

# AirSeed

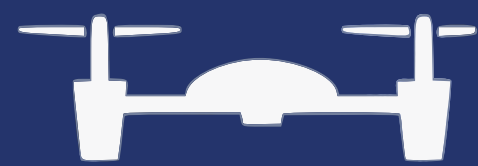
**Technologies Pty Ltd**

**Replacement Offer Document**

This replaces the Offer Document dated 13 February 2020







AirSeed

# AirSeed Technologies Pty Ltd

# CROWD-SOURCED

# FUNDING OFFER DOCUMENT

DATED 25 FEBRUARY 2020

**Offer of fully-paid ordinary shares in AirSeed Technologies Pty Ltd at \$1 per share to raise a maximum of \$1,000,000**

This **crowd-sourced funding** (CSF) replacement offer document relates to the Offer of fully-paid ordinary shares in New Co Limited. This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).

## **ISSUER**

AirSeed Technologies Pty Ltd ACN 631 375 650

## **INTERMEDIARY**

On-Market Bookbuilds Pty Ltd AFSL 421 535

[www.airseedtech.com](http://www.airseedtech.com)

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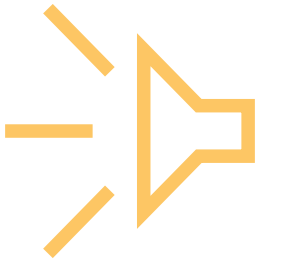
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# 1

# RISK WARNING



Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

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You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

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Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

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Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

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Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

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There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

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Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

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## 2.1 LETTER FROM THE CEO

### Dear Investor,

On behalf of the Board, it is my pleasure to invite you to read this Offer Document and to offer you the opportunity to become a shareholder in AirSeed Technologies Pty Limited. At the time of writing this letter, it's been reported that Australia has lost more than 14.7 million acres of forest, 1,300 homes, 25 lives and over a billion animals to bushfires this season.<sup>1</sup>

Unfortunately, this adds to a long narrative globally where the world's forests continue to disappear at an alarming rate. In just 26 short years, we have lost over 1.3 million km<sup>2</sup> of forest<sup>2</sup> – an area larger than the size of South Africa. In 2018, Australian bulldozers destroyed approximately 500,000 Ha of forest and bush that devastatingly contributed to the suffocation of our reefs, the eradication of our wildlife and a significant reduction in our carbon emissions target.<sup>3</sup>

AirSeed Technologies was created to combat deforestation and the effects of climate change on our planet, using technology to increase carbon sequestration through scalable reforestation. We use drone technology, artificial and data driven intelligence and sustainable biotechnology to rapidly deploy seeds for new trees into the ground.

While our solution was originally targeted at combatting deforestation, we are committed to helping Australia reverse the damage caused by bushfires by replanting at scale using

our proven technology and seed pod biotechnology (with patents pending).

Just as countries and industry now acknowledge the devastating loss of biodiversity caused through deforestation, so too are we realizing the effects that climate change can have on our land, animals and safety. Australians and citizens globally are desperate for action and leadership to reverse the damage caused by climate change and to mitigate further potentially devastating events. Through mandated and voluntary reforestation initiatives, government and industry can combat deforestation and mitigate the effects of climate change through global, scalable carbon sequestration.

Our solution allows a team of two people with one drone to plant approximately 5,000 trees/hr – a 95% productivity increase when compared to traditional manual planting techniques – and at only 15-20% of the cost.

We have already secured trial projects from leading agribusinesses in Gabon (Central West Africa) and South Africa, and are in detailed discussions with government departments in Australia regarding bushfire regeneration. We are also in negotiations with groups in Zambia, Malaysia, Philippines, Ireland and New Zealand.

On the research side, we have formed a partnership with the University of Technology Sydney to develop 'Blue Carbon

Solutions', which involves aerial planting of mangroves, sea grasses, etc. using our proprietary technology.

While we are committed to helping to reforest land at home in Australia, we recognize that climate change and reforestation is a global issue. That's why our mission is to be planting over 100 million trees per year by 2023, an audacious goal that will see our planting systems and people span the globe.

Before deciding whether to invest, please understand the risks facing the business, detailed in section 2.6.

On behalf of the Board, I look forward to welcoming you as a Shareholder.

Sincerely

**Andrew F Walker**

CEO

AirSeed Technologies Pty Ltd

<sup>1</sup> <https://edition.cnn.com/2020/01/06/us/australian-fires-by-the-numbers-trnd/index.html>; <https://sydney.edu.au/news-opinion/news/2020/01/08/australian-bushfires-more-than-one-billion-animals-impacted.html>; <https://www.cbsnews.com/news/australia-fires-over-1-billion-animals-feared-dead/>

<sup>2</sup> [Data.worldbank.org/indicator/AG.LND.FRST.K2/](https://data.worldbank.org/indicator/AG.LND.FRST.K2/)

<sup>3</sup> [Wilderness.org.au/work/deforestation](https://wilderness.org.au/work/deforestation)



## 2.2 KEY OFFER INFORMATION

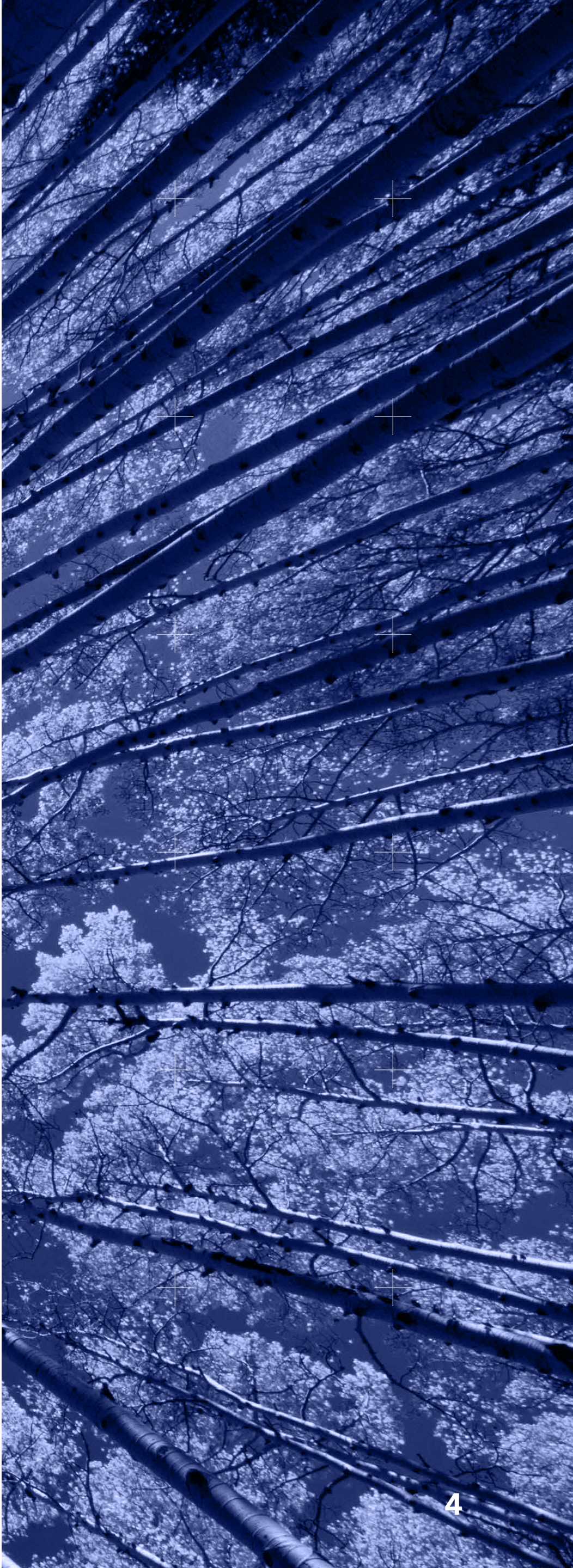
Offer Opening Date	28 January 2020	
Offer Closing Date (if not oversubscribed earlier)	5 March 2020	
Existing Ordinary Shares on issue*	4,953,500	
CSF offer price per share	\$1.00	
	Minimum Raising	Maximum Raising
Amount to be raised under the CSF offer	\$300,000	\$1,000,000
Number of CSF offer shares	300,000	1,000,000
Indicative equity value on completion of the CSF Offer	\$5,253,500	\$5,953,500

\* The Company has no other securities on issue.



## 2.3 INVESTMENT HIGHLIGHTS

INVESTMENT HIGHLIGHTS
Drone tree planting system that can plant 95% faster than traditional manual planting techniques and at only 20-25% of the cost
Patent-pending Carbon Seed Pod and manufacturing process that delivers a germination rate of up to 80% and a scalable, efficient manufacturing capability
Large addressable market with ~14 billion net trees lost per year globally, governments and NGOs seeking a scalable solution to meet emissions targets
Field trials underway in Gabon, Africa for large multi-national agri-business, and in South Africa for large commercial forestry business
Negotiations underway with another 5 major corporates for trials throughout Africa and Australasia
Adjacent applications identified and in development, such as mangrove reforestation program with University of Technology Sydney
Commercial opportunities in excess of \$100 million USD on completion of successful field trials
Experienced management team with expertise in mechanical engineering, geospatial data mapping and environmental science, and a clear plan to achieve an exit for shareholders over the medium/long term





## 2.4 TESTIMONIAL<sup>4</sup>



“The innovative approach of Airseed Tech to deliver large scale re-seeding for re-forestation provides a neat solution to mitigate atmospheric CO2 emissions whilst stabilizing soils. For those of us working in coastal systems – including Australia’s iconic Great Barrier Reef – such an approach is particularly time-sensitive to implement, and slow deteriorating ecosystem decline from climate change and land run-off. The Airseed Tech team deliver their approach from a very personal and deep drive for positive environmental impact – they have already transformed the rate at which seeds can be conventionally planted on land, and we are excited to extend this capacity to the coastal zones where mangrove reforestation is critically needed worldwide to fast-track carbon burial. I’ve been fortunate to already begin working with this team to help optimise success of planted seeds and fine-tune the approach for coastal systems – Airseed Tech are aware of the need to bring together diverse groups of scientists and engineers to realize their vision, and I’m particularly excited that their technology will eventually empower people worldwide across the agriculture, industry and environmental management sectors to re-establish healthy ecosystems.”

Associate Professor **DAVID SUGGETT**

Climate Change Cluster, University of Technology Sydney

<sup>4</sup> All persons mentioned in this Offer document have provided written consent to be named.





## 2.5 COMPANY DETAILS

COMPANY DETAILS	
Company Name	AirSeed Technologies Pty Ltd. ACN: 631 375 650
Incorporation Date	4 February 2019
Offer Type	Crowd-sourced Funding
Offer Date	28 <sup>th</sup> January 2020 – 5 <sup>th</sup> March 2020
Offer Details	Full paid ordinary shares issued at \$1.00 per share to raise a maximum of \$1 million. Up to 150,000 options available for eligible investors
Registered office and principal place of business	Registered Office: 14 Francis Street, Mascot, NSW 2020 Place of Business: 4B/9-13 Winbourne Rd, Brookvale, NSW, 2100
Directors	Andrew F Walker Andries W Louw
Related Entities	AirSeed Technologies Holdings Pty Ltd is a subsidiary of AirSeed Technologies and is the IP holding company
Intermediary	On-Market Bookbuilds Pty Ltd ABN 31 140 632 024 AFSL 421 535, trading as OnMarket ('OnMarket', or 'the intermediary')
Registry	<b>Cake.</b> Cake Equity www.cakeequity.com
Company website	www.AirSeedtech.com



## 2.6 INTRODUCTION

### 2.6.1 Vision

Our mission is to be planting over 100 million trees per year by 2023, an audacious goal that will see AirSeed Technologies expand internationally, formulate strategic partners both in industry and government and help lead the way for global reforestation.

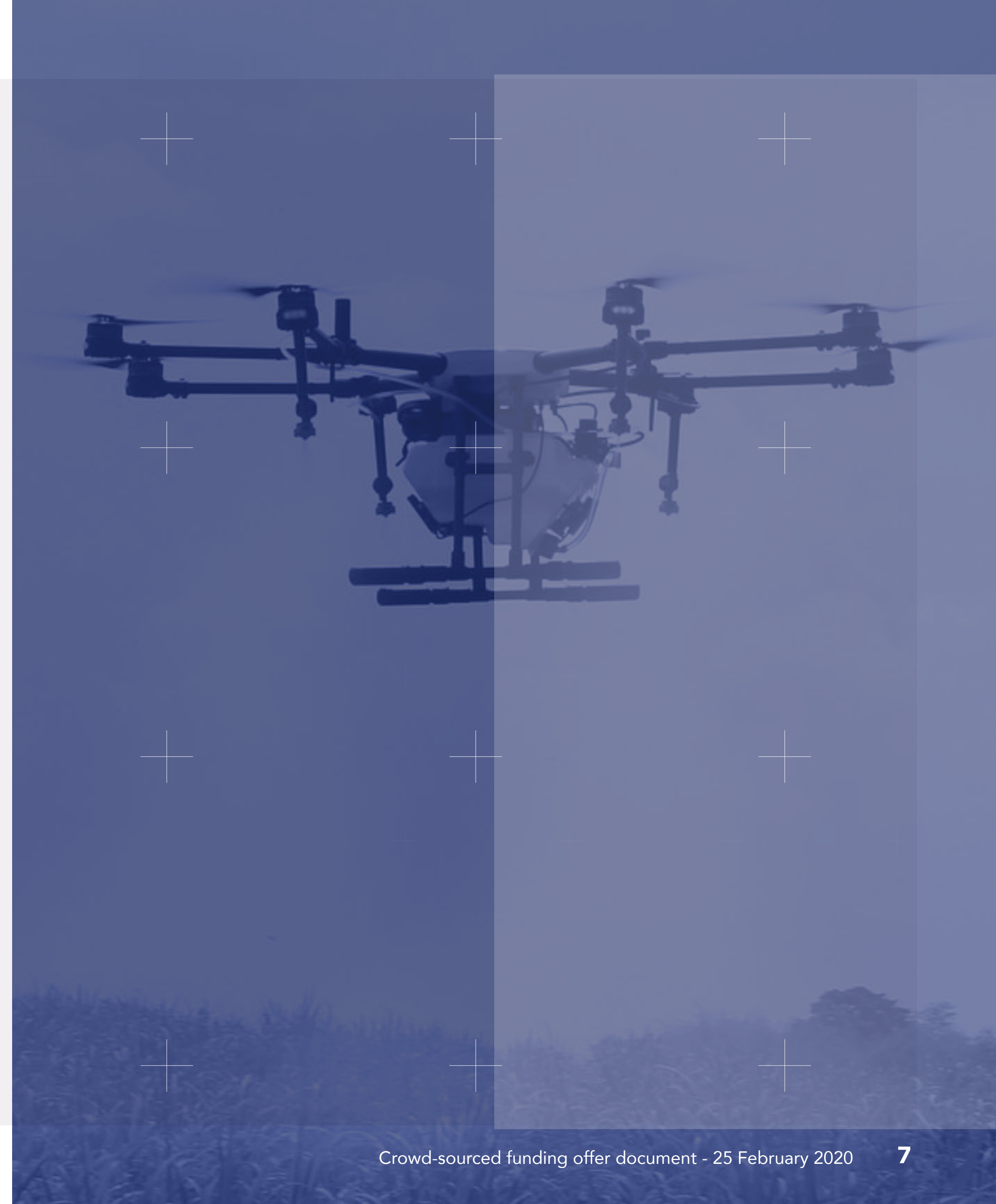
### 2.6.2 Overview

AirSeed Technologies is an early stage Australian biotech and drone technology company principally engaged in terrestrial reforestation for environmental restoration projects. The company performs aerial tree planting services for private agribusinesses, governments and non-governmental organisations ('NGOs') that are committed to conservation practices.

AirSeed Technologies has developed intellectual property in relation to unmanned aerial vehicle (UAV) tree planting and has patents pending in relation to their seed pod and manufacturing process. Through this, the Company seeks to revolutionise commercial forestry practices and provide environmental restoration at scale.

We are currently undertaking field trials in South Africa and Gabon, Central West Africa for large, industry leading agribusinesses that will result in more extensive trials and commercial projects rolling into 2020/21.

The Company has also commenced commercial field trial negotiations with governments and industry in Australia, New Zealand, Philippines, South Africa, Malaysia, Zambia and Ireland.

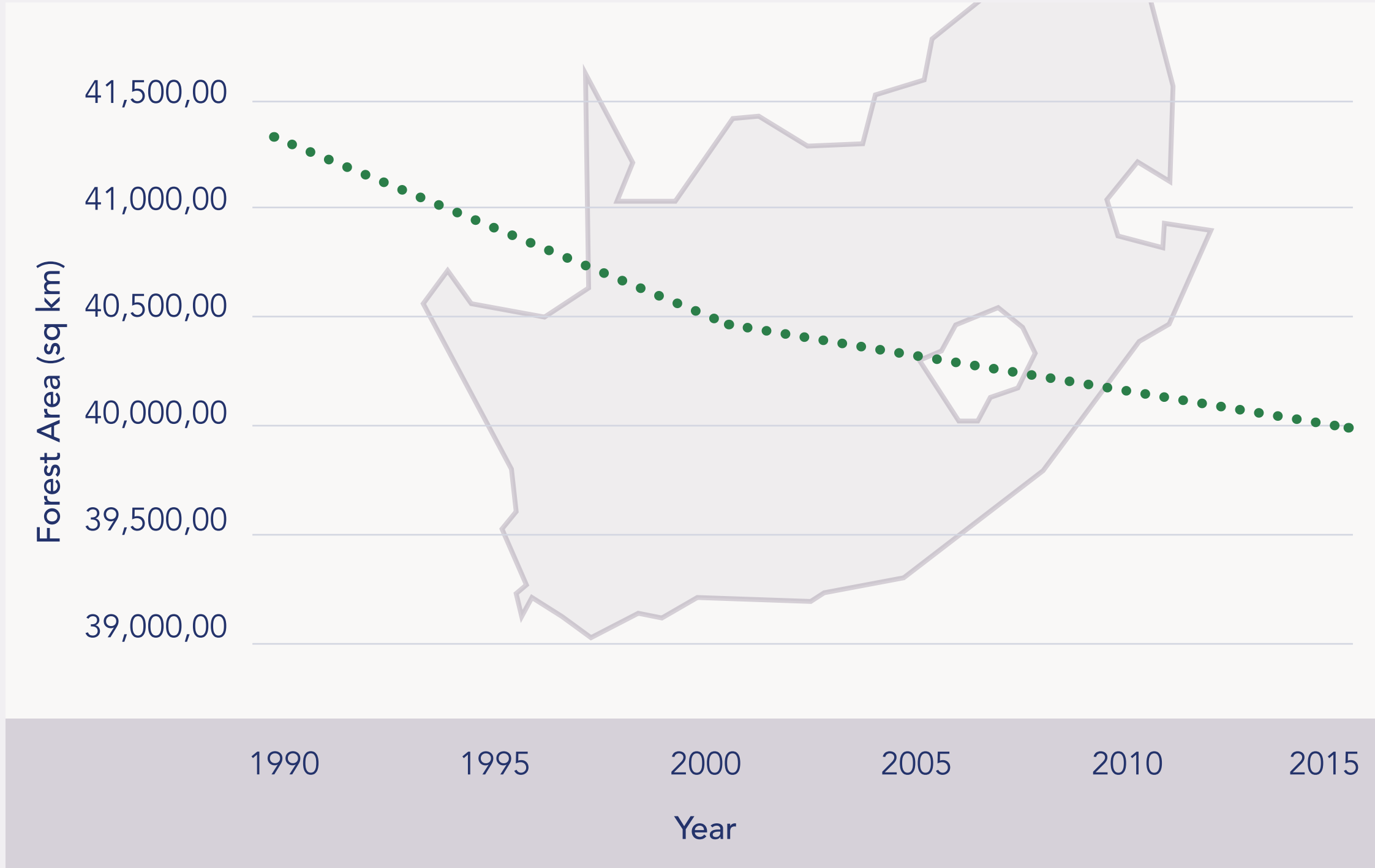




## 2.7 PROBLEM

Between 1990 and 2016, the world lost over 1.3 million km<sup>2</sup> – an area larger than South Africa.<sup>5</sup>

### GLOBAL FOREST LOSS

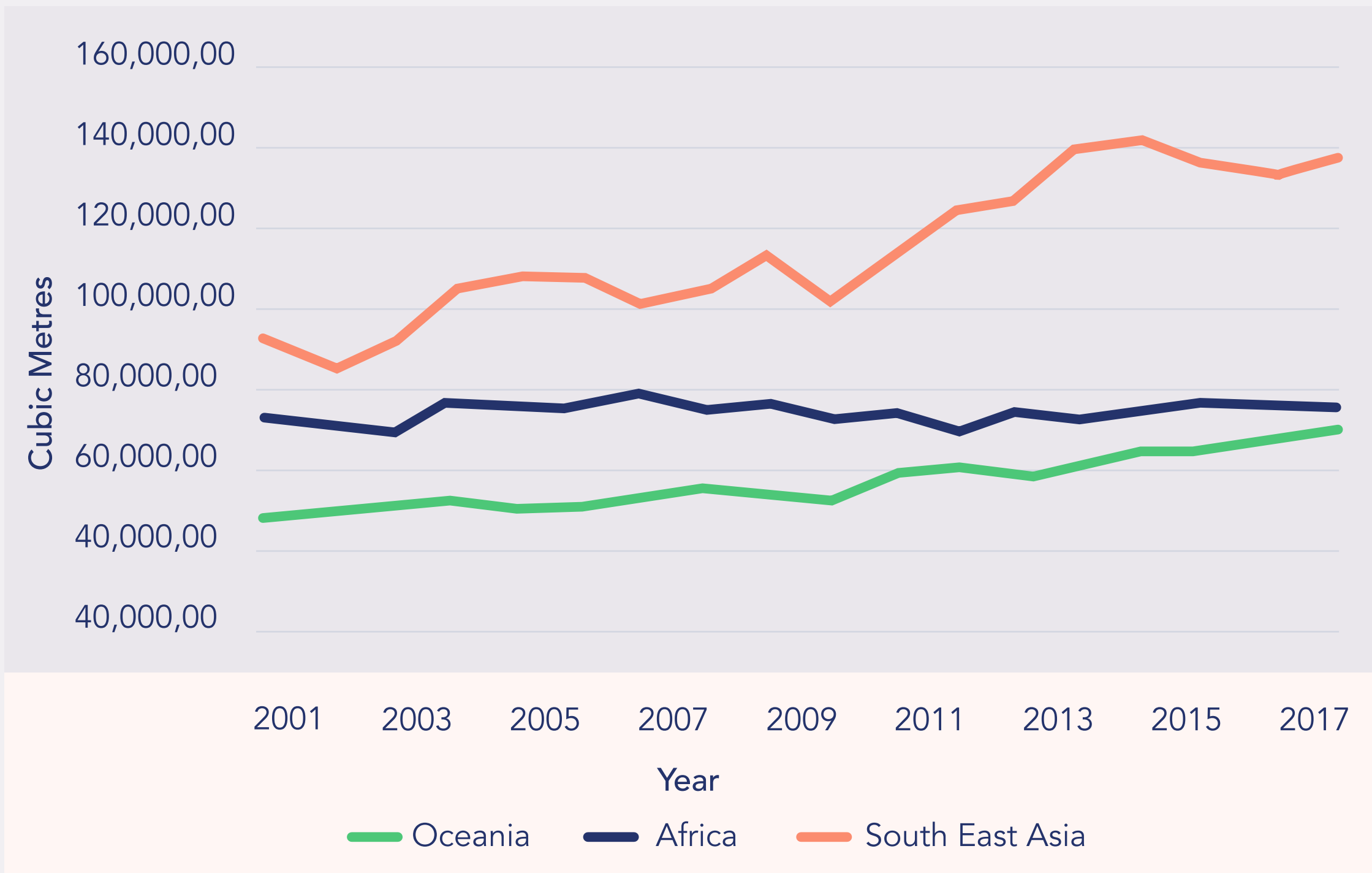


Source: <https://data.worldbank.org/indicator/AG.LND.FRST.K2/?end=2016&start=1990&view=chart>

<sup>5</sup> [Data.worldbank.org/indicator/AG.LND.FRST.K2/](https://data.worldbank.org/indicator/AG.LND.FRST.K2/)

Production of industrial wood has increased from 2000 to 2017, particularly in South East Asia, though wood production is not the sole contributing factor.

### INDUSTRIAL ROUND WOOD PRODUCTION



Source: <http://www.fao.org/faostat/en/#compare>

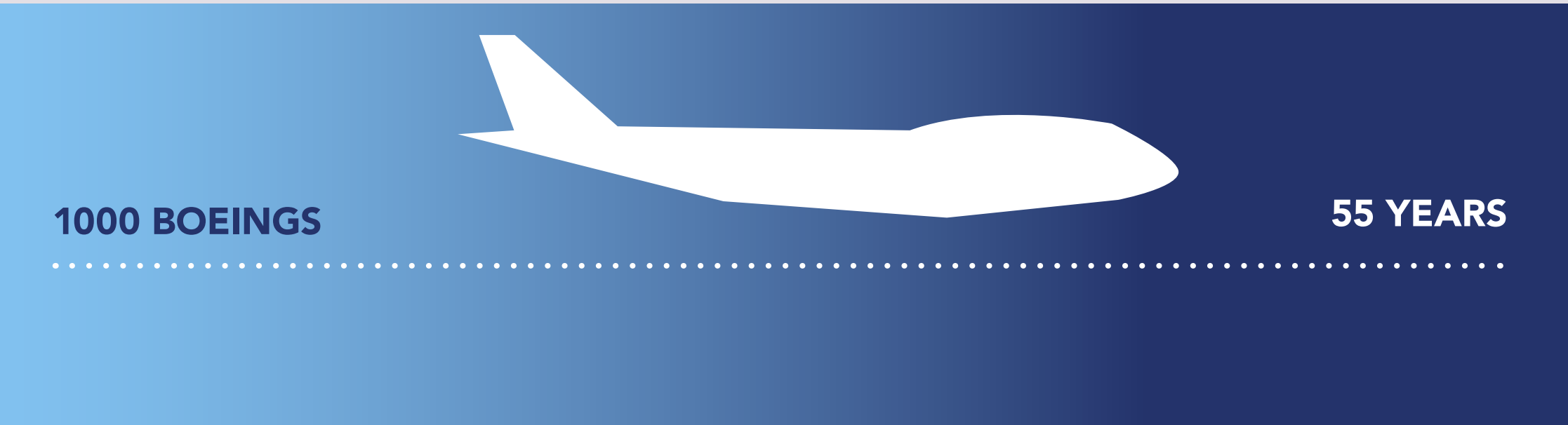


Other factors that contribute to net tree loss include:

- + Commodity driven agriculture
- + Shifting agriculture practises
- + Wildfires
- + Forestry
- + Urbanisation

It's estimated that the earth is currently losing approximately 14 billion trees<sup>6</sup> each year.

This equates to approximately 120 million tonnes of lost carbon sequestration every year, or the equivalent of 1000 Boeing 747s flying non-stop for 55 years.<sup>7</sup>



Alarminglly, more than 35% of the world's mangroves are already gone. The figure is as high as 50% in countries such as India, the Philippines, and Vietnam, while in the Americas they are being cleared at a rate faster than tropical rainforests.<sup>8</sup>

Coastal ecosystems sequester and store more carbon ('blue carbon') per unit area than terrestrial forests and are recognised for their role in mitigating climate change.<sup>9</sup> Coastal habitats cover less than 1.5% of the world but account for approximately 41% of global carbon sequestration.



Source: <https://www.independent.co.uk/environment/climate-change-mangrove-forests-habitats-ecosystems-environment-a8644566.html>

6 Globalforestwatch.org  
7 <https://www.carbonindependent.org/22.html>, <https://www.space.com/17638-how-big-is-earth.html> Calculation: A=[CO2 emissions (kg/hr)/1000] x [earth circumference (km) /avg speed of 747 (km/hr)] B=[365days x 24hrs]/ [earth circumference (km) /avg speed of 747 (km/hr)] C=A x B where 'C' is CO2/yr for a 747 flying non stop around the world. D=[120,000,000 tonnes/yr of CO2] / (C x 1000) Where A= Boeing 747 flying/hrs around the world, B= Boeing 747 CO2 tonnes/ trip around the world, C= Boeing 747 tonnes/yr assuming non stop flying, D= Equivalent CO2 emissions for 1000x Boeing 747's flying non stop around the world  
8 [https://wwf.panda.org/our\\_work/oceans/coasts/mangroves/mangrove\\_threats/](https://wwf.panda.org/our_work/oceans/coasts/mangroves/mangrove_threats/)  
9 <https://www.iucn.org/resources/issues-briefs/blue-carbon>



With an increasing awareness for the causality of global warming, countries across the world have subscribed to international agreements to protect the world's forests and biodiversity, and pledge financial assistance to bring the world's degraded lands into restoration. Some key initiatives include:



**SUSTAINABLE DEVELOPMENT GOAL (SDG) 15:** US\$8.7 billion pledged to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.<sup>10</sup>



**BONN CHALLENGE:** Turn 350 million hectares of the world's deforested and degraded land into restoration by 2030.<sup>11</sup>



**AFRICAN FOREST LANDSCAPE RESTORATION INITIATIVE (AFR100):** restoring 100 million hectares of deforested and degraded land by 2030, \$1.481 billion pledged.<sup>12</sup>

<sup>10</sup> <https://sustainabledevelopment.un.org/sdg15#targetText=In%202015%2C%20bilateral%20ODA%20in,in%20real%20terms%20over%202014.>

<sup>11</sup> <http://www.bonnchallenge.org/content/challenge>

<sup>12</sup> <https://www.wri.org/our-work/project/AFR100/about-afr100>

<sup>13</sup> Manual planting rates differ vastly depending on location, terrain, fitness. Management have used the following information to determine an average planting rate: PFM, Libreville, Gabon advise planting rates of 600/day and <http://www.tree-planter.com/2016/10/a-typical-tree-planting-day/> = 1000/day

Despite significant funds being pledged, SDG even states that Goal 15 is 'unlikely to be met'.

Current reforestation efforts are largely manual and labour intensive, with tree planters averaging 800 new trees per day.<sup>13</sup> These outdated processes are expensive and inadequate to meet global demand for reforestation.

This has created a substantial market opportunity for companies that can offer impactful, scalable technological solutions that help address these global commitments to reforestation.

### WHY AREN'T WE PLANTING ENOUGH TREES

Seedlings are grown in controlled nursery environment that are expensive and time consuming to cultivate (Up to 2 years).

Refrigerated supply lines are required to transport seedlings from nursery to planting area.

Existing manual planting techniques are slow and labour intensive and expensive.

To replant the worlds forests and mitigate global warming we need global sized solutions.



## 2.8 SOLUTION

AirSeed Technologies have developed an autonomous planting system that significantly increases the planting rate (40,000 tree seed pods/day with a team of only two people and one drone) whilst simultaneously reducing the cost/tree planted by 75-80%.<sup>14</sup>

### MANUAL VS AUTOMATED PLANTING

Experienced manual tree planter can plant up to 800 seedlings per day.

Airseed Technologies can plant approx 40,000 tree seed pods per drone.

Global, Scaleable Reforestation that is 95% faster than traditional hand planting methods.

75-80% cheaper than manual planting methods.

Safer and accessible reforestation in areas previously deemed too hazardous and difficult for manual planting methods.

Data collection that accurately monitors germination rates and ultimately the success of a reforestation project.

<sup>14</sup> Calculations based on A= 9 mins for payload delivery, B= Max payload of 1000 seed pods, C= 3mins to change payload and battery, D= 8hr working day. Total seed pods/day =  $\{[60\text{mins}/(A+B)]*B\}*D$ . Management estimate \$/manual tree planted to be between \$2 to \$2.50 USD. AirSeed Technologies \$/tree planted is \$0.50 USD. Therefore:  $\$0.50/\$2.5 = 20\%$ ,  $\$0.5/\$2.0 = 25\%$

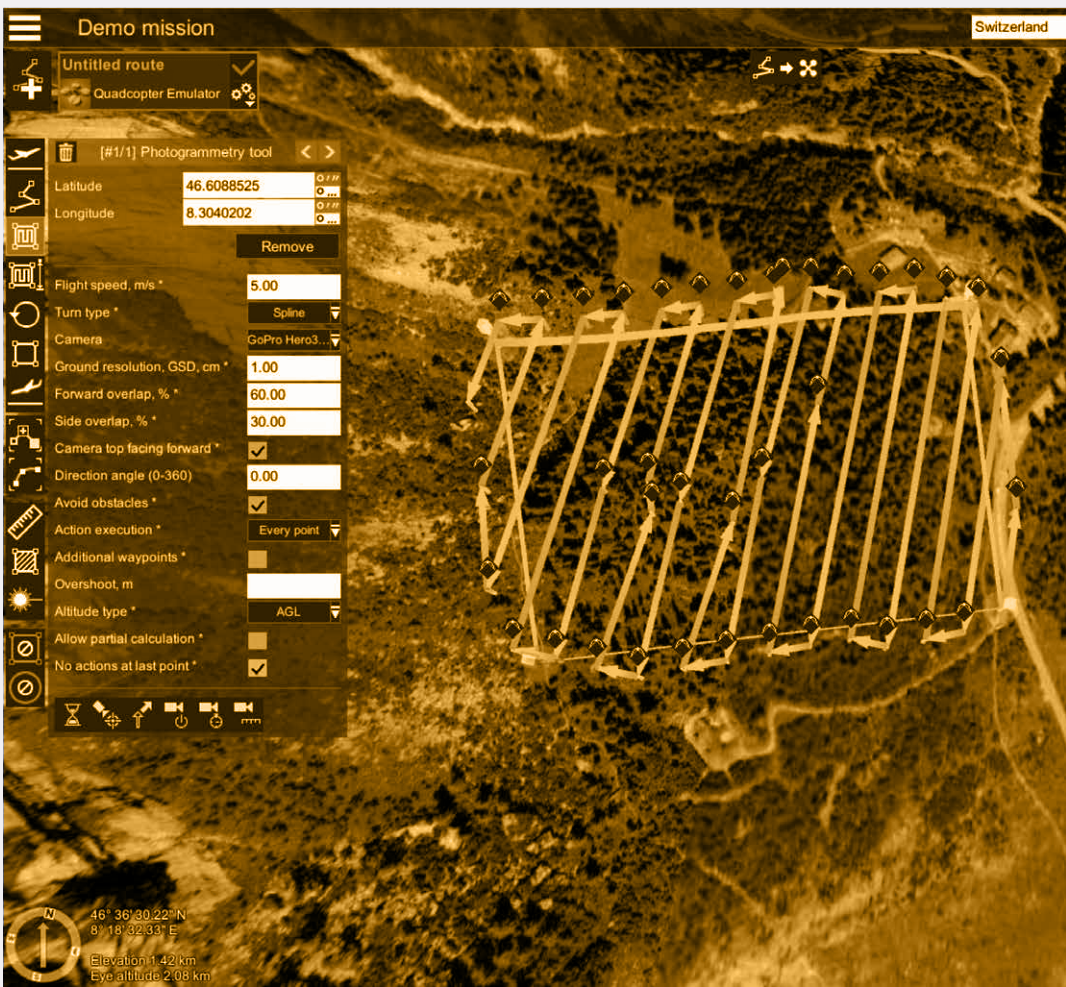


AirSeed Technologies’ solution involves four steps:

**STEP 1:  
MAPPING AND GROUND TRUTHING**

We create a detailed terrain map using ‘off the shelf’ drone and remote sensing technology. We then analyse the image data in conjunction with physical features and materials on the ground.

We take soil samples from multiple locations to determine what beneficial nutrients, minerals and bacteria are present within the soil and utilise the results to manufacture a soil specific probiotic nutrient pack that is inoculated into the seed pods.



**STEP 2:  
SEED POD MANUFACTURE**

The Seed pod manufacturing is performed via a unique, mobile manufacturing plant within a 20 foot shipping container. This allows for quick and efficient cross border transportation and eliminates any biological customs restrictions.

Our patented Seed Pods are a low-cost, low-impact solution to reforestation and provide several advantages over traditional planting methods.

The seeds grow in their own micro-ecosystem containing beneficial soil rich bacteria and supplementary nutrients and microbes, all of which are necessary for developing seedlings in otherwise nutrient deprived soils at the planting location. Seed Pods do not require irrigation but do require adequate rainfall for germination. This is advantageous as the seed-stock remains relatively intact until conditions are ideal for germination.



**STEP 3:  
PLANTING**

Our planting drones fly autonomously, in swarms, planting two carbon seed pods/ second whilst simultaneously data logging the GPS location of every seed pod planted.

The data collected at Step 1 is used to develop accurate flight plans that not only fly the drones, but also trigger the pod firing mechanism at predefined GPS coordinates.

The drone’s hoppers are loaded with the appropriate quantity of seed pods for the respective planting area. Then, on command, the drones take off and fly autonomously, in swarms, following the pre-programmed flight plan and executing the planting pattern.

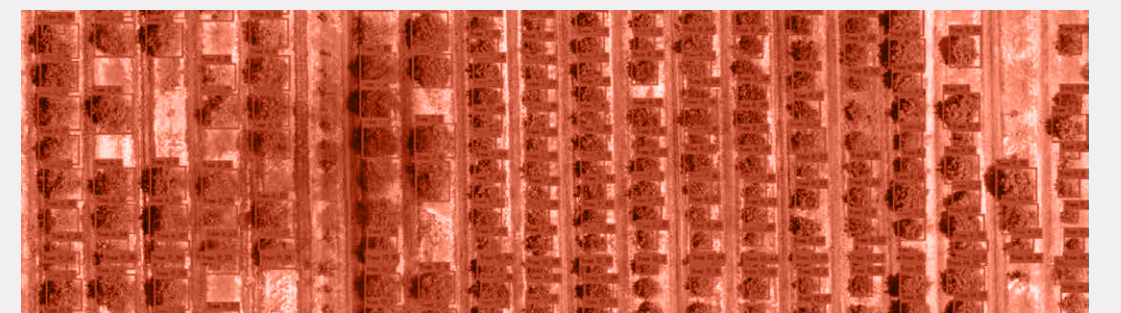


**STEP 4: POST PLANTING MONITORING  
AND PROTECTING**

Post planting surveys play a very important part in our forestry workflow.

By re-mapping the planted areas 1 to 3 months after the initial pod planting took place and using powerful all-in-one feature-extraction, classification, and change detection solutions that harnesses artificial intelligence and computer learning algorithms, we can detect change over time, count tree canopies and calculate biomass. This helps to accurately monitor and report germination rates and ultimately the success of the reforestation project.

If required, utilizing our spot spraying drones, we can protect the seedlings against combative and invasive plant life and also enhance seedling growth and survivability via the application of soluble nutrient packs.


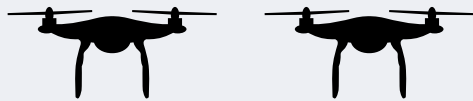



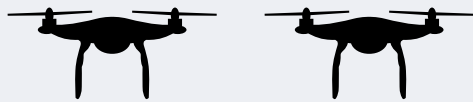




## 2.9 BUSINESS MODEL

### 2.9.1 Drone fleet and pods

AirSeed Technologies drone fleet comprises of the following:

MANUFACTURER	TYPE	QUANTITY
	Phantom 4	
	Inspire 2	
	Agras MG-1P	

AirSeed Technologies selected SZ DJI Technology Co. Ltd. ('DJI') as the optimum base platform for its early development and trial operations. The customised DJI platform offers reliable, stable GPS flight operations with heavy lift capability, multi-spectral sensing adaptations and a worldwide aftermarket network. However, the pneumatic firing system, gravity fed dropping system<sup>15</sup> and the spreading system are all manufacture agnostic, allowing for future expansion and development utilising alternate drone manufacture and technology platforms.

Upon receipt of funding, AirSeed Technologies plans to expand its DJI drone fleet, multi-spectral, remote sensing and photogrammetry hardware and trial new drone base platforms with a take-off capability of +50kg.

<sup>15</sup> The pneumatic system is used for areas with a soft, soil surface. The gravity fed system is used for hard soil and rocky areas.



### 2.9.2 Data

Data collection and analysis plays a vital part in AirSeed Technologies' solution.

**Biological Data:** Through DNA and RNA sequencing of healthy plant root systems and their respective soils we are able to compile invaluable data that helps identify the optimum probiotics for specific plant species, locations and soil types. The data obtained through initial laboratory and trial projects will ultimately improve the viability and efficiency of future commercial projects.

**GPS Data:** Every time we plant a seed pod, we log its GPS co-ordinates. This information enables post planting mapping drones to re-fly the existing planting patterns, taking high resolution imagery for plant identification using our artificial intelligence algorithms or multi-spectral imagery for plant health analysis. Continued data collection will result in bio-mass/ time calculations that can be used to accurately validate the success of a planting operation.



### 2.9.3 Path to market/customer acquisition strategy

Our primary markets are Oceania, South East Asia and Africa. We'll start by targeting "For Profit" projects from industries that have a commercial or regulatory requirement to replant trees and/or a desire to mitigate the cost of their carbon emissions through carbon credits. Once established, we'll expand our market penetration by targeting private, government and NGO environmental restorations projects.

#### 1 PRIVATE SECTOR:

- + Commercial forestry
- + Large mining operations with regulatory obligations to rehabilitate degraded mine sites
- + Commercial Plantations that have sustainability initiatives for reforestation (e.g. Palm oil, Tobacco, Coffee, Coco etc)
- + Commercial Plantations for replantation of commodity crop (e.g. Palm Oil)
- + Large Farming Corporations

#### 2 GOVERNMENT:

By forming associations with governments, AirSeed Technologies can offer:

- + Pre and Post fire detailed mapping (enabling data driven analysis of risk areas, affected areas and regenerating areas)
- + large scale soil fertilisation solutions at a lower cost point than traditional methods
- + Large scale reforestation using Above and Below surface seed planting.

Countries in which we have identified demand for these services include Australia, New Zealand, Philippines, Indonesia, Malaysia, Thailand, South Africa, Gabon, Zambia, and Zimbabwe.

#### 3 NGOS:

Joint venture projects that include tree-based restoration initiatives to improve water quality, soil health, biodiversity, air quality and provide sustainable timber, food and forest products for local communities while simultaneously creating rural jobs.

NGOs which we are targeting include,



### 2.9.4 Revenue model

The company earns revenue via a service agreement structure. Clients contract with AirSeed Technologies to undertake planting operations, as described in section 2.8, for a predefined period (e.g. 12 months) and for a minimum order size not less than \$50,000 USD. The total project cost is calculated on a per tree planted basis:

Example: 100,000 (trees) x \$0.50 (cost/tree planted) = \$50,000

As the company scales into larger commercial projects both domestically and internationally, licensing of the company's IP to certified operators and strategic partners is an obvious avenue for investigation.

### 2.9.5 Traction

AirSeed Technologies has already begun replanting our forests, undertaking a paid trial with one of the world's leading food and agri-business companies to plant over 500,000 trees. If the trial is successful, AirSeed Technologies will have the opportunity to conduct a commercial project to plant 200 million trees throughout Africa, resulting in significant revenue over the next 5 years.



### 2.9.6 Opportunities

AirSeed Technologies are in negotiations with 5 major corporates for trials throughout Africa and Australasia. Each of these opportunities would result in material revenue for the Company if they progress to commercial contracts.

The Company has also engaged with PACSys, a drone company based in South Africa that uses similar drone technology for spraying agricultural crops. Opportunities exist for further commercial arrangements with PACSys, such as through joint ventures or partnerships. PACSys have been instrumental in improving civil regulations in South Africa and other African nations to recognise and accept drone technology and are a leader in the field of deploying substances from UAVs. PACSys may assist AirSeed Technologies with operational matters or resourcing and training pilots and local areas, particularly as they scale.

### 2.9.7 Roadmap/goals

AirSeed Technologies aims to become profit generating by October 2021. From here, the Company aims to plant 330 million trees by the end of August 2024 through ‘for profit’ projects in Australia, New Zealand, South Africa, Gabon, Zambia, Mozambique and Malaysia. The following is not a forecast, but merely a reflection of the Company’s goals. AirSeed Technologies may not achieve these goals.

YEAR	TOTAL TREES PLANTED	POTENTIAL REVENUE	DRONE FLEET
2019-2020	390,000	\$351,000	5
2020-2021	8,000,000	\$4,000,000	25
2021-2022	68,000,000	\$34,000,000	161
2022-2023	98,000,000	\$49,000,000	257
2023-2024	148,000,000	\$74,000,000	401

### Mobile Manufacturing plant

With the development of our A-Prototype Seed Pod Mobile Manufacturing Plant, AirSeed Technologies is uniquely positioned to undertake global, infield operations with limited cross border transportation restrictions. This is aimed at decreasing the time from contract acceptance to infield planting operations and improving productivity.

Our B-Prototype Manufacturing Plant design is underway and management plans to allocate funds from the equity crowdfunding campaign towards the detailed design process and fabrication. Once commissioned, the mobile plant is expected to reduce operational labour to one person and increase manufacturing capacity by approximately 500%.

### Blue Carbon Seed Pod

As discussed in 2.7, our coastal ecosystems are in a rapid state of demise. AirSeed Technologies is currently developing, in conjunction with the University of Technology Sydney, a ‘blue carbon’ seed pod specifically designed to regenerate mangrove ecosystems which are critical for coastal environments and store more carbon than terrestrial trees.<sup>16</sup>

16 <https://www.iucn.org/resources/issues-briefs/blue-carbon>



### 2.9.8 Competitive analysis/market differentiation

AirSeed Technologies has identified two potential global competitors.

#### BIOCARBON ENGINEERING, OXFORD UK

BioCarbon Engineering, a UK-based company with the ambition to plant 500 billion trees by 2060 through the use of drones, received seed funding of US\$2.5 million from SYSTEMIQ, a purpose-driven investment and advisory firm, and Parrot, a European drone group.<sup>17</sup>

#### DRONESEED, SEATTLE USA

DroneSeed, a US-based company that provides drone reforestation services to timber companies, non-profits such as The Nature Conservancy and government agencies, has raised a total of US \$4.8m, including investment from Social Capital, Drone.VC, Spero Ventures and Techstars Ventures.<sup>18</sup>

#### DIFFERENTIATION

The key differentiators of the AirSeed Technologies System are:

- + The geometric shape of the seed pods is spherical, not projectile, making it easier to be fired from the hopper. Projective pods require the correct orientation within the hopper to be fired (like an automatic rifle magazine)
- + The ability to carry approximately 1000 seed pods per flight (c. 150 for BioCarbon Engineering)<sup>19</sup>
- + The patent-pending Seed Pod uses biochar, which is a soil amendment made of charcoal. Biochar is used to improve and maintain soil fertility and to increase soil carbon sequestration consistently and over a long period of time (up to 5,000 years).<sup>20</sup> The Seed Pods also contain clay which helps with further carbon sequestration

- + AirSeed Technologies uses non-germinated seeds. This means that our seed pods can be manufactured and stored until planting is required. Germinated seeds need to be planted immediately after germination and can suffer transplant shock when planted
- + The patented Seed Pod is inoculated with beneficial bacteria, fungi and soil specific nutrients and minerals to encourage higher germination rates
- + Seed Pod delivery system for ground penetration and surface application, suitable for different topographies and environments.

### 2.9.9 Exit

The Company does not have any immediate plans for an exit or liquidity event; however, the Directors aim to achieve an exit/liquidity event for shareholders over the medium to long term if they are able to achieve their goals. While there is no guarantee that this will occur, this could be in the form of:

- + A trade purchase of the Company
- + A listing on a recognised stock exchange
- + A private equity investment in the Company
- + A share buy-back by the Company.

The mechanisms for dealing with such activities and the rights afforded to shareholders are set out in the Company constitution, available in the dataroom, and discussed briefly in 3.3.

<sup>17</sup> <https://www.systemiq.earth/news-1/2018/4/17/biocarbon-engineering-receives-us25-million-in-seed-investment-to-advance-drone-technology-for-replanting-ecosystems>

<sup>18</sup> <https://www.crunchbase.com/organization/droneseed#section-funding-rounds>

<sup>19</sup> BioCarbon Engineering only 150 seed pods per flight according to most recently available source: <https://www.abc.net.au/news/2017-06-25/the-plan-to-plant-nearly-100,000-trees-a-day-with-drones/8642766>

<sup>20</sup> <https://www.dpi.nsw.gov.au/content/research/topics/biochar>



## 2.10 KEY ASSETS

### 2.10.1 IP - Patents

The Australian pending patent was filed on 26th April 2019 in Sydney, Australia. It is the company's intention to acquire international patents upon close of a successful ECF raise, as discussed in 3.2 below. Key geographies include Africa, South East Asia, Oceania, Europe and South America.

The novel solution of the invention is the aerial delivery of a 'Seed Pod' into or onto the ground from a UAV, inclusive of:

- + A pneumatic delivery system<sup>21</sup>
- + A gravity fed delivery system
- + The Seed Pod composition
- + The Seed Pod manufacturing process

### 2.10.2 Key contracts

Leading food and agri-business group, Africa:

Initial case study of 200 Ha with a tree density of 1000 trees/Ha. Case study is to determine:

- + the optimum planting solution for afforestation of wild bushland areas.
- + The optimum planting solution for sustainable, commercial reforestation practices.

Upon completion of the initial case study, further trials will extend into approximately 500Ha before engaging commercial projects up to 200,000 Ha over a 5-year period.

<sup>21</sup> A pneumatic delivery system is one powered by air or gas pressure.



## 2.11 PEOPLE AND ORGANISATION

### 2.11.1 Directors & Management

The AirSeed Technologies team is made up of experienced professionals in engineering, agriculture, marine and terrestrial micro-biology. Our management team have a proven track record in early stage growth businesses and are highly motivated in ensuring the company's future success. With a presence in South Africa and Australia, AirSeed Technologies can engage with and respond to clients at all hours of the day.



#### **ANDREW WALKER**

Director & CEO | Co-founder

A senior leader, mechanical engineer and entrepreneur with over 20 years' experience within the automotive/aerospace design sector for companies such as BMW and Airbus Industries.

Andrew holds a BEng (Hons) in Mechanical Engineering and has experience successfully building companies, scaling up his own engineering and manufacturing business "Railsafe" based in the Northern Beaches of Sydney through 25% year on year growth over the past 8 years. Andrew is now devoted full time to AirSeed Technologies and leads all project initiatives whilst also being heavily involved in the engineering and development of all drone and manufacturing plant hardware.



#### **ANDRIES LOUW**

Director & Chief Pilot | Co-founder

One of the most experienced mapping and drone data analysts in Africa, Andries has done extensive research in the field of GeoSpatial data and the implementation data in Precision Agriculture and Land Surveying. Over the past 3 years, Andries has mapped and processed over 40 000 hectares across South Africa, Lesotho, Namibia, Botswana, and Australia and offers a strong technical background in UAV systems.

Andries leads all mapping and data analysis for AirSeed Technologies and acts as the companies Chief Pilot. Andries is responsible for infield planting operations, transport logistics and ensuring the Company operates within UAV regulatory requirements





### **ERIC LOUW**

Client Services

Eric is a B2B marketing, business development and demand generation strategist. Over the past 5 years he has helped 38 SME's and 11 Fortune 500 companies grow their revenue streams with smarter, faster and more agile marketing strategies.

Eric leads all media and outbound customer activities for AirSeed Technologies.



### **FRANCOIS DU PREEZ**

Industrial Engineer

Francois has over 30 years' experience in industrial engineering working for companies such as Siemens and Unilever. Francois's experience in the design and implementation of large scale production lines and workflow practises is invaluable to AirSeed Technologies.

Francois, under the direction of Andrew Walker assists in the design and development of AirSeed Technologies mobile manufacturing plant.



### **PROFESSOR DAVID SUGGETT**

Research Partner

David has extensive knowledge within Terrestrial, blue carbon and marine microbiology. An Associate Professor at the University of Technology Sydney, Dr Suggett has been instrumental in the restoration of Australia's coral reefs.

David is passionate about environmental restoration and leads AirSeed Technologies' bio-tech research and development of terrestrial and blue carbon seed pods.



### **DR BEN DU TOIT**

Terrestrial Forestry Expert

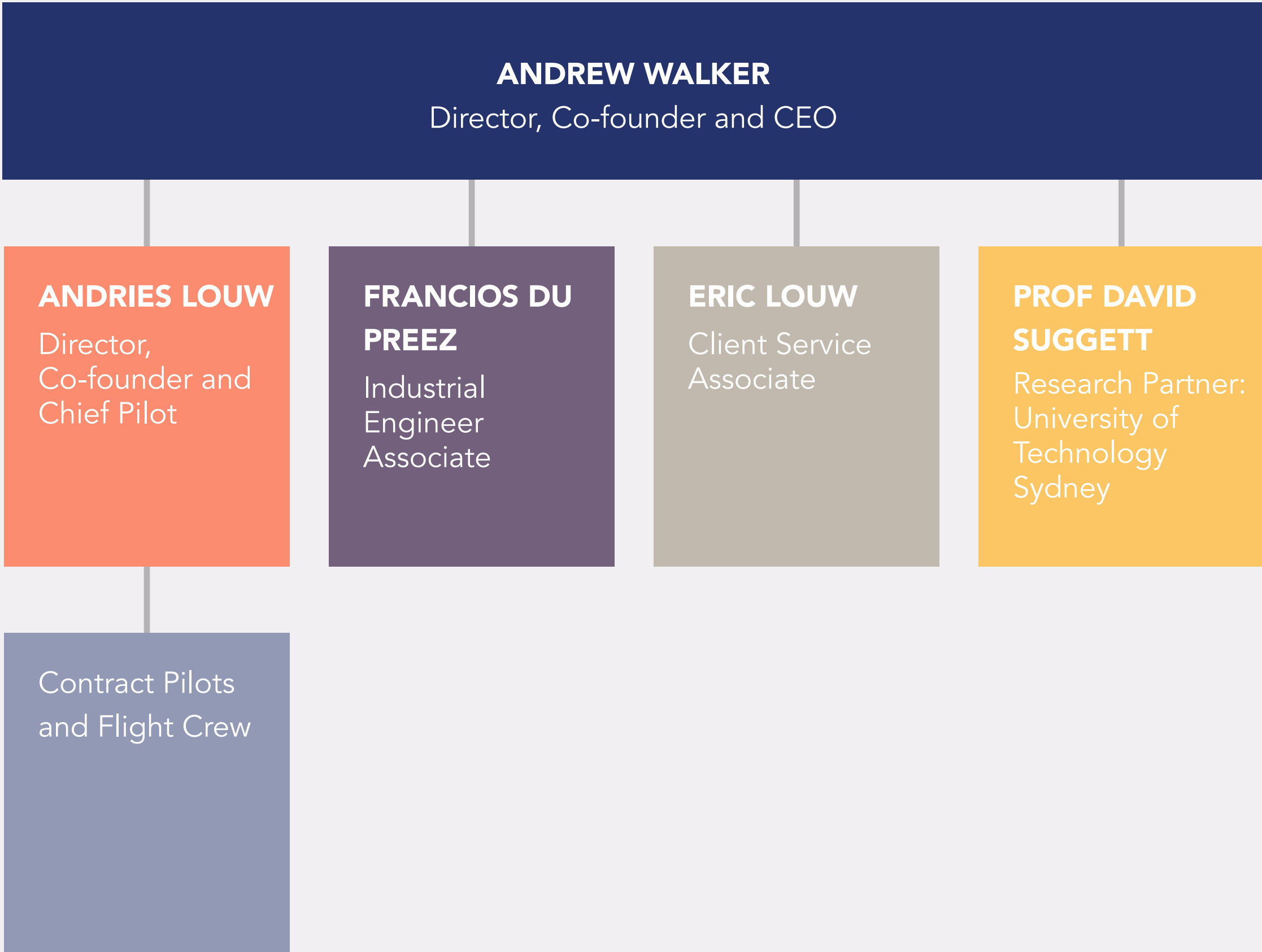
Ben has 28 years of experience in research of silviculture, forest establishment and forests nutrition, having worked for the CSIR and Institute for Commercial Forestry Research in South Africa. Ben is responsible for the research and development of AirSeed's terrestrial seed pods.





### 2.11.2 Organisational structure

AirSeed Technologies currently has 2 full time employees, (the directors/founders) and several part-time associates. Funds raised will be used to hire additional Australian resources immediately post capital raise: Software Developer (contract), Soil Scientist (full-time) and overseas operational pilots and crew in countries of operation (contract) as discussed in 3.2.

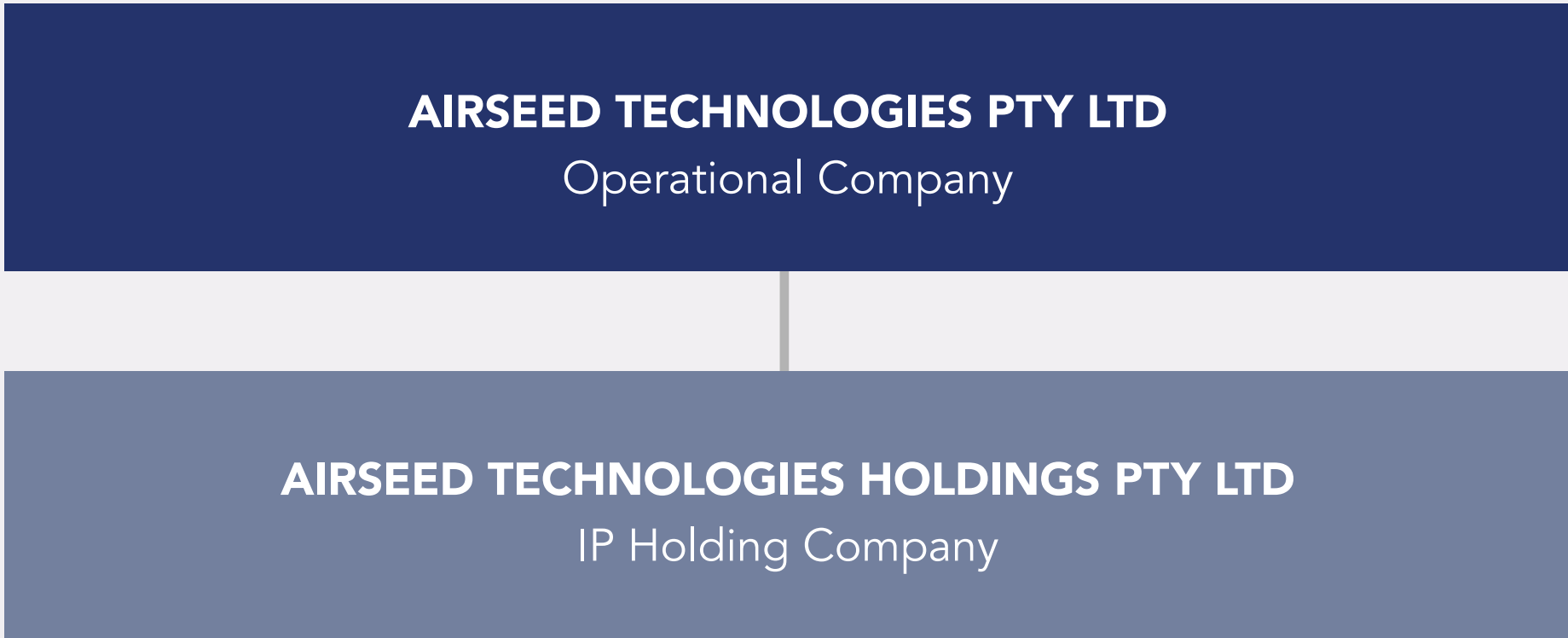


As shown in Figure 1, Mr Andrew Walker is an Executive Director and CEO of the Company. The following director and senior managers report to Mr Andrew Walker:

- + Prof David Suggett, Terrestrial and Blue Carbon Biology Research and Development at UTS, Sydney
- + Mr Andries Louw, Chief Pilot and Operational Safety Officer
- + Mr Eric Louw, Director of Client Services.
- + Francois Du Preez, Industrial engineer engaged in the development of our prototype seed pod manufacturing plant.

The Company’s finance, accounting, audit and legal functions are currently served by trusted and experienced external advisers.

### 2.11.3 Corporate structure





## 2.12 CAPITAL STRUCTURE

### 2.12.1 Issued capital

There are currently 4,953,500 ordinary shares issued in the Company.

The table below sets out the issued capital of the Company following the Offer.

SHARES	MINIMUM SUBSCRIPTION \$300,000	MAXIMUM SUBSCRIPTION \$1,000,000
Andrew Walker and Andries Louw (founders)	4,953,500 (91.7%)	4,953,500 (81.2%)
Offer Shares @ \$1	300,000 (5.6%)	1,000,000 (16.4%)
Total Shares (Undiluted)	5,253,500 (97.2%)	5,953,500 (97.5%)
Share Options*	150,000 (2.8%)	150,000 (2.5%)
Total Shares (Fully Diluted)**	5,403,500 (100%)	6,103,500 (100%)

### 2.12.2 Significant shareholders

The founders, Andrew Walker and Andries Louw, each have a 50% stake in the Company before this capital raise.

\*This represents the maximum number of Share Options available under this Offer, as set out in Section 6. Not all Share Options may be granted if eligibility is not met.

\*\*As above, this represents maximum possible dilution under the Offer. Dilution to this level may not occur.

### 2.12.3 Debt funding and other sources of funding

#### DIRECTOR LOANS

To date, our activities have been primarily funded by one of the Company’s founding shareholders, Mr Andrew Walker. Mr Andrew Walker has loaned funds of \$251,796 in total to the Company. The key terms of this loan are set out below:

- + The loan will accrue interest of 8% p.a from 23 October 2019 but will only be repaid at the repayment date, along with the principal.
- + The repayment date is 31 January 2022.
- + At the repayment date, Mr Andrew Walker may call for the principal and accrued interest to be repaid or by mutual agreement with the Company, extend the loan. While not specifically embodied in the loan agreement, Mr Andrew Walker and the Company may mutually agree to convert the loan to equity.

#### GOVERNMENT GRANTS

The Company has secured award funding of \$15,000 through a matched funding scheme called TechVoucher.

### 2.12.4 Valuation

This Crowd-Sourced Funding offer is being undertaken on a pre-money valuation of \$4,953,500. If the full \$1,000,000 is raised, this would give the Company a post-money valuation of \$5,953,500.

The valuation has been determined by the Directors based on the current revenue opportunities available to the Company.



## 2.13 HISTORICAL FINANCIALS

The accounts provided below are Management accounts prepared in accordance with Australian Accounting Standards. They have been signed by the Directors, confirming they fairly present the Company's financial position.



PROFIT & LOSS STATEMENT (\$)	30 JUNE 2019	31 DECEMBER 2019
<b>Income</b>		
Other Income	-	67,321
Total Income	-	67,321
<b>Expenses</b>		
Drone Purchases	31,199	32,324
Contractor, sub-contractor & commission	21,105	31,559
Legal & insurance	14,492	10,912
Manufacturing Costs & Equipment	-	49,249
Podders	15,000	15,000
Production Costs	2,118	10,606
Travel, accommodation & conference	12,012	33,110
Other expenses	17,615	12,791
Total expenses	113,542	195,551
<b>Profit (Loss) from Ordinary Activities before income tax</b>	<b>(113,542)</b>	<b>(128,230)</b>

CASHFLOW STATEMENT (\$)	30 JUNE 2019	31 DECEMBER 2019
<b>Cash Flow From Operating Activities</b>		
Receipts from customers	-	67,321
Payments to Suppliers and employees	(113,542)	(195,551)
<b>Net cash provided by (used in) operating activities</b>	<b>(113,542)</b>	<b>(128,230)</b>
<b>Cash Flow From Financing Activities</b>		
Proceeds of issue of shares	5,000	-
Proceeds of borrowings	115,090	136,706
<b>Net cash provided by used in financing activities</b>	<b>120,090</b>	<b>136,706</b>
Net increase (decrease) in cash held	6,548	8,476
Cash at the beginning of the year	-	6,548
<b>Cash at the end of the year</b>	<b>6,548</b>	<b>15,024</b>



BALANCE SHEET (\$)	30 JUNE 2019	31 DECEMBER 2019
<b>Current Assets</b>		
Cash at Bank	2,700	4,406
GST Receivable	3,848	10,618
<b>Total Current Assets</b>	<b>6,548</b>	<b>15,024</b>
<b>Total Assets</b>	<b>6,548</b>	<b>15,024</b>
<b>Non-Current Liabilities</b>		
Unsecured loan - Andrew Walker (shareholder)	115,090	251,796
<b>Total Liabilities</b>	<b>115,090</b>	<b>251,796</b>
<b>Net Assets (Liabilities)</b>	<b>(108,542)</b>	<b>(236,772)</b>
<b>Equity</b>		
Issued capital	5,000	5,000
Retained profits / (accumulated losses)	(113,542)	(241,772)
<b>Total Equity</b>	<b>(108,542)</b>	<b>(236,772)</b>

## 2.14 RISKS FACING THE BUSINESS

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact our business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general, risks associated with the Company (for example, risks relating to general economic conditions or the inability to sell our shares).

TABLE 3: MAIN RISKS

RISK	DESCRIPTION
The Company's product is still in the development and field trial phase and may never be successfully commercialised	<p>The Company has a limited operating history and is not yet profitable, as our product is still in the development and field trial phase.</p> <p>The commercial success of our product will depend on many factors, including our ability to demonstrate the effectiveness of the product.</p> <p>If the results of the Company's further field trials are not successful, or we are unable to increase awareness and acceptance of our product within the Agribusiness, Environmental Restoration arenas, we may not be able to successfully commercialise our product.</p>
The Company's technology may not be adopted quickly by industry participants	Drone technology is in its infancy and still an unknown in many industrial sectors. Whilst interest is increasing, we cannot predict the rate of technology adoption within the reforestation industry.





Regulatory global differences regarding commercial drone operations	<p>Countries around the world have vastly difference UAV operational legislation that can be restrictive in nature.</p> <p>The company will have to obtain the necessary licenses required for flight operations in the countries of operation or form strategic alliances with established commercial drone operators in the countries of operation to leverage their approved licenses.</p>
Intellectual property and competing technology risk	<p>The success of the Company depends on the Company's ability to protect its intellectual property and the AirSeed Technologies IP.</p> <p>If we are unable to protect or enforce the Company's intellectual property rights, there is a risk that other companies will copy our product and technology, which could adversely affect our ability to compete in the Agribusiness and Environmental Restoration marketplace.</p> <p>We have one provisional pending patent application and there is no assurance that this application will result in an issued patent.</p>
The Company will need additional funding to implement its business strategy	<p>The Company's current cash reserves (plus the net proceeds of the Offer) will not be adequate for our funding requirements beyond the next 12-24 months.</p> <p>The Company will need to obtain additional funding to continue operations and execute its global business scaling strategy. We cannot guarantee the availability of funds in the future, or that the funds will be available on favourable terms. If we are unable to raise these funds, it could adversely impact the Company's business and prospects.</p>



# 3 INFORMATION ABOUT THE OFFER



## 3.1 TERMS OF THE OFFER

The Company is offering up to 1,000,000 shares at an issue price of \$1 per share to raise up to \$1,000,000. The key terms and conditions of the Offer are set out in Table 4 below.

TABLE 4: TERMS OF THE OFFER

TERM	DETAILS
Shares	Fully-paid ordinary shares
Price	\$1 per share
Minimum Subscription	\$300,000
Maximum Subscription	\$1,000,000
Share Options*	150,000
Opening date	28 <sup>th</sup> January 2020
Closing date	5 <sup>th</sup> March 2020

A description of the rights associated with the shares is set out in Section 3.3 below. To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

\*See 3.4

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten.

## 3.2 USE OF FUNDS

Table 5 below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

TABLE 5: USE OF FUNDS

INTENDED USE	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Research and development	\$50,000	\$140,000
Offer costs	\$20,000	\$75,000
Drone Fleet Expansion	\$25,000	\$100,000
IP-Patent Australia/ International	\$15,000	\$100,000
Sales and marketing	\$0	\$90,000
Mobile Manufacturing Line – Phase 2 prototype	\$0	\$120,000
Working capital	\$190,000	\$375,000
<b>Total funds</b>	<b>\$300,000</b>	<b>\$1,000,000</b>



In Table 5, 'working capital' includes overhead expenses, employee wages and director remuneration. Details of payments to be made to directors and senior managers are itemised below:

- + Andrew F Walker: \$85,000
- + Andries W Louw: \$85,000

The costs of the Offer include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are a maximum of 7.5% of capital raised if the Offer is successful.

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

We expect that the Maximum Subscription amount will be sufficient to meet the Company's short-term objectives over the next 12 –18 months.

If only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 6–12 months. In such circumstances, the Company may consider undertaking a further crowd-sourced funding (CSF) offer under the CSF regime. Until additional funding is obtained, we will scale back sales and marketing and production activities and continue to focus our cash resources on research and development and working capital costs to advance the clinical trials of our new technology.

### 3.3 RIGHTS ASSOCIATED WITH THE SHARES

Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. A summary of these rights is set out below. A copy of the constitution is attached in the Annexure to this offer document and is available on the intermediary's platform.

#### 3.3.1 Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

#### 3.3.2 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (50%).

#### 3.3.3 General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.





### 3.3.4 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

### 3.3.5 Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the Company. Holders of fully-paid ordinary voting shares rank ahead of other classes of shares (if any).

### 3.3.6 Drag and Tag Rights

#### **DRAG ALONG**

If one or more shareholders are entitled to dispose of more than 75% of the shares in the Company, minority shareholders may be forced by the majority shareholders to sell their shares on the same terms to the same purchaser.

#### **TAG ALONG**

If one or more shareholders are entitled to dispose of more than 75% of the shares in the Company, minority shareholders have an option to sell their shares on the same terms to the same purchaser.

## 3.4 SHARE OPTIONS

AirSeed is offering Share Options to eligible investors as part of this CSF offer.

- + Invest \$25k or more, receive one option for every two shares purchased
- + Limited to first 150,000 options

Please refer to Section 6 for Terms & Conditions.





# 4

## INFORMATION ABOUT INVESTOR RIGHTS

### 4.1 COOLING-OFF RIGHTS

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (the Cooling-off Period).

You may withdraw your application via the Intermediary's platform by logging into your OnMarket account via the mobile app or website ([www.onmarket.com.au](http://www.onmarket.com.au)). In the History panel, selecting "Manage" and "Cancel" and your application will be withdrawn. If you have any questions around this process, please contact OnMarket via email ([support@onmarket.com.au](mailto:support@onmarket.com.au)).

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

### 4.2 DISPOSAL OF SHARES

We advise that under the Corporations Act 2001 (Cth) there are restrictions on disposing of shares acquired under this Offer during the first 12 months from issue.

### 4.3 COMMUNICATING WITH YOU AS AN INVESTOR

As part of being an investor and owner of AirSeed Technologies, we hope that you will be actively involved with the business not only as an investor but as an advocate. As such we expect to be in regular communication and we look forward to your involvement.

Our website, <https://www.airseedtech.com/>, will contain information about our progress including annual general reports.

### 4.4 PROPRIETARY COMPANY CORPORATE GOVERNANCE OBLIGATIONS

#### 4.4.1 Annual report

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight, and, therefore, there will be no independent assurance of the Company's financial



statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance, and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers), or, otherwise, become a large proprietary company.

#### **4.4.2 Distribution of annual report**

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The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's website at the following address <https://www.airseedtech.com/> (free of charge) or can purchase the report from ASIC.

#### **4.4.3 Related party transactions**

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If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

#### **4.4.4 Takeovers**

---

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means that a person may be able to get

control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.

#### **4.4.5 Communication facility for the Offer**

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You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.





## 5.1 EARLY STAGE INNOVATION COMPANY (ESIC)

From 1 July 2016, if you invest in a qualifying early stage innovation company (ESIC), you may be eligible for tax incentives. The incentives provide eligible investors, who purchase new shares, with:

- + a non-refundable carry forward tax offset equal to 20% of the value of their qualifying investments. This is capped at a maximum tax offset amount of \$200,000 for sophisticated investors and their affiliates and \$50,000 for retail investors and their affiliates.
- + a modified capital gains tax (CGT) treatment, under which capital gains made or accrued on qualifying shares that are continuously held for at least 12 months and less than ten years are exempt from CGT.

Capital losses made or accrued on shares held less than ten years are also disregarded.

Based on an objective self-assessment with the assistance of advisors, the Company has assessed itself and believes that it meets the criteria as a qualifying early stage innovation company ('ESIC') for the purposes of this Offer under Division 360 of the Income Tax Assessment Act 1997. Investors who purchase new shares in qualifying ESICs may be eligible for certain early stage tax incentives.

Under the ATO's qualification criteria, the Company considers that it meets the four early stage test eligibility requirements and the principles-based innovation test.

### 5.1.1 Eligibility requirements

- + The company is incorporated in Australia. (see Section 2)
- + The company (plus any subsidiaries) has total expenses of \$1m or less in previous income year. (see 2.10)
- + The company (plus any subsidiaries) has income of \$200,000 or less in previous income year. (see 2.10)
- + The company's shares are not listed on any stock exchange. (In order to meet the Crowd-Sourced Funding eligibility, the Company is deemed to meet this requirement)

### 5.1.2 Principles-based innovation test requirements

There are five requirements of the principles-based innovation test:

- + The company must be genuinely focused on developing one or more new or significantly improved innovations for commercialisation (see in particular 2.8 & 2.10)
- + The business relating to that innovation must have a high growth potential (see in particular 2.7)
- + The company must demonstrate that it has the potential to be able to successfully scale up that business (see in particular 2.9)
- + The company must demonstrate that it has the potential to be able to address a broader than local market, including global markets, through that business. (see in particular 2.9.3)
- + The company must demonstrate that it has the potential to be able to have competitive advantages for that business. (see in particular 2.9.8 & 2.10)



The relevant time for determining whether the company qualifies as an ESIC is immediately after the new shares are issued to the eligible investor. If the company no longer meets the ESIC requirements after this time, it is the Company's understanding that this of itself this will not affect the investor's entitlement to the early stage investor tax incentives.

The Company does not warrant or guarantee that it will qualify under relevant rules as an ESIC and is not able to form a view or give investors tax advice as to whether they are eligible for any tax incentives. Neither the Company nor OnMarket take any responsibility for investors that invest on the assumption that ESIC will apply to them or the Company. We recommend that investors seek independent tax advice about their investment.





# 6

# SHARE OPTIONS TERMS & CONDITIONS



AirSeed is including the following Grant of Share Options as part of this Offer.

## 6.1 GRANT OF SHARE OPTIONS

1. Investors which meet the Eligibility Criteria set out in paragraph (2) below shall be entitled to receive the Options described in in paragraph (3) below, subject to the conditions below and the Option Deed.
2. The Eligibility Criteria (the satisfaction of which shall be determined by OnMarket in its' absolute discretion) are:
  - a. The investor unconditionally agrees to subscribe for not less than \$25,000 in Shares under this Offer document, and there are a maximum of 150,000 options available under this Offer Document;
  - b. The investor pays the amount for the Shares under the Offer in full and by the agreed time; and
  - c. The Offer meets the minimum eligibility criteria and proceeds and is not unwound for any reason.
3. The Options comprise one (1) Option for every two (2) Shares purchased, each convertible into one (1) Share in the Company under the Offer at an exercise price of \$1.25 per Option.
4. Each Option expires on the date that is the first to occur of:
  - a. 5 pm AEST on the day that is 24 months after the date that the Offer closes (Exercise Period), and
  - b. if the Company applies for admission to the official list of, and quotation of the Shares on, the ASX (or makes any similar application to any other exchange), the date on which the ASX or other stock exchange approves that application.
5. The investor may only exercise the Options on one occasion by way of exercise of all of their Options in a single tranche.
6. The investor may exercise all of the Options at any time during the Exercise Period by:
  - a. paying the Exercise Price for all of the Options to the Company; and
  - b. giving the Company an executed and dated written notice in the following form (Exercise Notice):

"Subject to the terms and conditions set out in the CSF offer document issued by OnMarket Bookbuilds Pty Ltd AFSL 421 535 in 2020:

    - i. [name of investor] exercises [insert number] Options and applies to the Company to subscribe for that number of fully paid ordinary shares in the Company determined under the Deed for the exercise price of \$1.25 per Option; and
    - ii. [name of investor] agrees to accept the Shares issued to [name of investor] consequential on exercise of these Options and agrees to be bound by the Constitution of the Company."
7. Options will be deemed to have been exercised on the date that the Company receives payment of the Exercise Price for the Options and an Exercise Notice for the exercise of those Options (and if those events occur on different dates, on the later of those dates).
8. The Options are not assignable or otherwise transferable by the investor except with the Company's prior written consent.
9. Within 30 days of receipt of an Exercise Notice and payment for the Shares, the Company shall issue to the Optionholder the number of Shares that relate to the Options exercised in accordance with this Deed (New Shares).
10. The full terms of the Options will be set out in the terms of an Option Deed that the investor must execute within 30 days after the date that the CSF Offer successfully closes in order for the options to be validly issued to the investor.





**ASIC** means the Australian Securities and Investments Commission, Australia's integrated corporate, markets, financial services and consumer credit regulator

**Carbon Sequestration** is the process involved in carbon capture and the long-term storage of carbon-dioxide or other forms of carbon to mitigate or defer global warming

**Company** means AirSeed Technologies Pty Limited ACN 631 375 650

**Cooling-off Period** means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money

**CSF** means crowd-sourced funding under Part 6D.3A of the Corporations Act

**Drone** means an unmanned aircraft with onboard sensors and GPS that can be remotely controlled or that can fly autonomously through software-controlled flight plans

**Ha** means hectare, which is equal to 10,000m<sup>2</sup>

**Intermediary** means On-Market Bookbuilds Pty Ltd (ACN 600 703 848, AFSL 421 535)

**Large Proprietary Company** means a company that is not a Small Proprietary Company as defined below and in s45A of the Corporations Act

**Maximum Subscription** means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer

**Minimum Subscription** means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer

**NGO** means non-governmental organisations and are usually non-profit and independent of governments. They generally have either a humanitarian or environmental purpose.

**Offer** means an offer of fully-paid ordinary shares by the Company under this CSF offer document

**Small Proprietary Company** means, as defined in s45A of the Corporations Act, a company which satisfies at least two of the following:

- + the annual consolidated revenue of your company and any entities it controls is less than \$25 million (ceiling raised to \$50 million revenue, effective 1 July 2019);
- + the value of the consolidated gross assets of your company and any entities it controls is less than \$12.5 million; and
- + your company and any entities it controls have less than 50 employees at the end of the financial year.

**UAV** means unmanned aerial vehicle. A drone is a type of UAV





AirSeed

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