

TERM SHEET
FOR SERIES A PREFERENCE SHARES IN
[INSERT COMPANY NAME]
[INSERT DATE]

This Term Sheet summarises the principal terms of the Series A Preference Share Financing of [insert Company name], a [insert jurisdiction] incorporated company (“**Company**”). In consideration of the time and expense devoted and to be devoted by the Investors with respect to this investment, the Exclusivity/Confidentiality ~~and Expenses~~ provisions of this Term Sheet shall be binding obligations of the Company whether or not the financing is completed (“**Binding Provisions**”). No other legally binding obligations will be created until definitive agreements are executed and delivered by all parties. This Term Sheet is not a commitment to invest, and is conditional on the completion of due diligence, legal review and documentation that is satisfactory to the Investors. This Term Sheet and the definitive agreements shall be governed in all respects by the laws of [insert jurisdiction].

INVESTMENT TERMS

Closing Date: As soon as practicable following the Company’s acceptance of this Term Sheet and satisfaction of the Conditions to Closing (“**Closing**”).

Investors: Investor No. 1: [] shares ([]%), \$[] (“**Lead Investor**”).

Investor No. 2: [] shares ([]%), \$[]

Investor No. 3: [] shares ([]%), \$[]

as well as such other investors mutually agreed upon by Investors and the Company

Founders: [], [] and []

Investment Amount: \$[] fully payable on Closing.

Type of Securities: Series A Convertible Preference Shares (“**Series A Preference Shares**”).

Price Per Share: \$[] per share (based on the capitalisation of the Company set out below) (“**Original Purchase Price**”).

Pre-Money Valuation: The Original Purchase Price is based upon a fully-diluted pre-money valuation of \$[] and a fully-diluted post-money valuation of \$[] (including an employee share option pool representing []% of the fully-diluted post-money capitalisation).

Capitalisation: The Company’s capital structure before and after the Closing is set out in Schedule 1.

ESOP: The Company and the Investors agree that ~~as part of the Closing,~~ an Employee Share Option Pool (the “**ESOP**”) will be created consisting of [] ordinary shares (“**Ordinary Shares**”) (equal to []% of the ~~post~~pre-Closing total fully diluted shares), which will be structured to retain and incentivise senior management.

The ESOP will be implemented within 90 days following ~~prior to the~~ Closing. The terms of the ESOP, including vesting schedule and allocations will be determined by the Board of the Company at its sole discretion. ~~mutually agreed between the Investors and the Company.~~

RIGHTS OF SERIES A PREFERENCE SHARES

Dividends: ~~The Series A Preference Shares will carry an annual []% cumulative dividend payable upon a liquidation or redemption. For any other dividends or distributions, participation with Ordinary Shares on an as-converted basis.~~

Dividends will be paid on the Series A Preference Shares on an as-converted basis when, as, and if paid on the Ordinary Shares.

Liquidation Preference: In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid as follows:

First pay ~~{one}~~ times the Original Purchase Price ~~{plus accrued dividends}~~ {plus declared and unpaid dividends} on each Series A Preference Share (or, if greater, the amount that the Series A Preference Shareholder would receive on an as-converted basis). The balance of any proceeds shall be distributed pro rata to ~~holders of Series A Preference Shares (on an as-converted basis) and~~ holders of Ordinary Shares.

A merger or consolidation (other than one in which shareholders of the Company own a majority by voting power of the shares of the surviving or acquiring company) and a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company will be treated as a liquidation event (a “**Deemed Liquidation Event**”), thereby triggering payment of the liquidation preferences described above unless the holders of []% of the Series A Preference Shares elect otherwise.

Voting Rights: The Series A Preference Shares shall vote together with the Ordinary Shares on an as-converted basis, and not as a separate class, except (i)

~~the Lead Investor so long as any Series A Preference Shares remain in issue, the Series A Preference Shares as a class shall be entitled to elect one [] [1(←)] directors in accordance with the paragraph entitled Board of Directors of this Term Sheet (“Series A Directors”), and (ii) as required by law.~~

Optional Conversion:

The Series A Preference Shares initially convert 1:1 to Ordinary Shares at any time at option of holder, subject to adjustments for dividends, share splits, share combinations and similar events and as described below under “**Anti-dilution Provisions**”.

Anti-dilution Provisions:

In the event that the Company issues additional securities at a purchase price less than the current Series A Preference Share conversion price, such conversion price shall be adjusted in accordance with the following formula (*broad based weighted average basis*):

$$CP_2 = CP_1 * (A+B) / (A+C)$$

CP₂ = Series A Conversion Price in effect immediately after new issue

CP₁ = Series A Conversion Price in effect immediately prior to new issue

A = Number of Ordinary Shares deemed to be in issue prior to the new issue (includes all Ordinary Shares, all Series A Preference Shares on an as-converted basis, and all outstanding options on an as-exercised basis; and does not include any convertible securities converting into this round of financing)

B = Aggregate consideration received by the Company with respect to the new issue divided by CP₁

C = Number of shares issued in the subject transaction

The following issuances shall not trigger anti-dilution adjustment:

(i) the issue of securities as a dividend or distribution on the Series A Preference Shares;

(ii) securities issued upon the conversion of any debenture, warrant, option, or other convertible security;

(iii) shares issuable upon a share split, dividend, or any subdivision of shares in the Company;

- (iv) Ordinary Shares (or options to purchase Ordinary Shares) issued or issuable to employees or directors of, or consultants to, the Company pursuant to the ESOP or any other plan approved by the Company's Board of Directors;
- (v) Ordinary Shares issued pursuant to the conversion of any of the Series A Preference Shares;
- (vi) shares issued for nil consideration under any pro rata bonus issue, consolidation or subdivision of any shares or any reduction or cancellation of share capital (or any similar reorganisation of the capital of the Company) which affects all shareholders equally; or
- (vii) shares issued as consideration pursuant to any acquisition undertaken by the Company, provided such transaction is approved by the Lead Investor.

Mandatory Conversion:

Each Series A Preference Share will automatically be converted into Ordinary Shares at the then applicable conversion rate in the event of (i) the closing of a underwritten public offering with a price of [___] times the Original Purchase Price (subject to adjustments for dividends, share splits, share combinations and similar events) and gross proceeds to the Company of not less than \$[_____] (a “**Qualified Public Offering**”), or (ii) upon the written consent of the holders of [___]% of the Series A Preference Shares.

Pre-emptive Right to Participate Pro-rata in Future Rounds:

Each [Major] Investor will have a right to purchase its *pro rata* share of any offering of new securities by the Company, subject to customary exceptions. The *pro rata* share will be based on the ratio of (x) the number of shares held by such holder (on an as-converted basis) to (y) the Company's issued securities (on an as-converted basis). The holders exercising this right will be required to purchase all or any portion of the new securities to be offered, and shall have an over-allotment option to purchase any securities not purchased by other [Major] Investors. This right will terminate immediately prior to the Company's initial public offering.

[For the purposes of this section, a “Major Investor” means any Investor who subscribes for at least \$[_____] of Series A Preference Shares.]

The Pre-emptive Rights may be waived with approval of the [Major] Investors holding a majority of the Series A Preference Shares.

The following issuances shall not trigger Pre-emptive Rights:

- (i) the issue of securities as as a dividend or distribution on the

Series A Preference Shares;

- (ii) securities issued upon the conversion of any debenture, warrant, option, or other convertible security;
- (iii) shares issuable upon a share split, dividend, or any subdivision of shares in the Company;
- (iv) Ordinary Shares (or options to purchase Ordinary Shares) issued or issuable to employees or directors of, or consultants to, the Company pursuant to the ESOP or any other plan approved by the Company’s Board of Directors;
- (v) Ordinary Shares issued pursuant to the conversion of any of the Series A Preference Shares;
- (vi) shares issued for nil consideration under any pro rata bonus issue, consolidation or subdivision of any shares or any reduction or cancellation of share capital (or any similar reorganisation of the capital of the Company) which affects all shareholders equally; or
- (vii) shares issued as consideration pursuant to any acquisition undertaken by the Company, provided such transaction is approved by the Lead Investor.

Right of First Refusal (ROFR):

The Investors and the Founders (“Eligible Shareholders”) will have a right of first refusal with respect to any shares of the Company proposed to be transferred by [Founders / shareholders], with a right of oversubscription for Eligible Shareholders Investors of shares not taken up by the other Eligible Shareholders Investors. Before any such person may sell shares, he will give the Eligible Shareholders Investors an opportunity to participate in such sale on a basis proportionate to the amount of securities held by the seller and those held by the participating Eligible Shareholders Investors.

The rights of first refusal will be subject to customary exceptions and will terminate on a Qualified Public Offering.

Right of Co-Sale (Tag Along):

Without prejudice to the Investors’ rights of first refusal on share transfers, in the event that Founders existing shareholders of the Company transfer in excess of 10% of their total shareholding in any shares of the Company, the Investors shall be entitled to a tag along right in respect of their pro-rata shareholding of the Company.

Provided however, in the event such transfer is likely to result in a change of control of the Company, the Investors shall be entitled to a tag along right in respect of their entire Shareholding of the

Company.

Drag Along:

Shareholders shall be required to vote their shares in favor of a Deemed Liquidation Event or transaction in which [75]% or more of the voting power of the Company is transferred and which is approved by the holders of [75]% of the Series A Preference Shares, on an as-converted basis], so long as the liability of each shareholder in such transaction is several (and not joint) and does not exceed the shareholder's pro rata portion of any claim and the consideration to be paid to the shareholders in such transaction will be allocated as if the consideration were the proceeds to be distributed to the Company's shareholders in a liquidation under the Company's then-current Shareholders' Agreement and Constitution.

The exercise of the Drag-Along right shall be subject to approval by the Board, including each of the Founders.

Lock-up:

Subject to customary exceptions, the Founders may not sell, transfer, or otherwise dispose of ~~any~~ shares representing more than [15]% of such Founder's total shareholding in the Company for a period of ~~2~~3 years from the completion of the investment, with the exception of any sale, transfer, or other disposal that is either (i) related to estate, succession or tax planning or (ii) approved in writing by the Series A Director.

Vesting:

At the date ~~of which is 12 months from~~ Closing, [50~~25~~] % of the Founders' shareholding shall immediately vest. The remaining [50~~75~~] % of the Founders' shareholding shall vest at 3 month intervals in equal installments over the following ~~2~~3 years. In the event that the Founder voluntarily resigns or his employment with the Company terminates for Cause (to be defined in the Definitive Agreements)~~any reason~~ before the ~~4~~2nd anniversary of closing, he undertakes to offer for sale the unvested portion of his shareholding ("Unvested Shares") first to the Company (subject at all times to applicable law) [and then to all the other shareholders] (who shall have the option, but not the obligation, to take pro-rata, adjusted for those who decline to acquire) at a nominal price of [\$1.00] per share.

~~*Registration rights:*~~

~~The Ordinary Shares issued or issuable upon conversion of the Series A Preference Shares will be "Registrable Securities."~~

~~*Demand registration.* Subject to customary exceptions, holders of at least 50% of the Registrable Securities will be entitled to demand that the Company effect up to two firmly underwritten registrations (provided that each such registration has aggregate proceeds of at least US\$10,000,000) at any time following the earlier of (i) five years following the closing of the financing and (ii) 180 days~~

~~following the Company's initial public offering. The Company will have the right to delay such registration under certain circumstances for up to two periods of up to 90 days each in any twelve month period.~~

~~*"Piggyback" registration.* The holders of Registrable Securities will be entitled to "piggyback" registration rights on any registered offering by the Company on its own behalf or on behalf of selling stockholders, subject to customary exceptions. In an underwritten offering, the managing underwriters will have the right, in the event of marketing limitations, to limit the number of Registrable Securities included in the offering, *provided* that the Registrable Securities may not be limited to less than 25% of the total offering. In the event of such marketing limitations, each holder of Registrable Securities will have the right to include shares on a *pro rata* basis as among all such holders and to include shares in preference to any other holders of Ordinary Shares.~~

~~*S-3 rights.* Subject to customary exceptions, holders of Registrable Securities will be entitled to demand registrations on Form S-3 (if available to the Company) so long as the offering is for Ordinary Shares having an aggregate offering price of not less than US\$1,000,000. The Company will not be required to file more than two such Form S-3 registration statements in any twelve month period. The Company may defer an S-3 filing two times during any twelve month period for up to 90 days. Such demand on Form S-3 may be for the filing of a shelf registration statement to permit delayed or continuous sales of Registrable Securities.~~

~~*Expenses.* Subject to customary exceptions, the Company will bear the registration expenses (exclusive of underwriting discounts and commissions) of all demand, piggyback and S-3 registrations, *provided* that the Company will not be required to pay the fees of more than one counsel to all holders of Registrable Securities.~~

~~*Termination.* The registration rights of a holder of Registrable Securities will terminate on such date, on or after the Company's initial public offering, on which such holder may immediately sell all shares of its Registrable Securities under Rule 144 during any three month period.~~

~~*Transfer.* Registration rights may be transferred by a holder of Registrable Securities to current and former partners and members, and affiliates of that holder and to other persons acquiring at least 200,000 shares of capital stock, *provided* the Company is given written notice.~~

~~Market stand-off. Holders of Registrable Securities will agree if requested by the managing underwriters of the Company's initial public offering not to effect any transactions with respect to any of the Company's securities within 180 days following the initial public offering by the Company, provided that all officers and directors of the Company and holders of at least 1% of the Company's voting securities are similarly bound. Such market standoff agreement shall provide that any discretionary waiver or termination of the restrictions of such agreements by the Company or representatives of the underwriters shall apply to Investors, pro rata, based on the number of shares held.~~

~~Other provisions. The Shareholders Agreement will contain such other provisions with respect to registration rights as are customary, including with respect to indemnification, underwriting arrangements and restrictions on the grant of future registration rights.~~

If the Company or a majority of the Company's business or assets are redomiciled or relocated to a US corporation, the Company will, if the Investors so request, enter into agreements with the Investors setting out standard registration rights, piggyback rights and expense provisions.

CORPORATE GOVERNANCE

Board of Directors:

At the initial Closing, the Board shall consist of [_____] directors comprised of:

(i) [name] as the Series A Director~~representative~~ designated by [____], as the Lead Investor;

~~[(ii) [name] as the representative designated by the remaining Investors;]~~

(iii) [name] [name] and [name] as the representatives designated by the Founders;

~~[(iv) [____] person(s) who are not employed by the Company and who are mutually acceptable [to the Founders and Investors][to the other directors].]~~

The Lead Investor shall retain its right to appoint a Series A Director for as long as it owns not less than []% of the total issued share capital.

Board Matters:

The Board of Directors shall meet at least ~~[monthly]~~[quarterly], unless otherwise agreed by a vote of the majority of Directors.

Directors will be entitled to reimbursement of reasonable costs of attendance at Board meetings.

Director liability:

The Company will within 90 days following Closing obtain D&O insurance with a reputable provider and for an amount satisfactory to the Board of Directors.

The Company will enter into an Indemnification Agreement with the Series A Director in a form acceptable to such director. In the event the Company merges with another entity and is not the surviving corporation, or transfers all of its assets, proper provisions shall be made so that successors of the Company assume the Company's obligations with respect to indemnification of directors.

~~*Management rights:*~~

~~The Company will execute a management rights letter under which the Investors will have a right to consult with and advise management, examine the books and records of the Company and attend all board meetings in a non-voting observer capacity, subject to customary exceptions.~~

Management and Information Rights:

Any Investor (who is not a competitor) will be granted access to Company facilities and personnel during normal business hours and with reasonable advance notification.

The Company will deliver to such Investor:

- (i) annual, quarterly, ~~and monthly~~ financial statements, and other information as determined by the Board;
- (ii) thirty days prior to the end of each financial year, an overview ~~comprehensive~~ operating budget ~~forecasting the Company's revenues, expenses, and cash position on a month-to-month basis~~ for the upcoming fiscal year; and
- (iii) promptly following the end of each quarter an up-to-date capitalisation table.

Reserved matters:

~~So long as [insert fixed number, or %, or "any"] Series A Preference Shares are in issue,] the Company will not, without the written consent of the holders of at least [___]% of the Series A Preference Shares, either directly or by amendment, merger, consolidation, or otherwise:~~

So long as the Lead Investor is entitled to elect a Series A Director, the Company will not, without Board approval, which approval must

include the affirmative vote of the Series A Director:

- (i) amend, alter or delete any regulation in the Company's Constitution in a manner adverse to the Series A Preference Shareholders;
- ~~(ii)~~ ~~create or issue any other security convertible into or exercisable for any equity security, having rights, preferences or privileges senior to or on parity with the Series A Preference Shares, or issue any other [shares]/ [Series A Preference Shares];~~
- ~~(iii)~~ (ii) purchase or redeem or pay any dividend on any shares prior to the Series A Preference Shares, other than shares repurchased from former employees or consultants in connection with the cessation of their employment/services, at the lower of fair market value or cost; or
- ~~(iv)~~ (iii) create or authorise the creation of any debt security if the Company's aggregate indebtedness would exceed \$[____] other than equipment leases or bank lines of credit;
- ~~(v)~~ (iv) create or hold shares in any subsidiary that is not a wholly-owned subsidiary or dispose of any shares in any subsidiary or all or substantially all of any subsidiary assets;
- ~~(vi)~~ (v) increase or decrease the size of the Board of Directors;
- ~~(vii)~~ (vi) make any loan or advance to, or own any shares or other securities of, any subsidiary or other company, partnership, or other entity unless it is wholly owned by the Company;
- ~~(viii)~~ (vii) _____ make any loan or advance in excess of \$[____] to any person, including, any employee or director, except advances and similar expenditures in the ordinary course of business or under the terms of an employee share or option plan approved by the Board of Directors;
- ~~(ix)~~ (viii) _____ guarantee any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;
- ~~(x)~~ (ix) make any material investment inconsistent with any

investment policy approved by the Board;

~~(xi)~~(x) incur any aggregate indebtedness in excess of \$[_____] that is not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business;

~~(xii)~~(xi) enter into or be a party to any transaction with any director, officer or employee of the Company except transactions resulting in payments to or by the Company in an amount less than \$[] per year, or transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by the Board of Directors;

~~(xiii) hire, terminate, or change the compensation of the executive officers, including approving any option grants;~~

~~(xiv) approve or amend any annual budget, business plan and operating plan (including any capital expenditure budget, operating budget and financing plan);~~

~~(xv)~~(xii) change the principal business of the Company, enter new material lines of business, or exit the current line of business;

~~(xvi)~~(xiii) sell, assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business;

~~(xvii)~~(xiv) enter into any strategic relationship involving the payment contribution or assignment by the Company or to the Company of assets greater than [\$];

~~(xviii) set up operations in a new jurisdiction outside of the jurisdictions where the Company currently operates;~~

~~(xix)~~(xv) sell or dispose of the whole or a substantial part of the undertaking and goodwill or the assets of the Company; or

~~(xx)~~(xvi) liquidate, dissolve or wind-up the affairs of the Company, or effect any merger or consolidation or any other Deemed Liquidation Event;

Non-Competition and

Each Founder [and key employee] will be subject to a {one} year

<i>Non-Solicitation:</i>	non-competition and non-solicitation clause.
<i>Non-Disclosure and IP Assignment:</i>	Each current and former Founder, employee and consultant will enter into a non-disclosure and IP assignment agreement in a form reasonably acceptable to the <u>Lead Investors</u> .
<i>Default rights</i>	The Definitive Agreements (as defined below) will provide for standard default rights of the Investor, upon occurrence of default, including drag rights, redemption, and/or control over the board composition.
<i>Exit rights / Redemption</i>	[If the Company has not achieved an IPO or trade sale by the [7th] anniversary of Closing standard exit rights shall apply, including rights to require repurchase of Investors' shares, or finding of a third party buyer, thereafter.] [Unless prohibited by applicable law, the Series A Preference Shares shall be redeemable at the option of holders of at least [___]% of the Series A Preference Shareholders commencing any time after [_____] years at a price equal to the Original Purchase Price plus all accrued but unpaid dividends.]

CONDITIONS TO CLOSING

<i>Due Diligence:</i>	<p>Immediately after the execution of this Term Sheet, the Founders shall procure that the Company provides the Lead Investor with all information reasonably required for the purposes of financial, business, tax, legal, regulatory, technical and compliance due diligence.</p> <p>The Founders shall also procure that the Company provides reasonable access and necessary support to the professional advisors and operational experts of the Lead Investor for the purpose of the Due Diligence process.</p>
<i>Definitive Agreements:</i>	<p>The investment shall be made pursuant to definitive agreements drafted by the counsel for the Lead Investor ("Definitive Agreements") which shall include at a minimum:</p> <ul style="list-style-type: none"> (i) a subscription agreement ("Subscription Agreement"); (ii) shareholders' agreement between the Company, the existing shareholders of the Company and the Investors ("Shareholders' Agreement"); and (iii) a new constitution of the Company setting out, amongst other things, the preferential rights attaching to the Series A

Preference Shares (“**New Constitution**”).

Representations and Warranties:

The Subscription Agreement shall include customary representations and warranties regarding its assets, liabilities corporate authority, accuracy of the information provided, litigation, government and third party consents, compliance with all government acts and similar matters. Such representations and warranties shall be given by the Company ~~only and the Founders~~.

The Company ~~and the Founders and such other shareholders party to the Definitive Agreements~~ will further indemnify the Investors against any breach of representations or warranties or covenants of the Company, as is customary in transactions of this type.

Provided that all representations, warranties and indemnities shall be subject to customary limitations to be agreed in the Definitive Agreements. In addition, no claim may be brought by the Investors against the Company without the consent of the Lead Investor.

Joint and several:

~~Unless otherwise agreed by the parties, all representations and warranties, indemnities, covenants, agreements and obligations given or entered into by the existing Founders and the Company pursuant to this Term Sheet or the Definitive Agreements are given or entered into on a joint and several basis.~~

Other Conditions:

Completion of the transaction will be conditional upon:

- (i) due diligence being completed to the satisfaction of the Lead Investor;
- ~~(ii) absence of any material adverse event in respect of the Company, the Business, or the market for the Company’s products/services at any time between the execution of the Definitive Agreements and the anticipated date of Closing;~~
- ~~(iii)~~(ii) the business of the Company having been carried out in the ordinary manner and not having disposed of any material assets or incurred any material liabilities (including contingent liabilities) other than those in connection with ordinary course of business;
- ~~(iv)~~(iii) representations and warranties in the Definitive Agreements being true, correct and complete as at the date of execution of the Definitive Agreements and the anticipated completion date;
- ~~(v)~~(iv) each of the parties to the Definitive Agreements having performed and complied with all agreements, conditions

and obligations under the Definitive Agreements;

~~(vi)~~(v) the Company obtaining all necessary director and shareholder approvals for the investment, including all necessary consents for the amendment of the Company's constitution to incorporate the preferential rights of the Series A Preference Shares;

~~(vii)~~(vi) the existing shareholders of the Company waiving any rights of pre-emption or similar in respect of the issue of the Series A Preference Shares;

~~(viii)~~(vii) [execution of employment or contractor agreements with [the Founders/named key persons] on terms that are reasonably acceptable to the Investors (and which include reasonable confidentiality, intellectual property, and non-compete covenants); and]

~~(ix)~~(viii) [any other conditions to the investment].

MISCELLANEOUS

Legal Effect:

The parties acknowledge that this Term Sheet does not address all essential terms of the potential transaction, and that such essential terms will be the subject of further negotiations. The Parties further acknowledge and agree that any party shall have the right to terminate the negotiation of the potential transaction contemplated in this Term Sheet for any reason or no reason and that no party owes the other parties any duty to negotiate a formal agreement. Other than the terms of the Binding Provisions, this Term Sheet is not intended to impose any obligation whatsoever on any Party, including, without limitation, an obligation to negotiate in good faith. Further, other than the terms of the Binding Provisions, this Term Sheet is not intended to be and shall not be construed to be a commitment, contract, offer, counter-offer or binding agreement among the Parties, the intention of the Parties being that no binding agreement shall arise until such time as the parties negotiate, execute and deliver formal and definitive documentation, including, without limitation the Definitive Agreements.

Exclusivity:

The Company agrees to work in good faith towards a closing. The Company and the Founders agree that they will not, for a period of 30 days~~_____ weeks~~ from the date these terms are accepted, take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from any person or entity other than the Investors relating to the issuance, of any shares in the Company [or the acquisition, sale, lease, license or other disposition of the

Company or any material part of the shares or assets of the Company] and shall notify the Lead Investor promptly of any inquiries by any third parties.

~~[In the event that the Company breaches this exclusivity obligation and, prior to [____], closes any of the above referenced transactions [without providing the Investors the opportunity to invest on the same terms as the other parties to such transaction], then the Company shall pay to the Investors \$[____] upon the closing of any such transaction as liquidated damages.]~~

Counterparts:

This Term Sheet may be signed in counterparts, and all of the counterparts of this Term Sheet taken together shall constitute one and the same document.

Expenses:

~~The Company to pay all legal and administrative costs of the financing, including reasonable fees and expenses of the Investor² counsel, unless the transaction is not completed because the Investors withdraw their commitment without cause.~~

The Company and the Investors will each pay their own fees and expenses of legal counsel related to the transaction provided that on successful closing of such transaction, the Company will indemnify the Lead Investor for such reasonable fees and expenses up to a cap of \$[30,000].

Confidentiality:

The Company will not disclose the terms of this Term Sheet to any person other than officers, directors and the Company's accountants and legal advisors and other potential Investors acceptable to the Lead Investor, without the written consent of the Lead Investor.

Expiration:

This Term Sheet expires on [____ __, ____] if not accepted by the Company by that date.

EXECUTED THIS [__] DAY OF [_____].

[SIGNATURE BLOCKS]

EXHIBIT A

Pre and Post-Financing Capitalisation

	Pre-Financing		Post-Financing	
Security	# of Shares	%	# of Shares	%
Ordinary Shares – Founders				
Ordinary Shares – ESOP				
Series A Preference Shares				
Total				
