defined in the DOCA have the same meaning in this Deed as given to them in the DOCA, unless expressly defined otherwise in this Deed.

2. COMMENCEMENT

2.1 Commencement date

This Deed shall come into effect upon the date of execution of this Deed by all the parties to this Deed.

2.2 Sequence of Events

- (a) On Completion of the DOCA occurring:
 - (i) to the extent that Available Property is held by the Deed Administrator or the Company, the Available Property shall be transferred to the Trustee;
 - (ii) the Claims of Participating Creditors will be released and extinguished as against the Company;
 - (iii) all Claims of Participating Creditors will be replaced by a right to participate in the Trust; and
 - (iv) the Trustee must distribute the Trust Fund as soon as practicable in accordance with clause 8.1.
- (b) Participating Creditors must accept their Admitted Claims under this Deed in full satisfaction and complete discharge of all Claims which they have or allege they have as at the Appointment Date and each will, if called upon to do so, execute and deliver to the Company or Trustee such forms of release of any such Claim as the Trustee may require.

2.3 Appointment of Trustee

In accordance with the terms of the DOCA, each Participating Creditor and the Company appoint the Trustee as trustee of this Deed.

2.4 Irrevocable

Subject to clause 13, the appointment of the Trustee is irrevocable prior to the distribution of the Trust Fund pursuant to this Deed. Once the Trust Fund has been fully distributed and the Trustee and the Deed Administrator have received all costs and expenses and remuneration payable to them, this Deed shall be at an end.

3. DECLARATION OF TRUST

3.1 Declaration of Trust

The Trustee acknowledges and declares that:

- (a) the Available Property;
- (b) the benefits of any covenants made in the Trustee's favour in the DOCA and this Deed;
- (c) any income accruing on the assets of the Trust (such income to be applied in the same manner as the principal upon which it accrued);
- (d) all moneys, investments and property paid to, transferred to or accepted by the Trustee as additions to the Trust;
- (e) the proceeds of any disposal of the assets of the Trust Fund; and
- (f) the benefit of any reinvestment of the assets of the Trust Fund,

are or will be held on trust by the Trustee for the Participating Creditors and the Trustee.

3.2 Name of Trust

The name of the trust constituted by this Deed is the "Moko Social Media Creditors' Trust".

3.3 Duties of the Trustee

The Trustee must:

- (a) administer the Trust Fund in accordance with the provisions as set out in this Deed;
- (b) ensure that the obligations of the Company under the DOCA and this Deed are fulfilled and to take such legal proceedings and other steps as the Trustee thinks fit to enforce those obligations;
- (c) ensure that the obligations of the Proponent under the DOCA are fulfilled and to take such legal proceedings and other steps as the Trustee thinks fit to enforce those obligations;
- (d) fulfil the Trustee's obligations under this Deed; and
- (e) distribute the proceeds of the Trust Fund in accordance with clause 8 of this Deed; and
- (f) determine whether or not there is any value in the shares of the Subsidiaries and, if, acting reasonably the Trustee determines:
 - (i) there is value, then to realise that value; or
 - (ii) there is no value, then, at the absolute discretion of the Trustee, either take steps to wind up the Subsidiaries or not.

3.4 Powers of the Trustee

Without limiting the Trustee's powers in accordance with the Trustees Act, for the purposes of administering the Trust, the Trustee shall have the following powers:

- (a) to administer the assets of the Trust Fund in accordance with the provisions of this Deed and the DOCA;
- (b) to admit Claims to proof in accordance with the provisions of this Deed;
- (c) to enforce compliance with the terms of this Deed and the DOCA;
- (d) to make interim or other distributions from the Trust Fund;
- (e) to appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustee determine, including the receipt and payment of money;
- (f) to appoint a solicitor, accountant or other professionally qualified person to advise or act for the Trustee;
- (g) to compromise any Claim on such terms as the Trustee considers fit;

- (h) to do all things in relation to the assets in the Trust Fund that an administrator is empowered to do in relation to a company under a deed of company arrangement which incorporates the prescribed provisions contained in Schedule 8A of the Regulations to the Corporations Act, to the extent such provisions are not inconsistent with this Deed;
- (i) to invest the Trust Fund in any form of investment as if the Trustee was the absolute and beneficial owners of the Trust Fund, and at any time to vary any investment;
- (j) to do anything that is incidental to exercising a power set out in this clause;
- (k) to do anything else that is necessary or convenient for administering the Trust; and
- (l) to determine if there is any value in the shares of the Subsidiaries.

3.5 Conflicts

All powers and discretions of the Trustee may be exercised notwithstanding that any person being a partner, employee or related party of the Trustee, is a Participating Creditor or may have been a Participating Creditor or has or may have a direct, indirect or personal interest (in whatever capacity) in the manner of, or as a result of exercising such power or discretion or may benefit directly or indirectly as a result of any such power or discretion.

4. BENEFICIARIES OF THE TRUST

The Trustee shall receive and hold the Trust Fund on behalf of the Trustee and the Participating Creditors in respect of their Claims.

5. PERPETUITY PERIOD

Notwithstanding any other provision of this Deed, each:

- (a) interest in property; and
- (b) the Trustee's powers over or in connection with property, created or granted by this Deed, that, but for this provision, might vest, take effect, or be exercisable, after the expiry of eighty (80) years commencing on the date of this Deed but has not vested or taken effect by that date,
- (c) will vest or take effect on the last day of that period; and
- (d) is exercisable only on or before the last day of that period.

6. RECORDS

Upon reasonable notice from the Trustee, the Company shall:

- (a) allow the Trustee to inspect the Records; and
- (b) provide the Trustee with copies of any Records reasonably requested by the Trustee.

7. CLAIMS

7.1 Making Claims

Unless expressly stated to the contrary or modified by this Deed, Subdivisions A, B, C, D and E of Division 6 of Part 5.6 of the Act apply to Claims made under this Deed as if references to the liquidator were references to the Trustee and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.

7.2 Proof of Claims

Unless expressly stated to the contrary or modified by this Deed, Regulations 5.6.39 to 5.6.72 (inclusive) of the Corporations Regulations apply to Claims made under this Deed and the Trustee as if references to the liquidator were references to the Trustee and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.

7.3 Determination of Entitlements

- (a) The Trustee may, in his absolute discretion:
- (i) admit all or part of any Claim of a Participating Creditor;
 - (ii) reject all or part of any Claim of a Participating Creditor; or
 - (iii) pay any Admitted Claim,
- in accordance with the provisions of this Deed.
- (b) Where the Trustee proposes to reject all or part of any Claim, the Trustee shall send a notice to the Claimant informing the Claimant of the proposed rejection and giving the party 21 days within which to make an application to the Court to determine the questions relating to the Claim.

7.4 Abandonment of Claims

A Participating Creditor will have abandoned, and will be taken to have abandoned, all Claims and other Entitlements (if any) to the Trust Fund if the Participating Creditor:

- (a) fails to submit a formal proof of debt or claim in respect of the Participating Creditor's Claim with the Deed Administrator or Trustee before the declaration of a final distribution to be made in accordance with this Deed; or
- (b) having submitted a formal proof of debt or claim in respect of the Participating Creditor's Claim which is rejected, fails to appeal to the Court against the rejection within the specified time allowed under clause 7.3.

7.5 Part payment of Entitlements

The Trustee may in his absolute discretion pay Entitlements by instalments.

7.6 No Interest

Interest will not accrue, and will not be payable, in respect of the Admitted Claims.

7.7 Call for Proofs

Subject to clause 7.8, the Trustee shall call for formal proofs of debt or claim and adjudicate and determine Claims for the purposes of distributions to be made under this Deed.

7.8 Discretion to pay Claims

The Trustee has the discretion to pay Claims at any time without the need for a formal proof of debt or claim process as set out in clause 7.7 and without the need to formally advertise the fixing of a time on or before which a Participating Creditor must submit particulars of their Claim.

8. DISTRIBUTION OF FUND

8.1 Distribution of Trust Fund

- (a) The Trust Fund shall be distributed by the Trustee as follows:
 - (i) first to Employees, in satisfaction of Employee Entitlements; and
 - (ii) otherwise, in accordance with Sections 556, 560, 561 of the Corporations Act,but having regard any payments already made under the DOCA.
- (b) In the event that there is a surplus balance after the Participating Creditors have received their distribution in accordance with this clause, such surplus balance shall be transferred from the Trust Fund to the Company.

8.2 Manner and Timing of Distributions

- (a) The Trustee may distribute the Trust Fund to any Participating Creditor by one or more instalments and at such times as the Trustee in his absolute discretion may resolve.
- (b) The Trustee shall not be liable for any loss suffered or incurred in the event that some Creditors do not receive their full or proportionate Entitlements due to the fact that there are insufficient moneys remaining in the Trust Fund provided that the Trustee, in making any distributions out of the Trust Fund, reasonably believed that there would be sufficient moneys remaining in the Trust Fund to meet the Claims of all Participating Creditors either in full or proportionately.

8.3 Superannuation Contribution

The Trustee must determine that the whole of a debt or a particular part of a debt by way of a Superannuation Contribution would not have been admissible to proof against the Company prior to the operation of the DOCA and therefore vests no corresponding entitlement to a dividend or distribution under this Deed if:

- (a) a debt by way of a Superannuation Guarantee Charge;

- (i) has been paid; or
 - (ii) is, or is to be, admissible to proof against the Company prior to the operation of the DOCA and therefore vests a corresponding entitlement to a dividend or distribution under this Deed; and
- (b) the Trustee is satisfied that the Superannuation Guarantee Charge is attributable to the whole of the first mentioned debt in the case of the whole of a debt or part of the first mentioned debt in the case of part of a debt.

8.4 Entitlements

Each Admitted Creditor's Entitlement under this Trust Deed is limited to the amount distributed in accordance with clause 8 and determined in accordance with clause 7.

8.5 Release and extinguishment

The Participating Creditors accept their Entitlements under this Deed in full satisfaction and complete discharge of their Claims and if called upon to do so, shall properly execute and deliver to the Trustee such forms of release of any such Claims as the Trustee may require.

8.6 Bar

After distribution of the Trust Fund, the Trustee may plead this Deed in bar to any Claim.

8.7 Corporations Act provisions

Subject to the specific provisions of clause 8.1, the terms of sections 556, 560 and 561 of the Act shall apply as if the references to a Liquidator were references to the Trustee and references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the terms of this Deed.

9. INDEMNITY AND REMUNERATION

9.1 Remuneration

- (a) The Trustee, Deed Administrator and Administrator shall be entitled to be remunerated from the Trust Fund in respect of their respective remuneration, costs, fees, liabilities, expenses and disbursements incurred by them in their capacity as trustee and deed administrator and administrator respectively.
- (b) Any future remuneration of the Trustee, not yet already approved by Creditors, is subject to approval of Participating Creditors at a meeting convened in accordance with clause 10 or by the Court.

9.2 Indemnity

The Trustee, Deed Administrator and Administrator are entitled to be indemnified out of the Trust Fund for:

- (a) subject to clause 8.1 of this Deed and to clause 9.7 of the DOCA, their remuneration, costs, fees and expenses incurred by them in compliance with this Deed;

- (b) subject to clause 8.1 of this Deed and to clause 9.7 of the DOCA, all liabilities incurred during the period of operation of the Trust and during the period of the DOCA and the Administration Period; and
- (c) all actions, suits, proceedings, accounts, claims and demands, other than where the same is brought by the Company, which may be commenced, incurred by or made against the Trustee, the Deed Administrator or Administrator, their partners or their staff by any person and against all costs, charges and expenses incurred by the Trustee, Deed Administrator and Administrator in respect of them,

PROVIDED that the Administrator, the Deed Administrator and the Trustee shall not be entitled to an indemnity in respect of any liabilities or demands if the Administrator, the Deed Administrator or the Trustee, or any partner, employee, authorised agent or delegate of them has acted fraudulently or dishonestly.

9.3 Priority of Indemnity

The right of indemnity and lien herein shall have priority over the Claims of all Participating Creditors.

9.4 Continuing Indemnity

The indemnity granted under clause 9.2, will take effect on and from the Appointment Date and will be without limitation as to time and will operate notwithstanding the removal of the Administrator, Deed Administrator or the Trustee and the appointment of a new deed administrator or a new trustee or the termination of the DOCA or this Deed for any reason whatsoever.

9.5 Indemnity not to be affected or prejudiced

The indemnity granted under clause 9.2, will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Administrator, Deed Administrator or Trustee and will extend to all actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Administrator, Deed Administrator or Trustee, the approval and execution of the DOCA or this Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Administrator, Deed Administrator or Trustee may have against the Company or any other person to be indemnified against the costs, charges, expenses and liabilities incurred by the Administrator, Deed Administrator or Trustee of or incidental to the exercise or performance of any of the powers of authorities conferred on the Administrator, Deed Administrator or Trustee by the DOCA or this Deed or otherwise.

9.6 Paramount Lien

The Administrator, Deed Administrator and the Trustee shall have a first and paramount lien over the Trust Fund as security for the indemnity granted under clause 9.2.

10. MEETINGS OF CREDITORS

10.1 Meetings of Creditors

The Trustee:

- (a) may convene a meeting of Participating Creditors at any time; and
- (b) must convene a meeting of Participating Creditors if so requested in writing by the Participating Creditors (or Excluded Creditors under clause 9.3) the value of whose Admitted Claims is not less than 10% of the total value of Admitted Claims.

10.2 Procedure

Except to the extent (if any) they are excluded or modified by or are inconsistent with the terms of this Deed, Division 75 of Part 3 of the Insolvency Practice Rules (Corporations) 2016 apply, with such modifications as are necessary, to meetings of the Participating Creditors as if the references to the "liquidator" and "provisional liquidator" were references to the Trustee.

10.3 Excluded Creditors

Excluded Creditors will not participate in the right to receive any Entitlement from the Trust Fund in respect of their Claims but they will be entitled to vote at all meetings of Participating Creditors and may for that purpose lodge with the Trustee any proof of debt which includes any Claim for the purpose of ascertaining the entitlement of the Excluded Creditor to vote at any meeting.

11. LIABILITY

11.1 Exclusion of Liability

- (a) The Trustee is not liable to any Participating Creditor, future trustee or any other person for any loss, damage, cost or expense which may result from the exercise or attempted exercise by the Trustee of their duties and powers under this Deed in the absence of wilful default, fraud, gross negligence or breach of trust.
- (b) The Trustee is not liable to a greater extent than the investments, cash and other property to which the Trustee is entitled and do recover through their right of indemnity from the Trust Fund vested in the Trustee in accordance with this Deed.
- (c) Where the Trustee acts in reliance upon the advice of any solicitor instructed on behalf of the Trust, which advice is obtained in relation to the interpretation of the provisions of this Deed or any document or statute or any matter concerning the administration of the Trust, the Trustee is not liable to any person in respect of any act done or omitted to be done by the Trustee in accordance with that advice.

12. BOOKS OF ACCOUNT AND RECEIPTS

12.1 Trustee to keep accounts

The Trustee must keep or cause to be kept proper accounts in respect of all receipts and payments on account of the Trust Fund and of all dealings connected with the Trust Fund.

12.2 Financial statements

As soon as practicable after the end of each financial year, the Trustee must prepare or cause to be prepared a financial statement showing the financial position of the Trust Fund at the end of that accounting period.

12.3 Register of Creditors

The Trustee shall maintain a register of Participating Creditors including, but not limited to, a register of distributions made by the Trustee to the relevant Participating Creditor.

13. TRUSTEE'S RESIGNATION

13.1 Retirement

The Trustee may resign at any time by giving not less than 14 days' prior written notice to the Creditors, effective on the appointment of a replacement trustee by the retiring Trustee.

13.2 Replacement Trustee to execute Deed

The replacement trustee and the retiring Trustee must execute a deed of retirement and appointment in the form required by the retiring Trustee in which the replacement trustee undertakes to be bound from the effective date of retirement and appointment by the provisions of this Deed. From the effective date of the deed of retirement and appointment, the replacement trustee will have the same powers, rights and obligations under this Deed as if the replacement trustee were originally a party to this Deed.

13.3 If replacement trustee not appointed

If, after giving notice of their intention to retire pursuant to clause 13.1, the Trustee cannot identify a replacement trustee, then the Trustee must convene a meeting in accordance with clause 10 to seek a resolution to terminate the Trust.

14. TERMINATION OF TRUST

14.1 Termination of the Trust

- (a) Subject to clauses 14.2 and 14.3, the Trust will terminate and the Trustee shall resign on the earlier of:
- (i) as soon as reasonably practicable after distribution of the final distribution from the Trust Fund; or
 - (ii) the expiry of the perpetuity period referred to in clause 5; or
 - (iii) if after realisation of all assets in the Trust Fund, and application of the Trust Fund by the Trustee to satisfy the liabilities of the Trust, the Trustee determines that there is no likelihood of any further funds being available for distribution.
- (b) If the Trust is to terminate in accordance with clause 14.1(a), the Trustee will give written notice of the termination of the Trust to the Participating Creditors and the Trust will automatically terminate on the expiry of a period of 5 days after the date of notice of termination.

14.2 Meeting of Admitted Creditors

The Trustee must convene a meeting of the Participating Creditors to consider a resolution to vary this Deed or terminate the Trust if:

- (a) any of the assets referred to in clause 3 are not received by the Trustee when payable; or
- (b) at any time prior to the termination of this Trust, the Trustee determines that it is no longer practicable or desirable to continue to implement or carry out this Deed or the Court so orders.

14.3 Termination of the Trust by Court order or resolution

- (a) This Trust will terminate if:
 - (i) a Court so orders; or
 - (ii) the Participating Creditors pass a resolution terminating this Trust at a meeting convened pursuant to clause 10.
- (b) If the Trust terminates in accordance with this clause 14.3, then subject to any orders of the Court, the assets comprising the Trust Fund will be distributed to the Participating Creditors in respect of their Admitted Claims in accordance with clause 8 to the extent possible.
- (c) If it is not possible for the Trust Fund to be dealt with in accordance with clause 14.3(b), the assets will be paid into Court.

14.4 Report to Creditors

Upon a meeting being convened, the Trustee must send to each Participating Creditor prior to the meeting a report setting out:

- (a) a statement explaining the circumstances which has caused the Trustee to convene a meeting of claimants; and
- (b) a statement that this Trust will be terminated if the meeting so resolves.

14.5 Previous Operation of Deed preserved

The termination or avoidance, in whole or in part, of this Trust does not affect the efficacy of any act done prior to the termination or avoidance.

14.6 Variation of Deed

This Deed may be varied by resolution passed at a meeting held in accordance with clause 10 if:

- (a) the Trustee has previously consented or subsequently consent to the variation; and
- (b) the variation is not materially different from the proposed variation set out in the notice of that meeting.

15. GENERAL

15.1 Trustee's discretions and powers

Except where there is an express contrary provision in this Deed, every discretion given to the Trustee is absolute and uncontrolled and every power given to them is exercisable in their absolute and uncontrolled discretion.

15.2 Delegation of powers

The Trustee may by power of attorney or otherwise delegate to any person any of the discretions or powers given to them under this Deed. The exercise of any of the discretions or powers of this Deed by an attorney or delegate is valid and effectual and binds all persons interested under this Deed.

15.3 Invalidity

If any provision of this Deed is invalid for any reason whatsoever, it will be deemed to have been deleted and will not affect the validity or operation of the remainder of the Deed.

15.4 Assurance

Each of the parties to this Deed will do, execute, provide, acknowledge and deliver all further acts, deeds, assignments, charges, guarantees, covenants, assurances, documents and things reasonably required to most expeditiously fulfil the purposes and intentions of this Deed.

15.5 Notice

Any notices or other communications required or permitted to be given under this Deed to any person a party to it shall be in writing and be deemed to have been served if sent by pre-paid post to the address given for that person in this Deed or as held in the register established under clause 12.3 of this Deed or any other address notified by that person in writing. Any notice or communication so served shall be deemed to have been received at the time that it would have been delivered in the ordinary course of post.

15.6 Waiver

A failure to exercise or a delay in exercising any rights, power or remedy of a party under this Deed will not operate nor be construed to operate as a waiver of that right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

15.7 Counterparts

This Deed may be executed in any number of counterparts and all of those counterparts taken together constitute one and the same instrument.

15.8 Stamp Duty

The Trustee shall pay out of the Trust Fund any stamp duty payable in connection with this Deed, any Security or other transaction contemplated by this Deed.

15.9 GST

- (a) Words used in this clause which have a defined meaning in the GST law have the same meaning as in the GST law unless the context otherwise indicates.
- (b) Unless expressly included, the consideration for any supply under or in connection with this Deed is exclusive of GST.
- (c) To the extent that any supply made by a party (**Supplier**) under or in connection with this Deed is a taxable supply, the consideration for that supply is increased by, and the recipient of the supply (**Recipient**) must pay to the Supplier, an additional amount equal to the GST payable on the supply (**Additional Amount**).
- (d) The Recipient need not pay the Additional Amount until it receives a tax invoice from the Supplier for the relevant taxable supply.

EXECUTED by the Parties as a Deed.

SIGNED by **JASON MARK TRACY** in the)
presence of:)
)

Signature of witness

Signature

Name of witness

EXECUTED by **MOKO SOCIAL MEDIA**)
LIMITED (SUBJECT TO DEED OF COMPANY)
ARRANGEMENT))
ACN 111 082 485)
by the person(s) who are authorised to
sign for the Company:

Signature of Voluntary Administrator

Signature of Witness

Name of Voluntary Administrator

Name of Witness

*please delete as applicable

SCHEDULE 1 – SECURED CREDITORS AND CONVERTIBLE NOTE HOLDERS

CREDITORS NAME	NO. SHARES
Registered Secured Creditor	
NAIRN	26,750,000
Total	26,750,000
Convertible Note Holders	
ICE COLD INVESTMENTS PTY LTD	525,000
ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM TD S/F A/C>	525,000
BRADLEY HARRIS	450,000
MR M A MUNRO & MS R P DELAMARE - MUNRO SUPER FUND A/C	50,000
PHILIP ANDREW THICK	250,000
ROADKNIGHT INVESTMENTS (AUSTRALIA) PTY LTD ATF YATES FAMILY TRUST	500,000
GRANT POVEY	125,000
L & E FISHER NOMINEES PTY LTD - FISHERS S/F A/C	50,000
GREATSIDE HOLDINGS PTY LTD	125,000
BEARDED ROOSTER PTY LTD	50,000
OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	250,000
BRADLEY HARRIS	550,000
RPK NOMINEES PTY LTD <R & C KANE SUPER FUND A/C>	125,000
MR SIMON DAVID YEO + MRS JENNIFER YEO <CAPE INVESTMENT A/C>	125,000
HERITAGE PACIFIC PTY LTD <DOOLAN FAMILY TRUST>	100,000
EMMA WALDON	100,000
TOTAL	30,650,000

Appendix D - Notice of Meeting

FORM 509C

Insolvency Practice Rules (Corporations)
75-10, 75-15 & 75-20
Section 445A & 445C

CORPORATIONS ACT 2001

NOTICE OF MEETING OF CREDITORS TO VARY OR
TERMINATE DEED OF COMPANY ARRANGEMENT

MOKO SOCIAL MEDIA LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 111 082 485

1. Notice is given that a meeting of creditors of the Company will be held at the offices of Deloitte Financial Advisory Pty Ltd, Level 9, 123 St Georges Tce, Perth, W.A. on 17 August 2018 at 11.00am .
2. The purpose of the meeting is to consider and vote on the following resolutions:
 - a. That the terms and conditions of the Deed of Company Arrangement be varied so long as the variations are substantially in accordance with the draft variation Deed of Company Arrangement as attached to the Deed Administrator's circular dated 2 August 2018

OR

- b. That the Deed of Company Arrangement be terminated and that the Company be wound up.

DATED this 2nd day of August 2018.



JASON TRACY
DEED ADMINISTRATOR

Teleconference details are as follows:

+61 1800 762 325 (Australia)
+61 2 9308 3700 (Australia)
+61 3 8519 8600 (Australia)

English (Australia)
English (Australia)
English (Australia)

Conference ID: 8333018122

Appendix E - Proof of debt

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

MOKO SOCIAL MEDIA LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 111 082 485

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$ (Including GST of \$)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

.....

Other information:

.....

.....

.....
Signature of Creditor
(or person authorised by creditor)

.....
Dated

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Insolvency Practice Rules (Corporations) 75-88):

- a. his or her claim has been admitted, wholly or in part, by the Deed Administrator; or
- b. he or she has lodged with the Deed Administrator particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Deed Administrator.3

Appendix F - Form of Proxy

CORPORATIONS ACT 2001
 Insolvency Practice Rules (Corporations)
 75-25 & 75-150

APPOINTMENT OF PROXY
 CREDITORS MEETING

 MOKO SOCIAL MEDIA LIMITED
 (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
 ACN 111 082 485

*I/*We ⁽¹⁾	
Of	
being a creditor of the Company, appoint ⁽²⁾ or in his or her absence	
to vote for me/us on my/our behalf at the meeting of creditors to be held on 17 August 2018, or at any adjournment of that meeting.	

Please mark any boxes with an X

Proxy Type: General Special

	For	Against	Abstain
Resolution 1 That the terms and conditions of the Deed of Company Arrangement be varied so long as the variations are substantially in accordance with the draft variation Deed of Company Arrangement as attached to the Deed Administrator's circular dated 2 August 2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 That the Deed of Company Arrangement be terminated and that the Company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this _____ day of _____ 2018.

 Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I,
 of.....

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

(1) If a firm, strike out "I" and set out the full name of the firm.

(2) Insert the name, address and description of the person appointed.