

## Eligibility for Private Placements

The only people who may subscribe for an "Offer" of securities without a registered prospectus or investment statement are "Eligible Persons" as defined in the New Zealand Securities Act 1978 ("Act").

### Definition of an "Eligible Person"

To determine whether you are an Eligible Person for the purposes of the Act, you need to be someone who meets one or more of the following requirements:

- (1) Is "wealthy" - a person is wealthy if certified by an independent chartered accountant on reasonable grounds no more than six months before the Offer is made as having either of the following:
  - a) Net assets of at least \$2,000,000, or
  - b) An annual gross income of at least \$200,000 for each of the last two financial years; or
- (2) Is "experienced in investing money"; or
- (3) Is "experienced in the industry or business to which the security relates".
- (4) Is investing \$500,000 or more in the Offer.

### Qualifying as "experienced"

For the purposes of (2) and (3) above, a person is "experienced" in investing money or in the industry or business to which the security relates if an independent financial service provider is satisfied on reasonable grounds that the person to whom the Offer is made as a result of having experience of that kind, is able to access:

- (1) The merits of the Offer, and
- (2) The value of the security, and
- (3) The risks involved in accepting the Offer, and
- (4) That person's own information needs, and
- (5) The adequacy of the information given by the person making the Offer.

A "financial service provider" is a person whose principal business consists of one or more of the following:

- (1) The giving of "investment advice", or
- (2) The receiving of "investment money"; or
- (3) The receiving of "investment property".

Further details of these definitions and the Eligible Person exemption is given in Section 5(2CB) - 5(2CF) of the Securities Act 1978, which is available from your legal advisor.

The documentation required in terms of the Eligible Persons exemption will need to be in place and current at the time you subscribe for the Offer, and can be completed after the registration of interest is filed. Subscriptions will only be made to those Eligible Persons who qualify for the Offer.

Normally, the issuer will be relying on the Eligible Persons exemption in respect of the Offer. If, however, an investor does not meet the Eligible Persons criteria, but is able to rely on other exceptions in the Act, the Offerer may consider the application and accept or reject accordingly.