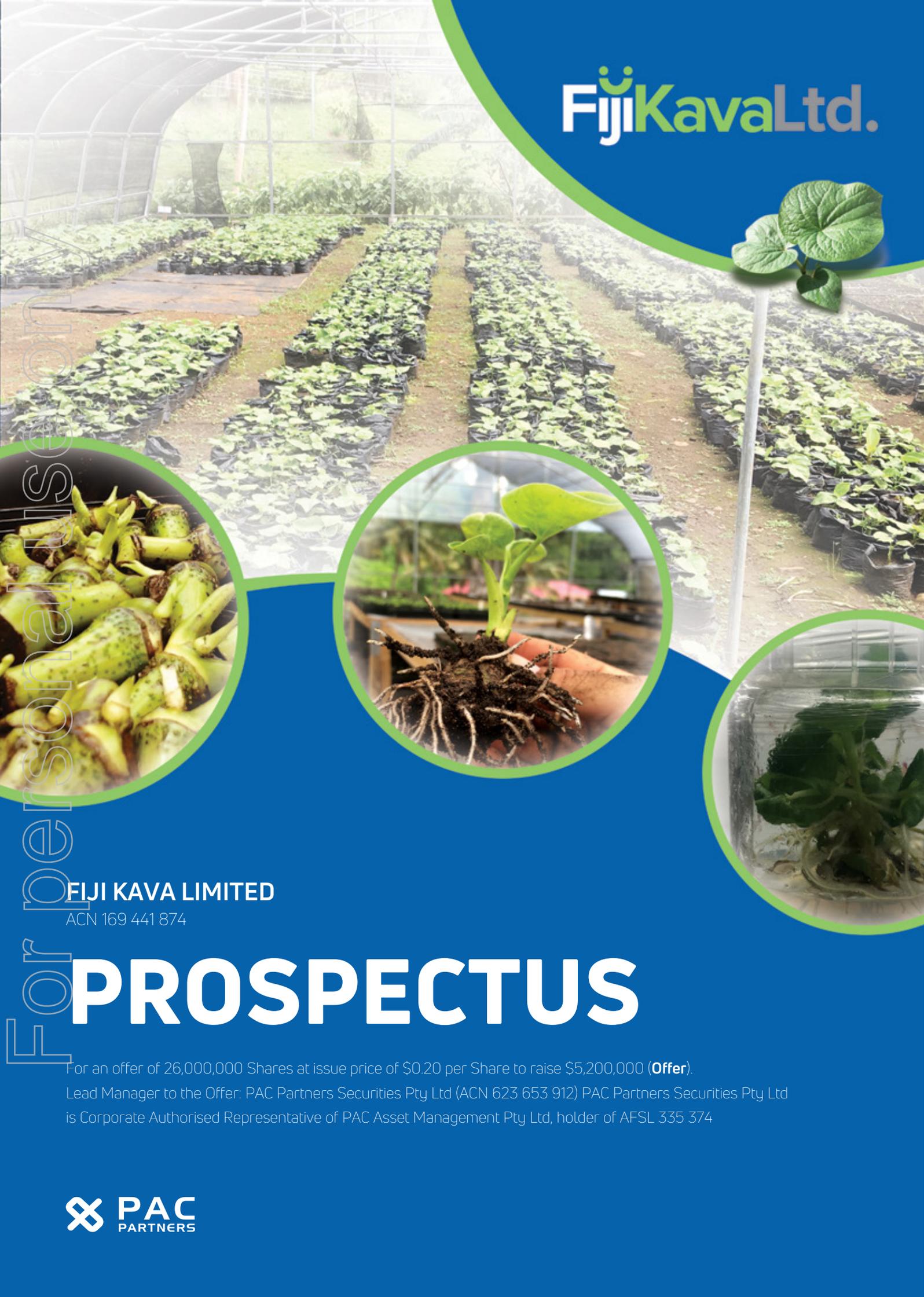


FijiKavaLtd.

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FIJI KAVA LIMITED

ACN 169 441 874

PROSPECTUS

For an offer of 26,000,000 Shares at issue price of \$0.20 per Share to raise \$5,200,000 (**Offer**).

Lead Manager to the Offer: PAC Partners Securities Pty Ltd (ACN 623 653 912) PAC Partners Securities Pty Ltd is Corporate Authorised Representative of PAC Asset Management Pty Ltd, holder of AFSL 335 374



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IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered highly speculative.

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CORPORATE DIRECTORY

Directors

Ian Leete¹
Non-Executive Director
 Josh Puckridge¹
Non-Executive Director
 Loren King¹
Non-Executive Director
 Jay Stephenson
Non-Executive Director

Proposed Directors

Dr Andrew Kelly²
Proposed Chairman
 Zane Yoshida²
Proposed Managing Director
 Stephen Copplin²
Proposed Executive Director

Company Secretary

Jay Stephenson

Proposed ASX Code

FIJ

Share Registry*

Automic Pty Ltd
 Level 3, 50 Holt Street
 Surry Hills NSW 2010
 1300 288 664 (within Australia)
 +61 2 9698 5414 (international)

Registered Office

C/- Cicero Corporate
 Suite 9, Level 2
 330 Churchill Avenue
 Subiaco WA 6008

Telephone: +61 8 6489 1600
 Facsimile: +61 8 6489 1601

Email: info@fijkava.com
 Website: www.fijkava.com

Lead Manager

PAC Partners Securities Pty Ltd
 Level 10, 330 Collins Street
 Melbourne VIC 3000

Investigating Accountant

Pendragon Capital Ltd
 283 Rokeby Road
 Subiaco WA 6008

Auditor

Hall Chadwick WA
 283 Rokeby Road
 Subiaco WA 6008

Solicitors

Steinepreis Paganin
 Level 4, The Read Buildings
 16 Milligan Street
 Perth WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

1. To resign from the board on Completion
2. To be appointed with effect upon Completion

IMPORTANT NOTICE

This Prospectus is dated 12 October 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

a. **Exposure Period**

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

b. **Applicants outside Australia**

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

c. **Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at www.fjikava.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 6489 1600 during office hours or by emailing the Company at info@fjikava.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

d. **Investment Advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

e. **Risks**

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. Refer to subsection C of Section 1 as well as Section 4 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

f. **Website**

No document or information included on the Company's website is incorporated by reference into this Prospectus.

g. **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

h. **Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

i. **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on +61 8 6489 1600.

j. **Definitions**

Terms used in this Prospectus are defined in the Glossary in Section 12.

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LETTER FROM THE PROPOSED CHAIRMAN

Dear Investor

On behalf of the directors of Fiji Kava Limited (ACN 169 441 874) (the **Company**), it gives me great pleasure to invite you to become a shareholder of the Company.

The Company has entered into the Heads of Agreement, pursuant to which it has conditionally agreed to acquire 100% of the issued shares in South Pacific Elixirs Pte Ltd (an entity registered in Singapore) (**SPE Singapore**), and South Pacific Elixirs Ltd (an entity registered in Fiji) (**SPE Fiji**), (together, the **Fiji Kava Group**). Pursuant to the Heads of Agreement, the Company will issue 29,000,000 Shares to the Vendors as consideration for the acquisition of all of the shares in the Fiji Kava Group. A summary of the Heads of Agreement is set out in Section 9.1.

Kava is a plant traditionally used in social and ceremonial settings within a number of Pacific countries, due to its calming and relaxing properties. Current research suggests that kava may be an effective short-term treatment for generalized anxiety. As side effects from pharmacological treatments of anxiety disorders such as selective serotonin re-uptake inhibitors benzodiazepines are common, interventions such as kava may provide a viable treatment option.

A key goal of the Company is to expand the distribution of kava within western markets and provide alternatives in the management of anxiety, insomnia and pain.

The Fiji Kava Group has a dual-track path to growth. The businesses the Fiji Kava Group bring into the Company already produce and sell high-grade kava extracts for relaxation. The Fiji Kava Group plans to develop a kava supply program to secure high volumes of quality-assured products suitable for western markets.

Proceeds of the Offer will be applied towards human clinical trials in Australia, to be conducted in consultation with the National Institute of Complementary Medicine (**NICM**), to derive data to support the development of therapeutic products. The Company intends to use this research to develop a quality-assured supply chain which will support commercial production of a products containing kava extract and enable Fiji Kava to secure and maintain market share. The aim is that the supply chain will yield revenue and assets that will help finance the Company beyond the Offer and reduce business risk.

Upon listing on the ASX, the Company plans to expand its business using the proceeds to:

- Undertake the human clinical trials in anxiety, insomnia and pain as referred to above;
- Expand the Fiji Kava Group's existing kava farming estate (**Farm**)¹ in Fiji and explore sites in both Australia and other countries for security of supply;
- Determine the best kava plant varieties and extraction techniques for efficacy;
- Establish a tissue culture laboratory to accelerate the propagation of selected kava varieties; and
- Expand existing sales of branded products into wholesale and retail nutraceutical markets through marketing activities.

Refer to Section 3.3 for details of the proposed activities of the Company following completion of the Offer. Also refer to subsection C of Section 1 and Section 4 for some of the key risk factors that should be considered by prospective investors. There may also be additional risk factors that should be considered in light of your personal circumstances.

This Prospectus is seeking to raise \$5,200,000 via the issue of Shares at an issue price of \$0.20 per Share under the Offer. The purpose of the Offer is to provide funds to implement the Company's business strategies (explained in Section 3.2) and to support an application to list the Company on the ASX.

This Prospectus contains detailed information about the Company, its business and the Offer, as well as the risks of investing in the Company, and I encourage you to read it carefully. The Shares offered by this Prospectus should be considered highly speculative.

I look forward to you joining us as a Shareholder and partaking in what we believe are exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and seek professional advice if required.

Yours sincerely



Dr Andrew Kelly
PROPOSED NON-EXECUTIVE CHAIRMAN

¹ Comprising of tissue culture laboratory, nursery, seed bank and kava grown for commercial production requirements.

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KEY OFFER INFORMATION

KEY DATES - Indicative timetable¹

Lodgement of Prospectus with the ASIC	12 October 2018
Exposure Period begins	12 October 2018
Opening Date of Offer and Vendor Offer	22 October 2018
Closing Date of Offer	6 November 2018
Closing Date of Vendor Offer	13 November 2018
Completion of the Acquisition	14 November 2018
Issue of Shares under the Offer	14 November 2018
Despatch of holding statements	15 November 2018
Expected date for quotation on ASX	29 November 2018

1. *This Prospectus also includes a Vendor Offer (refer to Section 2.5 for further details) which will open and close on the same dates as the Offer.*
2. *The above dates are indicative only and may change without notice. The Exposure Period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act. The Company reserves the right to extend the Closing Date or close the Offer or the Vendor Offer early without prior notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.*
3. *The above stated date for Completion of the Acquisition is only a good faith estimate by the Directors and may be extended.*

KEY OFFER DETAILS

Current Shares on issue	14,720,000
Offer price per Share	\$0.20
Shares to be issued under Offer	26,000,000
Shares to be issued under the Vendor Offer	29,000,000
Total number of Shares on issue following the Offer	69,720,000
Gross Proceeds of the Offer	\$5,200,000

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1. INVESTMENT OVERVIEW

ITEM	SUMMARY	FURTHER INFORMATION
A. Company		
Who is the issuer of this Prospectus?	Fiji Kava Limited (ACN 169 441 874) (Company).	Section 3
Who is the Company?	<p>The Company is an Australian unlisted public company, incorporated on 8 May 2014.</p> <p>Since incorporation, the Company has investigated and performed due diligence on a number of potential business acquisitions.</p> <p>On 24 July 2017, the Company entered into the Heads of Agreement pursuant to which it has conditionally agreed to acquire 100% of the issued shares in SPE Singapore and SPE Fiji (which together comprises the Fiji Kava Group).</p> <p>Upon Completion, the main business activities of the Fiji Kava Group will become the main business activities of the Company. The Fiji Kava Group is primarily a biotechnology company whose research and development aspirations are underpinned with an existing business selling kava extracts as a consumer product. The Company considers that the scale-up and improvement of the underlying kava retail business will be synergistic to the development of additional products and intellectual property from kavalactone research.</p>	Sections 3 and 9.1

ITEM	SUMMARY	FURTHER INFORMATION
B. Business Model		
What are the key business objectives of the Company?	<p>The key business objectives of the Company on completion of the Offer are:</p> <ul style="list-style-type: none"> · human clinical trials to be developed in consultation with the National Institute of Complementary Medicine (NICM) and the Scientific Advisory Board in order to establish the efficacy and safety of the Company's products, and to develop novel kava extracts and kava combination products. This research is slated to commence in the fourth quarter of 2018; · the primary production of mkava through a network of outsourced kava farms and via its own Farm located in Fiji; and · the production and sale of kava supplements and complimentary medicines. <p>The key features of the Company's business model are:</p> <ul style="list-style-type: none"> · high level scientific research in order to produce specific plant varieties of the kava plant; · a network of Fijian kava farmers to produce high quality kava; · the selection of kava farms which are ethically and sustainably run; · sales channels include direct sales through online participants including Amazon, and wholesale; and · the Fiji Kava Group has already produced three products (shots, powders and capsules) and the Company intends to increase this product range. 	Section 3.2
C. Key Advantages and Key Risks		
What are the key advantages of an investment in the Company?	<p>The Directors and the Proposed Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages:</p> <ol style="list-style-type: none"> a. subject to raising the Minimum Subscription, the Company will have sufficient funds to implement the business strategy; b. the proposed Managing Director, Zane Yoshida has been involved the development of the kava industry throughout the South Pacific for over 10 years; c. the Scientific Advisory Board and Strategic Advisory Board are knowledgeable and experienced in the kava industry; and d. the Company is vertically integrated from tissue culture research and development through to propagation and growing of kava plants. 	

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ITEM	SUMMARY	FURTHER INFORMATION
<p>What are the key risks of an investment in the Company?</p>	<p>Risks associated with an investment in the Company under this Prospectus are detailed in Section 4.</p> <p>The risk factors associated with an investment in the Company are summarised below:</p> <ul style="list-style-type: none"> · Market access and product acceptance - The Fiji Kava Group may capture a share in new markets. As such the key to the Company's success will be its ability to access international markets and build product acceptance. · Reliance on contractors – The Company will be dependent on contractors and suppliers to supply vital services to its operations. The Company is therefore exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on its proposed activities. · Research and development - The Company can make no representation that any of its research into or development of additional kava products will be successful, that development milestones will be achieved, or that the research and development undertaken by the Fiji Kava Group will lead to the development of products that are commercially exploitable. · Competition – The Company faces competition from other producers in Fiji as well as in Vanuatu and other Pacific Islands. Although SPE Singapore and SPE Fiji currently enjoy several advantages over most, if not all, of its regional competitors, they must continue to develop and innovate to stay ahead. · Limited operating history – Due to its focus on research and development and ensuring that the necessary infrastructure has been put in place to scale operations, the Fiji Kava Group has limited operating history, and, to date, limited historical financial performance. Accordingly, the Company is not in a position to give any guidance around likely revenue or profitability. · Natural disasters - Fiji is vulnerable to natural disasters, as illustrated by Tropical Cyclone Winston in early 2016. Natural disasters are capable of causing severe damage to SPE Fiji's Farms and its third-party farmer operations. · Political risks – Fiji has a history of political instability which has the potential to threaten SPE Fiji's local production. · Threat of kava substitutes - To the extent that other natural substitutes for kava are identified, the kava market potential could be compromised. · Reliance on key personnel: The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment. 	<p>Section 4</p>

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ITEM	SUMMARY	FURTHER INFORMATION
D. Directors and Key Management Personnel		
Who are the Directors and Proposed Directors?	<p>The Board currently consists of:</p> <ul style="list-style-type: none"> a. Ian Leete – Non-Executive Director; b. Josh Puckridge – Non-Executive Director; c. Loren King – Non-Executive Director; and d. Jay Stephenson – Non-Executive Director and Company Secretary. <p>Upon Completion, Ian Leete, Josh Puckridge and Loren King will resign from the Board and the following people are proposed to join the Board:</p> <ul style="list-style-type: none"> a. Dr Andrew Kelly – Proposed Chairman; b. Zane Yoshida – Proposed Managing Director; and c. Stephen Copplin – Proposed Executive Director. <p>The profiles of each of the continuing Directors and Proposed Directors are set out in Section 3.5.</p>	Sections 3.5 and 7.1
What are the significant interests of Directors and Proposed Directors in the Company?	Each Director's and Proposed Director's interest in the Company is set out in Section 7.2.	Section 7.2
E. Financial Information		
How has the Company been performing?	<p>The audited historical financial information of the Company as at 30 June 2016, 30 June 2017 and 30 June 2018 is set out in Section 5.</p> <p>The pro forma statement of financial position of the Company (taking into account the Acquisition) is set out in the Investigating Accountant's Report.</p>	Sections 5 and 6
What is the financial outlook for the Company?	<p>Given the current status of the Company and the speculative nature of its business, the Directors do not consider it appropriate to forecast future earnings.</p> <p>Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</p>	

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ITEM	SUMMARY	FURTHER INFORMATION
F. Offer		
What is being offered?	<p>The Offer is an offer of 26,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,200,000 (before costs).</p> <p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> · implement the business model and objectives of the Company as stated in Section B above; and · meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules. <p>The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of seeking ASX's approval for the Company's admission to the Official List of ASX.</p> <p>The Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives.</p> <p>The purpose of the Vendor Offer is to remove the need for an additional disclosure document to be issued upon the sale of any of the Consideration Shares. The Vendor Offer is made to the Vendors (or their nominees). Accordingly, you should not complete an Application Form in relation to the Vendor Offer unless specifically directed to do so by the Company.</p>	Section 2
Is the Offer underwritten?	The Offer is not underwritten.	
Who is the lead manager to the Offer?	The Company has appointed PAC Partners Securities Pty Ltd (Lead Manager) as lead manager to the Offer. The Lead Manager will receive a corporate fee of \$100,000 (plus GST) and a selling fee of 6% (plus GST) of the total amount raised under the Offer and will be issued with 1,417,000 Facilitator and Commitment Options.	Sections 2.4 and 9.4
What will the Company's capital structure look like after completion of the Offer?	Refer to Section 3.10 for a pro forma capital structure following completion of the Offer.	Section 3.10
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 10.2.	Section 10.2

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ITEM	SUMMARY	FURTHER INFORMATION
Will any Securities be subject to escrow?	<p>Subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Securities on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List is anticipated to be approximately 37.30%, being the Shares issued pursuant to the Offer. This excludes any Shares issued by the Company as seed capital prior to lodgement of the Prospectus and the Consideration Shares, a portion of which will be freely tradeable at the time of listing.</p>	Section 3.10
Will the Shares be quoted?	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.	Section 2.8
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in the Key Offer Information Section of this Prospectus.	Key Offer Information Section
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$500 worth of Shares (2,500 Shares).	Section 2.7
Are there any conditions to the Offer?	The Offer is conditional on the Heads of Agreement becoming unconditional, save for the condition relating to the Offer. Conditions precedent to the Heads of Agreement completing are set out in Section 9.1.	Important Notice Section and Section 9.1

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ITEM	SUMMARY	FURTHER INFORMATION
G. Use of funds		
How will the proceeds of the Offer be used?	<p>The Offer proceeds will be used towards:</p> <ul style="list-style-type: none"> · implementing the Company's business objectives as set out in Part B of this Section 1; · undertaking human clinical trials in consultation with the National Institute of Complementary Medicine (NICM); · expanding the Company's Farms in Fiji and exploring other potential sites; · establishing a tissue culture laboratory to accelerate the propagation of selected kava varieties; · expanding into the wholesale and retail nutraceutical markets; · repayment of loans extended to SPE Singapore and SPE Fiji; · expenses of the Offer; · administration costs; and · working capital. <p>further details of which are set out in Section 2.6.</p>	Section 2.6
Will the Company be adequately funded after completion of the Offer?	The Directors are satisfied that on completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.	Section 2.6
H. Additional information		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.	Section 2.13
What are the tax implications of investing in Securities?	<p>Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.</p>	Section 2.13
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (3rd Edition)</i> as published by ASX Corporate Governance Council (Recommendations).</p> <p>The Company's main corporate governance policies and practices and the Company's compliance with the Recommendations as at the date of this Prospectus are outlined in Section 8.</p>	Section 8

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ITEM	SUMMARY	FURTHER INFORMATION
Where can I find more information?	<ul style="list-style-type: none"> a. By speaking to your sharebroker, solicitor, accountant or other independent professional adviser; b. By contacting the Company Secretary, on 08 6489 1600; or c. By contacting the Share Registry on 1300 288 664 (local) or +61 2 9698 5414 (International). 	

This Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

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2. DETAILS OF THE OFFER

2.1 The Offer

Pursuant to this Prospectus, the Company invites applications for 26,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,200,000 (**Offer**). The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

2.2 Minimum subscription

The minimum amount which must be raised under this Prospectus is \$5,200,000 (**Minimum Subscription**). If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

2.3 Oversubscriptions

No oversubscriptions will be accepted by the Company.

2.4 Lead Manager

The Company has appointed PAC Partners Securities Pty Ltd as lead manager to the Offer (Lead Manager). The Lead Manager will receive a corporate fee of \$100,000 (plus GST), a selling fee of 6% (plus GST) of the total amount raised under the Offer and 1,417,000 Facilitator and Commitment Options exercisable at \$0.25 with an expiry date of three (3) years from the date the Company is admitted to the Official List. The Company has agreed to reimburse the Lead Manager for all pre-agreed costs and out of pocket expenses incurred by PAC Partners Securities Pty Ltd in connection with the Offer, subject to these being agreed with the Company prior to being incurred.

Mial Enterprises Pty Ltd (**Mial**), an entity controlled by current Director Ian Leete (who will resign upon Completion), is a corporate authorised representative of PAC Asset Management Pty Ltd. PAC Partners Securities Pty Ltd is also registered as a corporate authorised representative of PAC Asset Management Pty Ltd.

Mial is permitted to raise money under the Offer in its capacity as a corporate authorised representative of PAC Asset Management Pty Ltd and would be entitled to receive a share of PAC Partners Securities Pty Ltd's corporate and broker fees in accordance with Mial's agreement with PAC. Pursuant to the terms of the Lead Manager Mandate, 2,916,000 Facilitator and Commitment Options will be issued to Mial upon completion of the Offer.

The Lead Manager and its associates hold 93,750 Shares prior to lodgement of this Prospectus.

The terms of the Lead Manager Mandate are set out in Section 9.4.

2.5 The Vendor Offer

This Prospectus also includes an offer of 29,000,000 Shares to the Vendors (or their nominees), pursuant to the Heads of Agreement, in consideration for the acquisition by the Company of all of the shares in SPE Singapore. A summary of the Heads of Agreement is set out in Section 9.1.

Only the Vendors (or their nominees) may accept the Vendor Offer. A personalised Application Form in relation to the Vendor Offer will be issued to the relevant Vendors (or their nominees) together with a copy of this Prospectus. The Shares issued under the Vendor Offer may be subject to escrow under the ASX Listing Rules.

By completing an Application Form, the relevant Vendor (or their nominee) confirms that the Vendor Offer complies with the regulations, requirements and applicable laws, and that the Vendor Offer can lawfully be made, under all applicable laws and regulations of the jurisdiction in which the Vendor is situated. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of the regulations, requirements and applicable laws of the jurisdiction in which the Vendor is situated.

2.6 Use of Funds

The Company intends to apply funds raised from the Offer following admission of the Company to the Official List as follows:

ALLOCATION OF FUNDS	FULL SUBSCRIPTION (\$)	%
Clinical Trials ¹ consisting of the following		
· Anxiety and stress (initial focus)	650,000	12.50
· Insomnia	480,000	9.23
· Pain	370,000	7.12
Farm costs ²	500,000	9.62
Ecommerce site/rebranding	50,000	0.96
Marketing	500,000	9.62
Licensing of kava extracts	50,000	0.96
Expenses of the Offer ³	622,439	11.97
Administration costs ⁴	1,135,561	21.84

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Working capital ⁵	600,000	11.53
Fiji Kava Group loan repayments	242,000	4.65
Total	5,200,000	100.00

Notes:

1. These trials consist of clinical trials and research on kava and kava combination products to be undertaken with NICM (Western Sydney University). Refer to Sections 3.2 and 9.3 for further details.
2. Farm costs consist of tissue culture laboratory costs and associated propagation of standardised kava plants.
3. Refer to Section 10.7 for further details.
4. Comprising executive fees, Director fees, company secretarial fees, and regulatory fees.
5. Working capital includes research into developing other kava formulas and uses the general costs associated with the management and operation of the business including administration expenses, rent and other associated costs.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from the Company's initial operations following listing on ASX. This will involve an ongoing assessment of the Company's activities.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 4.

2.7 Applications

Applications for Shares under the Offer must be made using the Application Form.

By completing an Application Form, each applicant under the Offer will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Completed Application Forms and accompanying cheques, made payable to **"Fiji Kava Limited – Share Offer Account"** and crossed **"Not Negotiable"**, must be mailed or delivered to the address set out on the Application Form by no later than 5:00pm (WST) on the Closing Date.

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

Only the Vendors (or their nominees) may accept the Vendor Offer. A personalised Application Form in relation to the Vendor Offer will be issued to the relevant Vendors (or their nominees) together with a copy of this Prospectus.

The Company reserves the right to close the Offer or the Vendor Offer early.

2.8 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.9 Issue

Subject to the Minimum Subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

The Directors will determine the recipients of the issued Shares in their sole discretion. There is no guaranteed allocation of Shares under the Offer. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

The Company's decision on the number of Shares to be allocated to an applicant will be final.

Holding statements for Shares issued to the issuer sponsored sub register and confirmation of issue for Clearing House Electronic Sub register System (CHESS) holders will be mailed to applicants being issued Shares pursuant to the Offer as soon as practicable after their issue.

2.10 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

Fiji

This document has not been, and will not be, registered as a prospectus under the Companies Act 2015 of Fiji. No action has been taken in Fiji to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it.

This document does not constitute a public offer of the Shares in Fiji and the Shares may not be offered for sale to any other party or to the public in Fiji.

This document is made available to you on the basis that you will subscribe for Shares in an amount of at least Fiji \$200,000. In the event that you are not a person that falls within this category, please return this document immediately. You may not forward or circulate this document to any other person in Fiji

2.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

2.12 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee. The Lead Manager will be responsible for paying all commissions that they and the Company agree with any other licensed securities dealers or Australian financial services licensee out of the fees paid by the Company to the Lead Manager under the Lead Manager Mandate.

2.13 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

No brokerage, commission or duty is payable by applicants on the acquisition of Shares under the Offer.

2.14 Conditional Offer

The Offer and the Vendor Offer are conditional on the Heads of Agreement becoming unconditional, save for the condition relating to the Offer (**Condition**).

Accordingly, the Offer under this Prospectus is effectively inter-conditional on the successful completion of each part of the Acquisition.

2.15 Withdrawal of Offer

The Offer may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

3. COMPANY AND BUSINESS OVERVIEW

3.1 Background of the Company and its business

The Company was incorporated on 8 May 2014 and since then has investigated and performed due diligence on a number of potential business acquisitions.

The Company entered into the Heads of Agreement with SPE Singapore and SPE Fiji and each of SPE Singapore's and SPE Fiji's shareholders, on 24 July 2017. The Heads of Agreement sets out the terms and conditions upon which the Company agrees to acquire 100% of the shares in SPE Singapore and SPE Fiji. A summary of the key terms and conditions of the Heads of Agreement is set out in Section 9.1.

Upon Completion, the main business activities of the Fiji Kava Group will become the main business activities of the Company.

The Fiji Kava Group is primarily a biotechnology company whose research and development aspirations are underpinned with an existing business selling kava extracts as a consumer product.

Kava (scientific name *Piper methysticum*) is a traditional crop grown in a number of Pacific countries. Kava is traditionally prepared by grinding and mixing the root or root bark with water.

Kava is an important drink for many Pacific cultures, fulfilling ceremonial, social and medicinal purposes. Kava can be consumed as a drink or supplement or in tablet form and is sold and consumed in a number of jurisdictions.

Current research suggests that kava may be an effective short-term treatment for generalized anxiety. As side effects from pharmacological treatments of anxiety disorders such as selective serotonin re-uptake inhibitors and benzodiazepines are common, interventions such as kava may provide a viable treatment option. As limited research has been conducted to date, further research is required to support the prescription of kava in mainstream psychiatry.

3.2 Business Model and Operations

Since launching in 2014, the Fiji Kava Group has focused on research and development and ensuring that the necessary infrastructure has been put in place to scale operations. Due to the Fiji Kava Group's focus on these matters, the Fiji Kava Group has generated limited revenue and growth has been modest.

The Fiji Kava Group sources kava through a network of outsourced kava farms across Fiji. The Fiji Kava Group seeks to select farms which are ethically and sustainably run and which in turn contribute to social welfare among the farming communities.

For research purposes, a 111-acre nucleus farm has been established on the island of Ovalau, Fiji, with the view to supply the highest quality kava possible through tissue culture and mass propagation. This research was jointly completed by Fiji Kava Group with the Australian Centre for International Agricultural Research (**ACIAR**).

In addition, a kava processing and extraction facility in Levuka on the island of Ovalau, Fiji is leased by the Fiji Kava Group. The facility produces kava extracts using in-house know-how. The Company's intellectual property is kept as a trade secret, its employees and contractors enter into non-disclosure agreements covering the period during and after employment.

The Fiji Kava Group is in the process of establishing the foundation for large scale production and sourcing of kavalactones under Good Manufacturing Practice (GMP).

The Fiji Kava Group has identified different kava varieties which contain particular levels of kavalactones. The Fiji Kava Group seeks to standardise its source material by ensuring that its products contain consistent levels of these kavalactones.

The Fiji Kava Group has a long-term relationship with Professor Sarris of NICM, based at the Westmead Hospital District, for proposed clinical trials and research relating to kava. Any intellectual property rights developed from the research will be owned by the Fiji Kava Group.

In addition to its research and development activities, the Fiji Kava Group currently sources, produces and markets high quality kava products for export to selected jurisdictions.

The Fiji Kava Group produces kava products for export to selected jurisdictions. "Taki Mai" branded kava supplements and complementary medicines (nutraceuticals) are currently being produced by SPE Fiji and have been sold in Australia, USA, New Zealand, Hong Kong and Fiji. These kava-based products are designed to promote relaxation, enhance sleep and reduce stress. Sales channels have included direct sales through online participants such as Amazon, and wholesale. The Fiji Kava Group has already produced three types of products in the market: shots, powders, and capsules.

3.3 Proposed Operations of the Fiji Kava Group

The Company considers that the scale-up and improvement of the underlying kava distribution business will be synergistic to the development of additional products and intellectual property from kavalactone research.

The kava grown on the Farm on the island of Ovalau, Fiji will be used for research and development for new products and human clinical trials. It will also supply the Company's existing product lines to fulfil proposed supply agreements with retail partners.

The Company will continue to expand sourcing of its kava across various provinces across Fiji. It will also explore block-chain methods as a means to ensure the integrity of supply chains, as these methods are potentially more suited to developing countries than existing techniques.

With the funds raised from the proposed Offer, the Company plans, amongst other things, to conduct clinical trials with Professor Sarris at NICM in relation to research and development into potential applications of kava, including its clinical application in kava-based therapeutics addressing anxiety, stress, insomnia and pain.

Human clinical trials will be developed in consultation with NICM and members of the Scientific Advisory Board (refer to Section 3.7 for details on the members) in order to establish the efficacy and safety of the Company's products, and to develop novel kava products. This research is slated to commence in the fourth quarter of 2018 and run over an initial period of 18 months.

The Company has laid the foundations for a competitive advantage in the kava market by using unique supply chains and intellectual property, largely through its research into kava production and extraction. The research and development program supported by the Use of Funds is therefore aimed at deriving new intellectual property for a pipeline of novel products focused on anxiety, insomnia and pain.

Development of the Fiji Kava Group's intellectual property continues to be a key part of its business strategy moving forward.

Funds will also be applied to fast-track the licensing of kava extracts to global consumer health and pharmaceutical companies and research into developing other kava formulas and uses, in addition to novel combination formulas involving kava.

Further product development will be performed to expand the range offered by the Company on an ongoing basis. This may include different delivery systems and combination products.

3.4 Licences and Enabling Legislation and Regulations

The Fiji Kava Group holds the following licences and certifications:

- Australian Government – Department of Health - Licence to Import Number 1720430 (Substances specified in Schedule 4 of the Customs (Prohibited Imports) Regulations 1956 including those subject to International Drug Treaties);
- HACCP AUSTRALIA certification; and

- Listing of hard kava capsules on the Australian Register for Therapeutic Goods (ARTG) as a complementary medicine.

In addition, the SPE Fiji has been issued a Foreign Investment Registration Certificate, which permits SPE Fiji to conduct undertake commercial agriculture for the purposes of cultivating kava (**Certificate**). The Certificate also permits SPE Fiji to manufacture kava and kava related products, and to export, wholesale and retail farm produce, kava and kava related products. In accordance with Fijian law and regulations, foreign citizens are prevented from undertaking commercial agriculture for the purposes of cultivating kava within Fiji. This is the first time a foreign investor has been granted approval since the Fijian Foreign Investment Act was amended to allow this to be granted on a case by case basis.

In the future, the Company will also need to comply with other legislation and regulations which it expects to be able to do, including the Fiji Kava Bill and the Codex Alimentarius Kava Standard. SPE Fiji is an active member of the Fiji Kava Taskforce involved in the development of both these frameworks.

The 2016 Fiji Kava Bill, once enacted, will establish the Fiji Kava Council to regulate the cultivation, processing, transportation and marketing of kava.

The Codex Alimentarius Kava Standard is currently under development of the Codex Alimentarius Commission, a body established by the Food and Agriculture Organisation of the United Nations and the World Health Organisation, to standardise operating procedures for the growth, harvesting and processing of kava.

A range of kava-based products are marketed under the 'Taki Mai' brand (including flavoured shots, capsules and powder), which meet strict international standards from local authorities, (at present being the Food and Drug Administration (**FDA**) in the United States and the Therapeutic Goods Administration (**TGA**) in Australia (the latter, in relation to hard capsules only), these standards control the structure function claims that can be made based on published clinical trials and are approved by national regulators or regulatory advisors to the Company).

The Company and the online retailers restrict territorial sales to only countries and addresses where kava sales can be legally made. In Australia, the Fiji Kava Group has imported and sold hard capsules in accordance with its licence to import and TGA registration. In Fiji, flavoured shots, capsules and powder have been sold. In the USA, shots have been sold, in New Zealand, shots and powder have been sold and in Hong Kong, shots have been sold.



Taki Mai branded kava supplements sold in Fiji

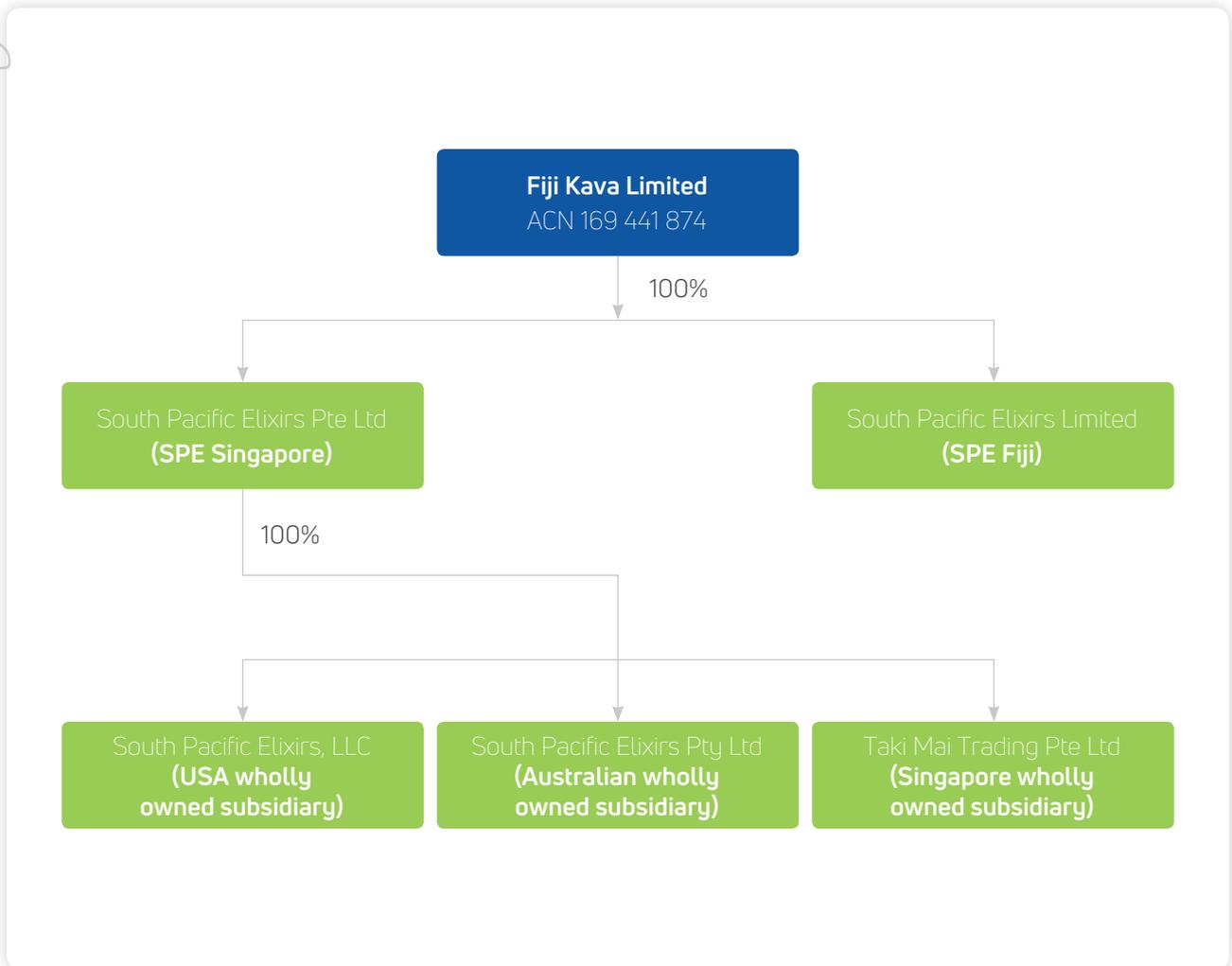
In regard to sales of its products into the USA, Hong Kong and New Zealand, where its products are classified as food or dietary supplements, the Fiji Kava Group complies with the labelling regulations of each jurisdiction.

The TGA is currently introducing a new 'higher-level' category of consumer products, to allow evidence-based claims of therapeutic efficacy not previously available to the complementary medicines. This classification, called "AUSTL(A)", will allow the Company to include claims on product labels and other promotional material to indicate that the efficacy of the product has been independently assessed. The Company's products appear to be perfectly suited to this new classification.

For personal use only

3.5 Proposed Group Structure

Upon completion, the structure of the Company will be as follows.



3.6 Directors, Key Personnel, and Strategic Advisory Board

As at the date of this Prospectus, the Board comprises of:

- Ian Leete – Non-Executive Director;
- Josh Puckridge – Non-Executive Director;
- Loren King – Non-Executive Director; and
- Jay Stephenson – Non-Executive Director and Company Secretary.

It is proposed that upon Completion:

- a. Dr Andrew Kelly will join the Board as Non-Executive Chairman;
- b. Zane Yoshida will join the Board as Managing Director;
- c. Stephen Copplin will join the Board as Executive Director;
- d. Ian Leete will resign;
- e. Josh Puckridge will resign;
- f. Loren King will resign; and
- g. Jay Stephenson will remain on the Board as a Non-Executive Director and Company Secretary.

Current Directors

Ian Leete BEcon

Non-Executive Director

Josh Puckridge BCom

Non-Executive Director

Loren King BPsych, FGIA

Non-Executive Director

Jay Stephenson MBA, FCPA, FGIA, FCIS, CPA (Canada), CMA (Canada), MAICD

Non-Executive Director and Company Secretary

Mr Stephenson has been involved in business development for over 30 years including approximately 24 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, and business restructuring, as well as managing all areas of finance for companies.

Mr Stephenson is currently the Chairman of Auctus Alternative Investments Limited (ASX:AVC), a non-executive director and Company Secretary of Strategic Minerals Corporation NL (ASX: SMC), Dragon Mountain Gold Limited (ASX: DMG), and Nickelore Limited (ASX: NIO), a non-executive director of Doray Minerals Limited (ASX: DRM) and Blina Minerals NL (ASX: BDI), and Company Secretary of Bubs Australia Limited (ASX: BUB), Noble Metals Limited (ASX: NMM), and Holista Colltech Limited (ASX: HCT).

Mr Stephenson has a Master of Business Administration from Heriot-Watt University, is a Fellow of Certified Practising Accountants of Australia, a Fellow of the Governance Institute of Australia, a Fellow of the Chartered Institute of Secretaries and Administrators, a Chartered Professional

Accountant (Canada), a Certified Management Accountant (Canada), and a is a Member of the Australian Institute of Company Directors.

The Board considers that Mr Stephenson is an independent director.

Proposed Directors

Dr Andrew Kelly BVSc PhD

Proposed Non-executive Chairman

Dr Kelly is Executive Director and Co-Founder of BioPacific Partners, a biotech investment and consulting firm focused on providing new product development services to many of the world's largest pharmaceutical and consumer health companies. He has a PhD with management training and is broadly experienced and networked across the Australian biotech scene. His 35-year career spans the spectrum from discovery science to commercial success, focusing in equal measures on research, commercialisation and investment.

Starting with a Bachelor of Veterinary Science degree in the late 1970s, Dr Kelly engaged in life science research and development in Australia and Canada, including Master's and PhD degrees, during the 1980s. He then led three separate research institutes – two in Australia and one in New Zealand, during the years 1992-2002. Following that period, Dr Kelly led New Product Development for the large New Zealand research and development organisation, AgResearch, including deep engagement with start-ups and fund-raising.

In 2005, Dr Kelly co-founded BioPacific Ventures, the first specialist venture fund focused across the spectrum of health, food and agriculture in Australia, which he led for 10 years. In 2014 he co-founded BioPacific Partners, partnering with some of the largest global companies investing and engaging with Australian innovation.

Dr Kelly is currently Executive director of BioPacific Partners Ltd (NZ), BioPacific Investments Ltd (NZ) and BioPacific Partners Pty Ltd (Australia) and has previously been Director of Focus Genetics Ltd (NZ), Horizon Science Ltd (AU), BioPacific Ventures Ltd (NZ), Anzamune Ltd (NZ), CMP Therapeutics Ltd (UK), Wool Equities (NZX listed), Encoate Ltd (NZ), Cleveland Biosensors Ltd (AU), InnerVision Ltd (NZ), Ultrafine Merino company Ltd (NZ), Velvet Antler Research New Zealand Ltd (NZ).

Dr Kelly will be an independent director. It is proposed that he will join the Board of the Company as a final stage before Completion of the Acquisition.

Mr Zane Yoshida MBA, B.Tech (Mechanical) Post Grad diploma IT

Proposed Managing Director

Mr Yoshida is the founder and CEO of South Pacific Elixirs Pte Ltd (SPE Singapore). Mr Yoshida was born and raised in the Fiji Islands. He is extremely passionate about kava and understands its benefits first hand, having his first kava ceremony 30 years ago.

As the former co-founder and Managing Director of Styrotex (Asia Pacific) Sdn Bhd, Zane successfully commercialized innovative technology in the plastics industry which he also co-patented. He established a joint venture with a Malaysian public company and set-up companies in Shanghai and Suzhou through joint ventures and strategic acquisitions to manufacture products for supply to multinational electronics companies throughout China. Zane was also

responsible for establishing strategic partnerships in Thailand and South Korea via license agreements, as well as distribution partnerships in Singapore and India.

He holds a Bachelor's degree in Mechanical Technology, a Post Graduate Diploma in IT and a Master's Degree in Business Administration (2002) from the Queensland University of Technology in Australia.

The Board considers that Mr Yoshida will not be an independent director. It is proposed that Mr Yoshida will join the Board of the Company upon completion of the Acquisition.

Adjunct Professor Stephen Copplin B.Bus (Accountancy), FCPA, FAICD

Proposed Executive Director

Mr Copplin has been a Director of SPE Singapore since early in its inception and has worked closely with Zane Yoshida during that time to develop the business. Mr Copplin is a Fellow of the Australian Institute of Company Directors, a Fellow Certified Practising Accountant, a former Fellow of the Taxation Institute of Australia and recently completed 17 years as an Adjunct Professor at the University of Queensland in the Business School and continues to be an Adjunct Professor in the IT and Electrical Engineering School.

His current board roles are Chair, Scarpar Holdings Limited (HK), Director and Chair Finance and Risk Committee Gallipoli Medicinal Research Foundation. His past roles have included Chair Briz 31 Ltd, Chair Insurance Finance Australia and New Zealand, Chair Sheldon College Foundation Limited, Director Helping Hands Childcare Network, Director and Chair Audit and Risk Committee Queensland Museum, Founder and Chair CFO Centre Pty Ltd. Mr Copplin is also an experienced Angel Investor, being a Founding member of the ABOL sponsored Sydney Angels and a Founder of Brisbane Angels.

The Board considers that Mr Copplin will not be an independent director. It is proposed that Mr Copplin will join the Board of the Company upon completion of the Acquisition.

3.7 Key Management Personnel

Professor Jerome Sarris PhD, MHSc, ND

Proposed Scientific Advisory Board Chief Scientist

Professor Jerome Sarris is an NHMRC Research Fellow, Professor of Integrative Mental Health, Deputy Director and Research Director at the NICM Health Research Institute at Western Sydney University, Westmead. NICM is Australia's leading centre for integrative health, being rated Level 5 in research excellence, "well above world standard," by the government's Australian Research Council. Professor John Funder, a leading figure in Australia's biotech community who has published over 500 medical research papers, chairs its Advisory Board, and Professor Alan Bensoussan, with 160 papers specialising in clinical trials of complementary medicines, is its Director.

Professor Sarris completed a doctorate at The University of Queensland in the field of psychiatry. He undertook his postdoctoral training at The University of Melbourne, Department of Psychiatry; The Centre for Human Psychopharmacology, Swinburne University of Technology; and The Depression Clinical and Research Program at Harvard Medical School (MGH). He has a particular interest in anxiety and mood disorder research pertaining to nutraceutical

psychopharmacology, in integrative medicine, lifestyle medicine, and psychotropic plant medicine research (in particular kava and medicinal cannabis).

Professor Sarris has 138 publications with an H-Index of 35 (cited over 4200 times) and has published in many eminent psychiatry journals including *The American Journal of Psychiatry*, *Lancet Psychiatry*, *JAMA Psychiatry*, and *World Psychiatry*. He has been collaboratively awarded over \$9.5 million dollars in personal and study grants, including being Chief Investigator "A" (leading the research) on 3 multi-centre NHMRC Project Grants. He currently leads or is involved with over a dozen research studies, mostly randomised controlled trials of nutraceuticals.

Professor Sarris was a founding Vice Chair of The International Network of Integrative Mental Health and an Executive Committee Member of the International Society for Nutritional Psychiatry Research. He is the Chair of the Australian Nutraceutical and Lifestyle Medicine and Mental Research and Education Clinical Trial Alliance; a co-founder of the Australian Medicinal Cannabis Research and Education Collaboration; and a Board Member of the American Botanical Council.

Professor Sarris has been awarded the National Herbalists Association of Australia's most notable contribution to herbal medicine research award and is an editorial board member of the plant medicine journal *Phytotherapy Research*.

Professor Sarris also holds an appointment as an Honorary Principal Research Fellow, at The University of Melbourne, Department of Psychiatry.

The Company and Professor Sarris have agreed to enter into a Consultancy Agreement prior to admission to the Official List. He will provide independent strategic research and product development advice to the Company, in addition to being an ex officio member of the Scientific Advisory Board.

3.8 Scientific Advisory Board

The Company has established a Scientific Advisory Board to advise the Board, the members of which are highly-qualified and experienced professionals in their respective fields of mental health, cardiology, business development, and marketing and technical due diligence. Each of the following has agreed to accept positions on the Scientific Advisory Board, effective on and from admission of the Company to the Official List.

Associate Professor David Colquhoun MBBS, FRACP

Proposed Chair of Scientific Advisory Board

Professor Colquhoun is a cardiologist in private practice in Brisbane. He has been extensively involved in research for the last 25 years and has a private research group - Core Research. His group is involved in multi-centre international trials and investigator-initiated trials in the area of lipids, nutrition, nutraceuticals and psychological aspects of heart disease, diabetes and obesity. Currently, his research group is involved in 20 ongoing trials. He was a Board Member of the National Heart Foundation's (NHA) Nutrition and Metabolism Committee and NHF's Psycho-Social Working Group and chief author of the National Heart Foundation of Australia (NHFA) Review of Fish and Omega 3 PUFA and position statement. Professor Colquhoun is a board member of the NHFA and the Co-President of the Clinical and Preventative Council of the Cardiac Society and a member of the NICM Research Committee.

Ms Loretta Zapp B.S Molecular, Cellular and Developmental Biology

Ms Zapp provides valuable experience in management, business development, marketing and technical due diligence. At Applied Food Sciences (AFS) she is responsible for strategic initiatives and plays a key role in the company's growth and development. Prior to joining AFS, Ms Zapp was President of Industrial Laboratories Company, Inc., an independent testing laboratory based in Denver, Colorado.

As President, Ms Zapp was instrumental in the growth and success of the company, developing the company from a small enterprise into a globally recognised analytical laboratory providing services for companies ranging from GNC to Bayer and Pfizer. During her tenure at Industrial Labs, she founded the Institute for Nutraceutical Advancement (INA) and designed a program to support and promote the production of consistent, high quality herbal products. Prior to Industrial Labs, Ms Zapp was a consultant with Big Stone Partners/ Consus Corporation, an investment firm, where she provided both technical and marketing due diligence for new business opportunities and potential acquisitions.

3.9 Strategic Advisors

The Company is also in the process of establishing a Strategic Advisor Group to advise the Board as required. The proposed members will not be engaged in salaried roles but will act as consultants to the Company, on terms to be agreed, as required. Each of the following has agreed to accept positions as Strategic Advisors, on terms to be agreed, effective on and from admission to the Official List.

Mr Mark Rampolla MBA, Master of Environment Management

Mr Rampolla is the Co-Founder and Managing Partner of Powerplant Ventures LP (PPV). PPV invests in emerging growth companies that intend to remake our global food system to deliver better nutrition in more sustainable and ethical ways. Mr Rampolla was the Founder and CEO of ZICO Beverages, one of the trailblazers of today's mainstream coconut water category. Under his leadership, ZICO experienced nine years of explosive growth and became one of the fastest growing beverage brands in the world. Mr Rampolla was recognised as Bevnet's 2010 Beverage Innovator of the Year and has been featured in major media, including The New York Times, The Wall Street Journal, Fast Company, Bloomberg, CNBC and Business Week. In 2013 The Coca-Cola Company acquired ZICO Beverages. Mr Rampolla has also been a personal investor and advisor to dozens of early stage businesses addressing important social challenges in the food, beverage, and technology industries. He speaks at conferences and events around the world, including universities, such as Harvard, Duke, UCLA, USC, NYU, and UNC. Mark started his career as a Peace Corps volunteer in Central America and later operated packaging businesses across Latin America and the Caribbean for International Paper. He graduated from Marquette University and earned an MBA and Masters of Environmental Management from Duke.

Mr Malcolm McBratney LLB (Hons) MBA

Mr McBratney is a corporate and commercial lawyer with over 20 years' experience in mergers and acquisitions, capital raising and commercial contracts. He has a particular specialisation in technology and intellectual property and has extensive cross-border experience.

Mr McBratney has experience in a range of industries including manufacturing, FMCG, information technology, food and agribusiness, and life sciences.

He is currently ranked in Best Lawyers and has previously been ranked in Chambers Global, Chambers Asia Pacific, Asia Pacific Legal 500, Managing Intellectual Property Magazine and World Trade Mark Review.

Mr James S. Tonkin Founder and President Healthy Brand Builders

Mr Tonkin is regarded as the beverage guru in the United States. For more than 46 years, he has served the private-sector as a brand and marketing development professional. He directs the building and design of national infrastructures for food and beverage industry clients. Mr Tonkin has successfully created and implemented business and financial strategies for domestic and international players – focusing from production to branding, marketing through sales implementation and distribution. He has focused branding initiatives in soft drink, bottled water, functional food, and noncarbonated beverage verticals. His extensive hands-on expertise stretches across many sectors including domestic cheese and potato chips, bottled waters for people and pets, and nutraceutical-functional enhanced beverages.

Mr Tonkin brings a unique, 'top to bottom' approach to beverage building with unmatched experience in soft drink, bottled water, nutraceuticals and functional beverage development (ingredients and formulae), marketing and sales strategy, and domestic and international distribution. He facilitates company transitions from pre-revenue through exit. Capital formation, strategic alliances and selling brands to partners is his specialty, using contacts at high levels with multinational beverage companies.

3.10 Dividend Policy

The Board anticipates that significant expenditure will be incurred in the development of the business. These activities are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

3.11 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares

	\$5,200,000 (Full Subscription)
Shares currently on issue as at the date of this Prospectus	14,720,000
Shares issued to be issued pursuant to the Offer	26,000,000
Shares to be issued to the Vendors pursuant to the Heads of Agreement	29,000,000
Total Shares on issue after completion of the Offer	69,720,000

Options

	\$5,200,000 (Full Subscription)
Options on issue as at the date of this Prospectus ¹	5,000,000
Options to be issued pursuant to the Offer	Nil
Options to be issued to advisers prior to admission to the Official List ^{2, 3}	6,000,000
Options to be issued to Dr Andrew Kelly (Proposed Director) prior to admission to the Official List ²	750,000
Total Options on issue after completion of the Offer	11,750,000

Notes

- 1 Unlisted Options exercisable at \$0.25 per Option on or before 31 July 2021 (**Existing Options**). Refer to Section 10.3 for the full terms and conditions of the Options.
- 2 Unlisted Options exercisable at \$0.25 per Option on or before that date which is three (3) years from the date the Company lists on ASX (**Facilitator and Commitment Options**). Refer to Section 10.3 for the full terms and conditions of the Options.
- 3 2,916,000 of the Facilitator and Commitment Options will be issued to Mial Enterprises Pty Ltd an entity controlled by current Director, Ian Leete.

Subject to the Company being admitted to the Official List, certain Securities on issue prior to the Offer will be classified by the ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. No Shares issued under the Offer will be subject to escrow under the ASX Listing Rules.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on the ASX.

3.12 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming full subscription) are set out in the respective tables below.

As at the date of the Prospectus

Shareholder	Shares	Options	% (undiluted)
Great Southern Flour Mills Pty Ltd	2,765,000	940,000	18.78%
Ian Leete ¹	2,476,250	333,334	16.82%
Sabreline Pty Ltd <JPR Investment A/C>	1,140,000	626,667	7.74%
Merchant Funds Management Pty Ltd	1,000,000	666,667	6.79%

On completion of the Offer with Minimum Subscription (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

Shareholder	Shares	Options	% (undiluted)
Zane Yoshida ²	13,917,273	Nil	19.96%

Notes:

1. Consisting of 2,175,000 Shares held by Mial Enterprises Pty Ltd <Dashian Family A/C>, an entity controlled by Ian Leete, 281,250 held by Ian Leete in his personal capacity and 20,000 Shares held in equal portions by Mr Leete's parents, Michael Leete and Helen Leete.
2. Consisting of Consideration Shares to be issued upon Completion. 13,915,314 Shares will be held by Yoshida Holdings Pte Ltd, an entity controlled by Proposed Director, Zane Yoshida and 1,959 Shares will be held by Zane Yoshida in his personal capacity.

4. RISK FACTORS

4.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and in the Investment Overview, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company and the industry in which the Company operates. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section and in the Investment Overview, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

4.2 Company specific

a. Counterparty and contractual risk

Pursuant to the Heads of Agreement the Company has agreed to acquire 100% of the issued shares of SPE Singapore and SPE Fiji subject to the fulfilment of certain conditions precedent. The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Heads of Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

b. Competition

The Fiji Kava Group faces competition from other producers in Fiji as well as in Vanuatu and other Pacific Islands. Although the Fiji Kava Group currently enjoys several advantages

over most, if not all, of its regional competitors, it must continue to develop and innovate to stay ahead. In this regard, the Fiji Kava Group's strategies include:

- Continuous investment in research and development concerning all aspects of the kava value chain including tissue culture, nursery, planting, extraction, manufacture, export and marketing;
- Development of the Fiji Kava Group's supply chain to unlock significant cost advantages in production;
- Active development of key business relationships, distribution channels and markets internationally to lock in key customers and market access; and
- Implementation of its 'vertical integration' strategy to realise economies of scale and maintain an important point of difference vis-à-vis its competitors.

c. **Research and development**

The Company can make no representation that any of its research into or development of additional kava products will be successful, that development milestones will be achieved, or that the research and development undertaken by the Fiji Kava Group will lead to the development of products that are commercially exploitable.

There are many risks inherent in the development of kava products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

d. **Loss of key personnel**

Human resources are the Fiji Kava Group's most important assets and losses of senior team members could have a significant impact on the Company's ability to negotiate contracts, manage costs, exploit opportunities and ultimately ensure business sustainability and profitability.

To this end, the Fiji Kava Group encourages and fosters team member retention by means of appropriate remuneration packages (salaries and performance-based incentives). The Fiji Kava Group intends to implement succession plans and regularly review these.

e. **Market Access and Product Acceptance**

Following Completion, the Fiji Kava Group will seek to capture a significant share in new markets. As such the key to the Company's success will be its ability to access international markets and build product acceptance. On the latter, given that Fiji Kava Group's products are relatively new, while significant marketing efforts can be expended much will depend on acceptance by consumers of these products.

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To this end, the Fiji Kava Group has developed many distribution relationships. It will also continue to collaborate closely with the main agents/wholesalers/retailers in key markets (being Fiji, Australia, New Zealand and the USA) and actively maintain and diversify its international customer base. The Fiji Kava Group is also seeking to move into the private-label space as an additional means to access new markets and develop new products.

f. **Regulatory compliance in new jurisdictions**

If the Company seeks to expand its wholesale and retail businesses to new jurisdictions, there may be restrictions on the manner in which the Fiji Kava Group's product may be sold in these new jurisdictions. Until the Company applies for and/or receives the relevant regulatory certification, clearance or confirmations the Company will not be able to expand its operations into new jurisdictions.

g. **Natural disasters**

Fiji is vulnerable to natural disasters, as underlined by Tropical Cyclone Winston in early 2016. Natural disasters are capable of causing severe damage to SPE Fiji's Farms and its third party farmer operations.

The Fiji Kava Group plans to diversify part of its third-party farmer supply to a wider geographic area within Fiji and the Pacific.

h. **Limited operating history – Fiji Kava Group**

Although the Fiji Kava Group launched in 2014, due to its focus on research and development, and ensuring that the necessary infrastructure has been put in place to scale operations, the Fiji Kava Group has limited operating history, and, to date, has generated limited revenue. Given the limited operating history of the Fiji Kava Group and the limited history of distribution of the products, no assurance can be given that the Company will achieve commercial viability through the implementation of its business strategies. Until the Company is able to realise value from the Fiji Kava Group's kava products, it is likely to incur ongoing operating losses. Accordingly, the Company is not in a position to give any guidance around likely revenue or profitability.

4.3 Industry Specific

a. **Threat of Kava Substitutes**

Naturally, to the extent that other natural substitutes for kava are identified, the kava market potential could be compromised. While this is a global issue largely outside the Fiji Kava Group's control, the Fiji Kava Group still makes an effort to influence this process through:

- Actively promoting and educating the public on kava's benefits and efficacy, in each market the Fiji Kava Group sells in.
- An emphasis on product innovation to continuously develop new and value-added

products for introduction to the market.

b. **Legal, Regulatory and Litigation Risks**

Like any other business, the Fiji Kava Group is exposed to legal, regulatory and litigation risks that may hinder operations and/or damage its reputation. In particular the Codex Alimentarius Commission, a body established by the Food and Agriculture Organisation of the United Nations and the World Health Organisation, is in the process of standardising operating procedures for the growth, harvesting and processing of kava which may have an impact on the Company's operations moving forward.

In this regard, the Fiji Kava Group:

- Regularly evaluates the legal and regulatory obligations in each country that it sells its products, in particular the requirements of the Therapeutic Goods Association in Australia and the Food and Drug Administration in the United States. In these markets the Fiji Kava Group retains regulatory consultants to advise on labelling claims and wording requirements and when required to obtain the necessary permits required to market its products.
- When entering new geographic markets, will engage the appropriate regulatory consultants to guarantee we meet the local requirements and registrations.
- Regularly reviews, monitors, implements and enforces systems of risk management and internal control, codes of conduct, legal and regulatory compliance.
- Actively participates in both local and international forums, committees and other bodies tasked with developing kava laws and regulations.
- Will put in place and maintain the appropriate product liability and product recall insurances for the markets that the product is and will be sold in.

c. **Political Risk**

Fiji has a history of political instability which has the potential to threaten the Fiji Kava Group's local production. Although the Fiji Kava Group's board and management assess the political risk for its Ovalau operations as low, the Fiji Kava Group nevertheless has implemented or will implement several strategies to mitigate this, including:

- the development of a close working relationship with the authorities whilst always maintaining a neutral stance politically; and
- maintenance of close ties and a mutually beneficial relationship with the wider community.

d. **Intellectual property**

Securing rights to intellectual property, and in particular patents, is an integral part of securing potential product value from the outcomes of research and development. Competition in retaining and sustaining protection of intellectual property and the complex nature of intellectual property can lead to expensive and lengthy patents disputes for which there can be no guaranteed outcome.

The granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Although the Company or the Fiji Kava Group are not aware of any third party interests in relation to the intellectual property rights of the Company or the Fiji Kava Group, and have taken steps to protect and confirm its interest in any such rights, there is always a risk of third parties claiming involvement in discoveries, and if any disputes arise, they could adversely affect the Company.

Although the Company will implement all reasonable endeavours to protect its intellectual property, there can be no assurance that these measures have been, or will be sufficient.

4.4 General Risks

a. **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

b. **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- General economic outlook.
- Introduction of tax reform or other new legislation.
- Interest rates and inflation rates.
- Changes in investor sentiment toward particular market sectors.
- The demand for, and supply of, capital.
- Terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

c. **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

d. **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

e. **Government policy changes**

Adverse changes in government policies or legislation may affect the activities of the Company.

f. **Litigation risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

g. Insurance

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with the Company's business may not always be available and where available the costs may be prohibitive.

h. Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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5. FINANCIAL INFORMATION

5.1 Introduction

5.1.1 Background

This Section contains a summary of the Consolidated Historical Financial Information (**Financial Information**) for South Pacific Elixirs Limited (**SPE Fiji**), South Pacific Elixirs Pte Limited and its controlled entities (**SPE**) and Fiji Kava Limited (**FIJ**).

The Pro-Forma Consolidated Financial Information of the Fiji Kava Group is included in the Investigating Accountants Report in Section 6.

5.1.2 Basis and Method of Preparation

The Financial Information presented for SPE Fiji comprises the following:

- Consolidated Statements of Profit or Loss for the Financial Years Ended 31 December 2016, 2017 and the Half Year to 30 June 2018; and
- Consolidated Statements of Cash Flows for the Financial Years Ended 31 December 2016, 2017 and the Half Year to 30 June 2018.

The Financial Information presented for SPE comprises the following:

- Consolidated Statements of Profit or Loss for the Financial Years Ended 31 December 2016, 2017 and the half year to 30 June 2018; and
- Consolidated Statements of Cash Flows for the Financial Years Ended 31 December 2016, 2017 and the half year to 30 June 2018.

The Financial Information presented for FIJ comprises the following:

- Consolidated Statements of Profit or Loss for the Financial Years Ended 30 June 2016, 2017,

and 2018; and

- Consolidated Statements of Cash Flows for the Financial Years Ended 30 June 2016, 2017, and 2018.

The Financial Information has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB).

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

5.1.3 Foreign currency conversion

The presentation currency in the Prospectus is Australian dollars ("AUD").

5.1.4 Audit and Review of Historical Financial Information

The historical financial information for SPE Fiji was subject to an audit for the year ended 31 December 2016 and 2017 and a review for the half year ended 30 June 2018 by Ernst and Young Fiji. The audit and review reports were unmodified.

The historical financial information for SPE was subject to an audit for the year ended 31 December 2016 and 2017 and a review for the half year ended 30 June 2018 by Hall Chadwick WA. The audit and review reports were unmodified.

The historical financial information for FIJ was subject to an audit for the year ended 30 June 2016, 2017, and 2018 by Hall Chadwick WA Pty Ltd. The audit reports were unmodified.

The Financial Information should be read in conjunction with the Investigating Accountants Report set out in Section 6.

5.1.5 Significant Accounting Policies

Significant Accounting Policies are detailed in the Investigating Accountant's Report in in Section 6.

5.1.6 Past Performance

Past performance as detailed in the historical financial results presented in this Section 5 is not an indication of future performance.

5.2 Historical Financial Information of South Pacific Elixirs Limited (Fiji)

5.2.1 Consolidated Statement of Financial Performance

Set out in the tables below is the summarised consolidated statement of profit or loss for SPE Fiji for the full year ended 31 December 2016 and 2017 and the half year ended 30 June 2018.

	31/12/2016	31/12/2017	30/06/2018
Revenue	136,444	102,655	78,023
Cost of sales	(47,277)	(72,290)	(65,629)
Gross profit	89,167	29,736	12,394
Other income	18,662	12,289	6,173
Consulting and professional fees	(8,149)	(22,611)	(3,913)
Depreciation expenses	(16,074)	(12,289)	(6,173)
Freight and courier	(14,815)	(2,811)	(547)
Wages and Salaries	(33,787)	(18,926)	(13,134)
Other Expenses	(46,646)	(87,655)	(16,732)
Loss before tax	(11,847)	(102,268)	(21,732)

5.2.2 Consolidated Statement of Cash Flows

Set out in the tables below are the summarised consolidated statements of cash flows for SPE Fiji for the full year ended 31 December 2016 and 2017 and the half year ended 30 June 2018.

	31/12/2016	31/12/2017	30/06/2018
Cash flows from operating activities			
Receipts from customers	129,343	112,180	53,542
Payments to suppliers and employees	(140,755)	(180,594)	(81,987)
Net cash generated from/(used in) operating activities	(11,412)	(68,414)	(28,446)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles	-	(48,668)	(9,596)
Net cash used in investing activities	-	(48,668)	(9,596)
Cash flows from financing activities			
Advances from related parties	9,690	-	47,238
Proceeds from borrowings	-	115,259	-
Net cash received from financing activities	9,690	115,259	47,238
Net increase/ (decrease) in cash and cash equivalents	(1,722)	(1,823)	9,196
Foreign currency differences		-	(150)
Cash and cash equivalents at beginning of year	17,268	15,566	13,743
Cash and cash equivalents at end of year	15,566	13,743	22,789

5.3 Historical Financial Information of South Pacific Elixirs Pte Ltd and its Controlled Entities

5.3.1 Consolidated Statement of Financial Performance

Set out in the tables below is the summarised consolidated statement of profit or loss for SPE for the full year ended 31 December 2016 and 2017 and the half year ended 30 June 2018.

	31/12/2016	31/12/2017	30/06/2018
Revenue	75,306	6,031	-
Cost of sales	(15,571)	(2,260)	-
Gross profit	59,735	3,771	-
Other income	-	17,096	-
Consulting and professional fees	(158,361)	(83,724)	(4,049)
Depreciation expenses	(624)	(880)	-
Marketing expenses	(4,159)	(55)	(32)
Insurance expenses	(29,645)	(4,622)	(511)
Research and development expenses	(524)	(329)	(285)
Debts written off	-	(16,057)	-
Inventories written off	-	(17,911)	-
Provision for impairment of intangible assets	-	(7,270)	(1,194)
Provision for impairment of receivables	-	(32,281)	(67,966)
Other expenses	(105,733)	(101,171)	(39,426)
Finance expenses	(7,051)	(33,266)	(27,855)
Loss before tax	(246,363)	(293,794)	(141,317)
Non-taxable foreign exchange translation differences	5,411	10,284	(18,636)
Net Loss	(240,952)	(283,511)	(159,954)

5.3.2 Consolidated Statement of Cash Flows

Set out in the tables below are the summarised consolidated statements of cash flows for SPE for the full year ended 31 December 2016 and 2017 and the half year ended 30 June 2018.

	31/12/2016	31/12/2017	30/06/2018
Cash flows from operating activities			
Receipts from customers	73,362	6,031	-
Payments to suppliers and employees	(275,641)	(184,929)	(66,304)
Net cash generated from/(used in) operating activities	(202,279)	(178,898)	(66,304)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles	-	-	(1,194)
Net cash used in investing activities	-	-	(1,194)
Cash flows from financing activities			
Advances to a related party	(5,399)	(72,012)	(16,591)
Advances from related parties	197,464	256,384	78,047
Net cash received from financing activities	192,064	184,373	61,457
Net increase/ (decrease) in cash and cash equivalents	(10,215)	5,474	(6,041)
Foreign currency differences		(381)	23,156
Cash and cash equivalents at beginning of year	22,815	12,599	17,692
Cash and cash equivalents at end of year	12,599	17,692	34,807

5.4 Historical Financial Information of Fiji Kava Limited

5.4.1 Consolidated Statement of Financial Performance

Set out in the table below is the summarised consolidated statement of profit or loss for FIJ for the year ended 30 June 2016, 2017, and 2018.

	30/06/2016	30/06/2017	30/06/2018
Interest Income	-	-	25,984
Audit fees	(2,250)	(2,400)	(10,090)
Accounting fees	-	10,000	(1,750)
Corporate Compliance Fees	(2,100)	(3,045)	(2,542)
Corporate fees	-	(25,000)	-
Finance costs	(16)	(155)	(364)
Legal fees	(524)	(11,269)	(63,044)
Impairment provision	-	(50,000)	(423,937)
Other expenses	0	(95)	(41,392)
Loss before tax	(4,366)	(101,964)	(536,030)
Income tax expense	-	-	-
Net Loss	(4,366)	(101,964)	(536,090)

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5.4.2 Consolidated statement of cash flows

Set out in the table below are the summarised consolidated statements of cash flows for FIJ for the year ended 30 June 2016, 2017, and 2018.

	30/06/2016	30/06/2017	30/06/2018
Cash flows from operating activities			
Receipts from customers	-	-	-
Payments to suppliers and employees	(2,116)	(2,024)	(172,225)
Net cash generated from/(used in) operating activities	(2,116)	(2,024)	(172,225)
Cash flows from investing activities			
Investments	-	(67,930)	(965)
Net cash used in investing activities	-	(67,930)	(965)
Cash flows from financing activities			
Proceeds / advances from issue of shares	112,498	20,000	750,000
Advances to a party	-	-	(397,953)
Payments of share issue costs	-	-	(67,500)
Net cash received from financing activities	112,498	20,000	284,547
Net increase/ (decrease) in cash and cash equivalents	110,384	(49,954)	111,357
Cash and cash equivalents at beginning of year	2	110,384	60,430
Cash and cash equivalents at end of year	110,384	60,430	171,787

6. INVESTIGATING ACCOUNTANT'S REPORT

4 October 2018

The Directors
Fiji Kava Limited
Suite 9, Level 2
330 Churchill Avenue
SUBIACO WA 6008



Dear Sirs

Investigating Accountant's Report – Fiji Kava Limited

1. Introduction

This Investigating Accountant's Report ("Report") has been prepared at the request of the directors of Fiji Kava Limited ACN 169 441 874 ("Fiji Kava" or "the Company"). The Report has been prepared based on the historical financial information of the Company for inclusion in a Prospectus dated on or around 8 October 2018 inviting participation in the issue of 26,000,000 ordinary shares at an issue price of 20 cents per share to raise \$5,200,000. The Company will not accept oversubscriptions.

All amounts are expressed in Australian Dollars unless otherwise stated. Unless otherwise stated, terms have the same meaning as in the Prospectus.

2. Background

The Company was incorporated as an unlisted public company as Red Fox Capital Limited on 8 May 2014. On 16 March 2018 the Company changed its name to Fiji Kava Limited. The focus of the Company will be on production of high quality kava products as well as research and development into the therapeutic use of kava products.

The Company entered into a binding Heads of Agreement (HOA) with South Pacific Elixirs Pte Ltd (SPE Singapore), a Singapore-registered company, and South Pacific Elixirs Ltd (SPE Fiji), a Fiji-registered company and each of SPE Singapore's and SPE Fiji's shareholders, on 24 July 2017. The HOA (as amended) sets out the terms and conditions upon which the Company (or its nominee/s) agrees to acquire 100% of the shares in SPE Singapore and SPE Fiji.

A summary of the HOA is set out in Section 8.1 of the Prospectus.

Information on the Fiji Kava proposed activities can also be found in the Prospectus.

In consideration for the 100% acquisition of the SPE Singapore, Fiji Kava will issue to the shareholders of SPE Singapore:

Share Category	Number of Shares
Ordinary Shares	29,000,000

3. Capital Structure

The expected capital structure of the Company following the completion of the capital raising is as follows:

Shares	
Existing shares in Fiji Kava prior to lodgement of the Prospectus	14,720,000
Issued as consideration for acquisition of 100% of SPE Singapore	29,000,000
Shares pursuant to this Offer – issued at \$0.20	26,000,000
Total shares	69,720,000

Options	
Options on issue before the Offer ¹	5,000,000
Options to be issued to Directors & Management ²	750,000
Options to be issued to Lead Manager ²	1,500,000
Options to be issued to other Facilitator and Commitment Options ²	4,500,000
Total Options	11,750,000

Note 1: Existing options

Unlisted Options exercisable at \$0.25 per Option on or before 31 July 2021

Note 2: Facilitator and Commitment Options

Unlisted Options exercisable at \$0.25 per Option on or before that date which is three years from the date the Company is admitted to the official list of ASX.

4. Basis of Preparation

This Report has been included in this Prospectus to provide investors and their financial advisors with information on the Pro Forma financial statements of Fiji Kava as set out in Appendix 1. The Pro Forma financial information is presented in a summarised form and does not reflect all the disclosure requirements of financial statements prepared using Australian Accounting Standards in accordance with the Corporations Act 2001 (Cth). This report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment. Pendragon Capital Limited ("Pendragon") has not been engaged to report on the prospects of Fiji Kava, the pricing of shares or the benefits and risks of becoming a shareholder in the Company. Risk factors are set out in Section 4 of the Prospectus. Pendragon bears no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this Report.

5. Scope

Pendragon has been requested to prepare a report covering the following financial information:

- Pro Forma Unaudited Statement of Financial Position;
- Pro Forma Unaudited Statement of Changes in Equity; and
- Notes to and forming part of the Pro Forma financial statements.

The Pro Forma unaudited financial information has been derived from historical financial information as at 30 June 2018 after adjusting for the following transactions as if they had occurred at the date of acquisition:

- the consolidation of SPE Singapore and SPE Fiji historical financial information;
- the issue of 1,500,000 fully paid ordinary shares in Fiji Kava at an issue price of \$0.16 per share to raise \$240,000. Total net cash was \$224,000 after capital raising costs of \$16,000;
- the issue of 26,000,000 fully paid ordinary shares at an issue price of \$0.20 each to raise \$5,200,000, with no oversubscriptions;
- the issue of 29,000,000 ordinary shares to the Vendors of SPE Singapore in consideration for the acquisition of 100% of the issued shares of SPE Singapore;
- payment of \$2.00 in consideration for the acquisition of 100% of the issued shares of SPE Fiji;

- Convertible loan agreement between Fiji Kava, the lender, and SPE Singapore, the borrower, of \$590,000 at an interest rate of 10% per annum. The conversion of the loan and accumulated interest will represent 20% of the fully diluted share capital in SPE Singapore and the consideration for the existing shares remains the same. In the event of non-completion, the loan and accrued interest will be required to be paid in cash;
- the issue of 6,750,000 options which the Directors have valued at \$693,540 using the Black Scholes Method; and
- payment of estimated costs of the Offer of \$622,439.

The financial information for Fiji Kava is set out in Appendix 1 to this Report.

6. Review

Pendragon has conducted an independent review of the financial information listed above as set out in Appendix 1 to this Report. The review has been conducted in accordance with auditing and assurance standard ASAE 3450 "Assurance engagement involving corporate fundraisings and/or prospective financial information".

Our review was limited primarily to the following procedures performed as our professional judgement considered reasonable in the circumstances:

- review of the Audited Financial Report for Fiji Kava for the period ended 30 June 2018;
- review of the Reviewed Financial Reports for the SPE Singapore and SPE Fiji for the period ended 30 June 2018;
- review of the Heads of Agreement dated 24 July 2018 (as amended);
- comparison of consistency in application of accounting standards and policies adopted by the Company; and
- enquiry of Company officeholders and other relevant employees or consultants.

These procedures do not provide all the evidence that would be required in an audit and, therefore, the level of assurance provided is less than that given in an audit. As we have not performed any audit activity, we do not express an audit opinion.

The Directors of Fiji Kava are responsible for the preparation and presentation of financial information that has formed the basis of our review.

Pendragon disclaims any responsibility for any reliance on this Report or the financial information on which it is based for any purpose other than for which it was prepared.

7. Review Statement

Based on our review, which was not an audit, nothing has come to our attention which causes us to believe that the historical and Pro Forma financial information set out in Appendix 1 is not presented fairly, in accordance with the measurement and recognition requirements (but not the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by Fiji Kava as disclosed in Note 1 of Appendix 1.

8. Subsequent Events

To the best of our knowledge and belief, there have been no other material items, transactions or events outside the Company's ordinary business subsequent to 30 June 2018 that require comment or adjustment to our Report or that would cause such information to be misleading or deceptive.

9. Declarations and Disclosures

- i) Pendragon is the holder of an Australian Financial Services Licence (number 237 549).
- ii) Pendragon will be paid a fee based upon normal charge out rates for professional time incurred in the preparation and compilation of this Report.
- iii) Pendragon has not been involved in any other aspect of the preparation of the Prospectus. Pendragon has issued its consent to include this Report in the Prospectus.
- iv) This Report has been prepared to provide general advice to investors only and does not take into account the specific financial needs, objectives and situation of individual investors. The giving of consent to include this Report in the Prospectus should not be taken as an endorsement by Pendragon of Fiji Kava or the Offer.
- v) The Financial Services Guide from Pendragon is available to investors upon request.

Yours sincerely



Rick Hopkins
Director

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APPENDIX 1 FIJI KAVA LIMITED STATEMENT OF FINANCIAL POSITION

	Notes	Fiji Kava Audited 30 June 2018 \$	SPE Fiji Reviewed 30 June 2018 \$	SPE Singapore Reviewed 30 June 2018 \$	Consolidated Unaudited Pro Forma \$
Current Assets					
Cash and cash equivalents	2	171,787	22,789	12,018	4,816,106
Trade and other receivables	3	9,513	7,075	343,185	17,463
Other current assets	4	-	18,645	-	18,645
Total Current Assets		181,300	48,508	355,203	4,852,214
Non-Current Assets					
Intangible assets		15,748	32,311	-	48,059
Property, plant and equipment		-	348,419	2,016	350,435
Goodwill		-	-	-	6,510,516
Total Non-Current Assets		15,748	380,731	2,016	6,909,010
Total Assets		197,048	429,239	357,219	11,761,224
Current Liabilities					
Trade and other payables	5	46,658	87,122	732,379	488,997
Borrowings		1,320	-	-	1,320
Total Current Liabilities		47,978	87,122	732,379	490,317
Non-Current Liabilities					
Loan and borrowings	6	-	677,470	-	3,821
Total Non-Current Liabilities		-	677,470	-	3,821
Total Liabilities		47,978	764,592	732,379	494,138
Net Assets		149,070	(335,354)	(375,160)	11,267,086
Equity					
Issued capital	7(a)	795,000	1	1,945,757	11,196,529
Reserves	8(a)	-	-	88,264	692,165
Retained profits	9(a)	(645,930)	(335,355)	(2,409,181)	(621,608)
Total Equity		149,070	(335,354)	(375,160)	11,267,086

The Statement of Financial Position is to be read in conjunction with the notes set out in this section

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APPENDIX 1 FIJI KAVA LIMITED STATEMENT OF CHANGES IN EQUITY

Notes	Fiji Kava Audited 30 June 2018 \$	SPE Fiji Reviewed 30 June 2018 \$	SPE Singapore Reviewed 30 June 2018 \$	Pro Forma Adjustment \$	Consolidated Unaudited Pro Forma \$
Balance at beginning of period	2,600 ¹	(313,573) ²	(208,637) ²	-	(519,610)
Profit/(loss) attributable to members of the Company	9(b) (536,030)	(21,782)	(147,121)	2,768,858	2,063,925
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the period	(536,030)	(21,782)	(147,121)	2,768,858	2,063,925
Issued Shares	7(b) 682,500	1	-	8,455,771	9,138,272
Movement in reserves	8(b) -	-	(19,402)	603,901	584,499
Balance	149,070³	(335,354)³	(375,160)³	13,828,530	11,267,086

¹ Balance as at 1 July 2017

² Balance as at 1 January 2018

³ Balance as at 30 June 2018

The Statement of Changes in Equity is to be read in conjunction with the notes set out in this section.

APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of the historical and Pro Forma historical financial information (collectively referred to as the "financial statements") are:

a) Basis of preparation

The financial statements are a special purpose financial report which has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Standards Board and the Corporations Act 2001 (Cth).

They have been prepared on the basis of historical costs and do not take into account changing money values, or except when stated, current valuations of non-current assets.

The accounting policies have been consistently applied by the Company unless otherwise stated.

b) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

c) Payables

Trade payables and other accounts payables are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

d) Receivables

Receivables are carried at amounts due. The collectability of debts is assessed throughout the year and a specific provision is made for any doubtful accounts.

APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, that are recoverable from, or payable to, the ATO, are classified as operating cash flows.

f) Recoverable amount of non-current assets

The carrying amounts of all non-current assets other than exploration expenditure are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

g) Acquisition of assets

Assets acquired, other than goodwill, are initially recorded at their costs of acquisition at the date of acquisition, being the fair value of the consideration provided plus the incidental costs directly attributed to the acquisition. When equity instruments comprising share and options are issued as consideration, their market price at the date of acquisition is used to determine a fair value except when the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received unless otherwise expensed.

h) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values for the business combination have been determined for measurement and/or disclosure purposes based on Note 1i. Valuation techniques are applied to determine the fair value for all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

i) Business combination

On 24 July 2017, Red Fox Capital Limited (subsequently Fiji Kava Limited) entered into a Heads of Agreement to acquire 100% of the issued share capital of SPE Singapore and SPE Fiji. Under the principles of AASB 3 Business Combinations, Fiji Kava Limited is the accounting acquirer in the business combination. Under the principles of AASB 3 Business Combinations, when an entity acquires a group of assets or net assets that does not constitute a business, it shall allocate the cost of the group between the individual identifiable assets and liabilities in the group based on their relative fair value at the date of the acquisition. As SPE Singapore and SPE Fiji are carrying on a business the acquisition will be accounted for as a goodwill acquisition and the purchase consideration will be allocated to the individual identifiable assets and liabilities based on their relative fair value.

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APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Purchase consideration

The share price used to determine the consideration for the purchase of SPE Singapore and SPE Fiji is the offer price of Fiji Kava Limited shares disclosed in the Prospectus dated on or about 8 October (\$0.20). As per the Heads of Agreement, the Share consideration has been allocated across the original shareholding percentage in SPE Singapore only and \$1.00 has been paid to each shareholder in SPE Fiji.

Provisional Goodwill

Fair Value of:	\$
Share consideration pursuant to Heads of Agreement (as amended)	5,800,000
Cash consideration pursuant to Heads of Agreement (as amended)	2
Total consideration	<u>5,800,002</u>
Fair value of SPE Fiji & SPE Singapore assets and liabilities at acquisition date:	
Cash	34,806
Trade and other receivables	350,259
Other current assets	18,645
Intangible assets	32,311
Property, plant & equipment	350,435
Trade and other payables	(819,501)
Long-term financial liabilities	(677,470)
Fair value of identifiable assets and liabilities assumed	<u>(710,514)</u>
Provisional Goodwill	<u>6,510,516</u>

	Fiji Kava Audited 30 June 2018 \$	SPE Fiji Reviewed 30 June 2018 \$	SPE Singapore Reviewed 30 June 2018 \$	Consolidated Unaudited Pro Forma \$
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NOTE 2 – CASH AND CASH EQUIVALENTS

Balance pre-acquisition	171,787	22,789	12,018	206,594
Proceeds from the issue of 1,500,000 shares at \$0.16				240,000
Payment of capital raising costs				(16,000)
Payment of working capital				(192,047)
Acquisition of SPE Fiji				(2)
Proceeds from the issue of 26,000,000 shares at \$0.20				5,200,000
Expenses of the Offer				(622,439)
Total cash balance	<u>171,787</u>	<u>22,789</u>	<u>12,018</u>	<u>4,816,106</u>

APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Fiji Kava Audited 30 June 2018 \$	SPE Fiji Reviewed 30 June 2018 \$	SPE Singapore Reviewed 30 June 2018 \$	Consolidated Unaudited Pro Forma \$
NOTE 3 – TRADE AND OTHER RECEIVABLES				
Balance pre-acquisition	9,513	7,075	343,185	359,772
Eliminate impairment on inter-entity loan				285,941
Eliminate inter-entity loan				(628,250)
Total trade and other receivables	9,513	7,075	343,185	17,463

NOTE 4 – OTHER ASSETS

Balance pre-acquisition	-	18,645	-	18,645
Inter-entity loan				227,047
Interest accrued on inter-entity loan				13,554
Eliminate inter-entity loan				(240,601)
Total other assets	-	18,645	-	18,645

NOTE 5 – TRADE AND OTHER PAYABLES

Balance pre-acquisition	46,658	87,122	732,379	866,159
Eliminate inter-entity loan				(377,162)
Total trade and other payables	46,658	87,122	732,379	488,997

NOTE 6 – LOANS AND BORROWINGS

Balance pre-acquisition	-	87,122	-	677,470
Inter-entity loan				227,047
Interest accrued on inter-entity loan				13,554
Eliminate inter-entity loans				(914,250)
Total loans and borrowings	-	87,122	-	3,821

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APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Fiji Kava Audited 30 June 2018 \$	SPE Fiji Reviewed 30 June 2018 \$	SPE Singapore Reviewed 30 June 2018 \$	Consolidated Unaudited Pro Forma \$
NOTE 7 – ISSUED CAPITAL				
(a) Reconciliation of contributed equity				
Historical financial information:				
Balance pre-acquisition	795,000	1	1,945,757	2,740,758
Pro Forma movements in issued capital (Note 7(b))				8,455,771
Total issued capital balance	795,000	1	1,945,757	11,196,529
(b) Pro Forma movements in issued capital				
Issued Capital				
Seed Capital raising				240,000
Share consideration for 100% of SPE Singapore				5,800,000
Capital raising				5,200,000
Capital raising costs				
Capital raising costs (Seed Capital)				(16,000)
Eliminate existing shares in SPE (Fiji & Singapore)				(1,945,758)
Expenses of the offer				(514,231)
Lead Manager Options				(154,120)
Other Facilitator and Commitment Options				(154,120)
Total Pro Forma movements in issued capital	-	-	-	8,455,771

APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(c) Number of fully paid shares:

Original number of fully paid shares in Fiji Kava	13,220,000	-	-	13,220,000
Seed Capital raising				1,500,000
Shares issued pursuant to Offer				26,000,000
Share consideration for 100% of SPE Singapore				29,000,000
Total number of fully paid shares	13,220,000	-	-	69,720,000

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APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Fiji Kava Audited 30 June 2018 \$	SPE Fiji Reviewed 30 June 2018 \$	SPE Singapore Reviewed 30 June 2018 \$	Consolidated Unaudited Pro Forma \$
NOTE 8 – RESERVES				
(a) Reconciliation of reserves				
Balance pre-acquisition	-	-	88,264	88,264
Pro Forma movements in reserves (Note 8(b))				603,901
Total reserves	-	-	88,264	692,165
(b) Pro Forma movements in reserves				
Eliminate options in acquisition				(88,264)
FX reserve				(1,375)
Issue of Director & Management Options				385,300
Issue of Lead Manager Options				154,120
Issue of other Facilitator and Commitment Options				154,120
Total Pro Forma movements in reserves	-	-	-	603,901
(c) Number of options on issue				
Balance pre-acquisition	5,000,000	-	-	5,000,000
Issue of Director & Management Options				3,750,000
Issue of Lead Manager Options				1,500,000
Issue of other Facilitator and Commitment Options				1,500,000
Total number of options on issue	5,000,000	-	-	11,750,000

APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Fiji Kava Audited 30 June 2018 \$	SPE Fiji Reviewed 30 June 2018 \$	SPE Singapore Reviewed 30 June 2018 \$	Consolidated Unaudited Pro Forma \$
NOTE 9 – RETAINED PROFITS				
(a) Reconciliation of retained profits				
Balance pre-acquisition	(645,930)	(335,355)	(2,409,181)	(3,390,466)
Pro Forma movement in retained profits (Note 9(b))				2,768,858
Total retained profits	(645,930)	(335,355)	(2,409,181)	(621,608)
(b) Pro Forma movements in retained profits				
Expenses of the offer				(108,208))
Payment of working capital				(192,047)
Eliminate pre-acquisition accumulated losses				2,744,536
Eliminate impairment of inter-entity loans				709,878
Issue of Director & Management Options				(385,300)
Total	-	-	-	2,768,858

NOTE 10 – SUBSEQUENT EVENTS

To the best of our knowledge and belief, there have been no other material items, transactions or events outside the Company's ordinary business subsequent to 30 June 2018 that require comment or adjustment to our Report or that would cause such information to be misleading or deceptive.

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APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11 – RELATED PARTIES

Directors

The directors in the office at the date of Prospectus are:

I Leete	Non-Executive Chairman
L King	Non-Executive Director
J Puckridge	Non-Executive Director
J Stephenson	Non-Executive Director

The proposed directors of the Company are:

A Kelly	Chairman
Z Yoshida	Managing Director
S Copplin	Executive Director
J Stephenson	Non-Executive Director

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APPENDIX 1 FIJI KAVA LIMITED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 11 – RELATED PARTIES (Cont.)

Directors' interests in shares and options

The aggregate number of shares and options in the Company held by the current directors and their director related entities as at date of the Prospectus are:

Director	Shares	Options
I Leete	2,476,250	333,334
L King	-	-
J Puckridge	-	-
J Stephenson	-	-
Total	2,476,250	333,334

The aggregate number of shares and options in the Company in which the current and proposed directors and their director related entities will have a relevant interest on completion of the acquisition of all the shares of Fiji Kava are:

Director	Shares	Options
I Leete	2,476,250	3,333,334
L King	-	-
J Puckridge	-	-
J Stephenson	-	-
Dr Andrew Kelly	-	750,000
Zane Yoshida	13,917,273	-
Stephen Copplin	900,024	-
Total	17,293,547	4,083,334

7. BOARD, MANAGEMENT AND INTERESTS

7.1 Directors, Proposed Directors and key personnel

As at the date of this Prospectus, the Board comprises the following:

- a. Ian Leete – Non-Executive Director;
- b. Josh Puckridge – Non-Executive Director;
- c. Loren King – Non-Executive Director; and
- d. Jay Stephenson – Non-Executive Director and Company Secretary

It is proposed that upon Completion:

- a. Dr Andrew Kelly, Zane Yoshida and Stephen Copplin will be appointed to the Board; and
- b. Ian Leete, Josh Puckridge and Loren King will resign as Directors of the Board.

The biography for the Director who will remain on the Board post-Completion and the Proposed Directors are contained in Section 3.5.

The Company is aware of the need to have sufficient management to properly supervise its operations and the Board will continually monitor the management roles in the Company. As the Company's business and operations expand the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company's business and operations.

7.2 Disclosure of Interests

Interests in Securities

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. As at the date of this Prospectus, the Directors and Proposed Directors have relevant interests in Securities as follows:

Director	Shares	Options
Current Directors		
Ian Leete	2,476,250 ¹	333,334
Josh Puckridge	Nil	Nil
Loren King	Nil	Nil
Jay Stephenson	Nil	Nil
Proposed Directors		
Dr Andrew Kelly	Nil	Nil
Zane Yoshida	Nil	Nil
Stephen Copplin	Nil	Nil

Following the successful completion of the Offer, the Directors will have relevant interests in Securities as follows:

Director	Shares	Options ⁵
Current Directors		
Ian Leete	2,476,250	3,249,334 ²
Josh Puckridge	Nil	Nil
Loren King	Nil	Nil
Jay Stephenson	Nil	Nil
Proposed Directors		
Dr Andrew Kelly	Nil	750,000
Zane Yoshida	13,917,273 ³	Nil
Stephen Copplin	2,316,139 ⁴	Nil

Notes:

1. Consisting of 2,175,000 Shares held by Mial Enterprises Pty Ltd an entity controlled by Ian Leete, 281,250 held by Ian Leete in his personal capacity and 20,000 Shares held in equal portions by Mr Leete's parents, Michael Leete and Helen Leete.
2. 2,916,000 Facilitator and Commitment Options to be issued to Mial Enterprises Pty Ltd.
3. Consisting of 13,915,314 Shares held by Yoshida Holdings Pte Ltd, an entity controlled by Zane Yoshida and 1,959 Shares held by Zane Yoshida in his personal capacity. These Shares consist of Consideration Shares to be issued upon Completion.

4. Consisting of 1,416,115 Shares held by Eppwood Investments Pty Ltd <The Copplin Superannuation Fund>, an entity controlled by Stephen Copplin, and 900,024 Shares held by Stephen Copplin in his personal capacity. These Shares consist of Consideration Shares to be issued upon Completion.
5. Refer to Section 10.3 for the terms and conditions of the Facilitator and Commitment Options.

Remuneration

Details of the Directors' and Proposed Directors' proposed annual remuneration for the financial year following the Company being admitted to the Official List is set out in the table below:

Director	Remuneration ¹
Current Directors	
Ian Leete	Nil
Josh Puckridge	Nil
Loren King	Nil
Jay Stephenson	\$40,000
Proposed Directors	
Dr Andrew Kelly	\$60,000
Zane Yoshida	\$239,000
Stephen Copplin	\$200,000

Notes:

1. Includes statutory superannuation.
2. Forest House Pty Ltd, an entity associated with Jay Stephenson, will receive a \$25,000 prospectus management fee.

The Company's constitution provides that the Directors be paid out of the funds of the Company, by way of remuneration for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Directors prior to the first annual general meeting of the Company, to be divided among themselves and in default of agreement then in equal shares. The remuneration of the Directors shall not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the suggested increase has been given to members in the notice convening the meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

7.3 Agreements with Directors and Related Parties

The Company's policy in respect of related party arrangements is:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Refer to Section 9.6 for summaries of material contracts with related parties.

7.4 Deeds of indemnity, insurance and access

The Company has entered into deeds of indemnity, insurance and access with each of its Proposed Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances. For existing Directors, the Company has entered into a deed of indemnity, insurance and access.

8. CORPORATE GOVERNANCE

8.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that, at Completion the board will be a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website www.fjikava.com.

8.2 Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- leading and setting the strategic direction and objectives of the Company;
- appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of Executives and the Company Secretary and the determination of their terms and conditions including remuneration and termination;
- overseeing the Executive's implementation of the Company's strategic objectives and performance generally;
- approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);
- overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to directors in a timely manner to facilitate directors' participation in the Board discussions on a fully-informed basis.

8.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- a. membership of the Board of directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- b. the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

On completion of the Acquisition, the Board will consist of four directors (two of whom will be non-executive directors) of whom two are considered independent, being Dr Andrew Kelly and Jay Stephenson. The Board considers the proposed balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

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To assist the Board in evaluating the appropriateness of the Board's mix of qualifications, experience and expertise, the Board will maintain a Board Skills Matrix.

The Board undertakes appropriate checks before appointing a person as a director or putting forward to Shareholders a candidate for election as a director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a director.

The Company shall develop and implement a formal induction program for directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity and enable new directors to gain an understanding of the Company's policies and procedures.

8.4 Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

8.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

8.6 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

8.7 Remuneration arrangements

The remuneration of an executive director will be decided by the Board, without the affected executive director participating in that decision-making process.

The total maximum remuneration of directors is initially determined by the directors prior to the first annual general meeting of the Company and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable.

In addition, a director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be paid reasonable travelling, and other expenses incurred by them respectively in or about the performance of their duties as directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

8.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its directors, officers, employees and contractors. The policy generally provides that for directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

8.9 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

8.10 Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

8.11 Departures from Recommendations

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to admission to the Official List.

9. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company and/or the Fiji Kava Group is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

9.1 Heads of Agreement

On 24 July 2017, the Company entered into the Heads of Agreement with SPE Singapore, SPE Fiji and the Vendors which sets out the terms and conditions upon which the Company will acquire 100% of the shares in SPE Singapore and SPE Fiji.

The key terms of the Heads of Agreement are as follows:

- a. Completion of the Acquisition is subject to satisfaction or waiver of the following outstanding conditions:
 - I. written waiver by SPE Singapore in favour of the Company (or its nominee/s) of its rights of first refusal in respect of the issue and/or transfer of shares in SPE Fiji;
 - II. receipt of ASX conditional approval to admit the Company to the Official List on terms and conditions reasonably acceptable to the Company and which are capable of satisfaction in the ordinary course;
 - III. the Company receiving valid applications for the Minimum Subscription;
 - IV. the Company obtaining the approval of its Shareholders for the allotment of Consideration Shares (defined below) and/or all other approvals necessary for the admission of the Company to the Official List;
 - V. no event, occurrence or other matter, which individually or when aggregated with all such events, occurrences or matters of a similar kind, taking place at any time, which

has a material adverse effect on the Company or any member of the Fiji Kava Group or the Business; and

VI. no breach of warranty by any Vendor or the Company occurring.

(together, the **Conditions**).

If the Conditions are not satisfied or waived on or before 5:00pm (WST) on 31 December 2018, (or such later date as the Company and the Fiji Kava Group agree in writing), either the Company or the Fiji Kava Group may terminate the Heads of Agreement by written notice to the other party.

b. In consideration for the Acquisition, the Company has agreed to:

I. issue to the Vendors (or their nominee/s) in their respective proportions, a total of 29,000,000 Shares at a deemed issue price of \$0.20 per Share to acquire 100% of the Shares in SPE Singapore; and

II. pay \$1.00 each to each vendor of the shares in SPE Fiji.

c. Each Vendor has acknowledged that some or all of the Consideration Shares to be issued to the Vendors at Completion may be the subject of escrow restrictions imposed by ASX under the ASX Listing Rules. However, to the extent that ASX does not impose escrow conditions, the Consideration Shares to be issued to the Vendors at Completion will be subject to a voluntary escrow for a period of 6 months, in the form of Appendix 9A of ASX Listing Rules, modified as may be agreed between the parties acting reasonably.

9.2 Convertible Loan Agreement

The Company has entered into a convertible loan agreement with SPE Singapore and SPE Fiji (together, the **Borrowers**) pursuant to which the Company agreed to provide the Borrowers with a loan of \$590,000 (**Loan**) for working capital purposes (**Convertible Loan Agreement**).

a. (**Interest**): Interest will accrue on the outstanding principal amount under the Convertible Loan Agreement a rate of 10% per annum.

b. (**Repayment Event**): If one of the following events occurs, the outstanding principal amount (and accrued interest) shall become immediately repayable in the manner elected by the Company:

I. a Borrower breaches a provision of the Heads of Agreement;

II. completion of the Acquisition does not occur due to the default of a Borrower under the Heads of Agreement or the Convertible Loan Agreement;

III. completion of the Acquisition does not occur (other than due to the default of a Borrower as set out above) and the Borrowers fail to repay the outstanding principal amount (and

accumulated interest) within 45 days of the condition satisfaction date in the Heads of Agreement;

- IV. a Borrower breaches a provision of the Convertible Loan Agreement, including by using, or agreeing to use any portion of the Loan otherwise than in accordance with the agreed budget; or
 - V. an event of default under the Convertible Loan Agreement has occurred and is subsisting.
- (each, a **Repayment Event**).

If a Repayment Event occurs, the Company may elect to:

- I. to be repaid the Loan (and accrued interest); or
 - II. to convert the Loan (and accrued interest) into such number of fully paid ordinary shares in each of the Borrowers as represents 20% of the then fully diluted share capital of each of the Borrowers (**Borrower Shares**).
- c. (**Automatic Conversion**): The Convertible Loan Agreement will automatically convert into Borrower Shares on completion of the Acquisition.

The Convertible Loan Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature.

9.3 Material Research and Business Contracts

a. Services Agreement – NICM Health Research Institute

On 20 April 2018, Fiji Kava Limited entered into a services agreement (**Services Agreement**) with Western Sydney University (**WSU**) to govern the research and development works to be undertaken by WSU, through its NICM Health Institute (**NICM**), for the Company.

WSU will perform kava combination research subject to, and the Services Agreement is not binding on the parties until:

- the Company completes the Offer; and
- written agreement between the parties on a finalised research plan in respect to trial design/s, timeline and logistics.

The research will initially target anxiety, insomnia and pain however it may not be possible, or commercially necessary, to address all three conditions. Depending on final budget finalisation, the agreement covers work up to the value of \$1,250,000.

b. Pathway International – Memorandum of Understanding

On 16 May 2018, SPE Aus and Pathway International Pty Limited (ACN 144 676 068) (**Pathway International**) entered into a memorandum of understanding (**MOU**) to govern the relationship

between SPE Aus and Pathway International for the purpose of developing an exclusive wholesale supply agreement for wholesale distribution of kava extract in Australia and New Zealand.

The MOU provides that SPE Aus and Pathway International will collaborate in respect of the following activities:

- SPE Aus will supply kava extract to Pathway International to distribute for other nutraceutical products according to agreed specifications on pricing to be agreed;
- Pathway International will work with SPE Aus to commercialise a water extracted kava from select noble varieties in Fiji.

c. **Manufacturing Agreement – Douglas Pharmaceuticals**

On 30 January 2015, SPE Fiji and Douglas Pharmaceuticals (Fiji) Limited (**Douglas Pharmaceuticals**) entered into a manufacturing licence agreement (**Manufacturing Agreement**) pursuant to which Douglas Pharmaceuticals agreed to:

- I develop manufacturing processes in respect of kava capsules (**Products**) at the request of SPE Fiji; and
- II manufacture all Products on behalf of SPE Fiji, on the terms and conditions set out in the Manufacturing Agreement.

Douglas Pharmaceuticals' obligations under the Manufacturing Agreement are to manufacture the Products in accordance with specifications and deliver the Products to SPE Fiji in accordance with the terms of the Manufacturing Agreement and provide all raw ingredients for the Products except the kava extract which is to be provided by SPE Fiji (**Ingredients**).

SPE Fiji's obligations under the Manufacturing Agreement are to supply the Ingredients and provide Douglas Pharmaceuticals with all information and assistance Douglas Pharmaceuticals may reasonably request in order for Douglas Pharmaceuticals to perform its obligations.

Each party retains all rights title and interest in their respective intellectual property.

The Manufacturing Agreement had an initial term of one year and automatically renews for further periods of one year unless either party has given written notice of non-renewal at least three months prior to the expiry date of the renewed term.

9.4 Lead Manager Mandate

The Company has signed a mandate letter with PAC Partners Securities Pty Ltd engaging PAC Partners to act as lead manager of the Offer (**Lead Manager Mandate**). Under the terms of this engagement the Company will:

- a. pay PAC Partners a corporate fee of \$100,000 (plus GST);
- b. pay PAC Partners a 6% selling fee (plus GST) of the total amount raised under the Offer. PAC Partners has agreed to allocate at least \$1,000,000 of the Offer to Cicero Advisory Services Pty Ltd (**CAS**) to place and will pay a fee of 5% of this amount to CAS;
- c. issue PAC Partners 1,417,000 Facilitator and Commitment Options; and
- d. pay PAC Partners all pre-agreed costs and out of pocket expenses incurred by PAC Partners in connection with the Offer, subject to these being agreed with the Company prior to being incurred.

Subject to the Company being admitted to the official list of ASX, PAC Partners will assist the Company with investor relations and broker roadshows (**Retainer**) for a fee of \$5,000 (plus GST) per month. The Retainer will be payable for 12 months following the ASX listing and may be terminated by either PAC Partners or the Company by providing one (1) month's written notice.

9.5 Agreement with Cicero Corporate Services Pty Ltd for the provision of corporate administration services

The Company has entered into an agreement with Cicero Corporate Services Pty Ltd (**CCS**) for the provision of corporate administration services which include, accounting, company secretarial, and administration.

The term of the agreement is for 12 months and can be terminated with three months' notice by either party.

The fee for the corporate administration services is \$8,000 per month (plus GST). CCS will also be issued with 1,167,000 Facilitator and Commitment Options prior to the Company's admission to the Official List.

9.6 Agreements with related parties

a. Executive Services Agreement – Zane Yoshida

The Company has entered into an executive services agreement with Proposed Director, Zane Yoshida which sets out the terms upon which Mr. Yoshida will act as the Managing Director of the Company. The key terms of the executive services agreement are as follows:

- I. **Term:** Mr. Yoshida's employment with the Company will commence on the date on which the Company's securities are admitted to the Official List;
- II. **Remuneration:** Mr. Yoshida will receive a base salary of \$239,000;
- III. **Restraint of trade:** Upon termination of the executive services agreement, Mr Yoshida will be subject to non-solicitation and non-competition periods of up to 6 months; and
- IV. **Termination:** Either party may terminate the executive services agreement at any time for any reason or no reason in which case the Company must give Mr Yoshida 4 months' written notice and Mr Yoshida must give the Company between 1- and 2-months' notice.

b. Executive Services Agreement – Stephen Copplin

The Company has entered into an executive services agreement with Proposed Director, Stephen Copplin which sets out the terms upon which Mr Copplin will act as an Executive Director of the Company. The key terms of the executive services agreement are as follows:

- I. **Term:** Mr Copplin's employment with the Company will commence on the date on which the Company's securities are admitted to the Official List;
- II. **Remuneration:** Mr Copplin will receive a base salary of \$200,000;
- III. **Restraint of trade:** Upon termination of the executive services agreement, Mr Copplin will be subject to non-solicitation and non-competition periods of up to 6 months; and
- IV. **Termination:** Either party may terminate the executive services agreement at any time for any reason or no reason in which case the Company must give Mr Copplin 3 months' written notice and Mr Copplin must give the Company between 2- and 3-months' notice.

c. Letters of Appointment with Non-Executive Directors

I. Dr Andrew Kelly

Dr Kelly has executed a letter of appointment to become the Non-Executive Chairman of the Company effective from the date on which the Company is admitted to the Official List.

A. **Term:** Dr Kelly's service will commence on the date of quotation of the Company's securities on ASX and will cease when he resigns, retires or is removed from office in accordance with the Company's Constitution or the Corporations Act.

B. **Fee:** Dr Kelly will be paid a fee of \$60,000 per annum for his role as a Non-Executive Chairman of the Company. Any fees paid to Dr Kelly will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Dr Kelly for all reasonable expenses incurred in performing his duties.

C. **Options:** Dr Kelly will receive 750,000 Facilitator and Commitment Options on the terms and conditions outlined in Section 10.3.

II. Jay Stephenson

Jay Stephenson has executed a letter of appointment to become a Non-Executive Director of the Company.

A. **Term:** Mr Stephenson's service commenced on 1 July 2018 and will cease when he resigns, retires or is removed from office in accordance with the Company's Constitution or the Corporations Act.

B. **Fee:** Mr Stephenson will be paid a fee of \$40,000 per annum plus superannuation for his role as a Non-Executive Director of the Company effective from the date the Company is admitted to the Official List. The Company will reimburse Mr Stephenson for expenses incurred in accordance with the Company's constitution.

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10. ADDITIONAL INFORMATION

10.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

a. General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

b. Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- I. each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- II. on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

- III. on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

c. **Dividend rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may declare a final dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. All dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividends are paid.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Notwithstanding any other provision of this Constitution, but subject to the requirements of the Corporations Act and, if applicable, the Listing Rules, the Directors may in their absolute discretion establish on such terms and conditions as they think fit:

- a) plans (to be called a "dividend reinvestment plan" or an "interest reinvestment plan" as the case may be) for cash dividends paid by the Company in respect of shares issued by the Company and interest paid by the Company on unsecured notes or debenture stock issued by the Company to be reinvested by way of subscription for shares in the Company; and
- b) a plan (to be called a "dividend election plan") permitting holders of shares to the extent that his shares are fully paid up, to have the option to elect to forego his right to share in any dividends (whether interim or otherwise) payable in respect of such shares and to receive instead an issue of shares credited as fully paid up to the extent as determined by the Directors.

d. **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

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e. **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

f. **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

g. **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

h. **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

10.3 Terms and Conditions of Options

a. **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

b. **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**)

c. **Expiry Date**

Each Option will expire at 5:00 pm (WST) on or before:

- (i) **Existing Options:** 31 July 2021;

(ii) **Facilitator and Commitment Options:** that date which is three (3) years from the date the Company is admitted to the Official List,

(each, an **Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

d. **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

e. **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

f. **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

g. **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- I. issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- II. if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- III. if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

h. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

i. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

j. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

k. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

l. Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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10.4 Interests of Directors

Other than as set out in this Prospectus, no Director or Proposed Director of the Company holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- a. the formation or promotion of the Company;
- b. any property acquired or proposed to be acquired by the Company in connection with:
 - I. its formation or promotion; or
 - II. the Offer; or
- c. the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director of the Company:

- d. as an inducement to become, or to qualify as, a Director; or
- e. for services provided in connection with:
 - I. the formation or promotion of the Company; or
 - II. the Offer.

10.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- a. person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- b. promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:
- c. the formation or promotion of the Company;
- d. any property acquired or proposed to be acquired by the Company in connection with:

- I. its formation or promotion; or
- II. the Offer; or
- e. the Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:
- f. the formation or promotion of the Company; or
- g. the Offer.

Pendragon Capital Ltd has acted as the Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 6. The Company estimates it will pay Pendragon Capital Ltd a total of \$12,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Pendragon Capital Ltd has not received any fees from the Company for any other services.

PAC Partners Securities Pty Ltd has acted as the Lead Manager to the Offer and will receive a \$100,000 corporate fee, a 6% selling fee of the total amount raised under the Prospectus (plus GST) and 1,417,000 Facilitator and Commitment Options following the successful completion of the Offer for its services as Lead Manager to the Offer. PAC Partners will be responsible for paying all capital raising fees that PAC Partners and the Company agree with any other financial service licensees. Further details in respect to the Lead Manager Mandate with PAC Partners are summarised in Section 9.4. During the 24 months preceding lodgement of this Prospectus with the ASIC, PAC Partners has received \$14,400 in fees for brokerage services provided to the Company.

Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$75,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received \$53,751.51 (excluding GST and disbursements) in fees for legal services provided to the Company.

10.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

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- a. does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- b. in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Pendragon Capital Ltd has given its written consent to being named as the Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report included in Section 6 in the form and context in which the information and report is included. Pendragon Capital Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Hall Chadwick WA has given its written consent to being named as the auditor in this Prospectus and to the inclusion of the audited and reviewed historical financial information of the Company and the Fiji Kava Group in the form and context in which the information is included. Hall Chadwick WA has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Ernst & Young Chartered Accountants has given its written consent to being named in this Prospectus and to the inclusion of the financial information of SPE Fiji in the form and context in which the information is included. Ernst & Young Chartered Accountants has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

PAC Partners Securities Pty Ltd has given its written consent to being named as the Lead Manager to the Company in this Prospectus. PAC Partners has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automic Pty Ltd has given its written consent to being named as the share registry to the Company in this Prospectus. Automic Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

10.7 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$622,439 for the Minimum Subscription (which is also the maximum subscription under the Offer) and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Full Subscription (\$)
ASIC Fees	3,206
ASX Fees	77,641
Lead Manager Fees	412,000
Legal Fees	75,000
Investigating Accountant's Fees	12,500
Prospectus Management Fee	25,000
Printing and Distribution	17,092
TOTAL	622,439

10.8 Continuous disclosure obligations

The Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) following admission to the Official List and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

10.9 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.fijkava.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

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10.10 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

10.11 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

For personal use only

11. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.



Jay Stephenson

**Non-Executive Director
For and on behalf of
Fiji Kava Limited**

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ means an Australian dollar.

Acquisition means the acquisition by the Company of 100% of the shares in SPE Singapore and SPE Fiji from the Vendors pursuant to the terms and conditions of the Heads of Agreement.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer or the Vendor Offer, as the case may be.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means Fiji Kava Limited (ACN 169 441 874).

Completion means completion of the Acquisition in accordance with the terms of the Heads of Agreement.

Condition has the meaning given to that term under the title "Conditional Offer" in the Important Notice Section.

Consideration Shares means 29,000,000 Shares.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Existing Options means 5,000,000 Options currently on issue in the Company with the terms and conditions set out in Section 10.3.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Facilitator and Commitment Option means an Option to be issued with the terms and conditions set out in Section 10.3.

Fiji Kava Group means SPE Fiji and SPE Singapore.

Full Subscription means \$5,200,000.

Heads of Agreement means the heads of agreement dated 24 July 2017 between the Company, SPE Singapore, SPE Fiji and the Vendors and any amendments thereto.

Lead Manager or **PAC Partners** means PAC Partners Securities Pty Ltd (ACN 623 653 912) is a Corporate Authorised Representative of PAC Asset Management Pty Ltd, holder of AFSL 335374.

Lead Manager Mandate means the mandate between the Company and PAC Partners dated 11 October 2018, as summarised at Section 9.4.

Minimum Subscription means \$5,200,000.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 2.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proposed Directors means Andrew Kelly, Zane Yoshida and Stephen Copplin and **Proposed Director** means any one of them.

Prospectus means this prospectus.

Section means a section of this Prospectus.

Security means a Share or an Option, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

SPE Aus means South Pacific Elixirs Pty Ltd (ACN 118 962 182).

SPE Fiji means South Pacific Elixirs Ltd., a company registered in Fiji.

SPE Singapore means South Pacific Elixirs Pte Ltd, a company registered in Singapore.

Vendor Offer means the Consideration Shares to the Vendors (or their nominees).

Vendors means each of SPE Singapore's shareholders.

WST means Western Standard Time as observed in Perth, Western Australia.

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YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Health Club A/C>	Food Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for Ordinary Fully Paid Shares ('Shares') in Fiji Kava Limited (ACN 169 441 874) ('Company'), made under the terms set out in the Prospectus dated 12 October 2018. The expiry date of the Prospectus is the date which is 13 months after the Prospectus Date, 12 October 2018.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable) and an Application Form, on request and without charge.

- Shares applied for & payment amount** - Enter the number of Shares you wish to apply for. Your application must be for a minimum of 10,000 Shares (A\$2,000). Applications for greater than 10,000 shares must be in multiples of 2,500 Shares (A\$500). Next, enter the amount of the Application Monies payable. To calculate this amount, multiply the number of Shares applied for by the offer price, which is A\$0.20 per share.
- Applicant name(s) and postal address** - Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. You should refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am AEST and 5:00pm AEST should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/#/home>
- CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.
- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - Payments for applications made through this application form can only be made by cheque. Payment can be made by both BPAY and EFT but only by making an online application, which can be accessed by following the web address provided on the front of the application form. **Do not forward cash with this Application Form as it will not be accepted.**

Your cheque must be made payable to "Fiji Kava Limited" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, YOU DECLARE THAT:

- you have received a paper or electronic copy of the Prospectus that accompanies this Application Form and have read the Prospectus in full and agree to be bound by the terms and conditions of the offer as declared in the Prospectus;
- all details and statements made on the form are complete and accurate;
- where information has been provided about another individual, that individual's consent has been obtained to transfer the information to the Company;
- the Company and their respective officers and agents are authorised to do anything on your behalf (including the completion and execution of documents) to enable the Shares to be allocated to you;
- you agree to be bound by the constitution of the Company;
- neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Offer opens at 9.00am (AEST) on 22 October 2018 and is expected to close at 5.00pm (AEST) on 6 November 2018. The Company may elect to extend the Offer or close it (after the Offer is open) at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be:

POSTED TO:	DELIVERED TO (during business hours only - 9am to 5pm (AEST):
Fiji Kava Limited C/- Automic Pty Ltd GPO Box 5193 SYDNEY NSW 2001	Fiji Kava Limited C/- Automic Pty Ltd Level 5, 126 Phillip Street SYDNEY NSW 2000

Your Application Form must be received by Automic no later than 5.00pm (AEST) 6 November 2018

If you have any enquiries in respect of this Application, please contact Automic by either phone on 1300 288 664 (within Australia), +61 2 9698 5414 or at corporate.actions@automic.com.au.

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FijiKavaLtd.