



05 March 2019

Australian Stock Exchange Limited,
Level 4, North Tower, Rialto
525 Collins Street
Melbourne 3000



Authorised Investment Fund enters into non-binding term sheet to acquire 30% of SpartaCard

ASX-listed Authorised Investment Fund Limited (ASX: AIY) has signed a non-binding term sheet to acquire a 30% equity stake in SpartaCard Pty Ltd (**SpartaCard**) with a non-transferable option for AIY to increase its holding to 55% (the exercise of which will entitle both AIY and SpartaCard to appoint one nominee to each other's respective boards subject to compliance with the Corporations Act 2001(Cth) and the ASX Listing Rules).

The agreement is subject to a number of conditions precedents (waiveable at the discretion of AIY) including the Board of the Pooled Development Fund (**PDF Board**) providing its approval to allow AIY to issue AIY shares to SpartaCard under the proposed transaction. AIY notes that it has not yet made its application to the PDF Board (but will do so shortly) and in any event does not make any representation as to the likelihood of success in seeking PDF Board approval.

Other conditions precedents include:

- AIY undertaking and completing due diligence on SpartaCard;
- AIY and SpartaCard entering into key transaction documents which will bind the parties to the transaction;
- each of SpartaCard co-founders, shareholders, employees and contractors assigning to SpartaCard under deeds of assignment entered into with SpartaCard, intellectual property in relation to SpartaCard's cryptocurrency transactional hardware wallet; and
- each of SpartaCard co-founders enter into consultancy agreements with SpartaCard under which all intellectual property of any future works in relation to the cryptocurrency transactional hardware wallet is assigned to SpartaCard, consideration for such agreements will be subject to satisfaction of agreed performance conditions that are acceptable to AIY acting reasonably.

The total consideration for the 30% interest in SpartaCard is \$5.7 million. AIY will (in its sole and absolute discretion) either:

- (i) subject to receiving approval from the PDF Board (and satisfying all other conditions precedents), issue 19 million AIY shares to SpartaCard in the following sequence:
 - (A) 13 million AIY fully paid ordinary shares at AUD \$0.30 per share upon the issue by SpartaCard of 30% of the issued share capital in SpartaCard (post issue on a fully diluted basis);



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- (B) subject to approval of SpartaCard's current patent application by no later than 1 December 2020, 2 million AIY fully paid ordinary shares at AUD \$0.30 per share;
 - (C) subject to SpartaCard's cryptocurrency transactional hardware wallet being released to the public in a fully completed and operational form (and in any event being no later than 30 October 2019) an additional 2 million fully paid ordinary shares at AUD \$0.30 per share; and
 - (D) subject to SpartaCard achieving sales of 2,000 units of its cryptocurrency transactional hardware wallet (and in any event being no later than 30 December 2019), an additional 2 million fully paid ordinary shares at AUD \$0.30 per share ;
- or
- (ii) if AIY does not receive approval from the PDF Board for the issue of AIY Shares to SpartaCard (assuming that AIY waives non-fulfilment of the relevant condition precedent) and thus does not elect to issue AIY shares to SpartaCard in accordance with paragraphs (i)(A) to (D) above, AIY will advance a cash amount to SpartaCard in lieu of any of the AIY scrip consideration but still subject to the same conditions in paragraphs (i)(A) to (D).

About SpartaCard

Founded in 2018, SpartaCard is an early stage technology company which focuses on developing and commercialising products and services for the cryptocurrency generation.

SpartaCard (the product) is a ground-breaking product which combines a secure hardware wallet with transactional capabilities. This allows cryptocurrency investors to securely store their assets offline as well as use their cryptocurrencies to purchase goods and services from participating merchants, without the need for a computer or cables.

The key features of the SpartaCard include:

- **Secure hardware wallet** – Allows users to safely and securely store their cryptocurrencies offline.
- **Transactional capabilities** – Users can use their cryptocurrencies to purchase goods and services from participating merchants worldwide.
- **Banking-grade security** – SpartaCard includes an encrypted smart card chipset, a tamper- proof and secure element which stores private and public cryptocurrency keys.
- **NFC and Bluetooth connectivity** – Customers can interact with their SpartaCard using one of two contactless communication methods. NFC allows a “Tap and Go” feature when transacting with merchants, similar to existing debit or credit cards.
- **PIN protection** – Customers must enter a PIN in order to access and authenticate any transactions, providing a much greater level of security.
- **PIN Scrambler** – SpartaCard's very own patent-pending technology protects visual compromise of keystrokes by scrambling the PIN input sequence.
- **Panic PIN** – Protects cryptocurrency assets should the customer experience duress, by activating a lock-down mode and limiting the ability to transfer cryptocurrencies.
- **Recovery Feature** – Users can recover their cryptocurrencies should their cards become lost or stolen.
- **Auto-Wipe Feature** – If an incorrect PIN is entered on three consecutive attempts, SpartaCard will automatically wipe the contents of the secure element chipset.
- **Field Upgradeable** – Customers can upgrade the SpartaCard firmware as new software releases become available.
- **Cryptocurrency Support** – Sparta Card supports Bitcoin, Ethereum, Ripple, Litecoin and Bitcoin Cash. More cryptocurrencies will be supported through future firmware upgrades.



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SpartaCard is expected to begin shipping in October 2019.

Bitcoin is becoming more widely accepted as a payment method around the world. It is estimated that there are in excess of 100,000 merchants globally who currently accept Bitcoin as payment for goods or services, and this number is expected to grow substantially in the coming years.

SpartaCard has signed a strategic agreement with a leading contract manufacturer based in Shenzhen China who has extensive experience in manufacturing digital smart card products. The contract manufacturer already supplies digital smart cards to a number of banks and financial institutions, and has over a decade experience in the digital smart card manufacture space. The production line has the capacity to manufacture tens of thousands of SpartaCard units per month.

The SpartaCard ecosystem will include a customer app as well as a merchant app, both of which are currently under development and will be released by the October 2019 product shipping date. Each app will be built on both iPhone and Android mobile platforms.

George Parthimos, Co-Founder of SpartaCard, said:

"We are very excited to announce the strategic investment by Authorised Investment Fund Limited in our company, which will facilitate the launch of the first ever secure transactional hardware wallet."

"SpartaCard is a ground-breaking product which allows customers to safely and securely store their cryptocurrencies, whilst at the same time use their cryptocurrencies to purchase goods and services from participating merchants, without the need for a computer or cables."

"We are also excited to have partnered with one of the leaders in the manufacture of digital smart card products in the world and look forward to working with them to bring our innovative product to market."

Ben Genser, Chairman of Authorised Investment Fund, said:

"Our enthusiasm for our investment in SpartaCard cannot be underestimated as this technology has enormous and unprecedented potential to capitalise on the convergence of blockchain technology with mainstream transactional banking and coincides in an extremely important time in the evolution of cryptocurrencies and the enormous role they will play in the future of payment systems and conventional banking".

With the planned development and rollout of their banking grade secure and NFC enabled transactional hardware wallet, SpartaCard aims to provide the most seamless and secure and convenient access to multiple crypto storage and crypto exchange services and conventional payment transactions globally through the use and convenience of "tap and go" credit card technology.

AIY welcomes SpartaCard to its growing stable of smart technology and digital investments and we trust will sit comfortably with and will enhance and benefit from our current investments in Asian Integrated Media (AIM), E-Mersion, Aenea and others."

Media queries:

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Authorised Investment Fund Ltd.

By order of the Board

Cathy Lin

Company Secretary

- Ends -