

ASX ANNOUNCEMENT

14 March 2018

Peppermint enters into option incentive agreement to provide capital for business growth

PERTH, AUSTRALIA, 12 MARCH 2018: Peppermint Innovation Limited (ASX: PIL) (“Peppermint”) is pleased to announce that it has entered into an Option Incentive Agreement with the Private Equity Gateway Group Pty Ltd (PEGG) with respect to its next round of fund raising.

The option agreement follows an agreement entered into on 30 May 2017 with PEGG to provide capital support for PIL going forward (Consulting Agreement). This has occurred in terms of the acquisition of existing shareholder parcels and the placement of shares (to the value of \$1,000,000 at two cents per share) to parties associated with PEGG. The next leg of this support is the raising of between \$2,000,000 to \$5,000,000 from strategic investors with an appropriate option incentive in place.

In accordance with the terms of the Consulting Agreement, the options under the incentive scheme will vest in four tranches after the raising of between \$2,000,000 and \$5,000,000 for the Company (the Raising) as follows:

10,000,000 Options will vest if at, or after the Raising, the underlying Peppermint shares have traded and are trading at or above five cents (\$0.05) cents per share (based on a 30 trading day volume weighted average price of Shares as traded on the Australian Securities Exchange (VWAP), and each option may be exercised by payment of three cents (\$0.03) to subscribe for one share;

10,000,000 Options will vest two months from the date of the Raising if at, or after such date, the underlying Peppermint shares have traded and are trading at or above ten cents (\$0.10) cents per Share (based on a 30 trading day VWAP), and each option may be exercised by payment of three cents (\$0.03) to subscribe for one share;

10,000,000 Options will vest four months from the date of the Raising if at, or after such date, the underlying Peppermint shares have traded and are trading at or above fifteen cents (\$0.15) cents per Share (based on a 30 trading day VWAP), and each option may be exercised by payment of five cents (\$0.05) to subscribe for one share; and



10,000,000 Options will vest six months from the date of the Raising if at, or after such date, the underlying Shares have traded and are trading at or above twenty cents (\$0.20) cents per Share (based on a 30 trading day VWAP), each Option may be exercised by payment of five cents (\$0.05) to subscribe for one Share.

The parties also agree that any options not exercised within twenty four months of the Raising will automatically lapse.

Peppermint's Managing Director and CEO Chris Kain said: "We have been planning with PEGG since May 2017 what capital is needed to drive growth and company revenues. This Option Incentive Agreement is designed to motivate, and facilitate, the efforts required to raise the capital required to execute our business model".

For more information, please contact:

Chris Kain
Managing Director & CEO
Peppermint Innovation Limited
info@pepltd.com.au

About Peppermint Innovation Limited:

Peppermint Innovation is an Australian company focused on the commercialisation and further development of the Peppermint Platform, a mobile banking, payments and remittance technology designed for banks, mobile money operators, credit card companies and microfinance institutions. Peppermint currently operates the Peppermint Platform in the Philippines.

Peppermint has a particular focus in the developing world (starting with the Philippines) and on providing an attractive tool to the unbanked population to access mobile banking and remit money to and from family and others through a system not tied to a particular bank or telephony company.



Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Peppermint Innovation Limited

ABN

56 125 931 964

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

Options

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

40,000,000

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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| <p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p> | <ol style="list-style-type: none">1) 10,000,000 options to acquire fully paid ordinary shares at 3 cents each, exercisable conditional upon the optionholder successfully raising \$2 million to \$5 million of capital under an engagement letter which either party may terminate with 1 month notice, and the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 5 cents at the date of completing the \$2 million to \$5 million of capital raising;2) 10,000,000 options to acquire fully paid ordinary shares at 3 cents each, exercisable conditional upon the optionholder successfully raising \$2 million to \$5 million of capital under an engagement letter which either party may terminate with 1 month notice, and the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 10 cents within 2 months of the optionholder successfully raising \$2 million to \$5 million;3) 10,000,000 options to acquire fully paid ordinary shares at 5 cents each, exercisable conditional upon the optionholder successfully raising \$2 million to \$5 million of capital under an engagement letter which either party may terminate with 1 month notice, and the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 15 cents within 4 months of the optionholder successfully raising \$2 million to \$5 million; and4) 10,000,000 options to acquire fully paid ordinary shares at 5 cents each, exercisable conditional upon the optionholder successfully raising \$2 million to \$5 million of capital under an engagement letter which either party may terminate with 1 month notice, and the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 20 cents within 6 months of the optionholder successfully raising \$2 million to \$5 million. |
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+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No</p>
<p>5 Issue price or consideration</p>	<p>Nil, part of the remuneration of a consultant, The Private Equity Gateway Group Pty Ltd, engaged to raise capital for the Company.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Part of the remuneration of a consultant, The Private Equity Gateway Group Pty Ltd, engaged to raise capital for the Company by agreement on 30 May 2017.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>28 November 2017</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>40,000,000</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A				
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A				
6f	Number of +securities issued under an exception in rule 7.2	N/A				
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A				
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 42,867,369 7.1A – 89,244,912				
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	12 March 2018				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>943,449,128</td> <td>Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	943,449,128	Fully paid ordinary shares
Number	+Class					
943,449,128	Fully paid ordinary shares					

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	100,000,000	Performance shares subject to the terms and conditions as set out in the Notice of General Meeting held on 2 Oct 2015.
	10,000,000	Options to acquire fully paid ordinary shares at 3 cents each, exercisable conditional upon the optionholder successfully raising \$2 million to \$5 million of capital under an engagement letter which either party may terminate with 1 month notice, and the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 5 cents at the date of completing the \$2 million to \$5 million of capital raising;

+ See chapter 19 for defined terms.

10,000,000	Options to acquire fully paid ordinary shares at 3 cents each, exercisable conditional upon the optionholder successfully raising \$2 million to \$5 million of capital under an engagement letter which either party may terminate with 1 month notice, and the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 10 cents within 2 months of the optionholder successfully raising \$2 million to \$5 million;
10,000,000	Options to acquire fully paid ordinary shares at 5 cents each, exercisable conditional upon the optionholder successfully raising \$2 million to \$5 million of capital under an engagement letter which either party may terminate with 1 month notice, and the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 15 cents within 4 months of the optionholder successfully raising \$2 million to \$5 million; and

+ See chapter 19 for defined terms.

10,000,000	Options to acquire fully paid ordinary shares at 5 cents each, exercisable conditional upon the optionholder successfully raising \$2 million to \$5 million of capital under an engagement letter which either party may terminate with 1 month notice, and the 30 day volume weighted average price of fully paid ordinary shares share price exceeding 20 cents within 6 months of the optionholder successfully raising \$2 million to \$5 million.
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10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) N/A

Part 2 - Pro rata issue

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements

+ See chapter 19 for defined terms.

- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has security holders who will not be sent new offer documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders
- 25 If the issue is contingent on security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and offer documents will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?

+ See chapter 19 for defined terms.

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Executive Director/Company secretary)

Date: 14/3/2018

Print name: Anthony Kain

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	892,499,128
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	892,449,128

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	133,867,369
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>1,000,000 (under the placement which is the subject of the Appendix 3B dated 8 August 2017)</p> <p>15,000,000 (under the placement which is the subject of the Appendix 3B dated 11 October 2017)</p> <p>17,500,000 (under the placement which is the subject of the Appendix 3B dated 18 December 2017)</p> <p>17,500,000 (under the placement which is the subject of the Appendix 3B dated 9 February 2018)</p> <p>40,000,000 (under the issue of options which is the subject of the Appendix 3B dated 9 February 2018)</p>
“C”	91,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	133,867,369
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	91,000,000
Total [“A” x 0.15] – “C”	42,867,369 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	892,449,128
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	89,244,912
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	89,244,912
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	89,244,912 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.