
IOUPAY LIMITED

ACN 091 192 871

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 10:00am (AEDT)

DATE: Friday, 6 October 2023

PLACE: Level 14, 60 Martin Place, Sydney NSW 2000

This Notice of Meeting should be read in its entirety. Shareholders in doubt as to how they should vote should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 1300 000 481.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of Shareholders of IOUpay Limited (**Company** or **IOUpay**) will be held at Level 14, 60 Martin Place, Sydney NSW 2000 on Friday, 6 October 2023, at 10:00am (AEDT).

The Explanatory Statement that accompanies and forms part of this Notice of Meeting sets out the background information on the Resolutions to be considered. The Proxy Form also forms part of this Notice of Meeting.

This Notice of Meeting, Explanatory Statement and Proxy Form should be read in their entirety.

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 5:00pm (AEDT) on 4 October 2023.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed/attached Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;

- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name and title of the individual representative of the body corporate for the Meeting.

A Proxy Form accompanies this notice. If a Shareholder wishes to appoint more than 1 proxy, they may make a copy of the Proxy Form attached to this Notice. For the Proxy Form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power or authority.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Broadly, these provisions provide that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- if the proxy is the Chair at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's shareholders;
- the appointed proxy is not the Chair;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:

- the proxy is not recorded as attending the meeting; and
- the proxy does not vote on the resolution,

the Chair is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

Proxy Voting by the Chair

If you complete a Proxy Form that authorises the Chair to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chair to exercise your proxy on the Resolution. In accordance with this express authority provided by you, the Chair will vote in favour of the Resolution. If you wish to appoint the Chair as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the Proxy Form.

CORPORATE REPRESENTATIVES

Any corporation which is a Shareholder of the Company may appoint a proxy, as set out above, or authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chair) a natural person to act as its representative at any general meeting.

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the Constitution. Attorneys are requested to bring an original or certified copy of the power of attorney pursuant to which they were appointed. Proof of identity is also required for corporate representatives and attorneys.

BUSINESS OF THE MEETING

1. RESOLUTION 1: RATIFY PRIOR ISSUE OF SHARES TO FINRAN PURSUANT TO FINRAN PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 70,000,000 Shares to Finran Pty Ltd ACN 664 481 789 (**Finran**) at an issue price of \$0.01 per Share, raising \$700,000, be ratified on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution 1 by or on behalf of Finran or an Associate of Finran. However this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

2. RESOLUTION 2: PROPOSED ISSUE OF SHARES TO FINRAN UPON CONVERSION OF DEBT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of no more than 52,500,000 Shares to Finran at a deemed issue price of \$0.01 per Share upon conversion of part of the debt owed by the Company to Finran, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Securities (except a benefit solely by reason of being a Shareholder) (namely Finran) and any of their Associates:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

3. **RESOLUTION 3: PROPOSED ISSUE OF SHARES TO BRETT PATRIDGE UPON CONVERSION OF NOTES**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 30,000,000 Shares to Brett Patridge at a deemed issue price of \$0.01 per Share upon conversion of the 300,000 Notes held by Brett Patridge on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution 3 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Securities (except a benefit solely by reason of being a Shareholder) (namely Brett Patridge) any of their Associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and

- (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

4. RESOLUTION 4: PROPOSED ISSUE OF SHARES TO SOPHISTICATED OR PROFESSIONAL INVESTORS

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 200,000,000 Shares at an issue price of \$0.01 to raise up to \$2,000,000 on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution 4 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Securities (except a benefit solely by reason of being a Shareholder) any of his Associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

5. RESOLUTION 5: RATIFY PRIOR ISSUE OF OPTIONS TO CLEE CAPITAL IN RELATION TO FEB 21 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 15,000,000 Options to Clee Capital each with an exercise price of \$1.00 per Option, be ratified on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution 5 by or on behalf of Clee Capital or an Associate of Clee Capital. However this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

6. RESOLUTION 6: PROPOSED ISSUE OF SHARES TO SOPHISTICATED OR PROFESSIONAL INVESTORS TO REPAY DEBT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 4,650,000 Shares to Sophisticated or Professional Investors at a deemed issue price of \$0.01 to repay amounts owing to those Sophisticated or Professional Investors on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution 6 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Securities (except a benefit solely by reason of being a Shareholder) and any of their Associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and

- (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

7. RESOLUTION 7: PROPOSED REMOVAL OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of section 329 of the Corporations Act and for all other purposes, MNSA, the current auditor of the Company, be removed as auditor of the Company effective immediately on passing of this resolution."

8. RESOLUTION 8: PROPOSED APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

"That, subject to Resolution 7 being passed, for the purposes of section 327D of the Corporations Act and for all other purposes, Connect National Audit, be appointed as an auditor of the Company effective from the date of the Meeting and the Directors shall be authorised to agree the remuneration for Connect National Audit."

DATED: 6 SEPTEMBER 2023

BY ORDER OF THE BOARD



JAMES BARRIE

COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at an Extraordinary General Meeting to be held at Level 14, 60 Martin Place, Sydney NSW 2000 on Friday, 6 October 2023, at 10:00am (AEDT).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

ASX takes no responsibility for the contents of the Notice or the Explanatory Statement.

This Explanatory Statement does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting you should consult your financial or other professional adviser.

1. **RESOLUTION 1: RATIFY PRIOR ISSUE OF SHARES TO FINRAN PURSUANT TO THE FINRAN PLACEMENT**

1.1 **Background**

On 27 June 2023 (and as announced on the same date), the Company issued 70,000,000 Shares to raise \$700,000 before costs, priced at \$0.01 per Share (**Finran Placement**). All Finran Placement Shares were issued to Finran, further details about the Company's relationship with Finran are set out in section 2 of this Explanatory Statement.

The Finran Placement Shares were issued within the Company's 15% Placement Capacity. Accordingly, the Company is now seeking Shareholder ratification of the issue of Placement Shares for the purposes of ASX Listing Rule 7.4 and for all other purposes.

An explanation of the Company's placement capacity and ASX Listing Rule 7.4 is set out below.

1.2 **Approval sought for the purposes of ASX Listing Rule 7.4**

Broadly speaking, and subject to a number of exceptions set out in ASX Listing Rule 7.2, ASX Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its Shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period (**15% Placement Capacity**).

ASX Listing Rule 7.4 states that where a company's shareholders ratify a prior issue of Securities, issued under that company's 15% Placement Capacity, (provided that previous issue of Securities did not breach ASX Listing Rule 7.1) those Securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1. This has the effect of "refreshing" a company's placement capacity and thereby increasing the number of Securities that may be issued under the Company's 15% Placement Capacity, without Shareholder approval.

Accordingly, if Resolution 1 is passed, the Finran Placement Shares initially issued under the Company's 15% Placement Capacity will no longer be included within

the Company's 15% Placement Capacity and this will provide flexibility for the Company to issue future Securities under the Company's 15% Placement Capacity without having to obtain Shareholder approval for some or all of those future issues.

If Resolution 1 is not passed, the Finran Placement Shares will continue to be included in calculating the Company's 15% Placement Capacity, effectively decreasing the number of Equity Securities it can issue without Shareholder approval. Following the issue of the Finran Placement Shares, as at the date of the Notice the Company has no further capacity within its 15% Placement Capacity for the relevant period.

1.3 Specific information required by ASX Listing Rule 7.4

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Finran Placement Shares:

Person to whom the Securities were issued	the Finran Placement Shares were issued to Finran
Number and class of Securities issued	70,000,000 fully paid ordinary shares, which will rank equally with the Company's existing Shares on issue
Date of issue	27 June 2023
Price or consideration received	each Finran Placement Share was issued for \$0.01 per Share, raising \$700,000
Purpose of the issue	funds raised will and have been applied towards working capital to assist with the stabilisation, review and potential restructure of business operations as well as providing for the costs associated with litigation and investigations currently being undertaken by the Company

1.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2: PROPOSED ISSUE OF SHARES TO FINRAN UPON CONVERSION OF DEBT

2.1 Background

As mentioned in the Company's announcement of 27 June 2023, the Company requires (and has required for some months) urgent additional funding to restructure its business operations as a result of the conduct of its previous Directors, and also to progress litigation and investigations into its previous Directors. The following issues of Securities are proposed to facilitate and further the Company's financial and funding needs.

To that end on:

- (a) 22 May 2023 the Company entered into a loan facility agreement with FinRan, pursuant to which Finran provided a loan facility of up to \$4,500,000 (**Loan Agreement**), details of which are set out in section 2.2 of

this Explanatory Statement. As at the date of the Notice, \$2,300,000 plus interest is outstanding under the Loan Agreement; and

- (b) The Company entered into a debt to equity swap agreement with Finran, conditional on Shareholder approval (being the Shareholder approval the subject of Resolution 2), pursuant to which Finran has agreed to convert up to \$525,000 owing under the Loan Agreement into Shares at a conversion price of \$0.01 per Share (such that the maximum amount of Shares issuable in respect of the debt pursuant to any approval of this resolution is 52,500,000) (**DE Swap Agreement**).

2.2 Loan Agreement and DE Swap Agreement

The key terms of the Loan Agreement are as follows:

Term	13 months from the date of the document, i.e. 22 June 2024
Loan Amount	\$4,500,000, \$2,300,000 plus interest of which remains outstanding as at the date of this Notice
Interest rate	6% per annum calculated on the daily balance of the amount outstanding on a simple interest basis
Material events of default	Non-payment of amounts owing on the due date. Material failure to comply with an obligation under a finance document (including the general security deed). The occurrence of an insolvency event as well as the enforcement of a security interest over an asset of the Company. The occurrence of an event of default would permit the lender to demand repayment of all amounts outstanding.
Security	Secured by a general security deed under which the Company has granted a security interest in the Company's present and after acquired property favour of Finran. Finran's security interest is subordinated to existing creditors (as at 22 May 2023) but otherwise takes priority over any security interests that may be granted by the Company after the date of the general security deed.
Other material terms	The amounts loaned must be applied towards the satisfaction of the Company's pre-existing debts, the payment of the Company's voluntary administrator's fees, legal costs of preparing the finance documentation, working capital and any other purpose approved by Finran (in that order of preference).

Under the DE Swap Agreement, which is conditional upon receiving Shareholder approval, Finran has agreed to convert amounts of debt owing to it under the Loan Agreement into equity in the Company as follows:

- (a) debt will be converted at a conversion price of \$0.01. For example, if \$100,000 is converted, this will result in the issue of 10,000,000 Shares;
- (b) the Company will issue no more than 52,500,000 Shares in respect of the conversion of debts owed under the Loan Agreement (**DE Shares**) to Finran; and
- (c) Finran will accept the issue of the DE Shares as repayment for the corresponding amount owing by the Company under the Loan Agreement.

It is the Company's intention that DE Shares will not be issued to Finran to the extent it will cause Finran's relevant interest in Shares to exceed 20% (unless approval for the purposes of s611(item 7) of the Corporations Act is sought prior to this occurring).

2.3 Approval sought for the purposes of ASX Listing Rule 7.1

For a description on the operation of ASX Listing Rule 7.1 please refer to section 1.2 of the Explanatory Statement.

If Resolution 2 is passed, the DE Shares will not be included within the Company's 15% Placement Capacity and this will provide flexibility for the Company to issue future Securities under the Company's 15% Placement Capacity without having to obtain Shareholder approval for some or all of those future issues.

If Resolution 2 is not passed, the Company will not be able to issue the DE Shares and will remain indebted to Finran for the value of the DE Shares. Subject to any future arrangements which may be agreed with Finran and for which Shareholder approval may be required, the Company will be required to repay the amounts owing to Finran from its cash reserves in accordance with the Loan Agreement.

2.4 Specific information required by ASX Listing Rule 7.3

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the DE Shares:

Person to whom the Securities will be issued	the DE Shares will be issued to Finran
Number and class of Securities to be issued	no more than 52,500,000 fully paid ordinary shares, which will rank equally with the Company's existing Shares on issue
Issue date of Securities	no later than 3 months after the date of the Meeting or such other later date approved by ASX
Price or consideration received	each DE Share will be issued with a deemed price of \$0.01 per DE Share which will reduce the amounts owing to Finran by the Company under the Loan Agreement
Purpose of the issue	whilst no funds will be raised, the value of the Shares will reduce the amounts owing to Finran by the Company under the Loan Agreement

Material terms of the agreement	the material terms of the Loan Agreement and DE Swap Agreement are set out in section 2.2
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2.5 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3: PROPOSED ISSUE OF SHARES TO BRETT PATRIDGE UPON CONVERSION OF NOTES

3.1 Background

To obtain urgent additional funding the Company entered into the following documents which are subject to Shareholder approval (being the Shareholder approval the subject of this Resolution) note subscription agreement, pursuant to which the Company has issued to Brett Patridge 300,000 Notes each with a face value of \$1.00 (**Patridge NS Agreement**).

3.2 Patridge NS Agreement

\$300,000 has been raised from the issue of the Notes. The key terms of the Patridge NS Agreement is as follows:

Notes	300,000 Notes at a face value of \$1.00 per Note
Conversion Price	each Note will convert into that number of shares equal to the face value divided by \$0.01, such that up to 30,000,000 Patridge NS Shares are issuable in aggregate for all Notes held by Brett Patridge
Interest rate	7% per annum
Maturity Date	6 months after the date of the Patridge NS Agreement
Conditions precedent	the conversion obligations under the Note Subscription Agreements are subject to Shareholders approving the issue of Shares under the Patridge NS Agreement
Conversion event	the Notes will convert into fully paid ordinary shares within 5 business days of receipt of the Shareholder approval
Redemption	the Notes may only be redeemed upon an event of default (i.e. an insolvency event, failure to pay any money owing or failure to perform an obligation required under the Patridge NS Agreement which is not remedied within 10 business days)
Transferability	Notes may not be transferred without the Company's prior written consent, which it may withhold in its absolute discretion
Reorganisation of capital	if there is a pro rata bonus issue of Shares (not for cash or other consideration), a subdivision or consolidation of Shares or any other reorganisation of Share capital, the number of Shares which may be issued upon conversion of the Notes will be adjusted to ensure the noteholder receives the same proportion of Shares as it would other

	have received had the reorganisation of capital not occurred
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3.3 Specific information required by ASX Listing Rule 7.3

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Patridge NS Shares:

Person to whom the Securities will be issued	the Patridge NS Shares will be issued to Brett Patridge
Number and class of Securities to be issued	30,000,000 fully paid ordinary shares, which will rank equally with the Company's existing Shares on issue
Issue date of Securities	no later than 3 months after the date of the Meeting or such other later date approved by ASX
Price or consideration received	each Patridge NS Share will be issued with a deemed price of \$0.01 per Patridge NS Share which will reduce the amounts owing to Brett Patridge by the Company under the Patridge NS Agreements
Purpose of the issue	whilst no funds will be raised, the value of the Patridge NS Shares will reduce the amounts owing to Brett Patridge under the Patridge NS Agreement
Material terms of the agreement	the material terms of the Patridge NS Agreement is set out in section 3.2

3.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4: PROPOSED ISSUE OF SHARES TO SOPHISTICATED OR PROFESSIONAL INVESTORS

4.1 Background

In addition to the amounts under the Finran Placement, Loan Agreement, Patridge NS Agreement and S&PI NS Agreement the Company is interested in raising further funds to apply towards working capital to assist with the stabilisation, review and potential restructure of business operations as well as providing for the costs associated with litigation and investigations currently being undertaken by the Company.

To this end, the Company intends to issue up to 200,000,000 Shares at an issue price of no less than \$0.01 per Share to raise up to \$2,000,000 (**Future Placement**) and seeks Shareholder approval for the issue of Future Placement Shares to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval.

4.2 Approval sought for the purposes of ASX Listing Rule 7.1

For a description on the operation of ASX Listing Rule 7.1 please refer to section 1.2 of the Explanatory Statement.

If Resolution 4 is passed, Future Placement Shares will not be included within the Company's 15% Placement Capacity and this will provide flexibility for the Company to issue future Securities under the Company's 15% Placement Capacity without having to obtain Shareholder approval for some or all of those future issues.

If Resolution 4 is not passed, the Company will not be able to issue any Future Placement Shares outside of its 15% Placement Capacity.

4.3 Specific information required by ASX Listing Rule 7.3

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Future Placement Shares:

Person to whom the Securities will be issued	the Future Placement Shares will be issued to Sophisticated or Professional Investors
Number and class of Securities to be issued	up to 200,000,000 fully paid ordinary shares, which will rank equally with the Company's existing Shares on issue
Issue date of Securities	no later than 3 months after the date of the Meeting or such other later date approved by ASX
Price or consideration received	each Future Placement Share will be issued at the 5 day volume weighted average price of Shares prior to the date of offer and at a price of no less than \$0.01 per Share, to raise up to \$2,000,000. Accordingly the maximum dilution of which may occur as a result of an issue of Future Placement Shares is 31% (assuming all approval to issue Securities the subject of this Meeting are not approved)s
Purpose of the issue	to raise funds that will be applied towards working capital to assist with the stabilisation, review and potential restructure of business operations as well as providing for the costs associated with litigation and investigations currently being undertaken by the Company

4.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

5. RESOLUTION 5: RATIFY PRIOR ISSUE OF OPTIONS TO CLEE CAPITAL IN RELATION TO FEB 21 PLACEMENT

5.1 Background

Clee Capital pursuant to its existing mandate, in February 2021 served as lead manager to raise \$50,000,000 from Sophisticated or Professional Investors at an

offer price of \$0.50 per Share (**Feb 21 Placement**). Details of the Feb 21 Placement were announced on 18 February 2021. As part of the consideration for these services, the Company issued 15,000,000 Options (**Clee Feb 21 Options**), exercisable at \$1.00 per Option to Clee Capital.

5.2 Approval sought for the purposes of ASX Listing Rule 7.4

For a description on the operation of ASX Listing Rule 7.1 and 7.4 please refer to section 1.2 of the Explanatory Statement.

The issue of Clee Feb 21 Options does not fit within any of the exceptions to ASX Listing Rule 7.1 and as it has not yet been approved by the Company's Shareholders, it uses up the 15% Placement Capacity, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the issue date.

Accordingly, if Resolution 5 is passed, the Clee Feb 21 Options initially issued under the Company's 15% Placement Capacity will no longer be included within the Company's 15% Placement Capacity and this will provide flexibility for the Company to issue future Securities under the Company's 15% Placement Capacity without having to obtain Shareholder approval for some or all of those future issues.

If Resolution 5 is not passed, the Clee Feb 21 Options will continue to be included in calculating the Company's 15% Placement Capacity, effectively decreasing the number of Equity Securities it can issue without Shareholder approval.

5.3 Specific information required by ASX Listing Rule 7.4

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Clee Feb 21 Options:

Person to whom the Securities were issued	the Clee Feb 21 Options were issued to Clee Capital
Number and class of Securities issued	15,000,000 Options
Date of issue	2 November 2022
Price or consideration received	the Clee Feb 21 Options were issued for nil cash consideration and form part of the payment for Clee Capital's services for the Feb 21 Placement. The value attributed to the Clee Feb 21 Options was determined on arm's length commercial terms by the Directors. The funds received if the Clee Feb 21 Options are exercised will be used towards working capital
Purpose of the issue	the purpose of the issue of Clee Feb 21 Options is to satisfy in part, the Company's fee payment obligations to Clee Capital for the Feb 21 Placement
Terms of Securities	the material terms and conditions of the Clee Feb 21 Options are set out in Annexure 1

Summary of material terms of agreement	the Clee Feb 21 Options will be issued pursuant to the terms of the agreement with Clee Capital as lead manager for the Feb 21 Placement. The key terms are summarised below: (a) Clee Capital served as lead manager for the Capital Raise and was paid a cash fee of 7% plus GST on the Feb 21 Placement. (b) In addition, Clee Capital was to be granted the Clee Feb 21 Options.
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5.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

6. RESOLUTION 6: PROPOSED ISSUE OF SHARES TO SOPHISTICATED OR PROFESSIONAL INVESTORS TO REPAY DEBT

6.1 Background

The Company has received \$46,500 from Sophisticated or Professional Investors to fund urgent legal costs incurred by the Company. The Sophisticated or Professional Investors who are entitled to be repaid \$46,500 from the Company have agreed to accept the issue of \$46,500 worth of Shares, being 4,650,000 Shares at a deemed issue price of \$0.01 per Share (**DR Shares**) in full and final satisfaction of all amounts otherwise owing to them.

6.2 Approval for the purposes of ASX Listing Rule 7.1 is sought

For a description on the operation of ASX Listing Rule 7.1 please refer to section 1.2 of the Explanatory Statement.

The issue of DR Shares does not fit within any of the exceptions to ASX Listing Rule 7.1 and as it has not yet been approved by the Company's Shareholders, it may use up the 15% Placement Capacity, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the issue date.

Accordingly, if Resolution 6 is passed, the issue of DR Shares will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under the 15% Placement Capacity. This will provide flexibility for the Company to issue future Securities under the Company's 15% Placement Capacity without having to obtain Shareholder approval for some or all of those future issues.

If Resolution 6 is not passed, the Company will not be able to issue the DR Shares and will be obliged to repay the amounts owing to the Sophisticated or Professional Investors from its cash reserves, which will impact its ability to advance the Company's operations.

6.3 Specific information required by ASX Listing Rule 7.3

Pursuant to ASX Listing Rule 7.3, the following information is provided:

Person(s) to whom the Securities were issued	the DR Shares will be issued to Sophisticated or Professional Investors
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Number and class of Securities	4,650,000 fully paid ordinary shares, which will rank equally with the Company's existing Shares on issue
Issue date of Securities	no later than 3 months after the date of the Meeting or such other later date approved by ASX
Price or consideration received	the DR Shares will be issued for nil cash consideration and constitute repayment by the Company for amounts previously advanced by Sophisticated or Professional Investors for the Company's legal fees
Purpose of issue and use of funds	the purpose of the issue of DR Shares is to satisfy the Company's obligation to repay Sophisticated or Professional Investors who have previously advanced cash to the Company for the Company's legal fees

6.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 6.

7. RESOLUTION 7 AND 8: PROPOSED REMOVAL OF AUDITOR

7.1 Background

On 21 August 2023 the Company received from Finran a:

- (a) notice of intention to remove its current auditor, MNSA (**Notice of Intention**);
- (b) notice of nomination to nominate Connect National Audit as the Company's new auditor (**Notice of Nomination**); and
- (c) request to convene a general meeting to remove MNSA and appoint Connect National Audit.

For the avoidance of doubt, the Notice of Intention and Notice of Nomination as well as the request to convene a general meeting are contained within the same document. A copy of this document is enclosed in Annexure 2.

7.2 Representations from the auditor

In response to the Notice of Intention MNSA, made the following written representations to the Company on 28 August 2023:

"As discussed with James Barrie, MNSA Pty Ltd had agreed to resign as auditor at the request of the directors. MNSA Pty Ltd has provided its response to the incoming auditors ethical clearance letter and provided instruction to the company on documentation required to facilitate our resignation."

To help Shareholders understand the context in which the representation was made, the Company advises that:

- (a) before the date of the Notice of Intention MNSA was asked by the Directors to resign and was notified that the Company wished to engage Connect National Audit as its new auditors;
- (b) as a part of the transition from MNSA to Connect National Audit, Connect National Audit issued MNSA an ethical clearance letter – an ethical clearance letter is a letter from an incoming auditor to an outgoing auditor asking the outgoing auditor if it is aware of any professional or ethical reasons as to why the incoming auditor should not accept the appointment and issues of ethical clearance letters are customary within the auditing profession; and
- (c) MNSA provided a response to Connect National Audit's ethical clearance letter and as a part of those communications agreed to resign subject to certain conditions being fulfilled, including but not limited to the Company executing a confirmation letter pursuant to which the Company was required to confirm there were no disagreements between MNSA and the Company.

As at the date of this Notice the Company has not agreed with MNSA's conditions.

7.3 Section 329 of the Corporations Act

Under section 329 of the Corporations Act an auditor of a company may be removed from office by resolution at a general meeting of which two months' notice of intention to move such resolution has been given. A company that receives such a notice of intention must provide a copy to its auditor and ASIC. A copy of the Notice of Intention was sent to ASIC on 21 August 2023 and MNSA on 22 August 2023.

Furthermore, under section 329 of the Corporations Act, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution to remove the auditor even though the meeting is held less than two months after the notice of intention is given. This Notice of Meeting was provided less than two months after the date of the Notice of Intention.

An auditor may respond to a notice of intention within 7 days and make written representations, a copy of which must be sent to every shareholder who is entitled to receive notice of general meetings of the company. MNSA responded to the Notice of Intention on 28 August 2023 and its written representation is set out in section 7.2 of this Explanatory Memorandum.

Under Resolution 7, the Company seeks approval to remove the current auditor, MNSA. If Resolution 7 is approved, MNSA will be removed as the Company's auditor. If Resolution 7 is not approved, MNSA will remain the Company's auditor and Connect National Audit will not be appointed as the Company's auditor.

7.4 Section 328B and 327D of the Corporations Act

Section 328B(3) of the Corporations Act states that a shareholder may give a company notice of the nomination of an auditor and if a company receives a notice of nomination, that company must send a copy of that notice to the nominated auditors, the current auditor and each shareholder entitled to receive notice of general meetings of the company. A copy of the Notice of Nomination was provided to Connect National Audit and MNSA on 21 August 2023. The Notice of Nomination is provided to Shareholders with this explanatory memorandum as Annexure 2.

Under section 327D(2) of the Corporations Act, a company may by special resolution at a general meeting appoint an auditor to replace an auditor removed under section 329 of the Corporations Act, provided a copy of the notice of nomination has been provided to those persons who are required to receive it under section 328B(3) of the Corporations Act.

If Resolution 7 is passed, MNSA will be removed as the Company's auditors and Finran has proposed that Connect National Audit be appointed as the Company's auditor with effect from the date of the Meeting. Connect National Audit has given written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act.

If Resolutions 7 and 8 are passed, Connect National Audit will be appointed as auditor of the Company with effect from the date of the Meeting.

If Resolution 7 is passed and Resolution 8 is not passed, Connect National Audit will not be appointed as the auditor of the Company with effect from the date of the Meeting. However in accordance with section 327D(3)-(4) of the Corporations Act, if Resolution 8 is not passed, the general meeting may be adjourned to a date between 20 to 30 days after the date of the Meeting and the Company may, at that adjourned meeting, by ordinary resolution appoint Connect National Audit as the Company's auditor.

If Resolution 7 is not passed, Resolution 8 will not be passed.

7.5 Board recommendation

The Board recommends that Shareholders vote in favour of Resolutions 7 and 8.

GLOSSARY

15% Placement Capacity has the meaning given to that term in section 1.2 of the Explanatory Statement.

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 10 to 17 of the Corporations Act.

ASX means ASX Limited or the market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Chair means the chair of the Meeting.

Clee Capital means Clee Capital Pty Ltd (ACN 637 619 937).

Clee Feb 21 Options means the issue of 15,000,000 Options exercisable at \$1.00 per Option to Clee Capital as part consideration for raising the funds the subject of the Feb 21 Placement.

Company or **IOUpay** means IOUpay Limited (ACN 091 192 871).

Connect National Audit means Connect National Audit Pty Ltd (ABN 43 605 713 040).

Constitution means the Company's constitution.

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

DE Shares means no more than 52,500,000 Shares at a deemed issue price of \$0.01 per Share, to be issued under the DE Swap Agreement.

DE Swap Agreement has the meaning given to that term in section 2.1(b) of the Explanatory Statement.

Directors means the directors of the Company from time to time.

DR Shares means 4,650,000 Shares at a deemed issue price of \$0.01 per Share.

Equity Securities includes a share, a right to a share or option, an option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Extraordinary General Meeting or **Meeting** means the meeting convened by the Notice.

Feb 21 Placement means the \$50,000,000 capital raise from Sophisticated and Professional Investors at an offer price of \$0.50 per Share in February 2021.

Finran means Finran Pty Ltd ACN 664 481 789.

Finran Placement means the issue of 70,000,000 Shares to raise \$700,000 before costs, priced at \$0.01 per Share.

Finran Placement Shares means the 70,000,000 Shares issued under the Finran Placement.

Future Placement means the proposed issue of up to 200,000,000 Shares at an issue price of no less than \$0.01 per Share to raise up to \$2,000,000.

Future Placement Shares means up to 200,000,000 Shares at an issue price of no less than \$0.01 per Share, to be issued under the Future Placement.

Loan Agreement has the meaning given to that term in section 2.1(a) of the Explanatory Statement.

MNSA means MNSA Pty Ltd (ACN 133 605 400).

Notice of Intention has the meaning given to that term in section 7.1(a) of the Explanatory Statement.

Notice of Nomination has the meaning given to that term in section 7.1(b) of the Explanatory Statement.

Notes means the debt instrument which may be converted to equity on the terms agreed between the respective parties to the Patridge NS Agreement.

Notice or **Notice of Meeting** or **Notice of Extraordinary General Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Patridge NS Agreement has the meaning given to that term in section 3(a) of the Explanatory Statement.

Patridge NS Shares means 30,000,000 Shares at a deemed issue price of \$0.01 per Share, to be issued upon conversion of the Notes the subject of the Patridge NS Agreement.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution set out in the Notice.

Securities as defined in Chapter 19 of the ASX Listing Rules.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Sophisticated or Professional Investors means investors within the definition in sections 708(8) and 708(11), respectively, of the Corporations Act.

Annexure 1: Option Terms

(a) *Exercise Price*

The exercise price per Clee Feb 21 Option is \$1.00. *Entitlement*

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

(b) *Option Period*

The Clee Feb 21 Options will expire on the date that is 12 months after the date of grant of the Options, being 2 November 2023 (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the Expiry Date and Options not exercised shall automatically lapse on the Expiry Date.

(c) *Ranking of Share Allotted on Exercise of Option*

Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing Shares in the capital of the Company on issue at the date of issue.

(d) *Voting*

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a Shareholder.

(e) *Transfer of an Option*

Options are transferrable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX.

(f) *Method of Exercise of an Option*

- (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of Shares to be allotted; which number of Options must be a multiple of 1,000,000 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 1,000,000, then the total of all Options held by that Option Holder must be exercised.
- (ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed.
- (iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (iv) Within 5 business days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (v) If the Company is listed on the ASX, the Company will apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the ASX Listing Rules.

(g) *Reconstruction*

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Corporations Act and ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

(h) *Participation in New Share Issues*

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be such date required under the ASX Listing Rules in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

(i) *No Change of Options' Exercise Price or Number of Underlying Shares*

The Options do not confer the right to a change in exercise price or change to the number of underlying Securities except in the circumstances outlined in ASX Listing Rule 6.22. There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to the holders of ordinary shares. If the Company makes a pro rata issue of Securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the ASX Listing Rules.

Annexure 2: Notice of Intention and Notice of Nomination

21 August 2023



The Board of Directors
IOUpay Limited
C/- Prime Company Compliance
Level 16, 414 La Trobe Street
Melbourne VIC 3000

Dear Board of Directors,

**NOTICE OF INTENTION TO MOVE RESOLUTION FOR THE REMOVAL OF THE COMPANY'S AUDITOR,
MNSA PTY LTD**

Finran Pty Ltd (ACN 664 481 789) being a shareholder of IOUpay Limited (ACN 091 192 871) (**Company**) holding more than 5% of the voting capital of the Company request that the Company convene a general meeting of members of the Company to consider:

1. the removal of the current auditor, **MNSA Pty Ltd (ACN 133 605 400)**; and
2. the appointment of **Connect National Audit Pty Ltd (ABN 43 605 713 040)** as the new auditor of the Company;

and if thought fit, pass the following resolutions:

- i) as an ordinary resolution *"That, for the purposes of section 329 of the Corporations Act and for all other purposes, **MNSA Pty Ltd (ACN 133 605 400)**, the current auditor of the Company, be removed as auditor of the Company effective immediately on passing of this resolution."*
- ii) As a special resolution *"That, subject to the abovementioned resolution being passed, for the purposes of section 327D of the Corporations Act and for all other purposes, **Connect National Audit Pty Ltd (ABN 43 605 713 040)**, be appointed as an auditor of the Company effective from the date of the Meeting and the Directors will be authorised to agree the remuneration for **Connect National Audit Pty Ltd (ABN 43 605 713 040)**."*

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Joshua Quinn', written over a horizontal line.

Joshua Quinn
Director
Finran Pty Ltd